TSE: 2352

QISDA 2018 ANNUAL REPORT

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QISDA ON THE INTERNET
Qisda's Investor Relations home page on the worldwide website offers a wealth of corporate information, including the latest annual report and financial results.
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OVERSEAS SECURITY EXCHANGE LISTING
For further information, visit Qisda worldwide website and Login at Investor Relations
Qisda Global Depositary Shares
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Letter to Shareholders

Greetings to all of our Valued Shareholders,

Qisda's consolidated sales revenues for 2018 were NT$155.78 billion. The consolidated operating profit was NT$4.5 billion. The consolidated earnings after tax was NT$4.45 billion. The consolidated net income attributed to stockholders of the Company was NT$4.035 billion. The earnings per share after tax was NT$2.05. Qisda continuously promotes the strategy of grant fleet, concentrating the smaller hidden champions among industries and integrating the Group's resources for fast growth. Qisda has outperformed its significant growth with its consolidated sales revenue hitting new record highs following the uncertain factors such as fast changes of industries, slower demand in displays and projectors and rise in global trade war. It proves that the efficiencies are gradually visible. In 2018, we built partnership following with the four major operating policies to enlarge Qisda's wide-ranging businesses.

(i) Optimization on current business operations: The two major products, such as flat panel displays and projectors, continuously gains stable results and leading position. The performance of displays is better than entire industries and is now second in the world rankings. In addition to continuous development towards high-end, high unit price, professional and medical displays, Qisda has also invested in Data Image Corporation for its market deployment in nautical displays. Qisda not only keeps its global leading position in OEM projectors, but the only domestic manufacturer with two main technologies used for projection including DLP and LCD.

(ii) Fast enlargement for medical businesses: Qisda has approached the size of its total consolidated sales revenues in medical fields for 2018 nearly NT$10 billion. The revenues of two hospitals in Suzhou and Nanjing keep growing under normal operation. Regarding medical appliances and channel expansion, by investing in K2 International Medical Inc., a dialysis channel, to access in cross-strait dialysis and medical cosmetic channel, BenQ Dialysis Technology Corp. has acquired the TFDA and KFDA certifications and successfully turned into an export success in Korean market; self-design and self-manufacturing tablets and handheld ultrasound keep the expansion on bedside care market; the market expansion in Digital Dentistry and engagement on hearing channels will satisfy the demands for global ageing and long-term care.

(iii) Acceleration on solution development: Qisda has combined the partners such as DFI Inc. and Partner Tech Corp. for the perfection on hardware and distribution channel. The purpose is to develop towards provider integration based on full software and hardware service system. The consolidated sales revenues of smart solutions for 2018 were NT$11 billion. Qisda continuously satisfying the six main intelligence vertical markets. The smart energy service has covered from manufacturing and expanded to service industry. The program of the innovative energy storage has been introduced in chain stores; Qisda has also cooperated with National Cheng Kung University to build a smart campus; the smart factory has also entered in the fields such as semiconductor and automotive industries.

(iv) Market deployment on key components: The investment in Yudi Optics and Alpha Networks Inc. is the preceding market deployment on future AIoT solutions such as Internet of Vehicles (IoV) and 5G.

Prospecting in 2019, Qisda will continue to focus on four major operating directions. We are expecting further advances to create long-term value for the Company. The plans are listed as follows:

(i) Optimization on current business operations: We will continuously develop towards high-end, high-resolution and large-sized display products for professional applications, such as e-Sports, illustrations / designs, medical grade applications. We will expand its proportion and shipment to enhance more profit; we will keep consolidating the projector products in a global leading position and strengthen the market deployment on high-end models with 4K resolution and high brightness.

(ii) Fast enlargement for medical businesses: We will prioritize the distribution channel, especially in China and newly countries. Meanwhile, we will develop the special products and technologies such as ultrasound and hemodialyzer. The Group's resources will be integrated to develop surgery devices, disposables, integration system of Digital Dentistry and smart operating room information system. We will also expand the medical industry alliance via win-win merge & acquisition or strategic cooperation model.

(iii) Acceleration on solution development: The horizontal integration on internal technology and channels of business will continue to meet different vertical market demands. We've aggressively accelerated the investment for exploiting synergies among DFI Inc., Partner Tech Corp. and Aplex Technology Inc. in recent years. We've also seeked for cooperation with the first well-known international experts, such as ABB (the leading supplier of industrial robots) and SAP (the leader in Enterprise Resource Planning), to provide the best smart solution for customers.

(iv) Market deployment on key components: We will continue scanning and searching for cooperation opportunities based on current demand and a compass-based future applications.

Qisda achieves its sustainable competitive advantages through innovation and technical development. Each year, we make effort on product innovation and development, averagely occupying around 2%-3% of sales revenue. We've accumulated nearly 1,140 patent counts by country until now.

Qisda has dedicated to the corporate sustainable operation. The sustainable development indicators on economy, environment and society in 2018 still maintained high information transparency. Qisda not only ranked among the Top 50 of "Taiwan Corporate Sustainability Reports" and among the Top 50 of "Comprehensive Performance Award" from "2018 Taiwan corporate sustainability Awards (TCSA)" running by Taiwan Institute for Sustainability Foundation (TAISE) by achieving a record of receiving a Gold Award for the third year, but also received recognition for the Top 100 Global Technology Leaders running by Thomson Reuters. It shows that Qisda has implemented lavishly on sustainable development of economy, environment and society.

At last, we offer our sincerest thanks for your long-term full support and concern. Our management team and all employees will continue striving and seeking for the best interest of the Company and Shareholders.

Finally, we wish everyone good health, good luck and fortune.

Sincerely,

Chairman: Peter Chen

President: Peter Chen

Company Profile

I. Date of Founding: April 21. 1984

II. Company History:

April, 1984	Company established with a registered capital at NT$140,000,000 (currency for the following monetary amount would all be NT$ except specifically specified), the paid in capital was 35,000,000.
April, 1993	The Subsidiary "BenQ" established in Suzhou of mainland China.
November, 1993	The Headquarter and Production Base of the Company established in Guishan of Taoyuan.
July, 1996	Officially listed at TWSE.
November, 1996	First issuance of foreign currency convertible bonds with a total value of US$110,000,000.
January, 1998	Initiation of construction of BenQ Suzhou Science and Technology Park.
December, 1998	First issuance of domestic debenture with a total value of NT$2,000,000.
June, 2000	First issuance of domestic unsecured convertible bonds with a total value of NT$4,000,000,000.
February, 2001	Second issuance of foreign currency convertible bonds with a total value of US$175,000,000.
January, 2002	The Private Brand "BenQ" created and the English name of the Company changed to "BenQ Corporation".
May, 2002	The Board of Directors collectively elected Mr. K.Y. Lee as the Chairman.
June, 2002	The Shuang-shing Plant in Guishan of Taoyuan activated for production.
February, 2003	Established the joint venture with Royal Philips Electronic.
January, 2004	The Susidaiary Da-zhou Communication System Co., Ltd. (whose 100% of shares were held by the VCompany) merged and acquired by the Company.
June, 2005	First issuance of domestic debenture with a total value of NT$4,000,000,000.
	Inititaliton of construction of BenQ Medical Center in Nanjing.
October, 2005	BenQ became the fourth most valuable out of the Top Ten "Branding Taiwan" brands .
	M&A with mobile departments of Simens became officially effective and the operation of BenQ Mobile GmbH & Co OHG started.
December, 2005	Issuance of overseas depositary receipt with total volume of 150,000,000 shares.
January, 2006	The first crossover edition of mobile phone product by BenQ-Siemens hit the market.
April, 2006	Production intergration of optical storage products with Lite-On IT Corporation.
	The Board of Directors determined to terminate capital increase to BenQ Mobile.
November, 2006	BenQ included into the TOP 10 Leading Brands of Chinese Consumer Electronic Industry, becoming one of the most influential Chinese brands.
January, 2007	First issuance of unsecured exchangeable bonds with a total amount of NT$4,500,000,000.
June, 2007 July, 2007 September, 2007	The Shareholders' Meeting approved proposals of brand segmentation, capital reduction for cover accumulated deficits and change of corporate name. The corporate name was changed from BenQ Corporation to Qisda Corporation. Capital reduction initiated. The listed company name at TWSE changed to Qisda (2352).
April, 2008	Capital increase by private placement of common stock at the amount of NT$5,000,000,000.
May, 2008	Operation of BenQ Medical Center in Nanjing initiated.
June, 2008	The Shareholders' Meeting approved the proposals of establishing positions of Independnet Directors and the Audit Committee.
July, 2009	Initiation of construction of BenQ Medical Center in Suzhou.
August, 2011	The Board of Directors approved the proposal of establishing the Remuneration Committee.
October, 2011	BenQ won the prize of Best Chinese Enterprise in Human Resources Management for three years in a row and also won the prize of Best Remuneration and Performance Management.
	BenQ Medical Center in Nanjing rated by the Health Department of Jiangsu Province as the Level 3 Hospital.
September, 2012	Selected by IDB of MOEA as the model enterprise for Outstanding CSR Reports of 2012.

November, 2012	Won the Bronze Medal of Manufacturing Industry of 2012 Taiwan Corporate Sustainability Awards.
May, 2013	Operation of BenQ Medical Center in Suzhou initiated.
October, 2013	BenQ Medical Center was rated the 7^{th} l of the top 100 most competitibve Chinese private-owned hospitals.
November, 2013	Won the Taiwan Top 50 Corporate Sustainability Report Award and the Climate Leadership Award of 2013 Taiwan Corporate Sustainability Awards
December, 2013	Selected by IDB of MOEA as the model enterprise for Quality CSR Reports of 2013.
November, 2014	Won the Silver Medal of "Large Enterprises, Electronics Industry II" of Taiwan Top 50 Corporate Sustainability Report Awards.
April, 2015	Rated as the top 5% by 2015 Corporate Governance Appraisal System of TWSE.
May, 2015	Won the first prize of Eco-friendly Enterprise of 2015 Global Views Monthly Corporate Sustainability Awards.
May, 2016	Won the prize of Model Enterprise of Electronic Technology Group of 2016 Global Views Monthly Corporate Sustainability Awards.
November, 2016	Won the Gold Medal "Electronic and IT Manufacturinf Industry" and the"Climate Leadership Award" of Taiwan Top 50 Corporate Sustainability Report Award of 2016 Taiwan Corporate Sustainability Awards.
April, 2017	Completed the public tender offer of 42.06% of shares of Partner Tech Corp.
May, 2017	"Best Business Continuity Approach of the Year" of StrategicRISK.
November, 2017	"Top 50 Corporate Sustaninability Report Awards" and "Top 50 Corporate Sustaninability Awards" of 2017 Taiwan Corporate Sustainability Awards of TAISE.
November, 2017	Completed the public tender offer of 36.28% of shares of DFI.
January, 2018	Recognized by Thomson Reuters as one of the entity of the Top 100 Global Technology Leaders.
March, 2018	Recognized as one of the 30 model Taiwanese enterprises by CSRone Reporting.
March, 2018	Participated in the subscription of common stocks from private placement by Alpha Networks Inc. for capital increase by cash with a shareholding ratio of the Company at approximately 18.38%.
August, 2018	Participated in the subscription of common stocks of K2 International Medical Inc. or capital increase by cash with a shareholding ratio of the Company at approximately 29.85%.
November, 2018	Participated in the subscription of common stocks from private placement by Dataimage for capital increase by cash with a shareholding ratio of the Company at approximately 28.82%.

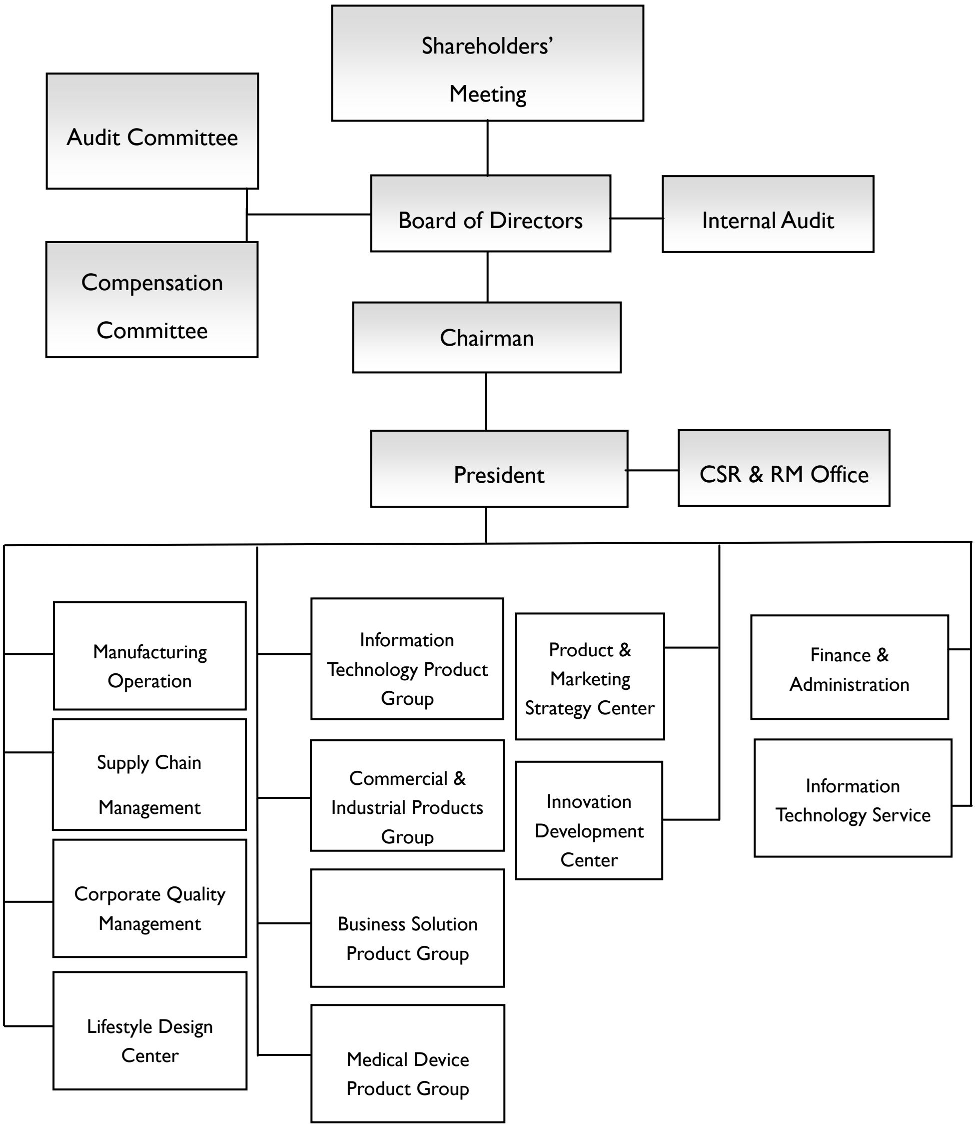
Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its company history.

Corporate Governance

I. Organization

(I) Organizational Structure

Date: April 23, 2019



(II)Business Scope for Main Department

Departments and Units	Functions and Responsibilities
IT Products Group Commercial and Industrial Products Business Group Smart Solution Business Group Medical Equipment Business Group	1. Development and promotion of domestic and foreign market business 2. Formulation of marketing plans 3. ODM/EMS product development assessment 4. Product development and introduction and improvement of new technologies 5. Planning of product quality assurance system and preparation of quality management plans
Manufacturing Headquarter	1.Responsible for the manufacturing of various products 2. Control and management of yields, capacity planning, and efficiency of production processes 3. Coordination of manufacturing resources and completion of required volumes to ve shipped 4. Implement quality management system to ensure product quality and meet customer needs
Supply Chains Management	1. Global operations planning and management 2. Strategic procurement planning and management 3.Overall planning and execution of vertical integration of supply chains
Quality Management	1.Promote products quality management supervision and quality strategy planning and implementation 2. Promote sustainable business, environmental-friendly and green energy, and continuous improvement activities 3. Provide R&D unit measurement with analysis and safety certification application 4. Provide customers with after-sales service
Digital Fashion Design Center	1. Product shapes and functions design 2. HMI design 3.Visual communication design 4. Trend analysis of user research and design
Products and Marketing Strategy Center	1.Analysis and planning of syndicate strategy 2.Assist each business group in formulating business competition strategies and commercial design 3.Assist each business group in STP planning and product portfolio formulation 4.Assisting each business group in introduction of design thinking
Creativity Development Center	1.Collect the latest technical information regarding materials, technologies, and products for the Company's product development 2. Integrate the Company's new technology and enhance the product development capability 3.Seek internal and external resources to resolve major technical problems within the Company
Finance and Administration Management (Finance/Human Resources/Legal/Patent Engineering)	1.Accounting system, accounting taxation processing analysis and planning 2. Matters related to the acquisition, operation and dispatching of financial funds 3. Utilize various financial statement data to provide fuidance for business operation directions 4. Stock issuance, stock affairs, taxation and other related businesses 5.Establishment and management of personnel systems such as manpower planning, staff recruitment, appointment, assessment, and promotion 6. Planning, design and management of remuneration system, business travel and expatriate, insurance, and welfare 7. Planning, establishment and implementation of system of education training and talent cultivation 8. Planning and promotion of corporate culture and employee interactions 9.Comprehensive development, review and provision of legal advisory services related to business affairs 10.Intellectual property business such as patent copyright trademarks and technology licenses at domestic and abroad 11.Comprehensive administration for legal affairs
Information Technology Service	1.MIS system management 2.Application and maintenance of OA equipment 3.Establishement of automatic monitoring system
CSR & RM Office	1. Corporate Sustainability Development Planning and Implementation 2. Environment, Safety and Health Planning and Implementation 3. Enterprise Risk Management Planning and Implementation 4. Group Companies Insurance Planning and Implementation
Internal Audit	To assist inspecting and reviewing defects in the internal control systems as well as measuring operational effectiveness and efficiency.

II. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions

(I) Director Information

April 23, 2019; Unit of shares: unit

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies (Note2)
							Shares	%	Shares	%	Shares	%	Shares	%		
Honorary Chairman	Republic of China	K.Y. Lee	Male	2017. 06.22	3	1993. 02.16	9,719,540	0.49%	9,719,540	0.49%	0	0.00%	Note 1	Note1	MBA, Switzerland IMD B.S., Electrical Engineering, National Taiwan University VP, Acer PC Product Marketing	Chairman: BenQ Foundation Director: AU Optronics Corp. Darfon Electronics Corp. Konly Venture Corp. Ronly Venture Corp.
Chairman	Republic of China	Peter Chen	Male	2017. 06.22	3	2014. 01.01	309,919	0.02%	309,919	0.02%	0	0.00%	0	0.00%	M.S., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	President: Qisda Corp. Director: AU Optronics Corp. Darfon Electronics Corp. Alpha Networks Inc. BenQ Foundation
Director	Republic of China	AU Optronics Corp.	-	2017. 06.22	3	2005. 05.18	186,363,510	9.48%	335,230,510	17.04%	0	0.00%	0	0.00%	MBA, Heriot-Watt University Chief Executive Officer, AU Optronics Corp. Qisda Director.	Chairman and Chief Executive Officer: AU Optronics Corp. Chairman: Konly Venture Corp. Ronly Venture Corp. AU Optronics (Xiamen) Corp. AU Optronics (Suzhou) Corp., Ltd. AU Optronics Manufacturing (Shanghai) Corp., AU Optronics (Kunshan) Corp. Ltd. Director: Qisda Corp. Darwin Precisions Corp. AU Optronics (L) Corp. AU Optronics Singapore Pte. Ltd. BenQ Foundation
	Republic of China	Representative Paul Peng	Male	2017. 06.22	3	2010. 06.18	0	0.00%	9,164	0.00%	65,032	0.00%	0	0.00%		
Director	Republic of China	BenQ Foundation	-	2017. 06.22	3	2011. 06.24	608,083	0.03%	608,083	0.03%	0	0.00%	0	0.00%	EMBA, Tsing Hua University in Beijing MBA, Greenwich University GM of Global Supply Chain General Manager,Qisda COO, BenQ China VP of Global Manufacturing, BenQ	Note 2
	Republic of China	Representative Joe Huang	Male	2017. 06.22	3	2017. 06.22	0	0.00%	240,952	0.01%	686	0.00%	0	0.00%		

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies (Note2)
							Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director	Republic of China	Kane K. Wang	Male	2017. 06.22	3	2008. 06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., The Structure of Technology, Demand, and ,Market of US Automobile Industry, MIT M.S., Transportation Planning and B.S., Civil Engineering, National Taiwan University Director and Professor, Graduate Institution of Industrial Economics, National Central University Ministry of eduction certified professor	Chair Professor: China University of Technology Independent Director: Formosa Taffeta Co., Ltd, Supervisor: Platinum Optics Technology Inc.
Independent Director	Republic of China	Allen Fan	Male	2017. 06.22	3	2011. 06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	B.S., Electrical Engineering, National Taiwan University General Manager, WKTechnology Fund President, Microsoft Taiwan VP, Twinhead International Corp. VP, HP Taiwan	Chairman: Yu Xuan Corp. Director: Belden International Inc. Independent Director: Wistron Information Technology and Services Corporation
Independent Director	Republic of China	Jeffrey Y.C. Shen	Male	2017. 06.22	3	2011. 06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA certificate, University of Michigan B.S., Mechanical Engineering, National Cheng Kung University President, Changan Ford Mazda Automobile Company President, Ford Lio Ho Motor Company President of Asia-Pacific, Eagle Ottawa,LLC	None.
Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None																

Note 1: According to the Judgment No. 61 of the major lawsuit in 2009 of Taiwan High Court, Mr. KY Lee held total 2,323,225 shares in the name of others when shares acquired as an Employee's Bonus (including the subsequent stock dividends) in 2000, 2003, and 2004. According to the investigate No. 11642 indictment in 2012 the Prosecutor of Taiwan Taoyuan District Court, Mr. K.Y. Lee held 400,000 shares and 300,000 shares in the name of others in 2003 and 2004. After the company consulted Mr. K.Y. Lee about his holding shares in the name of others as of the date of April 23, 2019, Mr. K.Y. Lee replied this is not confirmed yet due to this case is a long time ago and not being handled by him. For the above information, investors are required to make discretionary judgments to protect their rights and interests.

Note 2: Please refer to the section "Directors, supervisors and presidents of affiliates" in annual report.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
AU Optronics Corp (Note2)	Qisda Corporation	6.90%
	ADR of AU Optronics Corp.	4.63%
	Quanta Computer Inc.	4.61%
	Fubon Life Insurance Co., Ltd	3.82%
	Trust Holding for Employees for AU Optronics Corp.	3.10%
	Tong Hwei Enterprise Co., Ltd.	1.34%
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	0.97%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.96%
	Min Hwei Enterprise Co. Ltd.	0.94%
	Acadian Emerging Markets Equity II Fund, LLC	0.69%
BenQ Foundation	Not applicable	-

Note 1: For directors acting as the representatives of institutional shareholders
Note 2: Source of information for AUO is recorded as of the book closure date of AUO on July 20, 2018.

Substantial shareholders of corporate shareholders who are the substantial shareholders of the Company's corporate shareholders.

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Quanta Computer Inc. (Note1)	Qianyu Investment Co., Ltd.	14.82%
	Barry Lin	10.76%
	Cathay Life Insurance Co., Ltd.	4.27%
	Government of Singapore	3.47%
	Ho, Sha Trust Property.	2.07%
	Fubon Life Insurance Co., Ltd.	1.96%
	Nan Shan Life Insurance Co., Ltd.	1.93%
	Yijiaxin Investment Co., Ltd.	1.75%
	Xinmin Investment Co., Ltd.	1.67%
	Liang Tzu Chen	1.62%
Tong Hwei Enterprise Co., Ltd. (Note2)	Tsai Tsung Hsiang	78.93%
	Tsai Ming Hsien	1.91%
	Tsai Tsung Yu	17.25%
	Tsai Lin Su Chin	1.91%
Fubon Life Insurance Co., Ltd. (Note2)	Fubon Financial Holdings Co., Ltd.	100%
Min Hwei Enterprise Co. Ltd. (Note2)	Tong Hwei Enterprise Co., Ltd.	88.02%
	Chang Chia Yung	7.95%

Note 1: Source of information for Quanta Computer Inc. is recorded as of the book closure date of Quanta Computer Inc. on April 17, 2018.
Note 2: Source of information for Department of Commerce, MOEA

Professional qualifications and independence analysis of directors

Condition / Name	Has more than 5 years of work experience and the following professional qualifications			Meet conditions of independence (Note 1)										Number of other public companies where the Director concurrently serves as an Independent Director
	An Instructor or higher position in a private or public college or university in the field of business, law, finance, accounting, or the business sector of the Company	A judge, prosecutor, lawyer, CPA or other specialist or technical professional who is necessary for the Company's business and who has been certified by national examinations and licensed by the competent authorities	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company	1	2	3	4	5	6	7	8	9	10	
K.Y. Lee	-	-	V				V		V	V	V	V	V	0
Peter Chen	-	-	V			V	V		V	V	V	V	V	0
AU Optronics Corp. Representative: Paul Peng	-	-	V	V	V		V		V	V	V	V		0
BenQ Foundation Representative: Joe Huang	-	-	V			V	V		V	V	V	V		0
Kane K. Wang	V	-	V	V	V	V	V	V	V	V	V	V	V	1
Allen Fan	-	-	V	V	V	V	V	V	V	V	V	V	V	1
Jeffrey Y.C. Shen	-	-	V	V	V	V	V	V	V	V	V	V	V	0

Note : Please add "✓"in the field under each criteria number if the director meets the criteria two years prior to being elected and during his/her term of service.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company's affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or 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 that directly holds five percent or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse. However, members of the Remuneration Committee fulfilling their duties in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter are not limited to these terms.

(8) Not a spouse or a relative within the second degree of kinship to any director.

(9) Not been involved in any of situations defined in Article 30 of the Company Act.

(10) Not elected on behalf of a government agency or corporate or as a representative of these organizations as defined in Article 27 of the Company Act.,

(II) Documents of president, vice president, associate vice president and managers of each department and division

April 23, 2019

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Primary work or academic experiences	Position concurrently held in other companies (Note 2)
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)		
Chairman and President	Republic of China	Peter Chen	Male	2017.06.22	309,919	0.02%	0	0.00%	M.S., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Director: AU Optronics Corp., Darfon Electronics Corp., Alpha Networks Inc. BenQ Foundation
Senior Vice President	Republic of China	Joe Huang	Male	2012.12.01	240,952	0.01%	686	0.00%	EMBA, Tsing Hua University in Beijing	Note 2
Senior Vice President	Republic of China	Mark Hsiao	Male	2007.09.01	122,400	0.01%	0	0.00%	B.S., Chemical Engineering, Tamkang University	Note 2
Senior Vice President	Republic of China	David Wang	Male	2011.03.01	163,200	0.01%	2,000	0.00%	EMBA, National Taiwan University	Director: Darfon Electronics Corp., Alpha Networks Inc. QS control corp.
Vice President	Republic of China	April Huang	Female	2009.10.15	490,361	0.02%	0	0.00%	EMBA, National Taiwan University	None
Vice President	Republic of China	Harry Yang	Male	2017.03.09	32,258	0.00%	0	0.00%	M.S., Computer Science, University of Florida	Note 2
Vice President	Republic of China	CY Ho	Male	2014.03.20	418,626	0.02%	0	0.00%	EMBA, National Taiwan University	Note 2
Vice President	Republic of China	S.C. Chao	Female	2014.08.08	642,519	0.03%	8,723	0.00%	M.S., Electrical Engineering, Utah State University	None
Associate vice president	Republic of China	Daniel Hsueh	Male	2007.03.01	303,440	0.02%	0	0.00%	M.S.,Business Management National Sun Yat-sen University	Note 2
Associate vice president	Republic of China	Daven Wu	Male	2008.10.01	403,565	0.02%	0	0.00%	M.S., College of Management, Yuan Ze University	None
Associate vice president	Malaysia	Nick Niek	Male	2011.04.01	0	0.00%	27,772	0.00%	B.S., Electrical Fu Jen Catholic University	None
Associate vice president	Republic of China	Jack Wang	Male	2010.04.01	41,047	0.00%	0	0.00%	M.S., Business Administration National Central University	None
Associate vice president	Republic of China	Tony Chao	Male	2010.10.01	151,524	0.01%	0	0.00%	M.S., Mechanical University of Michigan	None
Associate vice president	Republic of China	Alex Wu	Male	2014.10.01	171,837	0.01%	0	0.00%	National Taipei University of Technology	None
Associate vice president	Republic of China	Aaron Ho	Male	2014.04.01	32,282	0.00%	2,006	0.00%	M.S., College of Management, Yuan Ze University	None
Associate vice president	Republic of China	T.S. Wu	Male	2007.03.01	199,341	0.01%	0	0.00%	M.S., Institute of Electrical and Control Engineering National Chiao Tung University	None
Associate vice president	Republic of China	Tony Lin	Male	2013.10.01	0	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	None
Associate vice president	Republic of China	Chris Liang	Male	2014.08.18	0	0.00%	27,730	0.00%	MBA, University of Southern California	None
Associate vice president	Republic of China	Eric Lee	Male	2009.04.01	220,824	0.01%	6,000	0.00%	MBA, Pacific Western University	None
Associate vice president	Republic of China	Rex Wu	Male	2009.04.01	150,000	0.01%	0	0.00%	EMBA, Pacific Western University	None
Associate vice president	Republic of China	T.H. Lee	Male	2010.04.01	10,616	0.00%	0	0.00%	Electrical Engineering, Cheng Shiu University	None

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Primary work or academic experiences	Position concurrently held in other companies (Note 2)
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)		
Associate vice president	Republic of China	Y.S. Cheng	Male	2014.01.01	242	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	None
Associate vice president	Republic of China	Ray Huang	Male	2011.04.01	193,800	0.01%	0	0.00%	EMBA, National Central University	None
Associate vice president	Republic of China	Robert Chang	Male	2014.01.01	82,432	0.00%	0	0.00%	EMBA, TIM, National Chengchi University	None
Associate vice president	Republic of China	Joe Lee	Male	2014.04.01	200,907	0.01%	0	0.00%	EMBA, National Central University	None
Associate vice president	Republic of China	Calvin Jeng	Male	2013.10.01	121,356	0.01%	0	0.00%	M.S., Shanghai Jiao Tong University	None
Associate vice president	Republic of China	Danny Lin	Male	2012.10.01	0	0.00%	10,000	0.00%	Ph.D., National Kaohsiung University of Science and Technology	None
Associate vice president	Republic of China	Jasmin Hung	Female	2007.02.01	406,865	0.02%	0	0.00%	MBA, California State University, Fullerton	Director of Visco Vision Inc.
The Company's shares held by managers in the name of other persons: None. Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None.										

Remarks:

1. Source of information for Number of shares held is recorded as of the book closure date on April 23. 2019

2. Please refer to the section "Directors, supervisors and presidents of affiliates" in annual report.

(III) Compensation of Directors, Supervisors, President, and Vice President

1. Compensation to Directors

December 31, 2018 Unit: NT$ 1,000

Title	Name	Director's compensation								Ratio of sum of items A, B, C and D to profit (%) (Note 5)		Remuneration received by directors who is an employee of the Company								Ratio of sum of items A, B, C, D, E, F and G to Profit (%) (Note 5)		Compensation from investees other than Qisda Corp.'s subsidiaries (Note 8)
		Compensation (A) (Note 1)		Pension upon Retirement (B) (Note 2)		Director's Remuneration (C) (Note 3)		Business execution Expenses (D) (Note 4)				Salary, bonuses, and special expenses (E) (Note 6)		Pension upon retirement (F) (Note 2)		Employee's remuneration (G) (Note 7)						
		The company	Qisda Corp. and its subsidiaries (Note 9)	The company	Qisda Corp. and its subsidiaries (Note 9)	The company	Qisda Corp. and its subsidiaries (Note 9)	The company	Qisda Corp. and its subsidiaries (Note 9)	The company	Qisda Corp. and its subsidiaries (Note 9)	The company	Qisda Corp. and its Subsidiaries (Note 9)	The company	Qisda Corp. and its subsidiaries (Note 9)	The company		Qisda Corp. and its Subsidiaries (Note 9)		The company	Qisda Corp. and its subsidiaries (Note 9)	
																Cash	Stock	Cash	Stock			
Honorary Chairman	K.Y. Lee	12,200	13,200	0	0	35,112	35,418	7,284	9,079	1.35%	1.43%	20,329	20,757	108	108	6,600	0	6,600	0	2.02%	2.11%	86,441
Chairman	Peter Chen																					
Director	AU Optronics Corp.																					
Corporate Director Representative	AU Optronics Corp. -Paul Peng																					
Director	BenQ Foundation																					
Corporate Director Representative	BenQ Foundation -Joe Huang																					
Independent Director	Kane K. Wang																					
Independent Director	Allen Fan																					
Independent Director	Jeffrey Y.C. Shen																					

In addition to the information disclosed in the table above, has any Director of the Company provided services to any of the companies included in the Financial Statements and received compensation for such services (e.g provided consultation services in a non-employee capacity): None.

Table of compensation ranges

Compensation range for each Director	Names of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	Qisda Corp. and its subsidiaries(Note 9)	The Company	Qisda Corp. and its subsidiaries and investees (Note 10)
Less than NT 2,000,000	Paul Peng, Joe Huang	Paul Peng, Joe Huang	Paul Peng	
NT$2,000,000 (included)~5,000,000 (excluded)				
NT$5,000,000 (included)~10,000,000 (excluded)	Peter Chen AU Optronics Corp. BenQ Foundation Kane K. Wang Allen Fan Jeffrey Y.C. Shen	AU Optronics Corp. BenQ Foundation Kane K. Wang Allen Fan Jeffrey Y.C. Shen	AU Optronics Corp. BenQ Foundation Kane K. Wang Allen Fan Jeffrey Y.C. Shen	AU Optronics Corp. Kane K. Wang Allen Fan Jeffrey Y.C. Shen
NT$10,000,000 (included)~15,000,000 (excluded)		Peter Chen	Joe Huang	BenQ Foundation , Joe Huang
NT$15,000,000 (included)~30,000,000 (excluded)	K.Y. Lee	K.Y. Lee	K.Y. Lee, Peter Chen	K.Y. Lee, Peter Chen
NT$30,000,000(included)~50,000,000 (excluded)				
NT$50,000,000 (included)~100,000,000 (excluded)				Paul Peng
More than NT$100,000,000				
Total	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)

Note 1: Refers to compensation for Directors in 2018 (including salaries, job allowance, severance pay, bonuses, and performance fees).
Note 2: Refers to pension either allocated or paid out per legal requirements in 2018.
Note 3: Refers to Directors' remunerations in 2018.
Note 4: Refers to Directors' business execution expenses in 2018 (including provisions of compensation, transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items for those serving as representatives of Corporate Directors or supervisors designated by Qisda Corp. and its subsidiaries)
Note 5: Profit refers to the profit for the year in the 2018 parent company only financial statements of Qisda Corp.
Note 6: Refers to compensation for Directors who also served as President, Vice President, other managers or employees in 2018 including salaries, job remuneration, severance pay, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.
Note 7: Refers to employee's remuneration (including stock and cash) paid to Directors who also served as President, Vice President, other managers, or employees in 2018, according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 21, 2019.
Note 8: Refers to compensation, remunerations (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by Directors who served as Director, supervisor, or manager in investees other than Qisda Corp.'s subsidiaries in 2018.
Note 9: All consolidated entities in the consolidated financial statements (including the company)
Note 10: Total compensation paid to Qisda Corp.'s Directors.

2. Remuneration of Supervisors:

Since June 13, 2008, the Audit Committee has been responsible for the implementation of the Supervisors authority as required by the relevant laws and regulations.

3. Compensation for President and Vice Presidents

Title	Name	Salary(A) (Note 1)		Pension upon retirement (B) (Note 2)		Bonuses and special expenses etc (C) (Note 3)		Employee's remuneration (D) (Note 4)				Ratio of sum of items A, B, C and D to profit (%) (Note 5)		Compensation from investees other than Qisda Corp.'s subsidiaries (Note 6)
		The company	Qisda Corp. and its subsidiaries (Note 7)	The company	Qisda Corp. and its subsidiaries (Note 7)	The company	Qisda Corp. and its subsidiaries (Note 7)	The company		Qisda Corp. and its subsidiaries (Note 7)		The company	Qisda Corp. and its subsidiaries (Note 7)	
								Cash	Stock	Cash	Stock			
President	Peter Chen	29,951	31,140	756	756	39,764	42,004	16,200	0	16,200	0	2.15%	2.23%	219
Senior Vice President	Joe Huang													
Senior Vice President	Mark Hsiao													
Senior Vice President	David Wang													
Vice President	April Huang													
Vice President	CY Ho													
Vice President	S.C. Chao													
Vice President	Harry Yang													

Table of compensation ranges

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Qisda Corp. and its subsidiaries and investees (Note 8)
Less than NT 2,000,000		
NT$2,000,000 (included)~5,000,000 (excluded)		
NT$5,000,000 (included)~10,000,000 (excluded)	April Huang, Harry Yang , S.C. Chao, CY Ho	April Huang, Harry Yang , S.C. Chao, CY Ho
NT$10,000,000 (included)~15,000,000 (excluded)	David Wang, Joe Huang, Mark Hsiao	David Wang, Joe Huang, Mark Hsiao
NT$15,000,000 (included)~30,000,000 (excluded)	Peter Chen	Peter Chen
NT$30,000,000(included)~50,000,000 (excluded)		
NT$50,000,000 (included)~100,000,000 (excluded)		
More than NT$100,000,000		
Total	8 Persons	8 Persons

Note 1: Refers to compensation for president and vice president in 2018, including salaries, job allowance and severance pay.

Note 2: Refers to pension either allocated or paid out per legal requirements in 2018.

Note 3: Refers to compensation for president and vice president in 2018, including bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note 4: Refers to remunerations for employee in 2018.

Note 5: Profit refers to the profit for the year in the 2018 parent company only financial statements of Qisda Corp.

Note 6: Refers to compensation including compensation, remuneration (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by president and vice president who served as Director, supervisor, or manager in investees other than Qisda Corp.'s subsidiaries in 2018.

Note 7: All consolidated entities in the consolidated financial statements (including the company)

Note 8: Total compensation paid to managers such as Vice Presidents or above.

4. Names of managers provided with employee's remunerations and state of payments

Unit: NT$ thousands

Title (Note1)	Name (Note1)	Stock (Note 2)	Cash (Note2)	Total	Ratio of total amount to the net income after taxes (%)(Note 3)
Chairman and President	Peter Chen	0	40,707	40,707	1.01%
Senior Vice President	Joe Huang				
Senior Vice President	Mark Hsiao				
Senior Vice President	David Wang				
Vice President	April Huang				
Vice President	CY Ho				
Vice President	S.C. Chao				
Vice President	Harry Yang				
Associate Vice President	Daniel Hsueh				
Associate Vice President	Daven Wu				
Associate Vice President	Nick Niek				
Associate Vice President	Jack Wang				
Associate Vice President	Tony Chao				
Associate Vice President	Alex Wu				
Associate Vice President	Aaron Ho				
Associate Vice President	T.S. Wu				
Associate Vice President	Tony Lin				
Associate Vice President	Chris Liang				
Associate Vice President	Eric Lee				
Associate Vice President	Rex Wu				
Associate Vice President	T.H. Lee				
Associate Vice President	Y.S. Cheng				
Associate Vice President	Ray Huang				
Associate Vice President	Robert Chang				
Associate Vice President	Joe Lee				
Associate Vice President	Calvin Jeng				
Associate Vice President	Danny Lin				
Associate Vice President	Jasmin Hung				

Note 1: Current Company managers as of the end of 2018. Information on titles of managers are accurate as of the publication date of the Annual Report.
Note 2: Refers to remunerations for employees in 2018.
Note 3: Net income after taxes refers to the net income after taxes on the 2018 parent company only financial statements.

(IV) Compare and analyze the total compensation as a percentage of net income after taxes stated in the parent company only or individual financial statements, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, president and vice president. Describe the policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure

1. The total compensation as a percentage of net income after taxes stated in the parent company only financial statement, paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, President and Vice President are as the following:

NT$ 1,000

Year / Item	2018	2017
Net income after taxes on the Company's Parent Company Only Financial Statements	4,035,064	5,291,387
Ratio of compensation for Directors paid by the Company	1.35%	1.20%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	1.43%	1.26%
Ratio of compensation for Managers such as Vice President or above paid by the Company	2.15%	2.34%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	2.23%	2.44%

2. Policies, standards, and packages for payment of compensation, as well as the procedures followed for determining the compensation, and their linkages to business performance and future risk exposure.

(1) Compensation for Company Directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Association, based on individual Director's level of participation and contributions to Company operations, and have been paid pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. When earnings are present, the Board of Directors will resolve on the amount of Directors' remunerations based on the Company's Articles of Association.

(2) Compensation for the Company's Directors and managerial officer are handled in accordance with Company's Articles of Association and compensation (salary) related policies also the Remuneration Committee will Review the compensations and submit to the Board's approval.

III. Implementation of Corporate Governance

Being committed to creating profits for our Shareholders and contributing to the society has always been the basic belief of Qisda. The Company supports and promotes the transparency of operation and the fairness of information transmission, which would allow the Shareholders, customers and stakeholders of the Company may have a unified channel to immediately obtain the business and financial related information of the Company.

The Board of Directors of the Company takes the interests of the Company and its all Shareholders as the top priority when conducting business assessment and major resolutions. The CPAs and Independent Directors also act as roles of supervision and take a cautious attitude to examine the business implementation by the Company and the Board.

Based on relevant regulations, the Company has set up positions of Independent Directors, the Audit Committee and Remuneration Committee to maintain a more robust decision-making and execution organization to continuously improve the Company's operational efficiency and implement corporate governance with practical actions.

(I) Operations of the Board of Directors

The Company had convened 5 Board of Directors meetings in 2018 with the following attendance:

Title	Name	Number of actual attendance (B)	Number of proxy attendance	Actual attendance rate (%) (B / A)	Remark
Honorary Chairman	K.Y. Lee	5	0	100%	
Chairman	Peter Chen	5	0	100%	
Director	AU Optronics Corp. Representative: Paul Peng	5	0	100%	
Director	BenQ Foundation Representative: Joe Huang	5	0	100%	
Independent Director	Kane K. Wang	4	1	80%	
Independent Director	Allen Fan	5	0	100%	
Independent Director	Jeffrey Y.C. Shen	5	0	100%	

Other items that shall be recorded:

(I) When one of the following matters occurs during the operation of the Board of Directors, the dates, terms, contents of proposals of the meetings, the opinions of all Independent Directors and the reponses by the Company shall be clealy described:

1. Items specified in Article 14-3 of Securities and Exchange Act:

Dates	Terms of 2018	Discussions	Opinions by Independent Directors and Treatment by the Company
Mar. 7, 2018	First	Approved the proposal of particating to subscription of common stocks from private placement by Alpha Networks Inc. for capital increase by cash	1. All Independent Directors and Directors presented at the meeting agreed without objection. 2. Treatment to opinions by Independent Directors: None.
Mar. 16, 2018	Second	Proposal of 2017 Statement of Internal Control System and Report on the Results of Self-appraisal	
		Approved the proposal of issuance of common stocks for capital increase by cash to participate the issuance of overseas depositary receipt and/or issuance of common stocks for capital increase by cash and/or private placement of common stocks for capital increase by cash and/or private placement of overseas or domestic convertible bonds	
		Approved the proposal of subsidiary obtaining of common shares of Alpha Networks Inc.	
		Approved Donation to BenQ Foundation NTD 5 million	
		2018 Professional fee for service of CPAs	
May 9, 2018	Third	To announce the termination of private security offering approved by 2017 shareholders' meeting	
		Proposal fo making guarantee for Qisda (L) Corp. with the amount of US$ 60 million	
Aug. 9, 2018	Fourth	Approved the proposal of Susidiary BenQ Corporation selling common stocks of DARFON	
		Approved the proposal of investment common stock of K2 International Medical Inc.	
		Proposal fo making guarantee for Qisda (L) Corp. with the amount of US$ 16 million	
Nov. 7, 2018	Fifth	Approved the proposal of 2019 internal audit plan	
		Approved the proposal of Subsidiary,Qisda Electronics (Suzhou) Co. Ltd., announces obtaining of common shares of JIANGSU YUDI OPTICAL CO.,LTD	
		Approved the proposal of investment common stock of DATA IMAGE CORPORATION	
		Proposal for making guarantee for Qisda Labuan with the amount of US$ 30 million	
		Proposal of 2019 appointment of CPAs by the Company	

2. In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated by writing: None.

(II) When Directors abstain themselves for being astakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.

1. During the Board of Directors discussing the proposal of making a donation of NT$5 million to BenQ Foundation on March 16, 2018, the Honorary Chairman of the Board of Directors K.Y. Lee, the Chairman Peter Chen and Paul Peng, the representative of the corporate director AU Optronics Corp., are acting as the directors of BenQ Foundation, and Director Joe Huang is the representative of the BenQ Foundation. This four personnel did not participate in the discussion and voting of such proposal according to Article 206 and178 of the Company Act. Excluding their participation, all the other Directors presented at the meeting approved such a proposal without objection.
2. During the Board of Directors discussing the proposal of making guarantee for Qisda (L) Corp. with the amount of US$ 60 million, US$16million and US$ 30 million on May 9, 2018, August 9, 2018 and November 7, 2018, the Chairman Peter Chen did not participate in the discussion and voting of such proposal according to Article 206 and178 of the Company Act due to Peter Chen is the Representative of Qisda (L). Excluding their participation, all the other Directors presented at the meeting approved such a proposal without objection.
3. During the Board of Directors discussing the proposal of Subsidiary BenQ Corporation selling common stocks of DARFON on August 9, 2018, Director K.Y. Lee and Chairman Peter Chen did not participate in the discussion and voting of such proposal according to Article 206 and178 of the Company Act due to both of them are the Directors of DARFON. Excluding their participation, all the other Directors presented at the meeting approved such a proposal without objection.

(III) Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

1. The Company had established positions of Independent Directors and the Audit Committees in 2008 to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations. In 2011, the Remuneration Committee was established to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company.
2. Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, Qisda has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of Qisda Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.
3. The Board of Directors approved the "The Rules for Performance Assessment of the Board of Directors" on November 7, 2018, which stipulated the requirements of commencing performance appraisal to the Board at least once per annual period. The Company had completed the performance appraisal to the Board by the end of 2018 and reported at the Board meeting in March of 2019 the achievement rate is over 90% indicating the efficient and good operation by the Board.

(II) Operations of the Audit Committee

The Company had convened 5 Audit Committee meetings in 2018 with the following attendance:

Title	Name	Attendance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director	Kane K.Wang	4	1	80%	
Independent Director	Allen Fan	5	0	100%	
Independent Director	Jeffrey Y.C. Shen	5	0	100%	

Other items that shall be recorded:

(1) If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be cleanly described:

1. Items specified in Article 14-5 of Securities and Exchange Act:

Dates	Terms of 2018	Discussions	Opinions by Independent Directors and Treatment by the Company
Mar. 7, 2018	First	Approved the proposal of patriating to subscription of common stocks from private placement by Alpha Networks Inc. for capital increase by cash	1. All Audit Committee Members presented at the meeting agreed without objection. 2. Treatment to opinions by Audit Committee Members: None.
Mar.16, 2018	Second	Proposal of 2017 Statement of Internal Control System and Report on the Results of Self-appraisal	
		Approved Qisda's consolidated financial results of 2017.	
		Approved the proposal of issuance of common stocks for capital increase by cash to participate the issuance of overseas depositary receipt and/or issuance of common stocks for capital increase by cash and/or private placement of common stocks for capital increase by cash and/or private placement of overseas or domestic convertible bonds	
		Approved the proposal of subsidiary obtaining of common shares of Alpha Networks Inc.	
		2018 Professional fee for service of CPAs	
May 9, 2018	Third	To announce the termination of private security offering approved by 2017 shareholders' meeting	
		Proposal fo making guarantee for Qisda (L) Corp. with the amount of US$ 60 million	
Aug. 9, 2018	Fourth	Approved Qisda's consolidated financial results of Q2 2018.	
		Approved the proposal of Subsidiary BenQ Corporation selling common stocks of DARFON	
		Approved the proposal of investment common stock of K2 International Medical Inc.	
		Proposal fo making guarantee for Qisda Labuan with the amount of US$ 16 million	
Nov. 7, 2018	Fifth	Approved the proposal of 2019 internal audit plan	
		Approved the proposal of Subsidiary,Qisda Electronics (Suzhou) Co. Ltd., announces obtaining of common shares of JIANGSU YUDI OPTICAL CO.,LTD	
		Approved the proposal of investment common stock of DATA IMAGE CORPORATION	
		Proposal for making guarantee for Qisda Labuan with the amount of US$ 30 million	
		Proposal of 2019 appointment of CPAs by the Company	

2. Other matters except the preceding ones, which are not approved by the Audit Committee but approved by two-thirds or more of the Directors: None.

(II) For the implemtnation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting amd resolution: None.

(III) Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be descripted in details):

The Audit Committee of the Company would regularly convene inernal meetings and invite CPAs, internal auditors, legal affairs staff, financial accounting staff and other units on a quarterly basis to discuss or discuss the information of discoveries during the examination of financial statements of the most recent period (including the accountant's duties and independence, scope and methos for examination or verification, examination or verification results of Q2 or annual financial report, analysis of key financial ratios, major accounting treatment, major regulatory updates and other related issues), internal audit verification results (including report of verification of current audit, the follow-up report and the important audit regulatory updates after the implementation), major lawsuits, and financial business profiles, etc.. All Independent Directors had communicated well and efficiently with the Internal Audit Director and CPAs. In order to make the members of the Audit Committee more aware of the relevant laws and regulations and the actual operation of the Company, the Company, on a random basis, also organized meetings for other special reports such as risk management, so that the Audit Committee memebers can assist investors to ensure the credibility and reliability of the Company's corporate governance and information transparency, further ensuring the interests of shareholders.

(III) Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Assessment Items	Implementation			Differences from Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Y	N	Summary	
1. Does the Company disclose its established corporate governance best practice based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Borad of Directors of the Company had established the "Corporate Governance Best Practice" on May 5, 2015 and disclosed it on the official site.	No major differences
2. Corporate Ownership Structure and Equities				No major differences
(1) Does the Company establish and implement internal procedure to handle shareholders suggestions, doubts, disputes and litigations?	V		1. The Company has hired the responsible personnel, the investor mailbox (email) and webpages for communication with investors to gather suggestions and handle disputes from the Shareholders.	
(2) Does the Company have the list of major shareholders who control the Company operations and those who have superiority to those shareholders?	V		2. The Company regularly discloses its announcements at the website of Mops on a monthly basis based on the submission of changes of corporate ownership structure changes of Directors, managers and equities of Shareholders with shareholding of 10% or more of the total shares.	
(3) Does the Company establish and implement mechanism of risks management and firewalls among its interactions with affiliates?	V		3. The Company's affiliations have their specific financial, business departments, and factory buildings, and the data is independently backup offsite. The management duties are clearly specified. The Company also regularly handles the comprehensive risks assessment to the affiliations and their major correspondent banks, clients and suppliers to reduce credit risk.	
(4) Does the Company establish and implement internal regulations to prohibit its staff from purchasing/selling securities based on private information?	V		4. The Company has established and implemented "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management".	
3. Board of Directors Organization and Duties				No major differences
(1) Does the Company establish and implement diversified programs for the member formation of the Board of Directors?	V		1. The Company had formulated diversification program based on Chapter 3 "Enhancement of the Board Functions" of "Corporate Governance Best Practice" approved by the Board of Directors on May 5, 2015. The nomination and election of the Board members shall be conducted with the approach of candidate nomination system specified in the Articles of Incorporation, where in addition to assessing the eligibility of each candidate's education and working experience, opinions of stakeholders shall also be considered adequately to ensure the diversity and independence of Board members required by "Guidelines Governing Directors Election Porcedures" and Corporate Governance Best Practice". Among the Company's Board members, Directors K.Y. Lee, and Peter Chen had expertise in fields of leadership, operationa and decision-making, operation management, and crisis management. Directors Joe Huang had contribution in charity activities. Independent Directors Kane K. Wang, Allen Fan and Jeffrey Y.C. Shen are specialized in industrial knowledge and international market trends. In addition, Director Paul Peng had sufficient experience during his service at AU Optronics Corporation, which benefited the Company's business operation. The diversification program for members of the Board is disclosed at the website of Mops and the official site by the Board of Directors.	
(2) Does the Company voluntarily establish committee organization with similar functions as those of Remuneration	V		2. The Company has established the Risk Management Committee whose operation status is detailed in the Chapter of risk management (P64) of the Annual Report. In addition, though the Company has not established the Nomination Committee, the elections of Directors (including independent directors) adopt candidate nomination system. The list of candidates for seats of Directors (including Independent Directors) is proposed by the Shareholders with shareholding of 1% or more of the total shares or the Board of Directors, and submitted for election during the	

Assessment Items	Implementation			Differences from Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Y	N	Summary	
(3) Does the Company establish the guidelines and methods for evaluation of performances of the Board of Directors, and conduct regular performance assessment annually?	V		annual shareholders' meeting after being reviewed by the Board of Directors. 3. The Board of Directors of the Company had passed the "Guidelines Governing Board Performance Appraisal" on November 7, 2018, which stipulated the requirements of commencing performance appraisal to the Board at least once per annual period. The internal appraisal of the Board shall be completed by the end of each annual period, when the annual Board performance shall be conducted simultaneously. The Company had completed the performance appraisal to the Board by the end of 2018 and reported the results at the Board meeting in March of 2019. The measurement items for appraisal of the Board performance include the following five aspects: (1) The degree of participation in the Company's business operations. (2) Improvement to the decision-making quality of the Board of Directors. (3) Members composition and structure of the Board of Directors. (4) Election and continuing education of Directors. (5) Internal control. This appraisal was conducted with the approach of internal questionnaire, which required Directors to evaluate the "performance of" and "participation to" the Board. The results showed that more than 90% achievement rate in 2018, indicating the efficient and good operation by the Board.	
(4) Does the Company evaluate the independence of independent auditors on a regular basis?	V		4. The Audit Committee and the Board of Directors of the Company regularly appoints CPAs (including theose for independent appraisal) on an annual basis. The Company would require CPAs to provide an independence statements and their resume prior to appointment meeting, confirm the accounting firm (the CPAsand ithe audit team members) did not violate any independence requirement, and there was no financial interest shared or business relation between the Company and CPAs except the professional audit fee for certifications of financial statements for investment of the Company. The relevant documents of the preceding independent statements and resume were submitted to the Audit Committee and the Board of Directors for assessment of CPAs' independence and competency.	
4. Does the Company, if categorized as a TWSE/TPEx Listed Company, have the personnel (full-time or part-time) who is in charge of required for implementation of relevant affairs of corporate governance (including but not limited to preparation of documents required by Directors or Supervisors, conducting relevant affairs of meetings of the Board of Directors and shareholders, assisting registration and changes of registration of the Company and preparing minutes for meetings of the Board of Directors and shareholders, etc.)?	V		Mr. David Wang was appointed as the corporate governance personnel based on resolutions of the Board meeting on November 7, 2018 with an aim to ensure shareholders' interest and enhancement to Board functions. CFO Wang has the experience of more than three years working in management fields such as financial.The major duties corporate governance personnel are as follows: 1. Handle company registration and registration change. 2. Handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the laws, and assist the Company to comply with the relevant laws and regulations of the Board of Drectors and the Shareholders' Meeting. 3. Preparation of minutes of meetings of meetings of the Board of Directors and Shareholders. 4. Provide Directors and auditors with the information required to carry out their business operation and the latest regulatory developments related to the company operation to assist the Directors and auditors in complying with the laws and regulations. 5. Handle matters related to relations with investors.	No major differences

Assessment Items	Implementation			Differences from Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
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			6. Handle other matters as stipulated in the Company's Articles of Incorporation or contracts. Implemetation of business operation by the corporate governance personnel in 2018 are as following: 1. Assist Independent Directors and Directors in performing their duties, provide required information and arrange continuing education for Directors. 2. Regularly notify Board memebers about the revision of the Company's business areas and the latest laws and regulations related to corporate governance. 3. Review relevant information confidentiality level and provide company information required by the directors to maintain communication and communication between the directors and business executives. 4. Assist Independent Directors and Directors in formulating their training and education programs of 2019 based on the industrial characteristics and the education/working background and experience of Directors. 5. Examine and verify the release of major information of important resolutions made by the Board of Directors after meetings to ensure the legality and correctness of the contents of the major information and transparency of investor's transaction information. 6. Maintain investor relations: Arrange for Directors to communicate and communicate with major shareholders, institutional investors or general shareholders if necessary, so that investors can obtain sufficient information to evaluate the reasonable capital market value of the Company and to maintain shareholders' rights properly. 7. Formulate the agenda of the Board meetings and notify Directors 7 days prior to the convening, call for meetings and provide the meeting materials. Advance reminder is required if the issues of discussion involve conflict of interests. Complete minutes for meetings within 20 days after the meeting.	
5. Does the Company provide the communication channel for stakeholders (including but not limited to shareholders, employees, clients and suppliers, etc.), have webpages for stakeholder engagement, and properly respond to the issues regarding major CSR concerned by the stakeholders?	V		The Company has established the stakeholder mailbox atthe official site as a communication channel to respond appropriately to important corporate social responsibility issues of concern, and regularly posts financial and business information at the site of Mops and the official site. The major message will be issued in a timely manner in response to events that may affect the stakeholders.	No major differences
6. Does the Company appoint the stock service agency to process affairs of shareholders meeting?	V		The Company has appointed the Transfer Agency of Taishin International Bank to conduct relevant activities.	No major differences
7. Information Disclosure (1) Does the Company construct the official website, and disclose the financial and corporate governance information on it? (2) Does the Company conduct information disclosure in other manners (for example, provide English version official site, have specific personnel in charge of collection and disclosure of Company information, good implementation of spokesman and provide minutes of investor conferences at the official site)?	 V V		 1. The Company has disclosed relevant information regarding its financial business and corporate governance at the official Chinese/English ver. Sites (Qisda.com). 2. The Company has establsihed the English version official site and position of responsible personnel who discloses and collects Company information, implements the spokesperson system, organizes conference calls on a regular or irregular basis, uploads briefing materials to the Company's official site, and sets up investor's mailbox for immediate respond to investors' questions.	No major differences
8. Does the Company offer any other important information regarding corporate governance (including but not limited to employee benefits, employment caring, investor relationships, suppliers relationships, stakeholder rights, advanced studies of Directors and Supervisors, implementation of standards for assessment of risks and risks management policies, implementation of customer	V		1. On a random basis, the Company informs the Directors and Supervisors of the Company and related subsidiaries to attend relevant professional knowledge education and training such as "Risk Management and Corporate Social Responsibility (CSR)" and "Analysis and Case Study of Company Act" organized by Taiwan Corporate Governance Association in August and November of 2018, respectively. 2. Both the Company and its subsidiaries have purchased liability	No major differences

Assessment Items	Implementation			Differences from Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Y	N	Summary	
policies, and purchasing of liability insurances for Directors and Supervisors by the Company)?			insurance for Directors and Supervisors to predently perform their duties with consideration investor's rights and without unnecessary worries. 3. The Company provides multiple channels to enable shareholders, stakeholders and customers to keep abreast of the operating conditions and financial status of the Company and its subsidiaries. Since 2003, the Company has made donations to BenQ Foundation to promote social culture and education, enhance the relationship between the individual and collective groups, improve the quality of life, and care for the underpriviledged. Please refer to the Chapter of social responsibility (P24) for the status of fulfillment of our social responsibility. 4. The Company has established the Risk Management Committee whose operation status is detailed in the Chapter of risk management (P64).	
9. Please elaborate the improvement made based on most recent annual evaluation on corporate governance conducted by the TWSE Corporate Governance Center, and those which have not been improved and categorized as priority. The results of appraisal of corporate governance to the Company in 2016, 2017 and 2018 were ranking at the top 6%-20%, top 21%-35% and top 6%-20%, respectively. The company has created webpages at the official site for responding to important corporate social responsibility issues of concerned by stakeholders, and is continuing to ensure shareholders' rights, treating shareholders equally, enhancing the structure and operations of the Board of Directors, enhancing information transparency, and fulfilling corporate social responsibility.				

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its corporate governance.

(IV) Composition, duties, and operations of the Company's Remuneration Committee:

1. Information on the members of the Remuneration Committee

Position	Criteria / Name	Meet 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 Independent Director	Remark
		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		
Independent Director	Kane K. Wang	V	-	V	V	V	V	V	V	V	V	V	1	None
Independent Director	Allen Fan	-	-	V	V	V	V	V	V	V	V	V	1	
Independent Director	Jeffrey Y.C. Shen	-	-	V	V	V	V	V	V	V	V	V	0	

Note 1: Please add "v" in the field under each criteria number if the director meets the criteria two years prior to being elected and during his/her term of service.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company's affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or 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 that directly holds five percent or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse. However, members of the Remuneration Committee fulfilling their duties in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter are not limited to these terms.

(8) Not been involved in any of situations defined in Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee:
Establish a performance-based compensation system for the Company through an independent standpoint, fulfill functional authority given by the Board of Directors, and regularly submit proposals or recommendations on the compensation system to be discussed at Board meetings.

3. Operation of Remuneration Committee:
(1) The Company has a Remuneration Committee composed of three members.
(2) Term of the current Committee: From June 22, 2017 to June 21, 2020.
The Company had convened third (A) Remuneration Committee meetings in 2018 with the following attendance:

Position	Name	Attendance in Person (B)	Attended by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Kane K. Wang	2	1	67%	
Committee Member	Allen Fan	3	0	100%	
Committee Member	Jeffrey Y.C. Shen	3	0	100%	

(3) Discussion from the Remuneration Committee, resolutions, and ways the Company handled opinions from committee members:

Remuneration Committee meeting	Item	Resolutions	The Company handled opinions from committee members
First March 16th 2018	1. Proposed the 2018 compensation distributions to senior managerial officers. 2. Approved the 2017 distribution of employees and directors' remuneration.	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.

Other items that shall be recorded:
1. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.
2. For the decisions made by the Remuneration Committee, if there are members who hold objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, session, contents of proposals, all members' opinions, and ways in handling these opinions should be elaborated: None

(V) Fulfillemt of Social Resonsibilities: Approach Adopted and Implemetation of Social Responsibilities such as Environmental Protetion, Participation to the Community, Social Contributions, Social Services, Social Welfare, Consumer Rights, Human Rights, and Safety and Health, etc.

Assessment Items	Implementation			Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
	Y	N	Summary	
1. Implementation of Corporate Governance (1) Does the Company formulate policies and systems regarding CSR?	V		(1) The Company's corporate sustainable development is centered on and expanded from the Company's visions and missions: 1. Our visions and missions: (a) Visions: Aim to be the innovator in the design and manufacture of electronic products for enhancing the quality of life of human being and to protecting the natural environment. (b) Missions: Treat customers, suppliers, creditors, shareholders, employees, and the public with integrity. Produce green products that enhance the quality of human life. Cooperate with suppliers and customers to reach the product cycle carbon balance. Provide employees with a healthy and friendly working environment. Create healthy corporate profits and benefit shareholders, employees and the general public. 2. The Company's sustainable development is based on the three pillars of sustainable development: : Based on the pillars of "economic", "social" and "environmental". The factor"environment"is developed into "green products", "green operations" and "green supply chains". With the social	No major differences

Assessment Items	Implementation Y	Implementation N	Implementation Summary	Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
			responsibilities of the factor "social" and "financial performance" of the factor "economic", these five aspects would promote the indicators, strategies and plans for the sustainable development of the Company. We have set long-term goals for each aspect as a guideline for the development of various projects: (a) Economic:: Committed to improving corporate governance and continuously improving operations and profitability to meet the interests of stakeholders. (b) Social: Internalize corporate citizen DNA and exert beneficial social influence. (c) Environmental: Green products: Enhance the sustainable value of products; Green operation: Continuous improvement, and root the green operation corporate culture; Green supply chain: Enhancement of self-management capability of suppliers' corporate social responsibilities.	
(2) Does the Company organize education training of social responsibilities fulfillment on a regular basis?	V		(2) To emphasize the Company's emphasis on social responsibilities, we not only organized courses related to green products, but also included RBA (formerly known as EICC), SA 8000, IECQ QC 080000, ESH and other courses as the madatory courses which all staff shall take.	
(3) Does the Company set up a full-time (part-time) position that promotes corporate social responsibility, and is authorized by the Board of Directors to handle management of senior managerial levels and is required to report the implementation to the Board of Directors?	V		(3) The Company had officially established the "Enterprise Sustainable Development Committee" in 2010 with the General Manager as the Committee Chairman, and integrated relevant departments to formulate the five major aspects of green products, green operations, green supply chains, social responsibilities and financial performance to promote our business targets and KPI. The report progress and effectiveness of implementation are reviewed on a quarterly basis. The management platform would integrate all information to master the achievement of KPI and report the results to the Board of Directors on an annual basis.	
(4) Does the Company estiblish the reasonable remuneration policies, and combine the employee performance appraisal system with the corporate social responsibility policies, and establish a transparent and effective incentive and disciplinary system?	V		(4) The employee performance appraisal system is handled in accordance with the Company's Guidelines Governing Performance Management Operations and Disciplinary Management.	
2. Development of Sustainable Environment (1) Does the Company make effort to improve the utilization efficiency of various resources and use recycled materials with low environmental impact?	V		(1) The Company is committed to improving the utilization efficiency of various resources, actively implementing resource recycling classification at source management, significantly reducing waste production and increasing resource recovery. The proportion of recyclable and reusable waste reached 91% in 2018. For water resources management, no wastewater is produced in the manufacturing process, and only the domestic sewage is produced at each manufacturing plant. The sewage recycling ystems have been set at all the Company's manufacturing plants around the globe. The recycled domestic sewage is mostly used for watering botancial plants. For products, the R&D, design and manufacturing of products of private brands are all based on the concepts of green products, which consider the extension of product life cycle, energy efficiency, easy recycling, low toxicity and environmental impact mitigation.	No major differences
(2) Does the company establish the suitable environmental management system based on its industrial characteristics?	V		(2) The Company has acquired ISO 14001 environmental management system certification since 1997, and the internal and external auditing/inspection are carried out regularly in each manufacturing area around the globe to ensure the operation of various environmental management regulations. In addition, the Company also acquired ISO 50001 energy management system certification in 2012 and continued to to acquire such certification as of 2018, which improve energy efficiency and further reduce greenhouse gas emissions.	
(3) Does the Company have any awareness of the impact of climate change on operational activities, and implement	V		(3) The greenhouse gas inspection has been carried out at each manufacturing plant around the globe and all of them have acquired the third party ISO 14064-1	

Assessment Items	Implementation			Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
	Y	N	Summary	
greenhouse gases inspection, formulate corporate policies regarding energy saving, carbon reduction and greenhouse gas reduction?			greenhouse gases inspection every year since 200. The Company also formulated the greenhouse gases reduction related program, which includes: 1. Engineering improvement (a) Lighting energy efficiency a. Factory lighting fixtures are energy-efficient lamps b. The emergency exit lights are LEDs c Lighting for parking areas is automatic sensing lighting (b) Energy efficiency of air-conditioning a. Improve and enhance the efficiency of water chiller unit equipment b. Inverters installed in AHU (c) Other facilities a. Solar power system installed b. Timing management control to air exhaustion facilities at dormitories and underground parking areas 2. Adminstrative management (a) Personnel a. Office energy saving activities and promotion (b) Equipment a. Operation management to air compressors and water chiller units b. Improve process efficiency c. Manage and deactivate electrical equipment according to consumption volume (c) Methods a. Special air conditioning demand management for independent areas b. Nightime energy management c. Concentration of production arrangements to reduce overtime working d. Air conditioning units cooperates with production activation and deactivition In terms of greenhouse gases reduction, by comparing the average per person per hour emissions is compared, the global carbon emissions per person per hour are 2.15 kg CO2e in 2018, which is 25% lower than the 2.86 kg CO2e ivolume n 2009.	
3. Maintenance of Social Wlfare (1) Does the Company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The Company has acquired the occupational safety and health management system OHSAS 18001 certification since 2001, and the social responsibility management system SA 8000 certification in 2006, indicating that the Company had gained international recognition in the management of employee safety and health and labor working conditions. In addition, according to the employment principles of the Company, the recruitment procedures are organized based on the actual business needs and only the most adequate talent, regardless of race, ethnicity, social class, color, age, gender, sexual orientation, gender identity and expression, nationality or region of origin, physical condition, pregnancy, ideological beliefs, political stance, group background, family status, military services, genetic information or marital status and other laws and regulations, will be recruited and hired. No unfair treatmet during the recruitment, and neither the employment of child labor and forced labor, shall be conducted.	No major differences
(2) Does the Company establish the employee appeal system and channel which handle it properly?	V		(2) For internal appeal by employees, the Company has formulated the "Communication Management Procedures". If the employee encounters any sexual harassment or improper treatment, he/she may directly file appeal to the mailbox of the Company according to the "Guidelines Governing Management of Reporting and Appealing". The Company shall ensure the confidentiality of the identity of the whistleblower. If the external stakeholders have any doubts about this issue, they can appeal through the CSR mailbox announced by the company's official website, and the company's CSR window will respond.	

Assessment Items	Implementation			Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
	Y	N	Summary	
(3) Does the company provide a safe and healthy working environment, and regularly implement safety and health education for employees?	V		(3) The Company has introducied the RBA (Responsible Business Alliance) into its management system since 2007, making the management system more comprehensive in terms of labor, environmental protection, safety and health, and ethics. In addition, the Company has established sports fileds and equipment for employees to exercise within the factory areas, and arranged industrial doctors on-site. There is also regular implementation of employee health check and random health promotion activities annually to maintain the physical and mental health of employees.	
(4) Does the Company establish the system for regular employee communication and notify the employees of the business changes that may have a significant impact on them in a reasonable manner?	V		(4) To maintain good labor relations between the Company and its employees. The Company has established clear communication channels, such as business briefings, welfare committee meetings, labor-management meetings, etc., so that staff can understand the Company's information instantly and face-to-face, and encourage all employee to make suggestions on the overall operation and development of the Company for the reference of the decision-making levels.	
(5) Does the Company establish the effective career development training program for employees?	V		(5) The Company attaches great importance to the training and development of employees. In order to provide a clear map for career development, the Company has invested sufficient resources to integrate its entities and online learning platforms for employees to conduct diversified course seminar and introduce internal/external resources to establish Qisda Academy to train employees; the semi-annual performance communication operations regularly assist employees to review their personal development plans and communicate with their supervisors about the assistance they require. Meanwhile, the talent inventory is carried out annually to confirm the current situation of the organization talents to discover potential talented employees to accelerate the shift or promotion, or assist employees to enhance the required development. Through the above methods, we can effectively provide assistance in the planning and development of employees' careers.	
(6) Does the Company formulate relevant consumer protection policies and complaint procedures for R&D, procurement, production, operations and service processes?	V		(6) The Company spares no effort to protect the rights and interests of clients and general consumers, and provides products maintenance bases, product warranty terms and service contact methods, online maintenance services, product manuals and customer privacy protection services, unbiased and clear customers service hotline, product repair line, and service manager mailbox service for Tiwanses consumers to file complaint regarding product issues.	
(7) Does the Company comply with relevant regulations and international standards for marketing and labeling of products and services?	V		(7) The marketing and labeling contents of the products and services of the Company are divided into two categories: Hazardous substances and product waste, as follows: a. Control of Hazardous Substances: According to international regulations and customer requirements, the “Hazardous Chemical Substances Control List” is formulated. Through the strict control of the parts and materials and the inspection of the finished products, the part recognition application system management mechanism ensures that the products can meet the requirements of international regulations and customers. Since 2008, the Company has acquired the IECQ QC 080000 Hazardous Substance Management System Certificate. b. Product Waste Disposal and Recycling: At the design phase, R&D engineers are required to consider the recovery rate and difficulties of disassembly of the product. During the middle phase of design, the internal WEEE disassembly analysis and evaluation platform is used to calculate the recovery rate of the product to ensure the achievement of required recovery rate by WEEE and whether the product requires the WEEE recycling label and marked location. The next deisgn phase can only be procedded when the aforesaid procedures are adequately conducted and completed.	
(8) Does the Company assess whether the suppliers have any record of environmental	V		(8) The Company reviews and evaluates its suppliers via the supplier recruitment process, which includes company	

Assessment Items	Implementation			Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
	Y	N	Summary	
and social impact prior to interacting with such suppliers?			information, product information, major customers and financial status, related contracts with Qisda procurement and other hazardous/non-hazardous substances control documents of suppliers. In addition, in 2015, the Company updated its online system based on "Qisda Supplier Recruitment Review Procedures" to add threefactors of environmental, human rights ethics and labor rights to the supplier background survey: 1. Environmental inspection: Review of whether the supplier is possessing ISO 14001 certification. 2. Larvor rights and social impacts inspection: (a)Labor rights: Confirm whether the supplier has acquired the SA 8000; and the supplier can provide the SA 8000 certificate as proof. (b)Social impact: Confirm whether the supplier has policies of anti-corruption/corruption- and bribery-free; and the supplier can provide written evidence of anti-corruption or bribery-free company policies. (c)Social impact: Confirm whether the supplier has been subject to government action for violation of labor or environmental protection regulations in the past year; and the report submitted by the supplier or relevant information available onlinewill.	
(9) Do the contracts signed between the Company and its major suppliers include suppliers include any terms allowing immediate contract termnation if the suppliers violate their corporate social responsibility policies and have significant environmental and social impacts?	V		(9) The Company has specified requirements of fulfillment of social responsibilities in the procurement contract, and stated that if the supplier violates the procurement contract requirements, the Company may notify the termination of the contract if no significant improvement is made after the issuance of the written notice.	
4. Enhancemment of Information Disclosure (1) Does the Company disclose any relevant information on CSR with relevance and reliability on its official site and Mops?	V		Since 2009, the Company has been committed to ensuring the quality of the report and to improving the conformity of the three factors of GRI and AA1000AS (Account Ability 1000 Assurance Standard) - inclusiveness, materiality (significance) and responsiveness. The independent third party was appointed to verify the quality of the Company's reports. Since 2009, the reports have been verified by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC).	No major differences

5. Please describe in details the difference between the actual implementation and the specified regulations of the Company's Corporate Social Responsibility Best Practice Principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" (if any):
Since 2010, the Company has established the "Corporate Sustainable Development Committee" to promote the sustainable development and social responsibility related activities of enterprises. Since 2007, the Company has published the "Corporate Social Responsibility Report", please refer to P24. -P29 for details. The Company has established the "Company's Corporate Social Responsibility Best Practice Principles" in 2015. There has been no significant different between the actual implementation and the specified regulations of the Company's "Corporate Social Responsibility Best Practice Principles ".

6. Other important information beneficial for understanding the fulfillment of corporate social responsibilities:
As described above. For details of the Company's corporate sustainability, corporate social responsibilitycontents and the environmental report and corporate responsibility report published each year, please refer to the "CSR" page at the Company's official site (Qisda.com).

7. Plese describe in details about verification standards of the certifications of relevant verification bodies granted to the Company and recorded in the CSR report:
a. Since 2009, the Company has ensured the conformity of GRI standards (G3, G3.1, G4, standards) and AA1000AS (Account Ability 1000 Assurance Standard) to ensure the quality of the "Qisda Corporate Social Responsibility Report"., which appointed independent third parties to verify the cCmpany's Report. Reports from 2009 have been verified by GRI G3&G3.1 A +&G4 Core & G4 & Standards and AA 1000AS standards. Reports from 2009 were issued by Taiwan Weiser International Quality Assurance Co., Ltd. (BVC) (2017 report The book was published in June 2018, and the 2018 report is expected to be published in June 2019.)
b. To satisfy customer's demands, the Company's 24-inch LCD screen (EW2430) products acquired the Chinese Carbon Labelling, and the projector (MP772ST) products acquired EPD and the Carbon Labelling of Environmental Protection Administration, Executive Yuan certifications in 2011. In 2013, the Company's products of monitors, projectors, smart phones, scanners all acquired ISO 14006 (Incorporating Ecodesign) and IEC 62430 (Environmentally Conscious Design for electrical and electronic products and systems) certifications. Also in 2013, our lighting products (Be-Light) also won the prize of the 3rd green model award. In 2015, the Company won the first prize of Environmental Friendlyof Corporate Sustainability Award of Global Views Monthly.
c. The company is committed to planting and greening in the factory areas, and was selected as the enterprise with the best "Industrial Area Greening Performance" by the IDB of the Ministry of Economic Affairs in 2011.
d. In 2011, the Company was awarded the Corporate Gold Award by the Ministry of Internal Affairs, Executive Yuan based on domestic performance of Happy Marriage Index, which was the best prize among the competitors, indicating that the Company's effort of continuing to promote and establish a friendly and healthy workpace has been officially recognized. The Company further won the 2012 Happiness Business Award from the Taipei City Government and "Work-Life Balance Award"from the Ministry of Labor in 2016.
e. The Company won the Bronze Medal of Manufacturing Industry of 2012 Taiwan Corporate Sustainability Awards for its 2011 CSR report, and won the Taiwan Top 50 Corporate Sustainability Report Award and the Climate Leadership Award of 2013 Taiwan Corporate Sustainability Awards for its excellent performance of climate change management and strategies.
f. The Company was selected by IDB of MOEA as the model enterprise for Quality CSR Reports in 2012 amd 2013, and .the Company's CSR reports were included in IDB's "Dedication to Implementing Lower Carbon Emission and Wider Green Expansion".
g. The Company won the Silver Medal of "Large Enterprises, Electronics Industry II" of Taiwan Top 50 Corporate Sustainability Report

Assessment Items	Implementation			Differences from Contents of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companie s and Reasons
	Y	N	Summary	
Awards in 2014 for its 2013 CSR report. The Company won the Gold Medal of"Electronic and IT Manufacturinf Industry" and the"Climate Leadership Award" of Taiwan Top 50 Corporate Sustainability Report Award of 2016 Taiwan Corporate Sustainability Awards in 2016. The Company won the prize of "Top 50 Corporate Sustaninability Report Awards" and "Top 50 Corporate Sustaninability Awards" of 2017 Taiwan Corporate Sustainability Awards of TAISE in 2017 and the Gold Medal of "Top 50 Corporate Sustaninability Report Awards" and "Top 50 Corporate Sustaninability Awards" in 2018. All the above prizes are indicating the widley reconotion of the quallity and transparency of the Company's reports. h. In 2015, the Company was ranked at 12 of Channel NewsAisa Sustainability Ranking Index for its fulfillment of CSR, and such ranking was improved and ranked as 5 in 2016. i. The Company's 2015 Carbon Disclosure Project (CDP) was selected for the 2015 Hong Kong and South East Asia Climate Exposure Leadership Index (HK-SE CDLI), and has been two consecutive since 2016. Received a leadership grade A-year. j. The Company ws the winner of "Best Business Continuity Approach of the Year" of StrategicRISK in 2017, and was recognized by Thomson Reuters as the one of the Top 100 Global Technology Leaders. k. The Company was recognized as one of the 30 model Taiwanese enterprises by CSRone Reporting. and included as one of constituent stocks of TWSI in 2018, l. In 2018, the Company's "Integrated Design Management System" was widley introduced by "Sustainable Industrial Development Journal " and was included in the column of "Sustainable Innovation" of the "Enterprise Sustainability Story Collection" both published by the IDBureau of the Ministry of Economic Affairs, indicating the relentless effort of the Company in green product management, and applications.				

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its fulfillment of social responsibilities.

(VI) Implementation of Ethical Management and Implemented Measures:

Assessment Items	Implementation			Differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
1. Establishing Ethical Corporate Management Best Practice Policies and Programs (1) Does the Company demonstrate its commitment to ethical management policies and practices in its regulations and external documents, as well as the commitment of the Board of Directors and management level to actively implement such business policies?	V		(1)The idea of "treating customers, suppliers, creditors, shareholders, employees and the general public with integrity" is one of the Company's corporate missions and the responsibility of all our staff. The Company strictly prohibits any acts of corruption, bribery and extortion, and requires all staff to take the initiative to actively clarify and improve our daily actions to enhance our integrity. The Company has established the "Integrity Handbook" and "Regulations Govering Integroty Operation by Qisda", which has clealyr specifies rules of conduct for the policies or practices of integrity management.	No major differences
(2) Does the Company establish programs to prevent dishonesty, and specify operating procedures, behavior guidelines, disciplinary and grievance systems for violations in each program and implement them?	V		(2)The Integrity Handbook serves as the highest code of conduct for all employees of the Company to conduct business activities. The Company applies education training to remind all employees to obey when each newly-recrui joins us, and actively promotes the norm as "do not accept any gifts from anyone with unlawful purposes" during important tranditional festivals. All employees of the Company are required to abide by the Integrity Handbook. If any of the staff of the Company has any corruption, cheating, illegally utilization of the Company's funds, accepts any bribery, concurrently operate any business other than the Company's one and illegally copies or uses signatures or seals of supervisors shall be handled by the Company in accordance with "Regulations Governing Management of Discipline", whihc the most severe punishment shall be dismissal.	
(3) Does the Company adopt preventive measures for the business activities or other business activities with high risk of dishonesty specified in Paragraph 2 of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(3)The Company has stipulated the Integrity Hnadbook which has clear behavioral norms for "conflict of interests", "regulatory compliance", "business secrets and company assets". If there is an event of breach of integrity, it will be reported to the higher level of the unit. The Disciplinary Committee composed of supervisors shall conduct a review. If there is a major breach of the principles of good faith, the Company shall report such situation to the Audit Committee or the Board of Directors in accordance with relevant regulations and procedures. Based on the risk assessment, the Office of Risk Management and Auditing shall conduct sampling evaluation to relevant processes and operations to avoid the potential risk of dishonest behavior. In November 2015, the "Regulations Governing Prevention of Severe Misconduct and Management Measures" was formulated to enhance corporate governance and address serious misconduct, such as conflicts of interests and improper acceptance of bribery, improve the management system from three aspects as "prevention", "detection" and "response". The human resources management department issues notification to remind the stff of "Regulations Governing Treatment to Gifts from Non-corporate Personnel".	

Assessment Items	Implementation			Differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
2. Implementation of Ethical Management (1) Does the Company assess the integrity records of the individuals or entities of transactions and specify the terms of integrity in the contract signed them? (2) Does the Company establish full-time (part-time) unit that promotes the ethical management of the Company under the organizational management by the Board of Directors, and regularly report implementation to the Board of Directors? (3) Does the Company establish policies to prevent conflicts of interest, provide proper statement channels, and implement them? (4) Has the Company established efficient accounting, internal control and internal auditing systems for the implementation of ethical management, which are regularly reviewed by internal units the appointed accountants? (5) Does the Company regularly hold the internal or offer external education training of ethnical management practices?	V V V V V		(1) The Company has established the principle of integrity and good faith in the procurement contracts. If there is any violation, the Company may terminate the contracts or permanently cease cooperate with such supplier. (2)The documentation, promotion, establishment of ppeal channel and assessment of relevant risk of culture of integrity shall be the responsibility of the following units: a. The development of the integrity management regulations and education promotion shall be the responsibility of the human resources management department: the Company issued the Integrity Handbook for the emphasis of the culture of integrity management, written regulations such as "Guidelines Governing Management of Reporting and Appealing" are issued for governing appeal management, and the regulations of disciplinary management fol various disciplinary incidents, which the implementation status shall all be submitted to the Board of Directors on a regular basis. b.Appeal channel: there is an integrity mailbox for external submission, and there is a General Manager mailbox and a HR mailbox for internl submission of appeal. c.The audit of integrity risks is conducted by auditors and submitted to the Board of Directors. Through the enhancement of various operational procedures, the division of authority and responsibility is implemented and the institutionalized system is used to assist in reducing the potential risk of fraud and cheating. (3)For issues of conflicts of interest, the Company has issued "Integrity Handbook", "Director and Manager Ethical Conduct Guidelines", "Directions for Integrity Business Operation", "Guidelines Governing Management of Reporting and Appealing", "Regulations Governing Prevention and Management of Severe Misconduct", and "Regulations Governing Management of Investigation to Severe Misconduct" are implemented from the aspects of behavioral norms, misconduct prevention, prosecution and investigation. (4)The Company complies with the requirements of legal regulationsto continuously revise the internal control system, and checks and evaluates its effectiveness. The audit department includes all items required by legal regulations as the annual audited items, and reports the relevant audit results and improvement to the Audit Committee and the Board of Directors on a quarterly basis. The Company's accounting system is subject to the requirements ofrelevant legal regulations. The CPAs also reviews and audits the financial statements of the Company on a quarterly basis and issues reports to report the review results to the Auditing Committee. (5)The Company offers online courses once annual for all staff to disucss the content of the Integrity Handbook.	No major differences
3. Implementation of Whistle-blowing System of the Company: (1) Does the Company establish clear and unbiased whistle-blowing and rewarding system, convenient reporting channels and assign proper personnel to process the reported cases? (2) Does the Company establish standard procedures for receiving and reviewing reporting? (3) Does the Company apply any measurement to prevent the whistleblower from improper treatment?	V V V		(1) The Company's Integrity Handbook clearly states that any illegal incidents discovered shall be reported to senior levels immediately; the reporting channels includes but not limited to the General Manager mailbox, integrity mailbox, and HR mailbox. In November 2015, the Company issued the "Guidelines Governing Management of Reporting and Appealing"which clearly state that the internal and external reporting and appeal channels include the General Manager mailbox, integrity mailbox and HR mailbox. (2) Handling of Reporting Matters The Company has established the "Guidelines Governing Management of Reporting and Appealing" to institutionalize the operating procedures and related confidentiality mechanisms for appeal and reporting. (3) The Company's Integrity Handbook and related regulations clearly state that for any staff who makes report and appeal, the Company shall be dedicated to keeping the confidentiality of the contents and results of the investigation, and ensuring that the rights and interests of the relevant personnel will not be harmed.	No major differences
4. Enhancement of Information Disclosure (1) Does the Company disclose the contents and efficiency of implementation of its Ethical Corporate Management Best Practice Principles at the official site and Market Observation Post System?	V		The Company has created the webpage of "Corporate Social Responsibility" at its official site to disclose information about the Company's self-governance and ethical management in an honest, clear and openmanner. The Company also has actively posted reminders on te homepage of inranet of employee website available in Chinese and English for daily improvement of ethical operation to enhance overall integrity, and the measures for anti-corruption are also provided to suppliers by the Company. In addition, the "InvestorSection" also provides information on corporate governance, important Board resolutions and operational briefings. People can acuire the contents of Company's Ethical Corporate Management Best Practice Principles and the implementation status in the annual reports	No major differences

Assessment Items	Implementation			Differences from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
			uploaded to the website of Mops.	

5.The Company shall specify the differences between the established Best Practice Principles and its implementation practices if such Best Practice Principles is established based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies":
There are no differences bwtween the established Best Practice Principles set up by the Company in May, 2015 and its implementation practices

6. Other important information for better understanding the ethical corporate management best practice of the Company (such as reviewing and amendment of its Ethical Corporate Management Best Practice Principles):
1. The Company has established anti-corruption channels for suppliers. Suppliers may file appeal to the integrity mailbox (Integrity@Qisda.com) in the event of any Company staff violating the "integrity" ethics regulations. The Company shall immediately deal with the appeal and strictly keep the content and results of the investigation confidential to ensure the rights and interests of the relevant personnel from being harmed.
2. The human resources department (HR) regularly implements the Company's "Integrity and Anti-Corruption" online training courses on an annual basis. The course content includes: the content guide of the Integrity Handbook, key summary, practical examples, and examines the learning results of staff with quizes. . In order to implement the promotion of the Integrity Handbook, in addition to the original Traditional Chinese and English versions of the Integrity Handbook, the Company has also completed the simplified Chinese version in 2010 for overseas operations and promotion to staff.
3. For the various operating procedures of daily business activities, the Company has designed appropriate internal control mechanisms for operations with potential corruption risks to mitigate corruption behaviors and prevent problems from actually occurring. The Company's auditing units regularly evaluate the management efficiency of the internal control system and collect comments from senior executives from various departments on various potential risks (including fraud and corruption) to formulate appropriate auditing plans and perform relevant regular auditing on a regular basis. The Audit Committee and the Board of Directors shall be regularly botified of the auditing results to allow the managerial levels to understand the current status of corporate governance to fulfill relevant purposes.
4. For other information about the Company's integrity management, please refer to the Company's corporate sustainability report for the past years, or please refer to the page of Corporate Social Responsibility at the Company's official site (Qisda.com).

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its implementation of ethical management and implemented measures.

(VII) Please disclose the access to Company's "Corporate Governance Best Practice" and relevant regulatiuons

The Company has established the Corporate Governance Best Practice Principles on May 5, 2015. For the Company's corporate governance operations, please refer to the chapter of Implementation of Corporate Governance (P14-P26) of this Annual Report and corporate governance report. Regulations such as Regulations for Procedures of Shareholders' Meetings, Organizational Rules for Audit Committees, Organizational Procedures for Remuneration Committee, Corporate Governance Best Practice, Corporate Social Responsibility Best Practice, Ethical Corporate Management Best Practie, Directors and Managers Ethical Pratice, Regulations for the Election of Directors, Regulations Governing Loaning of Funds, Regulations Governing Making of Endorsements/Guarantees, Regulations Governing the Acquisition and Disposal of Assets, Procedures for Financial Derivatives Transactions, Regulations for Disclosure of Financial Business Information, Guidelines for Management of Subsidiaroes and Process of Internal Major Information and Insider Trading Prevention Management, etc., have been issued by the Company, please visit contact Qisda.com for details of these regulations.

(VIII)Other important information for enhacing understanding of the implementation of corporate governance:

1. On August 27, 2009, the Company reached the resolutions of the Audit Committee and the Board of Directors for approving "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management".
2. On November 7, 2018, the Board of Directors made the resolution of appointing corporate governance personnel to protect shareholders' rights and enhance the functions of the Board of Directors.
3 The newly-elected Directors of the Company will be given the brochure of published by the Company, which has the content including various laws and regulations (including the major information processing and insider trading prevention procedures specified in the preceding Paragraph) and precautions to facilitate legal compliance.

(IX)The Company regularly arranges for senior executives to attend corporate governance courses. Please see the following table for corporate governance training undertaken by senior executives in 2018:

Title	Name	Date Elected	Date of continuing education		Organizer	Course Name	Length of the curriculum	Compliance with regulations
			From	To				
Honorary Chairman	K.Y. Lee	2017.06.22	2018.11.21	2018.11.21	Taiwan Corporate Governance Association	Analysis of amendments to the Company Act	3	Yes
			2018.08.16	2018.08.16	Taiwan Corporate Governance Association	Risk Management and Corporate Social Responsibility (CSR)	3	Yes
Chairman and President	Peter Chen	2017.06.22	2018.12.18	2018.12.18	Taiwan Corporate Governance Association	Assessment of the Board of Directors' performance	3	Yes
			2018.11.21	2018.11.21	Taiwan Corporate Governance Association	Analysis of amendments to the Company Act	3	Yes
Director	Paul Peng	2017.06.22	2018.12.18	2018.12.18	Taiwan Corporate Governance Association	Assessment of the Board of Directors' performance	3	Yes
			2018.10.30	2018.10.30	Taiwan Corporate Governance Association	Analysis of amendments to the Company Act	3	Yes
Director	Joe Huang	2017.06.22	2018.11.21	2018.11.21	Taiwan Corporate Governance Association	Analysis of amendments to the Company Act	3	Yes
			2018.08.16	2018.08.16	Taiwan Corporate Governance Association	Risk Management and Corporate Social Responsibility (CSR)	3	Yes
			2018.07.18	2018.07.18	Taipei Exchange (TPEx)	A briefing session for the Insiders equity of listed companies	3	Yes
Independent Director	Kane K. Wang	2017.06.22	2018.11.16	2018.11.16	Securities and Futures Institute	Advantages of Social Media Marketing for Your Business	3	Yes
			2018.11.16	2018.11.16	Dharma Drum Mountain Humanities and Social Improvement Foundation.	Emphasis on corporate ethics and innovative sustainable management thinking	3	Yes
Independent Director	Allen Fan	2017.06.22	2018.11.02	2018.11.02	Taiwan Corporate Governance Association	The Impact and response in a China-US trade war on Taiwanese Enterprises and Taiwan CSR to enterprises and major shareholders	3	Yes
			2018.11.02	2018.11.02	Taiwan Corporate Governance Association	The impact of the latest company Act amendments on the company and the directors	3	Yes
			2018.11.02	2018.11.02	Taiwan Corporate Governance Association	The Role of the Board in Mergers & Acquisitions	3	Yes
			2018.08.16	2018.08.16	Taiwan Corporate Governance Association	Risk Management and Corporate Social Responsibility (CSR)	3	Yes
Independent Director	Jeffrey Y.C. Shen	2017.06.22	2018.11.21	2018.11.21	Taiwan Corporate Governance Association	Analysis of amendments to the Company Act	3	Yes
			2018.07.25	2018.07.25	Taiwan Corporate Governance Association	Risk Management and Corporate Social Responsibility (CSR)	3	Yes
Senior vice president	David Wang	2011.03.01	2018.03.28	2018.03.28	Accounting Research and Development Foundation	Using consolidated financial statements to enhance management performance	3	Yes
			2018.04.24	2018.04.24	Accounting Research and Development Foundation	The Types, Case study and Related Legal Responsibilities of "specific breach of trust" in Economic Crimes Forum	3	Yes
			2018.08.16	2018.08.16	Taiwan Corporate Governance Association	Risk Management and Corporate Social Responsibility (CSR)	3	Yes
			2018.10.17	2018.10.17	Accounting Research and Development Foundation	Discussion on the Legal Responsibility of "Employee Fraud" and the fraud in forensics	3	Yes
			2018.11.28	2018.11.28	Accounting Research and Development Foundation	Analysis of new "Corporate Governance Blueprint (2018-2020) related specifications and response	3	Yes

(X) Status of Implementation of Internal Control System

1. Statement of internal control system

Qisda Corporation
Statement of Internal Control System

Date: March 21, 2019

Based on the findings of a self-assessment, Qisda Corporation (Qisda) states the following with regard to its internal control system during the year 2018:

1. Qisda's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Qisda takes immediate remedial actions in response to any identified deficiencies.
3. Qisda evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities.
4. Qisda has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Base on the findings of such evaluation, Qisda believes that, on December 31, 2018, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency , reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Qisda's annual report for the year 2018 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on March 21, 2019, with seven attending directors all affirming the content of this Statement.

Qisda Corporation

Chairman & President
Peter Chen,

2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: Not applicable.

(XI) The Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions in the most recent year up to the publication date of the Annual Report: None.

(XII) Material Resolutions Approved by Board Meetings

Date	Meeting of 2018	Resolutions
Mar. 7, 2018	1st Board Meeting	1.Approved the proposal of particating to subscription of common stocks from private placement by Alpha Networks Inc.
Mar. 16, 2018	2nd Board Meeting	1. Approved the proposal of 2017 financial statements 2. Approved the proposal of 2017 distribution of surplus 3. Approved the proposal of issuance of common stocks for capital increase by cash to participate the issuance of overseas depositary receipt and/or issuance of common stocks for capital increase by cash and/or private placement of common stocks for capital increase by cash and/or private placement of overseas or domestic convertible bonds 4. Approved the proposal of the convene date of 2018 Shareholders' Meeting and meeting agenda 5. Approved the proposal of donation of NT$ 5 million to BenQ Foundation
May 9, 2018	3rd Board Meeting	1. Approved the proposal of financial statement of Q1, 2018 2. Approved the proposal of discontinuing private placement of securities approved by the 2017 Shareholders' Meeting 3. Proposal fo making guarantee for Qisda (L) Corp. with the amount of US$ 60 million
Jun. 21, 2018	Shareholders' Meeting	1. Recognized the proposal of 2017 financial statements and business report Status: Proposal approved and recognized 2. Recognized the proposal of 2017 distribution of surplus Status: Proposal approved and recognized. For distribution of cash dividends, an amount of NT$ 1.35 is distributed per share and the total amount is NT$ 2,655,155,643 3. Approved the proposal of issuance of common stocks for capital increase by cash to participate the issuance of overseas depositary receipt and/or issuance of common stocks for capital increase by cash and/or private placement of common stocks for capital increase by cash and/or private placement of overseas or domestic convertible bonds Status: Proposal approved and recognized
Aug. 9, 2018	4th Board Meeting	1.Approved the proposal of financial statement of Q2, 2018
Nov. 7, 2018	5th Board Meeting	1. Approved the proposal of financial statement of Q3, 2018 2. Approved the proposal of Susidiary Qisda BenQ (Suzhou) Limited investing in common stocks of Jiangsu Yudi Optical Instrument Co., Ltd. 3. Approved the proposal of participation in the subscription of common stocks from private placement by Dataimage
Mar. 21, 2019	1st Board Meeting	1. Approved the proposal of 2018 financial statements 2. Approved the proposal of 2018 distribution of surplus 3. Approved the proposal of issuance of common stocks for capital increase by cash to participate the issuance of overseas depositary receipt and/or issuance of common stocks for capital increase by cash and/or private placement of common stocks for capital increase by cash and/or private placement of overseas or domestic convertible bonds 4. Proposal of de-regulation of non-compete clause to current Directors and the Representitive 5. Approved the proposal of the convene date of 2019 Shareholders' Meeting and meeting agenda 6. Approved the proposal of donation of NT$ 5 million to BenQ Foundation

(XIII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or supervisors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

(XIV) In the most recent year up to the publication date of the Annual Report, a summary of the resignation and dismissal of the Company personnel such as Chairman, President, accounting manager, financial manager, internal audit manager and R&D manager: None.

IV. Information on CPA fees

Unit: NT$1,000

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					CPAs Audit Period	Remark
			System Design	Company Registration	Human Resource	Others (Note)	Subtotal		
KPMG	Tang, Tzu-Chieh Shih, Wei-Ming	8,500	0	0	0	210	210	2018.1.1~2018.12.31	

Note: Fees mainly related to tax services.
Note 1. Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the audit fees: None
Note 2. Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: Not applicable.
Note 3. Audit fees were reduced by over 15% compared with the previous year: None

V. Information on replacement of CPAs

(I) Regarding former CPA

Replacement date	March 22, 2019		
Reason and explanation for replacement	The CPAs are changed from Tang, Tzu-Chieh and Shih, Wei-Ming to Tang, Tzu-Chieh and Chang, Hui-Chen to the internal adjustment from the accounting firm.		
Explain why the appointor or CPA terminated or refused to accept the appointment	Partie / Status	CPA	Appointor
	Appointment terminated	Not applicable	
	Refused to accept (continue) appointment		
Audit report opinions other than unqualified opinion over the last two years and reason	None		
Did issuer have a different opinion	None		
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

(II) Regarding the Succeeding CPA

Name of CPA firm	KPMG
Name of CPAs	Chang, Hui-Chen
Date of Appointment	March 22. 2019
Inquiries regarding the accounting treatment methods of specific transactions, accounting principles or opinions provided on financial report prior to the appointment and results	None
Written opinion of successor CPA regarding discrepancies in opinion with the prior CPA	None

(III) Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines: None

VI. Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year: None.

VII. The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

(I) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Title	Name	As of April 23, 2019		2018	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Peter Chen	0	0	0	0
Director	K.Y. Lee	0	0	0	0
Director	AU Optronics Corp.	0	0	148,867,000	0
Representative of Corporate Director	Paul Peng	0	0	0	0
Director	BenQ Foundation	0	0	0	0
Representative of Corporate Director	Joe Huang	0	0	0	0
President	Peter Chen	0	0	0	0
Vice President	David Wang	0	0	0	0
Vice President	Mark Hsiao	0	0	0	0
Vice President	April Huang	0	0	0	0
Vice President	Joe Huang	0	0	0	0
Vice President	CY Ho	0	0	0	0
Vice President	S.C. Chao	0	0	0	0
Vice President	Harry Yang	0	0	0	0
Associate Vice President	Jasmin Hung	0	0	0	0
Associate Vice President	Daniel Hsueh	0	0	0	0
Associate Vice President	T.S. Wu	0	0	0	0
Associate Vice President	Daven Wu	0	0	0	0
Associate Vice President	Rex Wu	0	0	0	0
Associate Vice President	Eric Lee	0	0	(10,000)	0
Associate Vice President	Jack Wang	0	0	0	0
Associate Vice President	T.H. Lee	0	0	0	0
Associate Vice President	Tony Chao	0	0	0	0
Associate Vice President	Ray Huang	0	0	0	0
Associate Vice President	Nick Niek	0	0	0	0
Associate Vice President	Danny Lin	0	0	0	0
Associate Vice President	Tony Lin	0	0	0	0
Associate Vice President	Calvin Jeng	0	0	0	0
Associate Vice President	Y.S. Cheng	0	0	0	0
Associate Vice President	Rebort Chang	0	0	0	0
Associate Vice President	Aaron Ho	0	0	0	0
Associate Vice President	Joe Lee	0	0	0	0
Associate Vice President	Chris Liang	0	0	0	0
Associate Vice President	Alex Wu	0	0	0	0
Major shareholder	AU Optronics Corp.	0	0	148,867,000	0
Independent director	Kane K. Wang	0	0	0	0
Independent director	Allen Fan	0	0	0	0
Independent director	Jeffrey Y.C. Shen	0	0	0	0
Finance Supervisor	David Wang	0	0	0	0
Accounting Supervisor	David Wang	0	0	0	0

Note:Those who still serve in their respective positions when the Annual Report is published.

(II) Counterparty of equity pledge is a related party: None

(III) Counterparty of equity pledge is a related party: None

VIII. Information of relationships between Top 10 shareholders are related parties, spouses or relatives within the second degree of kinship Relationship

Information of relationships between Top 10 shareholders are related parties

April 23, 2019

Name (Note1)	Shares held		Shares held by spouse or underage children		Total sharesheld in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships (Note2)	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Title (or Name)	Relationships
AU Optronics Corp.,	335,230,510	17.04%	0	0.00%	0	0.00%	None	None
AU Optronics Corp., Representative：Paul Peng	9,164	0.00%	65,032	0.00%	0	0.00%	None	None
ACER INCORPORATED	81,712,690	4.15%	0	0.00%	0	0.00%	None	None
ACER INCORPORATED Representative：Jason Chen	0	0.00%	0	0.00%	0	0.00%	None	None
Darfon Electronics Corp.	36,559,000	1.86%	0	0.00%	0	0.00%	None	None
Darfon Electronics Corp. Representative：Andy Su	284,234	0.01%	0	0.00%	0	0.00%	None	None
Polunin Developing Countries Fund, LLC	26,397,762	1.34%	0	0.00%	0	0.00%	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	25,568,662	1.30%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	24,163,059	1.23%	0	0.00%	0	0.00%	None	None
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	23,320,000	1.19%	0	0.00%	0	0.00%	None	None
Dimensional Emerging Markets Value Fund	22,698,171	1.15%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	22,445,660	1.14%	0	0.00%	0	0.00%	None	None
CREO VENTURE CORP	17,095,234	0.87%	0	0.00%	0	0.00%	None	None

Note 1: Each of the top ten shareholders should be listed. Both the corporate shareholder name and representative name should be listed for corporate shareholders.

Note 2: Shareholding percentage calculations are made using the individual shareholding percentages of the person, his/her spouse, minor children and use of other names.

IX. Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors, Supervisors or Executive Officers or Directly or Indirectly Controlled by the Company

December 31, 2018

Investment business (Note 1)	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectly-controlled business (Note 2)		Combined investment	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)
AU Optronics Corp.,	663,598,620	6.90%	16,880,428	0.18%	680,479,048	7.08%
Darfon Electronics Corp.,	58,004,667	20.72%	23,918,384	8.54%	81,923,051	29.26%
QS CONTROL CORP.	6,000,000	20.00%	-	-	6,000,000	20.00%
VISCO VISION INC.	-	-	14,518,264	27.02%	14,518,264	27.02%
CENEFOM CORP.	-	-	2,190,000	15.48%	2,190,000	15.48%
Green Island Co., Ltd.	-	-	-	33.33%	-	33.33%
YOUPOS SYSTEMS INC.	-	-	-	27.03%	-	27.03%
TDX Medical Technology (Jiangsu)Co.,Ltd	-	-	-	40.00%	-	40.00%
Alpha Networks Inc.	100,000,000	18.40%	24,692,000	4.54%	124,692,000	22.94%
DMC Components International, LLC	-	-	300,000	30.00%	300,000	30.00%

Note 1: Invested by the Consolidated Company using the equity method

Note 2: Information recorded on the shareholder roster as of the latest book closure date of each company

Capital and Shares

I. Capital and shares

(I) Source of Share Capita

April 23, 2019; Unit: NTD

Year and month	Issued price (par value per share)	Authorized capita		Paid-in capital		Note				
		Number of Shares	Amount	Number of shares	Amount	Source of capital	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
1984.04	10	14,000	140,000	3,500	35,000	Establishment			-	-
1984.11	10	14,000	140,000	7,000	70,000	Capital increase by cash35,000			-	-
1986.12	10	14,000	140,000	14,000	140,000	Capital increase by retained earnings70,000			-	-
1989.12	30	17,000	170,000	17,000	170,000	Capital increase by cash30,000	1989.12.30	Ministry of economic affairs certificate no. 135215	-	-
1992.05	10	50,000	500,000	27,200	272,000	Capital increase by capital surplus17,850 Capital increase by retained earnings84,150	1992.05.07	Ministry of economic affairs certificate no. 06307	-	-
1992.11	10	50,000	500,000	42,000	420,000	Capital increase by capital surplus17,952 Capital increase by retained earnings130,048	1992.27.11	Ministry of economic affairs certificate no. 125134	-	-
1993.02	25	60,000	600,000	60,000	600,000	Capital increase by cash180,000	1993.02.10	Ministry of economic affairs certificate no.127799	-	-
1994.03	10	110,000	1,100,000	79,500	795,000	Capital increase by retained earnings195,000	1994.03.22	Moeaic certificate no.1392	-	-
1994.09	10	150,000	1,500,000	114,350	1,143,500	Capital increase by retained earnings348,500	1994.09.22	Moeaic certificate no.5835	-	-
1995.07	10	250,000	2,500,000	190,000	1,900,000	Capital increase by retained earnings756,500	1995.07.06	Ministry of economic affairs certificate no.108683	-	-
1996.06	60	250,000	2,500,000	250,000	2,500,000	Capital increase by cash600,000	1996.06.09	Ministry of economic affairs certificate no.109348	-	-
1996.08	10	800,000	8,000,000	371,500	3,715,000	Capital increase by retained earnings1,215,000	1996.08.23	Ministry of economic affairs certificate no.113452	-	-
1997.04	10	800,000	8,000,000	376,080	3,760,806	Corporate bond conversion to common stock45,806	1997.04.11	Ministry of economic affairs certificate no.105007	-	-
1997.07	10	800,000	8,000,000	475,800	4,758,008	Capital increase by capital surplus376,081 Capital increase by retained earnings621,121	1997.07.04	Ministry of economic affairs certificate no.110892	-	-
1997.10	10	800,000	8,000,000	518,787	5,187,879	Corporate bond conversion to common stock429,871	1997.10.07	Ministry of economic affairs certificate no.119411	-	-
1998.03	10	800,000	8,000,000	520,849	5,208,499	Corporate bond conversion to common stock20,620	1998.03.20	Ministry of economic affairs certificate no.105297	-	-
1998.06	10	1,100,000	11,000,000	660,062	6,600,624	Capital increase by capital surplus520,850 Capital increase by retained earnings871,275	1998.06.15	Ministry of economic affairs certificate no.114980	-	-
1998.09	10	1,100,000	11,000,000	662,817	6,628,175	Corporate bond conversion to common stock27,551	1998.09.25	Ministry of economic affairs certificate no.130051	-	-

Year and month	Issued price (par value per share)	Authorized capita		Paid-in capital		Note				
		Number of Shares	Amount	Number of shares	Amount	Source of capital	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
1999.08	10	1,250,000	12,500,000	767,390	7.673,902	Capital increase by capital surplus331,409 Capital increase by retained earnings714,318	1999.08.11	Ministry of economic affairs certificate no.128809	-	-
1999.09	10	1,250,000	12,500,000	788,176	7,881,756	Corporate bond conversion to common stock207,854	1999.09.20	Ministry of economic affairs certificate no.134724	-	-
1999.11	55	1,250,000	12,500,000	888,176	8,881,756	Capital increase by cash1,000,000	1999.11.19	Ministry of economic affairs certificate no.142178	-	-
2000.02	10	1,250,000	12,500,000	893,943	8,939,426	Corporate bond conversion to common stock57,670	2000.02.02	Ministry of economic affairs certificate no.102895	-	-
2000.07	10	1,650,000	16,500,000	1,082,731	10,827,312	Capital increase by capital surplus446,971 Capital increase by retained earnings1,440,914	2000.07.26	Ministry of economic affairs certificate no.125422	-	-
2001.07	10	1,770,000	17,700,000	1,381,088	13,810,879	Capital increase by capital surplus541,366 Capital increase by retained earnings2,442,201	2001.07.02	Ministry of economic affairs certificate no.09001241270	-	-
2002.03	10	1,770,000	17,700,000	1,398,318	13,983,180	Corporate bond conversion to common stock172,300	2002.03.15	Ministry of economic affairs certificate no.09101087600	-	-
2002.07	10	2,150,000	21,500,000	1,655,596	16,555,963	Capital increase by capital surplus279,663 Capital increase by retained earnings1,616,568 Corporate bond conversion to common stock676,552	2002.07.22	Ministry of economic affairs certificate no.09101282840	-	-
2002.11	10	2,150,000	21,500,000	1,681,051	16,810,510	Corporate bond conversion to common stock254,547	2002.11.14	Ministry of economic affairs certificate no.09101465750	-	-
2003.07	10	3,000,000	30,000,000	2,067,161	20,671,612	Capital increase by retained earnings3,861,102	2003.07.22	Ministry of economic affairs certificate no.09201219330	-	-
2003.10	10	3,000,000	30,000,000	2,083,861	20,838,612	Corporate bond conversion to common stock167,000	2003.10.16	Ministry of economic affairs certificate no.09201291190	-	-
2004.01	10	3,000,000	30,000,000	2,085,205	20,852,048	Corporate bond conversion to common stock13,436	2004.01.20	Ministry of economic affairs certificate no.09301007380	-	-
2004.03	10	3,000,000	30,000,000	2,066,419	20,664,188	Corporate bond conversion to common stock112,140 Cancellation of treasury stocks 300,000	2004.03.22	Ministry of economic affairs certificate no. 09301046140	-	-
2004.07	10	3,000,000	30,000,000	2,314,899	23,148,990	Corporate bond conversion to common stock11,780 Capital increase by retained earnings2,517,591 Cancellation of treasury stocks 44,570	2004.07.15	Ministry of economic affairs certificate no.09301122620	-	-
2004.10	10	3,000,000	30,000,000	2,315,014	23,150,141	Corporate bond conversion to common stock1,151	2004.10.21	Ministry of economic affairs certificate no.09301198210	-	-

Year and month	Issued price (par value per share)	Authorized capita		Paid-in capital		Note				
		Number of Shares	Amount	Number of shares	Amount	Source of capital	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
2005.04	10	3,000,000	30,000,000	2,315,509	23,155,091	Corporate bond conversion to common stock4,950	2005.04.07	Ministry of economic affairs certificate no.09401056200		
2005.07	10	3,000,000	30,000,000	2,467,998	24,679,982	Capital increase by retained earnings1,513,754 Corporate bond conversion to common stock11,136	2005.07.27	Ministry of economic affairs certificate no. 09401144270	-	-
2005.11	10	3,000,000	30,000,000	2,468,672	24,686,722	Corporate bond conversion to common stock6,739	2005.11.18	Ministry of economic affairs certificate no. 09401229710	-	-
2006.01	31.36	3,000,000	30,000,000	2,618,672	26,186,722	Capital increase by cash1,500,000	2006.01.23	Ministry of economic affairs certificate no.09501011820	-	-
2006.02	10	3,000,000	30,000,000	2,619,978	26,199,785	Corporate bond conversion to common stock13,062	2006.02.15	Ministry of economic affairs certificate no.09501026750	-	-
2006.04	10	3,000,000	30,000,000	2,624,880	26,248,800	Corporate bond conversion to common stock49,015	2006.04.03	Ministry of economic affairs certificate no.09501055570	-	-
2007.04	10	5,000,000	50,000,000	2,564,880	25,648,800	Cancellation of treasury stock 600,000	2007.04.04	Ministry of economic affairs certificate no.09601065540	-	-
2007.08	10	5,000,000	50,000,000	1,538,928	15,389,280	Capital reduction for cover accumulated deficits 10,259,520	2007.08.29	Ministry of economic affairs certificate no.09601212740	-	-
2008.04	22.11	5,000,000	50,000,000	1,765,070	17,650,700	Private placement of common stock Capital increase by cash2,261,420	2008.05.07	Ministry of economic affairs certificate no. 09701101680	-	-
2008.08	10	5,000,000	50,000,000	1,928,218	19,282,176	Capital increase by retained earnings1,631,476	2008.08.07	Ministry of economic affairs certificate no. 09701190560	-	-
2011.08	10	5,000,000	50,000,000	1,966,782	19,667,820	Capital increase by retained earnings385,644	2011.08.17	Ministry of economic affairs certificate no. 10001190150	-	-

(II) Shares Type and Shares Outstanding

April 23, 2019

Shares Type	Authorized Shares			Notes
	Outstanding shares	Un-issued shares	Total shares	
Common Shares	1,966,781,958	3,033,218,042	5,000,000,000	-

(III) Shareholder structure

April 23, 2019

Shareholder structure / Quantity	Government institutions	Financial institutions	Other corporations	Individual	Foreign institutions and foreigners	Subtotal
Number of persons	5	70	203	130,277	399	130,954
Number of shares held	4,694,500	53,589,250	491,332,112	984,406,053	432,760,043	1,966,781,958
Shareholding Percentage (%)	0.24%	2.72%	24.98%	50.05%	22.00%	100.00%

(IV) Distribution of Equity Ownership

April 23, 2019

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 to 999	52,695	12,185,673	0.62%
1,000 to 5,000	50,634	115,058,128	5.85%
5,001 to 10,000	12,489	94,544,423	4.81%
10,001 to 15,000	4,633	56,686,766	2.88%
15,001 to 20,000	2,723	49,659,008	2.52%
20,001 to 30,000	2,562	64,144,823	3.26%
30,001 to 40,000	1,269	44,767,599	2.28%
40,001 to 50,000	908	41,851,645	2.13%
50,001 to 100,000	1,596	114,554,998	5.82%
100,001 to 200,000	772	108,694,317	5.53%
200,001 to 400,000	320	88,886,775	4.52%
400,001 to 600,000	106	51,528,297	2.62%
600,001 to 800,000	67	46,201,415	2.35%
800,001 to 1,000,000	29	26,944,990	1.37%
1,000,001 or more	151	1,051,073,101	53.44%
Total	130,954	1,966,781,958	100.00%

(V) List of Major Shareholders

April 23, 2019

Shareholder's Name	Number of shares held (thousand shares)	Shareholding Percentage (%)
AU OPTRONICS CORP.	335,230,510	17.04%
ACER INCORPORATED	81,712,690	4.15%
DARFON ELECTRONICS CORP.	36,559,000	1.86%
Polunin Developing Countries Fund, LLC	26,397,762	1.34%
Yuanta/P-shares Taiwan Dividend Plus ETF	25,568,662	1.30%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	24,163,059	1.23%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	23,320,000	1.19%
Dimensional Emerging Markets Value Fund	22,698,171	1.15%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	22,445,660	1.14%
CREO VENTURE CORP	17,095,234	0.87%

(VI) Information on Market Price, Book Value, Earnings Per Share and Dividend

Unit: NTD

Item			As of March 31, 2019	2018	2017
Market Price Per Share (Note 1)	Highest		20.70	23.30	25.85
	Lowest		19.40	16.95	15.05
	Average		19.96	21.12	20.96
Net Worth Per Share (Note 2)	Before Distribution		(Note 7)	16.50	15.74
	After Distribution		-	(Note 9)	14.39
Earnings Per Share (EPS)	Weighted Average Shares Number (thousan Shares)		1,966,782	1,966,782	1,966,782
	Earnings per share	Before retrospective	(Note 7)	2.05	2.69
		After retrospective	-	2.05	2.69
Dividends Per Share	Cash dividends		-	(Note 9)	1.35
	Dividends	Dividend from retained earnings (Shares)	-	(Note 9)	-
		Dividend from capital reserve	-	(Note 9)	-
	Cumulative unpaid dividend		-	-	-
Return on Investment	Price/Earnings Ratio (Note 3)		(Note 7)	10.30	7.79
	Price/Dividend Ratio (Note 4)		-	(Note 9)	15.52
	Cash Dividend Yield (Note 5)		-	(Note 9)	6.44%

Note 1: The highest and lowest of common stock. The average market value is calculated using the trading volume and price for each year.
Note 2: Subject to change after shareholders' meeting resolution.
Note 3: Price/Earnings ratio = Average market price/Earnings per share.
Note 4: Price/Dividend ratio = Average market price/Cash dividends per share.
Note 5: Cash dividend yield = Cash dividends per share/ Average market price.
Note 6: The closure date on April 23, 2019 hence the closing date of its content on March 31, 2019.
Note 7: Up to the publication date of this annual report, no information has been attested or approved by an independent auditor.
Note 8: The financial information in this annual report was made according to IFRS.
Note 9: Pending resolution at the 2019 Annual Shareholders' Meeting.

(VII) Dividend Policy and Execution Status

1. Article 17 of the Articles of Incorporation of the Company regulates the dividend policy as follows:
   The Company is in a technology-intensive and capital-intensive technology industry at a developing stage coordinating with long-term capital planning and taking into account the shareholders' cash flow requirement, the Company's dividend policy is to pay dividends from surplus considering factors to improve the growth and sustainable operation of the Company. Dividend distribution is to consider the expanding the scale of operations and cash flow requirements in the future, every year the cash portion of the dividend shall not be less than 10% of the total dividend in the form of cash and stock.
2. The dividend distribution proposal by the Shareholders' Meeting:
   On March 21, 2019, the Board of Directors has made resolutions to determine the distributable amount of the cash dividend for the shareholders as NT$1,671,764,664. However, the resolution is stillunder pending, which requires the final resolution of the Shareholders' Meeting of 2019.
3. Major changes expected in the dividend policy: None

(VIII) The impact of dividend distribution proposed by this shareholders' meeting on the Company's operating performance and earnings per share:

The Company did not disclose the 2019 financial forecast information and thus does not apply.

(IX) Compensation for employees and Directors

1. The percentage or range of compensation for employees and Director based on the Articles of Incorporation:

(1)Regulations from the Articles of Incorporation of the Company:

Articles 16

The Company, if profitable in the year, shall set aside 5~20% of the profit as compensation for the employees and no higher than 1% as remuneration for the directors. However, the Company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first. The Company may allocate employees' remuneration prescribed in the preceding paragraph in the form of stock or cash to employees of an affiliated company meeting certain conditions. The Board or the person duly designated by the Board is authorized to decide the conditions and allocation method.

Article 16-1:

The Company's earnings of the year, if any, shall be allocated to pay taxes and offset the accumulated losses from previous years first, and then set aside 10% as legal reserve. The Company shall then appropriate or reverse a certain amount as special reserve in compliance with applicable laws or regulatory requirements. The remaining earnings, if any, may be put together with the retained earnings from previous years and the adjustment amount of the undistributed earnings of the year; the sum of the above may be appropriated as dividends and bonuses according to the distribution proposal prescribed by the Board of Directors based on the actual needs after the proposal is submitted to and approved at the shareholders' meeting.

2.Estimation basis of this annual period for the remuneration and compensation for employees and Directors, and the accounting approach for handling the differences between the calculation basis for the shares of employees' remuneration distributed by stock and the actual distributed amount and the estimated number of shares:

The estimated amount of this Annual Period for distribution of remuneration and compensation to employees and Directors is based on the amount (which shall also be listed as operating expenses for the annual period) obtained from the calculation of each pre-tax income (prior to being deducted by remuneration to employees and Directors) from such period multiplying the distribution percentage of remuneration to employees and Directors based on the Company's Articles of Incorporation. If there is any difference between the actual distributed amount and the estimated one, it shall be recognized as profit or loss of next annual period based on the change in accounting estimation.

3.The resolution of remuneration distribution by the Board of Directors:

(1) On March 21, 2019, the Board of Directors has made resolutions to determine the amount distributed to employees' remuneration in cash shall be NT$ 341,480,000 and NT$ 35,112,000 for Directors' one. No difference from the annual estimated amount of the recognized expenses.

(2)The proportion of employee remuneration paid by stocks to the total amount of the amount of individual profit (after tax) plus the amount of employee remuneration in the current period: Not applicable.

4. Distribtion of Remeration of Emploees and Directors of the Previous Annual Period:

(1)The amount distributed to employees' remuneration in cash was NT$ 451,600,000 and NT$ 45,160,000 for Directors' one.

(2)The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed: the actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

(X) Repurchase of the Company's Shares by the Company:

No repurchase of the Company's shares by the Company was conducted in the most recent two annual periods and as of the printing date of the Annual Report.

II. Corporate bond processing

(I) Information regarding Corporate Bonds: None.

(II) Information regarding the Conversion Bonds: None.

(III) Information regarding Exchange Corporate Bonds: None.

(IV) Information regarding Shelf Registration for Corporate Bonds: None.

(V) Information regarding Corporate Bonds with Attached Warrant: None.

III. Handling of preferred shares (including preferred shares outstanding and in process)

(I) Handling of preferred shares: None

(II) Information regarding preferred shares with attached warrant: None.

IV. Implementation of Overseas Depository Receipts

April 23, 2019

Issue Date / Item	1999.07.07/2002.01.22/2002.01.30/2003.07.10/2005.12.19		
Issuance and trading place	Luxembourg Stock Exchange		
Total Issued Amount	US$1,433,094,000		
Unit IssuePrice (Note 1)	US$23.22、US$6.15、US$4.68		
Total number of issuedunits (units) (Note 2)	80,359,340 Units		
The source of securities represented	As the Common Shareholder of Qisda		
The amount of securities represented	401,796,713 shars		
The rights and obligations of holders of depositary receipts	1.The holder of the depositary receipts may exercise its depositary receipts to recognize the voting rights of shares. 2. If Qisda issues stock dividends or other rights in the future, the Depositary Institution may issue the deposit certificate with the equivalent amount based on the original shareholding ratio of the holder of the depositary certificate, or increase shares of common stock regognized by each unit of the depositary receipt. 3.The holder of the depositary receipt may request the Depositary Institution to redeem and deliver the shares of Qisda's common stock recognized by the depositary receipt; or request the Depositary Institution to redeem and sell the shares of Qisda's common stock recognized by the depositary receipt.		
Trustee	Citibank N .A.		
Depository	Citibank N .A.		
Custodian	Citibank N .A. Taipei Branch		
Outstanding amount (Note 3)	501,090 Units		
The allocation methods on the relevant costs incurred as a result of the issuance and during the effective period.	The expenses related to the issuance shall be apportioned by the Company and the selling shareholders in proportion to the actual number of shares sold. After the issuance, except for the agreement between the Company and the Depositary Institution, the expenses for the duration of all overseas depositary receipts shall be borne by the Company.		
Important Agreements for Depositary and Custody Contracts	None		
MarketPrice Perunit (US$)	2018	Max.	US$ 3.81
		Min.	US$ 2.77
		Avg.	US$ 3.40
	As of April 23, 2019	Max.	US$ 3.36
		Min.	US$ 3.15
		Avg.	US$ 3.22

Note 1: For the number of shares of the securities recognized by each unit. In September 2000, each unit recognized 10 shares of common stock and later changed to 5 shares.
Note 2: The number of issued volumes was the sum of the vissued olume on the initial issuance date and the additional issued volume amounts after the initial issuance. On October 15, 2007, the Company reduced its capital, and the circulation balance exchange rate was reduced from 1,000 shares to 600 shares.
Note 3: As of April 23, 2019

V. Employee stock option handling status:

(I) Employee stock option handling status:

1.As of the publication date of the annual report, the processing situation and impact on shareholders' right from employee stock option that have not matured yet: Not applicable.

2.Names, acquisition, and subscription of managers who have obtained employee stock option as well as employees who rank among the top 10 in terms of the number of shares obtained via employee stock option, cumulative up to the date of publication of the annual report: Not applicable.

(II) Operations of new restricted employee shares:

1.As of the date of publication of the annual report, new restricted employee shares that have not fully met the conditions and the impact on shareholders' right: The Company has not issued new restricted employee shares, so it is not applicable.

2.Names of managers and top ten employees holding new restricted employee shares as of the publication date of the annual report and the conditions of receiving such shares: Not applicable.

VI. Issuance of new shares in connection with the merger or acquisition of other corporations

(I) In the most recent year up to the publication date of the annual report, the Company has completed merger and aquisition of other corporations to issue new shares: Not applicable.

(II) In the most recent year up to the publication date of the annual report, the Board of Directors of the Company has approved merger and aquisition of other corporations to issue new shares: Not applicable.

VII. Implementation status of fund application

(I) As of one quarter before the publication date of this annual report, plan for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: Not applicable.

(II) As of one quarter before the publication date of this annual report, processing condition for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: Not applicable.

Overview of Operations

I. Operational Guidelines

(I) Sales of Major Products (Services)

Unit: NTD1,000

Main products	Revenue in 2018	%
Electronic product	147,208,428	94%
Others	8,574,733	6%
Totl	155,783,161	100%

(II) Production volue for the past two years

Unit: NTD1,000

Year / Main products	2018			2017		
	Production Capacity (Note)	Production Quantity	Production Value	Production Capacity (Note)	Production Quantity	Production Value
Electronic product	-	-	119,208,098	-	-	108,594,983
Others	-	-	-	-	-	-

(III) Sales volue for the past two years

Unit: NTD1,000

Year / Main products	2018 年				2017 年			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value
Electronic product	-	9,504,939	-	137,703,489	-	8,226,450	-	121,523,086
Others	-	-	-	8,574,733	-		-	7,112,956

Note: There are many types of products in the company, and the measurement units of each product are different, so the sales volume and output are not listed.

(IV) A list of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the below figures.

1.Major Suppliers Information for the Last Two Calendar Years

Unit: NTD1,000

Item	2018				2017			
	Company	Amount	As % of Net Procurement	Relationship with Qisda	Company	Amount	As % of Net Procurement	Relationship with Qisda
1	Company A	28,308,786	21%	-	Company A	26,084,091	22%	-
2	Other	108,231,399	79%	-	Other	94,445,354	78%	-
Total	Net Procurement	136,540,185	100%	-	Net Procurement	120,529,445	100%	-

Reasons for increase or decrease: There have been no major changes in the past two years.

2.Major Sales Customer Information for the Past Two Years

Unit: NTD1,000

Item	2018				2017			
	Company	Amount	As % of Net Revenue	Relationship with Qisda	Company	Amount	As % of Net Revenue	Relationship with Qisda
1	Company A	38,426,210	25%	-	Company A	35,336,345	26%	-
2	Other	117,356,951	75%	-	Other	101,526,147	74%	-
Total	Net Revenue	155,783,161	100%	-	Net Revenue	136,862,492	100%	-

Reasons for increase or decrease: There have been no major changes in the past two years.

(V) Business Scope

Operation Overview

(1) Business Content/

1. Business Scope

(a) Operation overview

LCD products: For design and manufacturing services (hereinafter referred to as DMS) of liquid crystal display in 2018, the global market share was the second largest. In addition to being dedicated to maintaining good customer relationships, we also actively promoted vertical integration of panel module assembly and self-manfacturing of machine components to increase added-values; and continued to develop new functions in the technical field as well as developing differentiated and special application display products. In terms of branded LCD monitors, the overall market sales growth in 2018 was approximately 2.4%. Branded LCD monitor sales had no significant difference from the one of 2017 as well as the global market share.

However, due to improvement to product portfolio, the average retail price increased by 7.6% compared with the one of 2017. We are continuing to invest in marketing in the fields of professional e-sports, high-level professional, eye-protection display; expand marketing communication, focus on major markets, improve the brand image; cooperate with experts in various fields to establish word of mouth for our professional skills, and achieve significant growth in the professional display market.

Projector products: For DMS projectors, as of 2018, we are still the world's leading projector design and manufacturing company and the only manufacturer among domestic projector manufacturers except for those of DLP, which has a large volume of mass-produced LCD projectors ready to be delivered. In terms of branded projectors, we are continuing to maintain the potion as the world's second largest projector brand and the world's largest DLP projector brand as of 2018, which had no significant difference from the one of 2017 (a market share of 11.5%). In 2019, BenQ will further enhance the operation of 4K UHD and laser new light source projection products, and continue to combine the leading global "CinematicColor™ exclusive color management technology" to further promote the higher gamut DCI-P3 level to satisfy demands from the film industry, while achieving higher resolution and better dynamic range imaging, which enable the leading and unique positioning in the domestic market. We will also continue to invest in high-end and professional model development and marketing and apply this technology to the development of commercial and high-end applications market.

Medical Services: BenQ Medical Center in Nanjing has made significant achievement in the cardiac discipline and was certified by the China National Chest Pain Center. In 2018, it provided service to a total of 1.02 million person-times, with 11 provincial and municipal key disciplines. Currently, it is the second largest hospital in Nanjing for delivery practice. The total number of cardiac catheterization operations is 1,200 times, ranking at the top three in Nanjing. In 2015, the provincial medical insurance network was officially implemented, which expanded market coverage, and continued to carry out special services for acute and severe medical care, care for cancer, post-natal care for privileged women and children and using existing infrastrucrures. BenQ Medical Center in Suzhou was officially opened in May of 2013. In 2018, the number of serviced personnel has reached 580,000, the Center’s focus would be the development of special needs of medical care, care for first-aid of trauma, maternal and child, cancer and health management.

(b) Product category

LCD products: Household and commercial LCD monitors (with product sizes available in 17"/18.5"/19"/19.5"/21.5"/22"/23.x"/24"/24.5"/27"/31.5"/32" / 34"/35"/37.5" /49"/55"/65"), professional high-end liquid crystal display (e-sports professional, industrial design, professional photography, professional drawing and color management), medical display, Smart display, wireless charging display, as well as the public display (size includes 42"/50"/55"/65").

Branded LCD monitor products: For eye-protection, e-sports professional, professional photography, professional drawing, Post-production, audio and video entertainment, curved screens for gaming and Medical.

Projector products: for a variety of commercial, engineering, educational, household and personal mobile projectors.

Medical services: In addition to general basic medical services, special services such as high-end health examination, medical cosmetology and post-natal care are available.

2. Industry overview

(a) Current status and development of the Industry

LCD products: The number of global LCD monitors in 2018, according to the survey by market survey agencies, decrased about 0.2% on an annual basis. Prospecting 2019, the overall display market is expected to remain at the same level as the 2018 due to the lack of special applications and demand to stimulate the growth coupled with consumer cycles of product replacement and replacement. Due to the stagnation of the market coupled with the increase in the possibility of oversupply of the panel products, the downward pressure on the panel price has emerged, which has put pressure on the operation of the system plant and the growth of revenue; the Company will focus on the development of large-scale and differentiated products to enhance added value, and optimize the supply chain, enahance vertical integration, and maintain a moderate economic scale to maintain overall competitiveness.

Projector products: According to the survey by market survey agencies, the total market volume for branded projectors products in 2018 was about 7.34 million units, which maintained at the same volume of 2017. Although there were sports events in the first half of the year that led to the growth of the household products market, the second half of the year decrease in commercial product demaind due to by global economic instability. It is expected that the volume of global projector market will approximately increase from 7.2 million to 7.4 million in 2019, with the demand of high-lumen laser engineering projectors and 4K UHD high-resolution projectors as the source of growth. The educational or commercial projector market may decrease due to large-size panels but the popularity of the household projector market continues to rise, making the household product market for 1080P and 4K products continue to grow.

Medical services: With the booming economy and the increasing medical insurance coverage in mainland China, its market has been at a rapid growth phase. Meanwhile, the government is encouraging establishment of non-public medical institutes, which has increase the market share of private-owned medical institutes.

(b) Relevance of up-, middle- and down-stream of the Industry

LCD products: The up-stream firms mainly focuses on LCD panel manufacturing and module assembly, including LCD panels, backlight modules and control chips, etc. The middle- and down-stream firms are mainly for system assembly and brand owners. The market is mature and highly competitive. The Company maintains long-term good relationships with ups-tream key component suppliers and down-stream brand customers.

Branded LCD monitors continue improves online marketing communication to make consumers pay more attention on branded display products, also to strengthen offline activities or direct communication between the exhibition and the target consumer groups.

Projector products: up-stream manufacturers are optoelectronic component manufacturers, such as panel wafers, lenses and special light sources, while middle- and downs-tream manufacturers are projector manufacturers and brand owners. The relationship between up- and downs-tream is intimate, and competition and cooperation among the Industry are quite complicated. .

Medical services: BenQ Medical Center in Nanjing is one of the first private-owned hospital medical institutes with standardized training bases forresident doctors in Jiangsu Province. It is able to train 50 resident doctors nnually. In 2011, it became the fourth clinical medical college of Nanjing Medical University, with 21 doctoral and master advisors. In recent years, it has established a rural clinic and cooperative referral system with Level 1 health institutions in Jianye District, Lishui District, Pukou District and Liuhe District of Nanjing, and Level 2 health institutions of neighboring areas of Nanjing (Yangzhou, and Huai'an, etc.) as well as neighboring cities of Anhui (Maanshan, Zhangzhou and Hefei). BenQ Medical Center in Suzhou was officially opened in May of 2013, and had established the cooperative referral system with Level 1 health institutions and nursing homes of Suzhou High-Tech Industrial Development Zone, Wuzhong District and Xiangcheng District.

(c) Industry development trend and competition

LCD products: The LCD market has been matured and saturated. In addition to considering cost and delivery flexibility, the Industry has a variety of new features, differentiated and special applications, such as gaming, cloud links, wireless applications or high gamut, high resolution, high niche products such as HDR, which are opportunities of coopeation and development among brand customers and system assembly forms. In addition, the system assembly foirms will be vertically integrated into the panel module assembly and design fields for not only improving the added-values, but also the differentiation ability for product design.

Branded liquid crystal display products: In recent years, the liquid crystal display market has been matured and saturated. In addition to considering cost and delivery flexibility, various new functions, differentiation and special applications, such as high-resolution LCD panels, wide color gamut LCD panels, curved display panels, high refresh rate LCD panels, borderless display designs, cloud links, professional special applications or niche customized products are also areas where brand customers and system assembly plants can work together. The 2018 global e-sports production value has exceeded US$ 900 million. In the Asia-Pacific region and China, due to the wide popularity of gamING, the audience has reached a new high lvel, further driving the market demand for hardware.

Projector products: In recent years, commercial projector products have been continuously updated, and the resolution and brightness have been refined, and the volume and weight have become lighter. With the manufacturer's price reduction strategy, the market will have more preference of projector products. The global projector market is expected to continue to grow due to the high-lumen and high-resolution projection demands from large-scale conference rooms and the use of household multimedia audio-visual spaces. In addition, compared with the past, the commercial and educational prodcut markets will be the major ones. With the popularization of personal mobile devices and wireless transmission applications, it is expected that application in personal and household video and audio become more common, and engineering projector applications will also gadually grow, especially for engineering projectors with laser lighting sources.

Medical services: The government of mainland China has gradually legalized establishment of medical institutes by private-owned entitiesl (including foreign entities). In 2015, the State Council issued the “Outline of the National Medical Health Service System” and the “Guiding Opinions on the Pilot Zones of Comprehensive Reform of Urban Public Hospitals”, which stringently regulate the scale of public hospitals and encourage establishment of medical institutes by private. In addition to the Want Want, Formosa Plastics and BenQ Groups that have been invested in the medical market of mainland China before 2010, the Quanzhou Yihe Hospital, which was established by the Cross-Strait Medical Industry Fund in 2015, has also been under construction. In the future, more domestic medical institutions will seek overseas development opportunity.

3. Technology and R&D overview

(a) Successfully developed technology or products

LCD products: Super Slim, HDR, HDMI 2.0/DP 1.4 application display, Thunderbolt display, USB type C/Power Delivery, four-sided borderless, wide color gamut display and eye-protection display technology Smart Device Display, professional medical display and professional super large-scale gaming display and its peripheral equipment, professional color management display (for photography and post-image production). Branded LCD monitors: The Company continues to introduce a new generation of "AQCOLORTM" professional monitors for professional Mac designers and HDR comfort screen models using BenQ's exclusive pupil-simulted technology in 2018, which has won great praise from the market and reaffirmed BenQ's leadership in eye-protection screens. E-sports mouse: The Company has developed a new generation of S-series mouse for the demand and game characteristics of the players. Brand projector: 4K color home projector, high-light engineering projector, laser projector, and LED projector.

Projector products: high-lumen interchangeable lens projector for large-scale exhibition, high-lumen laser light source 4K UHD small theater projector, 4K UHD high-definition home entertainment projector, 4K UHD high resolution commercial projector.

Medical services: Department of Thoracic Surgery, National Key Clinical Specialist, Radiology Department of Nanjing (which also recognized as the key subject of Nanjing Medical University of the 12th Five-year Plans), Department of Neurology, Urology, Dermatology, General Surgery, Nephrology, Anesthesiology, Cardiology, Orthopaedics, and Rehabilitation Medicine. The Department of Oncology and Stroke of as the key discipline of Suzhou, and emergency and critical medical care, orthopedics, obstetrics and gynecology, rehabilitation, gastroenterology, and cardiovascular discipline, and started the JCI (Joint Commission International) certification program.

(b) Future R&D focuses

LCD products: Commercial super slim display (Super Slim), direct back-lit 1,000+ grilles HDR, quantum dot wide color gamut, 5K3K/8K4K ultra high resolution, OLED display, HDMI 2.1/DP 2.0 application display , medical display, G-sync 3/FreeSync 2 professional gaming display, ES 8.0/ErP Lot 5 low energy display, wireless charging display, full color adjustment solution and complete public display software and hardware solutions.

Projector products: Laser light source high-brightness interchangeable lens projector for large-scale exhibition, LED light source 4K UHD high-definition projector for home entertainment, laser light source ultra short-focus 4K UHD high-definition projector for home entertainment, educational market teaching interactive software and hardware integration, 4K UHD and wireless projection technology and user experience improvement.

Medical services: The concept of "patient-centered comprehensive caring" had been introduced to promote Taiwanese medical care service model, including the attending physician responsibility system, the responsible nursing care system, the outpatient consultation system, and the pharmacist medication guidance system. BenQ Medical Center in Nanjing plans to build five featured medical centers, including cancer, which are the tumor, chest, nerve rehabilitation, maternal and child, and cardiovascular centers. BenQ Medical Center in Suzhou plans to build five featured medical centers, including chest pain, emergency and critical illness, cancer, maternal and child, and health management centers; there are also planning of establishing the center of national chest pain, municipal stroke center, cardiac planning center, gallstone center, and Suzhou Famous Medical Studio under the guidance of Municipal Health Planning Commission.

4. Long- and short-term business development plans

(a) Short-term plans:

LCD products:

- Maintain the leading position of existing LCD products and further upgrade product specifications.
- Increase the proportion of shipments to large-size, high-end, high-priced products, such as medical, drawing, design, film post-production, professional photography, e-sports and other niche monitors.
- Improve the self-manufactured proportion of metal and plastic components, and actively invest in panel module assembly and backlight module design to increase added-values.
- Through experience of interacting with professional gaming players and operation in the e-sports market, the Company will be able to understand the needs of various types of e-sports players, continue to provide display products that meet the needs of players and lead competitors, and maintain the

leading position as the top brand of e-sports display and continuing product development for new related gaming products.

- In addition to continuous and close cooperation within the Group, the Company will also establish strategic partnerships with other panel and system manufactirers.

Projector products:

- Maintaain the leadership position of existing projector products and further provide more service models.
- In addition to the increase in market share, the Company also palns ot provide customers with complete software and hardware solutions.
- Continue to develop both DLP and LCD technologies to maintain growth rate above the industry one.
- Expand the application in the household market and improve the quality of wireless projection transmission and user-friendly experience.
- Branded projectors continuing to develop dust-proof solutions in response to the development of educational markets in developing countries such as China and India. The Company will simultaneously develop e-commerce and professional channels, enter into the engineering machinery market and high-end projector market with laser series projectors. The Company will also enter into the new projection fields such as the screenless TV market.

Medical service:

- Improve the construction of various disciplines in general hospitals, focusing on the development of special disciplines and key provincial and municipal disciplines.

  Increase the proportion of special medical caring such as high-end/uninsured service such as post-natal care homes and medical cosmetology, etc.

(b) Long-term plans:

LCD products:

- Promote the joint design and manufacturing integration of the back-lit module and the display product, reduce the value chain inefficiency activities and deepen the product customization ability, provide customers with differentiated choices and increase product added value.
- Expand professional display layout to industrial design, professional drawing, color management, medical applications and other markets.
- Optimize private branded software and hardware services or integration solutions, and strive to provide users with a better experience, increase added-values and brand loyalty.
- Expand the professional display layout to the color management, professional drawing, image post-production, medical application and other markets, and continue to operate "AQCOLORTM precision color management technolog".
- Optimize private branded software and hardware services or integration solutions, and strive to provide users with a better experience, increase added-values and brand loyalty.

Projectors:

- Expand and enhance the diversity of mainstream projector models.
- Accelerate the development of high-end machine products and expand related channels to make the projector product line more comprehensive.
- Accelerate development of solid lighting source, including projector development for lasers and LEDs.
- Maintain the leading position in the household market and continue to operate exclusive CinematicColorTM color management technology.
- Optimize the professional image of BenQ projector brands.

Medical service:

- Enhance cooperation with schools to accelerate the cultivation of talents.
- Rely on the strength of the medical technology team in the two hospitals to export management, trustship hospitals, and expand operations.

(II) Market, production and sales overview

1. Market analysis

(a) Major sales regions

LCD products: Global market.

Projector products: Global market.

Medical services: Nanjing and Suzhou in China.

(b) Market share (KPI)

LCD products: In 2018, the market share of DMS LCD products was about 17.4%, ranking the second largest in the world; among them, the models with 23+ inches account for 66.2% of such market share portion, which is better than the average of industry one. Branded LCD monitors had a global market share of approximately 2.2% in 2018 and a market share of 3.5% in large-size products.

Projector products: The global market share of DMS projectors in 2018 was about 15%, ranking as the second largest. For branded projectors, in 2018, the market share was 11.5% as the same of 2017, maintaining as the world's second largest projector brand and the largest DLP projector brand.

Medical Services: BenQ Medical Center in Nanjing is the only Level 3 general hospital in Jianye District, Nanjing; and BenQ Medical Center in Suzhou is they Level 3 general hospital in Suzhou High-tech Zone.

(c)The future supply/demand and growth of the market, the favorable, unfavorable and countermeasures of advantages of competitive niche and development prospects

LCD products:

A.Favorable factors : The industry is getting more matured where the large manufacturers become larger, and the demand for large-size products in the global market is increasing. Meainwhile, the demand for high-end professional displays and e-sports displays has also increased.

B.Unfavorable factors : The maturity of information products is high, and the price competition pressure is high; the production capacity of mainland China panel suppliers for the next generation is being updated, resulting in increased pressure on market oversupply.

C.Countermeasures :

(i) Provides LCD display products available at all sizes, and utilize our existing advantages to continuously promote the sales of large-size and high-end special-purpose displays. Ensure the strategic relationship of the panel supply chain.

(ii) Extend added-values in the value chain (such as panel module assembly), panel back-lit module and display design integration to improve the vertical integration of metal parts and plastic parts.

(iii) Optimizae product portfolio to promote the proportion of large/high-end professional display products with the Group's key components vertical integration and technological leadership.

(iv) Product market segmentation, in line with the advent of the multi-screen era, research and development of related display products to increase product added value, avoid price competition, increase average unit price and gross profit margin.

Projector products:

A.Favorable factors : Projector products have features of economy of scale. Coupled with the leading global technological competitive advantage, it will help the market share continue to increase. The branded projector market has a trend of concentration. The leading gap between the Company and late comers, coupled with the leading global technological competitive advantage, will help our market share continue to increase.

B.Unfavorable factors : Short product lifecircle, and there are many competitors and model types, which makes the market price difficult to be maintained. In addition, the exchange rate fluctuates and the global economic condition is poor.

C.Countermeasures :

(i) Strengthen the operational capability to achieve optimal blending of production and sales to avoid inventory loading.

(ii) Strengthen the product portfolio and increase the proportion of products with better gross margin.

(iii) In-depth understanding of consumer demands, and accelerate product development to expand the leading gap.

Medical service:

A.Favorable factors : Mainland China's total health care expenditure has grown rapidly, with a compound growth rate of 12% from 2013 to 2017. Its health care expenditure accounted for only 6% of GDP in 2016, which has a room for growth comparing with an average of more than 10% in developed countries, indicating a promising; prospect. Inaddition, the threshold for establishing general hospitals is high, and BenQ Medical Centers have accumulated years experience since the foundation, which creates a gap hard to be covered by late comers.

B.Unfavorable factors : Up to 90% of the hospitals in mainland China are state-owned, and doctors have doubts about being employed by private hospitals, making recruitment rather difficult.

C.Countermeasures : The policy of de-regulation of establishmet of private hospitals is in general inevitable. The preferential policies enjoyed by public hospitals in the future will be gradually leveled off with private hospitals. BenQ Medical Centers have become the leader in private medical institutes in mainland China because of its advanced medical management, international medical team and the advantages of up- and down-stream integration of the medical industry.

2. Major products' application and production process

(a) Application:

LCD products: Display of computer data, audio and video, and public display, etc.

Projector products: For multi-personne; application and highly portable.They are especially suitable for educational training in various conferences, companies and institutions premises. They can also be applied by large-screen home theater or gaming equipment with lifelike features.

Medical service: Not applicable

(b) Production process:

LCD products: Feeding inspection → components assembly → pre-adjustment → burn-in → functional testing → visual inspection → packaging → storage → shipping.

Projector products: Confirm the quality of raw materials → optical machinery assembly → assembly of system back-end → burn-in testing → final testing → packaging → warehousing → shipping.

Medical service: Not applicable

3. Supply of major raw materials

LCD products: In addition to cooperating with AUO within the Group to enhance the advantages of vertical integration, we also maintain close cooperation with major LCD panel suppliers in Taiwan, mainland China and Korea to ensure panel supply and cost.

Projector products: The market of DMD or LCD panel of the projector is an oligopoly market of TI, Epson and Sony. The lighting source manufacturers have formed a number of oligopolies due to the high entry barriers. The Company maintains a close partnership with key component manufacturers to ensure a stable supply of key components.

Medical service: Not applicable

Note: Please refer to the 2018 Annual Reports of the Company’s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its operation overview.

II. Employee Information

Year		As of March 31, 2019 (Note1)	2018	2017
Total number of employees	Direct employee	9,440	11,270	10,300
	Indirect employee	6,495	6,535	6,361
	Total	15,935	17,805	16,661
Average age (years)		34.37	32.85	27.81
Average duration of service (years)		5.18	4.63	3.99
Educational distribution ratio (%)	Director of Philosophy	0.4%	0.4%	1%
	Master's Degree	13.2%	12.1%	13%
	Bachelor's Degree	44.8%	41.4%	43%
	Senior high school	40.1%	44.7%	42%
	Seniorhigh school or below	1.5%	1.4%	1%

Note 1: As of April 23, 2019 (the Printed Date) and for the concerns of accuracy, the last date of available information is March 31, 2019.

III. Environmental Protection Expenditures

(I) Losses (including indemnity) caused by environmental pollution and the total indemnity amount involved in the most recent year up to the date this report is published; accounts of future countermeasures (including improvement actions) and possible expenditures (including loss, disposition, and an estimate of indemnity incurred by a failure to implement countermeasures; if a reasonable estimation cannot be made, the justification shall be provided):

1. Losses (including indemnity) caused by the environmental pollution in the most recent year up to the date this report is published, the Company is in compliance with the environmental protection acts. The Company and its subsidiaries were not fined for any other violations against the relevant regulations or requested of environmental improvement from environmental organization in the most recent year up to the publication date this report.
2. Future countermeasures thereof (including improvement actions) and possible expenditures: None. (The Company and its subsidiaries have always put emphasis on environmental protection works. Apart from internal pollution prevention and controls, the factory areas are being continuously improved according to the requirements of the environmental management system (ISO14001:2015), and all facilities are set up according to the relevant regulations to prevent environmental pollution losses.)
3. Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its environmental protection expenditures

IV. Labor-Management Relations

List of employee benefits, in-service training, internal training, retirement system, and implementation status, as well as employer-employee agreements, and protection measures for employee entitlements:

1. Employee welfare and implementation: The Company has always been adhered to the business philosophy as "respecting humanity" and "caring for employees". In order to fully take care of the physical and mental health of staff and their relatives, and to establish a life support so that the staff can be dedicated to their work without unnecessary worries. The Company provides and sponsors various welfare plans, and the Welfare Committee is composed of staff thenselves. The main measures for the planning and implementation of welfare are as follows:
   a. The Company offers: National Health Insurance, Labor Insurance, travel insurance, labor pension plans, fund for arrear wage debts, occupational injury insurance, outpatient center, nursery room and industrial doctors.
   b. The Company additionally offers: Annual festival and performance bonuses, group insurance and health examination, employee remuneration, wedding, funeral and disease support, food stipend subsidy, breakfast lounge, employee training and education program, and staff dorms.
   c. Welfare Committee plans: Club activities, various travel/social activities, various creative/sports competitions, annual gift vouchers, art activities, movie-going, life lectures, massage support, gym and fitness classes, EAP programs, internal coupons, coffee machine and other convenient services.
   d. There are convenient measures within the premise of the Company, including convenience stores, cafes, fruit stands, banking and insurance services, and laundry. In addition, the festival sales events are launched from time to time to provide affordable goods our staff need daily.
2. Employee training

   The Company attaches great importance to the training and development of our employees. In order to provide a clear career development blueprint, the Company invests sufficient resources to integrate the physical and online learning platform for employees to conduct relevant courses, and introduces internal and external resources to develop Qisda Academy to train our employees. Meanwhile, in order to convey to employees the emphasis on social responsibility, in addition to the courses related to green products, relevant courses such as EICC/QC 080000/ESH are included in the compulsory courses for all staff in the Company.

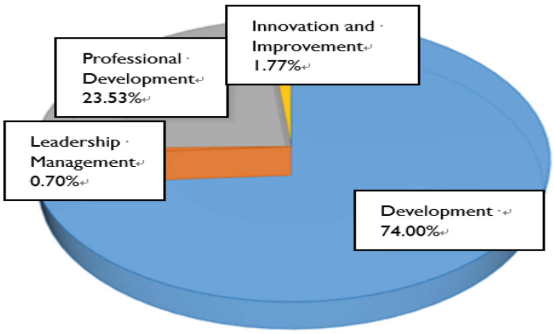
   The Company's training is based on Qisda Academy and the courses are divided into four major Academies according to function and participant types, namely the Development Academy, the Leadership Management Academy, the Professional Development Academy and the Innovation and Improvement Academy, which are providing complete courses for different learning needs. In terms of the access of learning, in addition to the physical curriculum, the Company also has an internal e-learning training platform for employees to conduct relevant course study.

The four Academies cover a wide range of training courses: The Development Academy includes comprehensive new recruits training and guidance and internal lecturer training and development. Meanwhile, it cooperates with government projects on cooperation between universities and industries to provide employees with multiple choices such as self-development/professional certificates certification. The Professional Development Academy and the Innovation and Improvement Academy offer customized training map based on differences of job content, professions and positions, to enhance professional and innovative capabilities, such as R&D or marketing courses. Meanwhile, in response to the development direction of the Group, they have successively launched courses such as design thinking, innovative development tools, market analysis, brand marketing, and technology trend forums, so that all staff can better understand market and industrial trends, and enhance business sensitivity. The Leadership Management Academy is designed according to the management needs of different levels of management, it designs communication, subordinate cultivation, and strategic management courses to make the supervisors more capable and develop their own leadership skills.

Since the early 2007, the Company has introduced "Six Sigma" to develop the "Continuous Improvement Program" (CIP) to provide concepts and tools employees need for improving their works. And through a series of course design and CIP project implementation, we can help employees to apply the knowledge and skills learned in the course to the actual workflow. More than 3,200 CIP projects have been carried out worldwide, and the improvement results have been significant.

Our employees have always been a very important asset for the Company. In order to enable employees to grow with the Company, we have continued to invest sufficient resources to promote the talent training program. In the future, the Company will continue to develop Qisda Academy and increase the training access to provide more effective training and education for employees and help them apply what they have learned into actual work.

Statistics on the 2018 global employee education and training implementation, and the proportion of the number of classes in each course are as follows:



3. Retirement Policy and execution

a. The Company has Retirement Policy.

b. In May of 1986, the Supervisory Committee of Workers' Pension Preparation Fund was established and approved by Taoyuan County Government. In November of 1986, the company began to allocate pension based on 2%~15% of the total monthly wage.

c. Starting from July 2005, the 2nd-tier new labor pension plan was implemented in accordance with the law.

d. According to the provisions of International Accounting Standard (IFRS), the actuary is required to conduct evaluation on the pension reserve fund, and submit an actuarial assessment report.

4. Employee Code of Conduct

The Company issued the "Integrity Handbook" as the highest standard of employee behavior. Moreover, the company regularly conducts employees training, which covering "conflict of interest", "legal compliance", "business secrets and company assets" and "participation in political activities," etc. worldwide.

All the employees of the Company shall abide by the following declaration of good faith:

- We shall adhere to all ethics with the highest standards

- We shall also respect official laws and Company regulations
- All our languages, words and deedsshall be carried out in good faith
- We are strictly prohibited from abusing privileges for illegal misconduct
- We shall do our best to avoid any suspected interest transmission
- We shall never engage in any ethical violations
- We shall seek assistance upon any puzzling of decision-making
- We shall fully cooperate in the investigation of illegal activities
- We shall immediately notify the supervisors upon any discovery of illegal activities

In addition, based on the appointment and management of personnel and the compliance of the organization, the Company has a "working rules" and related regulations covering the following matters:

(1) Grade and rank system: It lists the Company’s job series, job categories, positions and titles, and regulates the grade and rank promotion rules.
(2) New recruits probation assessment: Stiplulates the assessment regulations for probation.
(3) Attendance and leave regulations: Regulations such as leave, overtime, flexible work, annual leave and commemoration days.
(4) Wage and bonus regulations: Provide guidance to the various salary-related operating procedures and approved benchmarks, the importance of various wage and bonus issues and Company confidentiality.
(5) Performance management: Assist employees and organizations in planning goal management, implementing corporate strategic goals and visions, and motivating employees' maximum potential and productivity.
(6) Personal information management: Define the Company's personal information protection and management matters and clarify individual rights and responsibilities.

5. Protective measures for the working environment and personal safety of employees

   The Company attaches great importance to the work environment and employee safety, and expects to be able to fulfill its social responsibilities and achieve sustainability while expanding. In terms of the working environment and personal safety protection measures for employees, in addition to complying with relevant domestic laws and regulations, the Occupational Safety and Health Management System (OHSAS 18001) was promoted in the factory areas. Our relevant management methods include: formulating and implementing safety and health management plans, implementing operational environmental monitoring, safety and health inspections and audits, performing work safety analysis, implementing safety and health education training, etc. to implement safety, health and health protection for employees, improve the working environment and safety and health performance, and achieve the goal of continuous improvement. In addition to ensuring the health and safety of employees, mental health of employees is also one of the management focuses. In the future, the employee assistance program (EAP) will be utilized cto ontinue to achieve such goal.

6. Current important labor agreement and implementation:

   The Company providesvarious of communication channels within the company, allowing employees to fully express their opinions and reflect problems. For example, regular labor meetings with employees, business briefings, employee welfare committee meetings, and food committee meetings, etc., communicate with company policies and employees. Take opinions such as employee opinion surveys, department meetings, secretarial/assistant symposiums, 2885 online real-time responses, e-newsletters, announcements, etc., and set up "General Manager Mailbox", "Integrity Mailbox", "Sexual Harassment" The 24/7 communication platform, such as the "Trading Mailbox" and "HR Mailbox", collects and understands the employees' problems. Under the mechanism of joint participation and full communication, the labor-management relationship develops harmoniously.

7. Please refer to the 2018 Annual Reports of the Company’s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its features of employee welfare, education, training, retirement system and their implementation, as well as the agreement between labors and management and the maintenance measures of various employee rights.

(II) List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future ccurrences. If the amount cannot be reasonably estimated, the reason shall be provided:

1. Losses caused by labor disputes in the most recent annual period and as of the printing date of the Annual Report: None.
2. Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its labor disputes.

VI. Material Contracts

(1) As of the date of publication of this Report, the material long-term loan agreements and technical cooperation agreements that are still ongoing or are about to expire in the most recent year, are as follows:

Apr. 23, 2019

Contract Type	Party	Contract Term	Content	Restrictions
Financing	Syndicated Crediting Banks	Nov. 27, 2015 – Nov. 27, 2020	Syndicated crediting of NT$ 7.2 billion	Pledge to stock/land/factory
Finncing	Syndicated Crediting Banks	Nov. 23, 2017 – Nov. 23, 2020	Syndicated crediting of NT$ 6 billion	Pledge to stock
Licensing	Qualcomm Incorporated	Jan. 6, 2005 – Termination of auto-renewal	Licensing of specific patents for communication related	None
Licensing	Telefonaktiebolaget LM Ericsson	Based on the Contract	Licensing of specific patents for communication related	None
Licensing	Hitachi Ltd.	Based on the Contract	Licensing of specific patents for display technology	None
Licensing	Positive Technologies, Inc.	Based on the Contract	Licensing of specific patents for display technology	None
Servicing	Siemens Ltda.	Based on the Contract	Prodct after sale service	None
Licensing	Sony Corporation	Based on the Contract	Licencing of Sony patents to be applied to specific products	None
Licensing	Microsoft	Based on the Contract	Android system related patents	None

Note：Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its major contracts signed.

Financial Highlights

I. Condensed Balance Sheet and Statement of Comprehensive Income for the most recent five years

(I) International Financial Reporting Standards (IFRS)

Condensed Consolidated Balance Sheet

Unit: NT$ 1,000

Item / Year		Financial data for the most recent five years (Note 1)				
		2018	2017	2016	2015	2014
Current Assets		66,193,691	59,533,552	52,268,180	55,828,757	60,015,768
Property, plant and equipment		21,013,038	19,991,519	18,860,162	19,545,376	19,892,498
Intangible assets		4,994,663	5,004,450	202,892	198,299	208,428
Other Assets (Note 2)		27,605,891	24,409,895	23,980,976	24,671,399	25,403,436
Total Assets		119,807,283	108,939,416	95,312,210	100,243,831	105,520,130
Current Liabilities	Before distribution	61,335,721	56,338,130	50,629,405	52,075,388	57,101,284
	After distribution	(Note 3)	58,993,286	53,225,557	53,157,118	58,281,353
Non-current liabilities		18,611,916	15,056,800	11,737,474	16,797,720	17,384,383
Total Liabilities	Before distribution	79,947,637	71,394,930	62,366,879	68,873,108	74,485,667
	After distribution	(Note 3)	74,050,086	64,963,031	69,954,838	75,665,736
Equity attributable to shareholders of Qisda Corp.		32,447,319	30,958,910	29,510,046	27,271,882	26,287,017
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		2,146,076	2,173,633	2,177,332	2,179,038	1,990,292
Retained Earnings	Before distribution	10,801,845	9,501,437	6,806,202	3,545,665	2,556,556
	After distribution	(Note 3)	6,846,281	4,210,050	2,463,935	1,376,487
Other equity		(168,422)	(383,980)	858,692	1,879,359	2,072,349
Treasury stock		-	-	-	-	-
Non-controlling interests		7,412,327	6,585,576	3,435,285	4,098,841	4,747,446
Total Equity	Before distribution	39,859,646	37,544,486	32,945,331	31,370,723	31,034,463
	After distribution	(Note 3)	34,889,330	30,349,179	30,288,993	29,854,394

Note 1: Since 2013, Taiwan has officially adopted the International Financial Reporting Standards approved by the Financial Supervisory Commission. The financial information of the most recent five annual periods has been verified by CPAs, No financial information for 2019 that was verified by CPAs as of the printing date of this Annual Report.
Note 2: Other assets are non-current assets other than property, plant and equipment and intangible assets.
Note 3: To be resolved by the 2019 Shareholders' Meeting.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ 1,000

Item / Year	Financial data for the most recent five years (Note)				
	2018	2017	2016	2015	2014
Revenue	155,783,161	136,862,492	129,553,540	133,102,431	133,510,923
Gross profit	19,242,976	16,333,047	16,202,907	14,639,999	15,057,645
Profit from operations	4,576,159	3,401,908	4,487,276	2,597,680	2,928,247
Non-operating income and expenses	1,036,952	3,017,284	356,505	263,675	759,623
Profit before income tax	5,613,111	6,419,192	4,843,781	2,861,355	3,687,870
Profit from continuing operations for the year	4,450,654	5,656,370	4,067,771	2,245,484	3,333,139
Losses from discontinued operations	-	-	-	-	-
Profit for the year	4,450,654	5,656,370	4,067,771	2,245,484	3,333,139
Other comprehensive income (loss), net of taxes	151,082	(1,277,000)	(1,179,750)	(225,080)	1,118,261
Total comprehensive income (loss) for the year	4,601,736	4,379,370	2,888,021	2,020,404	4,451,400
Profit attributable to shareholders of Qisda Corp.	4,035,064	5,291,387	4,342,267	2,169,178	2,971,068
Profit attributable to non-controlling interests	415,590	364,983	(274,496)	76,306	362,071
Total comprehensive income (loss) attributable to shareholders of Qisda Corp	4,250,635	4,048,715	3,321,600	1,976,188	3,890,695
Total comprehensive income (loss) attributable to non-controlling interests	351,101	330,655	(433,579)	44,216	560,705
Earnings per Share (EPS)	2.05	2.69	2.21	1.1	1.51

Note: Since 2013, Taiwan has officially adopted the International Financial Reporting Standards approved by the Financial Supervisory Commission. The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2019 that was verified by CPAs as of the printing date of this Annual Report.

Condensed Parent Company Only Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2018	2017	2016	2015	2014
Current Assets		32,671,090	30,776,890	29,263,103	29,119,054	32,930,995
Property, plant and equipment		1,481,977	1,493,157	1,501,273	1,531,870	1,574,819
Intangible assets		6,595	7,931	11,451	16,122	20,706
Other Assets (Note 2)		47,123,616	43,886,421	37,178,816	37,129,933	36,512,522
Total Assets		81,283,278	76,164,399	67,954,643	67,796,979	71,039,042
Current Liabilities	Before distribution	37,030,310	37,519,648	32,948,424	31,012,318	35,484,340
	After-distribution	(Note 3)	40,174,804	35,544,576	32,094,048	36,664,409
Non-current liabilities		11,805,649	7,685,841	5,496,173	9,512,779	9,267,685
Total Liabilities	Before distribution	48,835,959	45,205,489	38,444,597	40,525,097	44,752,025
	After-distribution	(Note 3)	47,860,645	41,040,749	41,606,827	45,932,094
Equity attributable to shareholders of Qisda Corp.		32,447,319	30,958,910	29,510,046	27,271,882	26,287,017
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		2,146,076	2,173,633	2,177,332	2,179,038	1,990,292
Retained Earnings	Before distribution	10,801,845	9,501,437	6,806,202	3,545,665	2,556,556
	After-distribution	(Note 3)	6,846,281	4,210,050	2,463,935	1,376,487
Other equity		(168,422)	(383,980)	858,692	1,879,359	2,072,349
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	32,447,319	30,958,910	29,510,046	27,271,882	26,287,017
	After-distribution	(Note 3)	28,303,754	26,913,894	26,190,152	25,106,948

Note 1: Since 2013, Taiwan has officially adopted the International Financial Reporting Standards approved by the Financial Supervisory Commission. The financial information of the most recent five annual periods has been verified by CPAs., No financial information for 2019 that was verified by CPAs as of the printing date of this Annual Report.

Note 2: Other assets are non-current assets other than property, plant and equipment and intangible assets.

Note 3: To be resolved by the 2019 Shareholders' Meeting.

Condensed Parent Company Only Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note 1)				
	2018	2017	2016	2015	2014
Revenue	99,033,057	88,869,603	83,560,114	91,996,634	92,772,579
Gross profit	4,747,704	3,853,596	6,113,825	4,628,129	4,743,778
Profit from operations	1,143,231	169,072	2,715,889	1,230,617	1,110,604
Non-operating income and expenses	3,161,365	5,355,445	1,813,527	1,038,974	1,860,464
Profit before income tax	4,304,596	5,524,517	4,529,416	2,269,591	2,971,068
Profit from continuing operations for the year	4,035,064	5,291,387	4,342,267	2,169,178	2,971,068
Losses from discontinued operations		-	-	-	-
Profit for the year	4,035,064	5,291,387	4,342,267	2,169,178	2,971,068
Other comprehensive income (loss), net of taxes	215,571	(1,242,672)	(1,020,667)	(192,990)	919,627
Total comprehensive income (loss) for the year	4,250,635	4,048,715	3,321,600	1,976,188	3,890,695
Profit attributable to shareholders of Qisda Corp.	4,035,064	5,291,387	4,342,267	2,169,178	2,971,068
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of Qisda Corp	4,250,635	4,048,715	3,321,600	1,976,188	3,890,695
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-
Earnings per Share (EPS)	2.05	2.69	2.21	1.10	1.51

Note: Since 2013, Taiwan has officially adopted the International Financial Reporting Standards approved by the Financial Supervisory Commission. The financial information of the most recent five annual periods has been verified by CPAs., No financial information for 2019 that was verified by CPAs as of the printing date of this Annual Report.

(II) The names of CPA and their opinions for the most recent five years.

Year	2018	2017	2016	2015	2014
CPA	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh
	Shih, Wei-Ming	Shih, Wei-Ming	Shih, Wei-Ming	Chen, Mei-Yen	Chen, Mei-Yen
Opinion and content	Unmodified opinion	Unmodified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial analysis for the most recent five years

(I) International Financial Reporting Standards - Consolidated Financial Analysis

Item analyzed	Year	Financial analysis for the most recent five years (Note)				
		2018	2017	2016	2015	2014
Financial structure	Ratio of debts to assets (%)	67	66	65	69	71
	Ratio of long-term capital to property, plant and equipment (%)	278	263	237	246	243
Solvency	Current ratio (%)	108	106	103	107	105
	Quick ratio (%)	66	69	69	75	73
	Interest coverage ratio	7.61	10.72	9.02	4.64	5.21
Operating ability	Receivables turnover rate (times)	5.54	5.12	5.14	5.00	6.11
	Average collection days for receivables	66	71	71	73	60
	Inventory turnover rate (times)	6.04	6.47	6.78	6.94	7.30
	Payable turnover rate (times)	4.83	4.56	4.33	4.37	4.44
	Average days for sales	60	56	54	53	50
	Property, plant and equipment turnover rate (times)	7.60	7.05	6.75	6.75	6.66
	Total asset turnover rate (times)	1.36	1.34	1.32	1.29	1.36
Profitability	Return on assets (%)	4	6	5	3	4
	Return on equity (%)	12	16	13	7	12
	Ratio of profit from operations to paid-in capital (%)	23	17	23	13	15
	Ratio of profit before income tax to paid-in capital (%)	29	33	25	15	19
	Profit margin (%)	3	4	3	2	2
	Earnings per share (NT$)	2.05	2.69	2.21	1.10	1.51
Cash flow	Cash flow ratio (%)	15	1	16	10	(9)
	Cash flow adequacy ratio (%)	53	54	65	29	9
	Cash flow reinvestment ratio (%)	16	(6)	15	11	(17)
Leveraging	Operating leverage	5	6	4	7	6
	Financial leverage	1	1	1	1	1

Reasons for changes in financial ratios in the most recent two yers:
1. The decrease in profitability ratio is mainly due to the decrease in profit in 2018 compared to 2017.
2. The increase in the ratio of cash flows was mainly due to the increase in net cash inflows from operating activities in 2018.
3. The decrease in operating leverage is mainly due to the increase in profit from operations in 2018.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2019 financial data has not been attested or reviewed by CPAs.

(II) International Financial Reporting Standards– Parent Company Only Financial Analysis

Item analyzed \ Year		Financial analysis for the most recent five years (Note)				
		2018	2017	2016	2015	2014
Financial structure	Ratio of debts to assets (%)	60	59	57	60	63
	Ratio of long-term capital to property, plant and equipment (%)	2,986	2,588	2,332	2,401	2,258
Solvency	Current ratio (%)	88	82	89	94	93
	Quick ratio (%)	77	73	81	84	84
	Interest coverage ratio	12.87	24.53	25.67	8.90	9.77
Operating ability	Receivables turnover rate (times)	3.78	3.59	3.47	3.47	4.14
	Average collection days for receivables	96.56	102	105	105	88
	Inventory turnover rate (times)	24.58	28.51	27.4	27.8	27.87
	Payable turnover rate (times)	3.53	3.13	2.98	3.30	3.74
	Average days for sales	14.84	13	13	13	13
	Property, plant and equipment turnover rate (times)	66.57	59.36	55.10	59.22	58.04
	Total asset turnover rate (times)	1.26	1.23	1.23	1.33	1.48
Profitability	Return on assets (%)	5	8	7	3	5
	Return on equity (%)	13	18	15	8	13
	Ratio of profit from operations to paid-in capital (%)	6	1	14	6	6
	Ratio of profit before income tax to paid-in capital (%)	22	28	23	12	15
	Profit margin (%)	4	6	5	2	3
	Earnings per share (NT$)	2.05	2.69	2.21	1.1	1.51
Cash flow	Cash flow ratio (%)	1.81	(3.87)	22.71	5.84	(0.41)
	Cash flow adequacy ratio (%)	74	82	160	142	13
	Cash flow reinvestment ratio (%)	(2.30)	(11)	15	2	(4)
Leveraging	Operating leverage	4	24	1	4	4
	Financial leverage	1	-	1	1	1

Reasons for changes in financial ratios in the most recent two annual periods:
1. Although 2018 operation profit increased, due to the decrease in non-operating income, the return on assets, return on equity, net profit margin and earnings per share decreased.
2. The increase in cash flow ratio and cash flow reinvestment ratio was mainly due to the increase in net cash inflows from operating activities in 2018, and the slight decrease in the Cash flow adequacy ratio was mainly due to the increase in cash dividends.
3. The decrease in operating leverage is mainly due to the increase in profit from operations in 2018.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2019 financial data has not been attested or reviewed by CPAs.

Below are calculations:
1. Financial structure
   (1) Ratio of debts to asset = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenses over this period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales / Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).
   (2) Average collection days for receivables = 365/Receivables turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/ Average inventory.
   (4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold / Balance of average accounts payables of various periods (including accounts payable and notes payable due to business operations).
   (5) Average days for sales = 365 / Inventory turnover rate.
   (6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
   (7) Total asset turnover rate = Net sales / Average total assets
4. Profitability
   (1) Return on assets = [Net income after taxes + interest expense x (1 - tax rate)] / Average total assets
   (2) Return on equity = Net income after taxes / Average total equity
   (3) Profit margin = Net income after taxes / Net sales
   (4) Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + Other non-current assets + working capital).
6. Leveraging
(1) Operating leverage = (Net operating revenue - variable operating cost and expenses) / Operating profit.
(2) Financial leverage = Operating profit / (Operating profit - interest expenses).

III. The Audit Committee's Review Report

The Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2018. Tang, Tzu-Chieh and Shih, Wei-Ming Certified Public Accountants of KPMG, have audited the Financial Statements. The 2018 Financial Statements, Business Report, Independent Auditors' Report and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Qisda Corporation. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Qisda Corporation 2019 Annual General Shareholders' Meeting

Chair of the Audit Committee

王弓 Wang,Gong

March 22, 2019

IV. Consolidated Financial Statements with Independent Auditors' Report of the most recent year: please refer to Appendix 1 (Pages 83).

V. Parent Company only Financial Statements with Independent Auditors' Report for the most recent year: Please refer to Appendix 2 (Pages 229).

VI. Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined: None.

Review and Analysis of Financial Position and Financial Performance, and Risk Management

I. Financial position

Financial position analysis

Unit: NT$ 1,000

Item \ Year	2018	2017	Difference	
			Amount	%
Current assets	66,193,691	59,533,552	6,660,139	11%
Investment accounted for using equity method	19,382,592	16,748,411	2,634,181	16%
Property, plant and equipment	21,013,038	19,991,519	1,021,519	5%
Investment property	2,834,475	2,527,582	306,893	12%
Intangible assets	4,994,663	5,004,450	(9,787)	0%
Other non-current assets:	5,388,824	5,133,902	254,922	5%
Total assets	119,807,283	108,939,416	10,867,867	10%
Current liabilities	61,335,721	56,338,130	4,997,591	9%
Long-term debt	16,234,476	13,005,122	3,229,354	25%
Other non-current liabilitie	2,377,440	2,051,678	325,762	16%
Total liabilities	79,947,637	71,394,930	8,552,707	12%
Common stock	19,667,820	19,667,820	0	0%
Capital surplus	2,146,076	2,173,633	(27,557)	-1%
Retained earnings	10,801,845	9,501,437	1,300,408	14%
Other equity	(168,422)	(383,980)	215,558	56%
Equity attributable to shareholders of Qisda Corp.	32,447,319	30,958,910	1,488,409	5%
Non-controlling interests	7,412,327	6,585,576	826,751	13%
Total equity	39,859,646	37,544,486	2,315,160	6%

Reasons for changes in proportion in the most recent two years:

1. The increase in Long-term debt is mainly due to investment activities increase.
2. The increase in other equity is attributable to exchange gain arising from exchange rate fluctuations,leading to foreign currency translation differences from foreign operations.

II. Financial performance

Financial performance analysis

Unit: NT$ 1,000

Item \ Year	2018	2017	Increase (decrease) amount	Change in proportion
Net revenue	155,783,161	136,862,492	18,920,669	14%
Cost of sales	136,540,185	120,529,445	16,010,740	13%
Gross profit	19,242,976	16,333,047	2,909,929	18%
Operating expenses	14,666,817	12,931,139	1,735,678	13%
Profit from operations	4,576,159	3,401,908	1,174,251	35%
Non-operating income and expenses	1,036,952	3,017,284	(1,980,332)	-66%
Profit before income tax for the year	5,613,111	6,419,192	(806,081)	-13%
Less: income tax expense	1,162,457	762,822	399,635	52%
Profit for the year	4,450,654	5,656,370	(1,205,716)	-21%

Reasons for changes in proportion in the most recent two years:

1. The increase in profit from operations is due to the increase in revenue and gross profit margin, which led to an increase in profit from operations over the previous period.
2. The decrease in non-operating income and expenses is due to the decrease in the share of profits of associates and joint ventures in 2018.
3. The increase in income tax expenses is due to profit from operations increased compared to the previous period.
4. The decrease in profit for the year is due to non-operating income and expenses decreased compared to the previous period.

III. Cash flow

(1) Change in consolidated cash flow in 2018

Unit: NT$1,000

Cash balance at the beginning of 2018	2018 Net cash flow	Cash balance at the end of 2018
6,636,634	2,982,023	9,618,657

(II) Analysis of changes in consolidated cash flow in 2018

Unit: NT$1,000

Item	2018	2017	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	8,958,266	335,809	8,622,457	2568%
Net cash flows used in investing activities	(4,683,709)	(6,850,796)	2,167,087	32%
Net cash flows used in financing activities:	(1,897,789)	7,276,294	(9,174,083)	-126%

(1) The operating activities is mainly due to the decrease in the capital demand for operating activities in 2018 compared with 2017, so the net cash inflow from operating activities increased in 2018.
(2) The investment activities are mainly due to the decreased in the investment in the subsidiaries and acquisition of property, plant, and equipment compared with 2017, so the net cash outflow from investing activities decreased compared with 2017.
(3) Financing activities are mainly due to the decrease in capital demend for operating and investment activities in 2018, thus reducing borrowing expenses.

(III) Liquidity improvement plan:The Company showed no signs of liquidity deficit.

(IV) Analysis of cash liquidity in the coming year:The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

IV. Material expenditures of the most recent year and impact on the Company's finances and operations

The Company had no major capital expenditures in the most recent annual period.
On the basis of the consolidated financial statements, the Company and subsidiaries purchased property, plant and equipment with about NT$ 2.8 billion in 2018, accounting for 2% of the net sales, which had no significant impact on the Company's financial status.

V. Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the improvement plan, and investment plans for the coming year

The Company's investment policies are in line with business development strategies and operational needs. The annual consolidated financial statements the Share of profits of associates and joint ventures amount is NT$1,155,594,000 in 2018. For the coming annual period, we will continue to focus on relevant strategic investment in the industry and continue to prudently evaluate the investment plans.

VI. Risk Management

The Company's risk management is focusing on corporate governance risk management systems and risk transfer planning: Strategic, financial, operational and hazard risks are managed by the Risk Management Committee. The Company's risk management vision and policies are well defined, allowing effectively management of risks exceeding the Company's risk tolerance level, and risk management tools are itilized to optimize the total cost of risk management.

(I) Vision of risk management

a. Commitment to continuously provide products and services to create long-term values for customers, shareholders, employees and the whole society.

b. Risk management requires systematic risk management procedures and organization to identify, assess process, report and monitor major risks affecting the Company's survival in a timely and effective manner, and enhance the risk awareness of all employees.

c. Risk management is not about pursuing "risk-fee", but the best interests to optimize risk management costs while accepting such risks.

(II) Policies of risk management

a. To ensure the Company's sustainable operation, the Risk Management Committee has been established to regularly identify, assess, process, report and monitor the risks that may adversely affect the Company's operating goals.

b. Identify and control risks prior to occurrence of actual incidents, suppress losses when they actually occur, and instantly restore the supply of products and services after such incidents. And the operation continuity plan is set for simulation of major risk scenarios identified by the Risk Management Committee.

c. For risks that do not exceed risk tolerance level, risk management costs may be considered and treated with different management tools, but the following shall be exceptions.

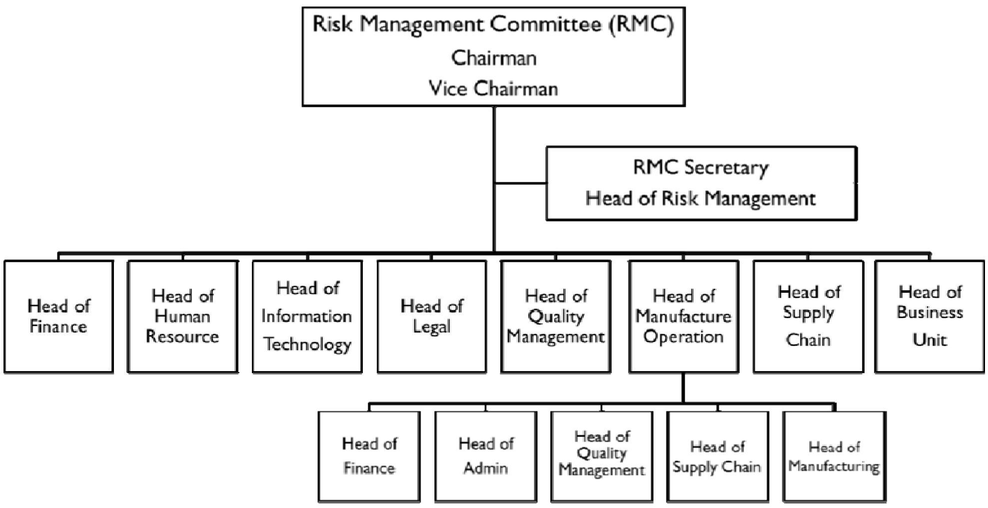
- Risks with negative impacts on the safety of employees.
- Risks with negative impacts on the Company's goodwill.
- Risks that may result in violation of legal regulations.

(III) Organizational chart of the Risk Management Committee

The General Manager shall be the Chairman of the Risk Management Committee.

The Executive Officer of units of risk management shall be the Director General and the chief executive officer from each unit of the Company shall be the Committee members.

Organizational Chart of the Risk Management Committee



VII. Matters for Analysis and Assessment for Risks

(I) The impact of interest rates, exchange rates changes and inflation on the Company's profits and losses and future countermeasures

1. The impact of recent changes in interest rates on the Company's profits and losses and future countermeasures

The bank loans to the Company and its subsidiaries are based on a floating rate basis. The measures taken by the Company and its subsidiaries in response to the risk of changes in interest rates are to regularly assess the interest rates of banks and currencies, and maintain good relationships with financial institutions in order to maintain lower financing costs and enhance the management of working capital, reduce the dependence on bank loans and diffuse the risk of changes in interest rates.

The following sensitivity analysis is based on interest rate risk. For floating rate liabilities, the analysis is based on the assumption that the balance of liabilities outstanding on the reporting date is circulating throughout the whole annual period.

If the annual interest rate increases or decreases by 1%, the net profit before tax of the Company and its subsidiaries in 2018 and 2017 will be reduced or increased by NT$ 333,615,000 and NT$ 309,714,000 respectively, with all other variables remaining unchanged. This is mainly due to the floating interest rates of loans for the Company and its subsidiaries.

2. The impact of exchange rate changes on the Company's profits and losses in the most recent annual period and future countermeasures

The Group utilizes foreign currency forward contracts and foreign exchange swaps to hedge its foreign currency exposure with respect to its sales and purchases. These financial instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements. The maturity dates of derivative financial instruments the Group entered into were less than six months and did not conform to the criteria for hedge accounting. The Group’s exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party transactions), notes and accounts payable (including related-party transactions), other receivables (including related-party

transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. At the reporting date, the carrying amounts of the Group’s significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

Unit: 1,000

	December 31, 2018				
	Foreign currency	Exchange rate	TWD	Change in magnitude	Effect on profit or loss
Financial assets					
USD	$ 1,376,498	30.7150	42,279,136	1%	422,791
EUR	70,241	35.2610	2,476,768	1%	24,768
CNY	843,454	4.4709	3,770,998	1%	37,710
JPY	2,221,002	0.2780	617,439	1%	6,174
Financial Liabilities					
USD	1,250,179	30.7150	38,399,248	1%	383,992
EUR	28,493	35.2610	1,004,692	1%	10,047
CNY	1,133,890	4.4709	5,069,509	1%	50,695
JPY	6,672,112	0.2780	1,854,847	1%	18,548

	December 31, 2017				
Financial assets					
USD	$ 1,290,022	29.8400	38,494,256	1%	384,943
EUR	83,152	35.7480	2,972,518	1%	29,725
CNY	691,040	4.5767	3,162,683	1%	31,627
JPY	1,611,803	0.2649	426,967	1%	4,270
Financial Liabilities					
USD	1,356,242	29.8400	40,470,261	1%	404,703
EUR	7,629	35.7480	272,721	1%	2,727
CNY	846,375	4.5767	3,873,604	1%	38,736
JPY	5,092,689	0.2649	1,349,053	1%	13,491

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2018 and 2017 were $(233,340) and $763,493, respectively.

3. The impact of inflation on the Company's profits and losses and future countermeasures

In recent years, the market prices have risen steadily. The Company and its subsidiaries will continue to pay full attention to the inflation and appropriately adjust the product retail price and inventory to reduce the impact of inflation on the Company and its subsidiaries, and sign procurement contracts the major raw material suppliers.

(II) The main reasons for the high-risk, high-leveraged investment, capital loan, guarantee/endorsement and derivative commodity trading, and the profits or losses and future countermeasures.

The Company and its subsidiaries have always adhered to the policies of not engaging in high-risk, high-leveraged investments. Our derivatives trading is based on risk aversion and does not engage in speculative trading. The trading of the derivatives of the Company and its subsidiaries in 2018 was based on the principles of hedging and there was no relevant operational risk generated. In the future, the Company will continue to conduct derivatives transactions on the principles of hedging caused by exchange rate and interest rate fluctuations, and continue to regularly assess foreign exchange positions and risks to reduce the Company's operational risks.

The Company and its subsidiaries have engaged in forward foreign exchange contracts and FX sawp transactions mainly to hedge the risks arising from fluctuations in exchange rates of assets or liabilities denominated in foreign currencies, which are highly negatively related to the fair value changes of the derivative financial products used as hedging tools, and the assessment is regularly conducted. However, it is not subject to the hedge accounting treatment conditions and is therefore classified as a financial asset or liability measured at fair value of profits or losses.

When the Company and its subsidiaries engage in loaning funds to others, making guarantee/endorsement guarantees and conducting derivatives transactions, in addition to complying with relevant operating procedures, we shall regularly file the announcement in accordance with the regulations of the competent authority. As of the printing date of this Annual Report, the recepients of the Company's and its subsidiaries' loaned unds and guarantee/endorsement are only our subsidiaries.

(III) R&D expenses for future R&D projects and investment amount.

In 2019, the Company is planning to invest more than NT$ 3.9 billion in R&D expenditures. In the future, we will adjust our investment plans according to the global industry development trend and the actual operating conditions of the Company.

Future R&D plans of the Company

1. LCD products: Commercial Super Slim, HDR, quantum dot wide color gamut, 32:9 Aspect Ratio, 5K3K/8K4K ultra high resolution display, HDMI 2.1/DP 1.4 application display, medical display, G-sync 3/FreeSync 2 professional gaming display, ErP Lot 5 low energy consumption display, wireless charging display, full color adjustment solution and complete public display software and hardware solutions.
2. Projector products: laser lighting source high-lumen interchangeable lens projector for large-scale exhibition, LED lighting source 4K UHD high-quality projector for household entertainment, laser lighting source ultra short-focus 4K UHD high-quality projection for household entertainment equipment.

(IV) The impact of important policies and legal regulations changes at domestice and abroad on the Company's financial status and the countermeasures

1. Policies:

   The relevant units of the Company have always paid full attention to and studied the policies and laws that may affect the Company's operations, and adjusted the internal system of the Company to ensure the smooth corporate operation. In the most recent annual period, there had been no significant impact on the Company's financial statuss due to important domestic and foreign policies changes.

2. Legal regulations:

   a. The Company's business operation philosophy is to comply with relevant laws and regulations as the priority; therefore, the Company's management team is always aware of the changes of relevant laws and regulations, and can respond to various situations arising from regulatory changes at any time.

   b. In accordance with the stipulations of the laws, the financial report will be prepared according to IFRS since 2013. From August 2009, the Company has started to submit the progress tracking report of the Board of Directors on a quarterly basis and set up a project committee and working group in September 2009. The Company has appointed an accounting firm to act as a consultant to the Company's IFRS conversion program to assist the Company and its subsidiaries in the smooth introduction of IFRS during the statutory period. As of recently, the

Company has completed all required works of the IFRS conversion plan according to legal regulations, and begun to prepare financial statements in accordance with IFRS.

c. There have been no other significant impact to the company's financial status due to legal changes in the most recent annual period.

(V) The impact of technological and industrial changes on the Company's financial business and the countermeasures

The global LCD monitor market is heading towards the plateau period and its scale continues to shrink. In addition to continuing to develop new niche products in recent years, the Company has integrated resources from its subsidiaries such as BenQ Corporation, BenQ Materials Corporation, BenQ Medical Technology, BenQ Medical Centers, Partner Tech Corp., DFI, K2 International Medical Inc. and Dataimage to provide more comprehensive products and services of medical equipment and consumables, biomedical and medical cosmetology, terminal customer service of retail, motherboard manufacturing and customer application services, and optimize existing business operations, expand medical layout efficiency and accelerate solution development. The operation of these high value-added products has laid a good foundation and layout for Qisda to meet the future growth and challenges.

(VI) The impact of corporate image changes on corporate crisis management and the countermeasures.

1. The Company conducts regular inspections on matters such as the external environment, the Company's business type and management system, and responds to any situation that may affect the goodwill of the Company and simulates its possible impact. The countermeasures will minimize the uncertainty; and the risk management unit will be responsible for the operation-related risks and impact analysis, and cooperate with the implementation of relevant contingency plan with the Risk Management Committee.
2. The Company is also actively committed to environmental protection and safety and hygiene management, and has obtained the certification of ISO14001 Environmental Management System and OHSAS 18001 Occupational Safety and Health Management System, and will pursue continuous improvement in the spirit of this certification.

(VII) Expected benefits and possible risks of M&A and the countermeasures.

There are currently no ongoing M&A so there are no benefits and risks.

(VIII) Expected benefits and possible risks of the expansion of factory and the countermeasures

Currently, the main focus of the Company and its subsidiaries in the factory and equipment is to fully utilize the existing production capacity and maximize the economy of scale. Therefore, there is no need to significantly expand the factory in the short-term.

(IX) Risk of procurement and sales concentration, and countermeasures

The Company's domestic and foreign major raw material suppliers and customers are quite diversed, and long-term stable cooperative relations have been formed, so there is no problem and risk of concentration of purchase and sales. The Company also evaluates the financial attributes of different customers and controls the risks according to different trading modes with insurance companies, bank letters of credit and collateral, and timely trackscustomer payment status to protect the Company's interests.

(X) The impact and risk of a substantial transfer or replacement of equities by Directors, Supervisors or Shareholders holding more than 10% of the toal shares

The Directors of the Company have no substantial transfer or replacement of equities.

(XI) Impact of changes in management on the Company and risks

Not applicable due to the Board of Directors and the management team of the Company have not changed significantly.

(XII) Disclosure of disputed contents, amounts of the subject matters, commencement dates of the proceedings, parties involved in the proceedings of litigation or non-litigation events, major closed or ongoing lawsuits and litigation or non-litigation events invloving the Company and its Directors, Supervisors, General Managers, Substantive Persons–in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries with results of which may have a material impact on the shareholders' equity or the price of the securities, and the actual results as of the printing date of this Annual Report.

1. Major closed or ongoing lawsuits, litigation or non-litigation events or administrative litigation involving the Company in the most recent two annual periods and as of the printing date of this Annual Report with results of

which may have a material impact on the shareholders' equity or the price of the securities:

a. Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in September 2010, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the US antitrust laws. The appointment of lawyers had been settled and a settlement had been reached on for the litigation of direct consumers. The final results of the remaining related cases has not yet been reached.

b. Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in January 2012, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the Canadian antitrust laws. The appointment of lawyers had been settled and the final results of the remaining related cases has not yet been reached.

2. Major closed or ongoing lawsuits, litigation or non-litigation events or administrative litigation involving the Company's Directors, Supervisors, General Managers, Substantive Persons–in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries in the most recent two annual periods and as of the printing date of this Annual Report with results of which may have a material impact on the shareholders' equity or the price of the securities:

a. Litifation events of the Company's subsidiary BenQ America Corp. (BQA):

(i) Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in September 2010, arguing that the Company's subsidiary BQA was suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the US antitrust laws. The appointment of lawyers had been settled and a settlement had been reached on for the litigation of direct consumers. The final results of the remaining related cases has not yet been reached.

(ii) Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in January 2012, arguing that the Company's subsidiary BQA was suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the Canadian antitrust laws. The appointment of lawyers had been settled and the final results of the remaining related cases have not yet been reached.

b. Litigation events of the Company's corporate director, AU Optronics Corporation (AUO):

(i) AUO There were civil lawsuits filed against AUO, AUUS and various manufacturers in the TFTLCD industry in the United States and Canada alleging, among other things, antitrust violations. As of January 28, 2019, AUO and AUUS have reached settlement agreements with the relevant plaintiffs. In addition to the above cases in the United States and Canada, a lawsuit was filed by certain consumers in Israel against certain LCD manufacturers including AUO in the District Court of the Central District in Israel ("Israeli Court"). The defendants contested various issues including whether the lawsuit was properly served. In December 2016, the Israeli Court overturned the original decision and revoked the permission for this case to serve out of Israeli jurisdiction. The plaintiffs lodged an appeal to the Israeli Supreme Court but the Israeli Supreme Court overruled the appeal in August 2017. In January 2018, the parties reached a settlement agreement and agreed to commence the required proceedings for withdrawing the lawsuit. A lawsuit was filed in September 2018 by the Government of Puerto Rico on its own behalf and on behalf of all consumers and governmental agencies of Puerto Rico against certain LCD manufacturers including AUO and AUUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the related matter and intends to defend this lawsuit vigorously, and at this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of this lawsuit on an on-going basis.

(ii) Other litigations:

At the end of February 2017, one of AUO's subsidiaries in the PRC, AUSZ received an administrative complaint filed by Shenzhen China Star Optoelectronics Technology Co.,Ltd. ("CSOT") alleging that AUSZ infringes two PRC patents, and the complaint requests that AUSZ cease the alleged infringing act. Based on the Company's preliminary assessment, it believes that its subsidiary does not infringe the two PRC patents as alleged, and further that the two PRC patents appear to be invalid. In response to such administrative complaint, AUSZ has filed a request to invalidate the two PRC patents accordingly. In April 2017, CSOT filed civil lawsuits in the Intermediate People's Court of Shenzhen Municipality against the subsidiary claiming infringement of the same two PRC patents. In June 2017, CSOT filed civil lawsuits in the No.1 Intermediate People's Court of Chongqing

Municipality against the subsidiary claiming infringement of three PRC patents (including one of the above mentioned PRC patents). CSOT requested that AUSZ ceases the alleged infringing act and claimed approximate RMB49.91 million for economic loss for each of the said respective four PRC patents and compensation for reasonable fees and litigation expenses such as notarization fees and attorney fees incurred by CSOT. On September 24, 2017, the relevant parties reached a settlement agreement and agreed to withdraw relevant legal proceedings.

In July 2018, Vista Peak Ventures, LLC ("VPV") filed three lawsuits in the United States District Court for the Eastern District of Texas against AUO, claiming infringement of certain of VPV's patents in the United States relating to the manufacturing of TFT-LCD panels. In the complaints, VPV seeks, among other things, unspecified monetary damages for past damages and an injunction against future infringement. While AUO intends to defend the suits vigorously, the ultimate outcome of the three matters is uncertain. AUO is reviewing the merits of the lawsuits on an on-going basis.

In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

(iii) Environmental lawsuits:

Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5-generation fab is located at. The proceedings were initiated by six residents in Houli District, Taichung City (the "Plaintiffs") to object the administrative dispositions of the environmental assessment and development approval issued in 2010 by the Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan to the third phrase development area in the Central Taiwan Science Park (the "Project"). On August 8, 2014, the Plaintiffs reached a settlement with the defendants (i.e. the governmental authorities, including the EPA of the Executive Yuan of Taiwan, the Ministry of Science and Technology (former National Science Council of the ROC Executive Yuan) and the Central Taiwan Science Park Development Office) in the Taipei High Administrative Court. The second phase environmental impact assessment for the Project continues to proceed. On December 14, 2017, the EPA of the Executive Yuan of Taiwan held the third review meeting of the investigation group. The review meeting reached the conclusion of suggesting approval for the Project. On November 6, 2018, the EPA approved the Project, but on December 6, 2018, five residents in Houli District, Taichung City filed administrative appeal to

the Appeals Review Committee of the Executive Yuan requesting a withdrawal of the approval.

Currently management does not believe that this event will have a material adverse effect on the Company's operation and will continue to monitor the development of this event.

(XIII) Other major risks and the countermeasures

1. Information security policies

To ensure the confidentiality, integrity, accessibility and legality of information assets (hardware, software, materials, documents and personnel related to information processing), and to avoid threats from intensional internal or external actions or accidents, our corporate information security policies are promulgated based on consideration of the Company's business needs, and reference to ISO 27001 information security international standards.

Information security control measures include:

- Establishment of the information security management organization to supervise the operation of the information security management system, identify the internal and external issues of the information security management system and the information security requirements and expectations of the relevant organizations.
- Evaluation and management of information security for internal processes of the company.
- Enhancement of awareness of information security among the Company's employees and division of labor.
- Information security requirements to external suppliers.
- Development of information security indicators.
- Continuous information operations and drills.
- Process and response to information security incidents.

- Legal compliance.

2. Assessment of security and network risks

To properly protect the information assets within the Company's information security management system, we have determined and implemented relevant specifications for information assets and risk assessment procedures to confirm the risk level of information assets, and determine countermeasures via risk assessment results and internal meetings. By doing so, we can achieve effective mitigation, transfer, elimination or even acceptance of risks.

The Company has an internal scanning and monitoring system to ensure that the system operates with the latest operational updates to reduce the risk of being attacked.

We conduct annual review on various regulations and evaluate the Company's internal information security regulations to ensure compliance with legal regulations and effectiveness, and regularly publicize relevant security regulations to prevent the staff from violating internal regulations, which cause damage loss to the Company.

Each year, we review various regulations and evaluate the company's internal information security regulations to ensure compliance with regulations and effectiveness, and regularly publicize relevant security regulations to prevent the company from harming the company's violation of internal regulations.

In addition to basic information security-related training when recruiting new employees, the Company also regularly organizes e-mail social engineering exercises to educate employees on relevant information security knowledge such as e-mail sending and receiving, so as to reduce the risk of employees accidentally clicking on malicious e-mail. Through the implementation of various courses, we can not only enhancing the information security awareness of staff but also ensuring that information security concepts can be incorporated into daily operations.

3. Information Security Management

With the establishment of the information security management system, the Company implements information security policies to protect customer data and corporate intelligence output, enahnce information security incident response capabilities and achieve information security policy measurement indicators. We also meet the expectations of the stakeholder groups of the Company, and continue to enhance the Company's security control system through PDCA mechanism, which will assist in improving the Company's competitiveness.

4. Arrangement for Insurance of Information Security

Since July of 2017, the Company has insured corporate information security risk management insurance. In case of insurance claims related to expenses incurred during the security incident (such as business interruption, forensics), the insurance coverage includes consolidated subsidiaries to reduce the Company’s losses.

5.Countermearues for Severe Incidents of Information Security

The Company enhances the internal emergency response process SOPs and drills during the establishment of the information security management system, and will continue to simulate various MPA attack scenarios and arrange relevant personnel to participate in the drills to ensure that emergency procedures can be initiated when the incident occurs to effectively reduce events responding time and Company losses.

Please refer to the 2018 Annual Reports of the Company’s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its analysis and assessment to other risks.

VIII. Other material matters: None.

Special Notes

I. Information about affiliates

(I) Organization chart of affiliates

2018.12.31

Unit: Shareholding ratio (%)

- **Qisda Corporation**
  - **Qisda America Corp.** /100%
  - **Qisda Japan Co., Ltd.** /100%
  - **Qisda Mexicana S.A. De C.V.** /87.68%
    holding by affiliated enterprises:
    Qisda America Corp. /12.32%
  - **Qisda Sdn. Bhd.** /100%
  - **Qisda (L) Corp.** /100%
    - **BenQ Medical (Shanghai) Co., Ltd** /100%
    - **Qisda (Suzhou) Co., Ltd.** /100%
    - **Qisda (Hong Kong) Limited** /100%
      - **Qisda Electronics(Suzhou) Co. Ltd.** /100%
      - **Qisda Optronics (Suzhou) Co., Ltd.** /100%
      - **Qisda Precision Industry (SuZhou) Co., Ltd** /100%
      - **Qisda (Shanghai) Co., Ltd.** /72.18%
        holding by affiliated enterprises:
        Qisda Electronics(Suzhou) Co. Ltd. /27.82%
  - **Darly Venture (L) Ltd.** /100%
  - **BenQ BM Holding Cayman Corp.** /19.35%
    holding by affiliated enterprises:
    Darly Venture (L) Ltd. /6.45%
    BenQ Corp. /8.16%
    Darly Venture Inc. /10.21%
    Darly 2 Venture, Ltd. /26.55%
    - **BenQ BM Holding Corp.** /100%
      - **NanJing BenQ Hospital Co., Ltd.** /100%
      - **Suzhou BenQ Hospital Co., Ltd.** /64.41%
        holding by affiliated enterprises:
        Suzhou BenQ Investment Co., Ltd. /35.59%
      - **BenQ Hospital Management Consulting (NanJing) Co., Ltd.** /100%
      - **BenQ Healthcare Consulting Corporation** /100%
      - **Suzhou BenQ Investment Co., Ltd.** /100%
      - Nanjing Silvertown Health & Development Co., Ltd/100%
  - **BenQ Dialysis Technology Corp.** /92.85%
    holding by affiliated enterprises:
    Darly Venture Inc. /0.01%
  - **Qisda Optronics Corp.** /100%
  - **Darly Venture Inc.** /100%
    - **Darly Consulting Corporation** /45.11%
      holding by affiliated enterprises:
      Darly 2 Venture, Ltd. /54.89%
    - **BenQ ESCO Corp.** / 41%
      holding by affiliated enterprises:
      Darly 2 Venture, Ltd. /18%
      Darly Consulting Corporation /24%
    - **Partner Tech Corp.** /58.04%
      holding by affiliated enterprises:
      Darly Venture Inc. / 8%
      Darly 2 Venture, Ltd. /2.19%
    - **DFI Inc.** /45.08%
      holding by affiliated enterprises:
      Darly Venture Inc. /2%
      Darly 2 Venture, Ltd. /8.01%
    - **Data Image Corporation**/28.82%
      holding by affiliated enterprises:
      Darly 2 Venture, Ltd. /4.32%
    - **K2 International Medical Inc.** /29.85%
      holding by affiliated enterprises:
      Darly 2 Venture, Ltd. /7.71%
      - K2 Medical(Thailand) Co.,Ltd/49%
  - **BenQ Corp.** /100%
    - **Darly 2 Venture, Ltd.** /100%
    - **INFTY Corporation** /90.18%
      holding by affiliated enterprises:
      Darly 2 Venture, Ltd. /0.02%
    - **BenQ Guru Holding Limited** /37.5%
      holding by affiliated enterprises:
      Darly Venture (L) Ltd. /12.5%
      Darly 2 Venture, Ltd. /50%
      - **BenQ Guru Corporation** /99.94%
        holding by affiliated enterprises:
        Darly Venture Inc. /0.02%
      - **BenQ Guru Software Co., Ltd.** /100%
    - **BenQ Material Corp.** /25.21%
      holding by affiliated enterprises:
      Qisda Corp. /13.61%
      Darly Venture Inc. /4.74%
      Darly Consulting Corporation /0.00%
    - **BenQ Medical Technology Corporation** /43.43%
      holding by affiliated enterprises:
      Darly Venture Inc. /7.96%
      Darly 2 Venture, Ltd. /3.57%
    - **BenQ America Corp.** /100%
      - **BenQ Canada Corp.** /100%
    - **BenQ Latin America Corp.** /100%
      - **BenQ Mexico S. de R.L. de C.V.** /99.97%
        holding by affiliated enterprises:
        BenQ Corp. /0.03%
        - **BenQ Service de Mexico S.de R.L. de C.V.** /99.97%
          holding by affiliated enterprises:
          BenQ Latin America Corp. /0.03%
      - **Joytech LLC** /100%
      - **Vivitech LLC** /100%
        - **MaxGen Comercio Industrial Imp E Exp Ltda.** /50%
          holding by affiliated enterprises:
          Joytech LLC /50%
    - **BenQ (Hong Kong) Limited** /100%
      - **BenQ Co.,Ltd** /100%
    - **BenQ Intelligent Technology (Hongkong) Co.,Ltd.**/100%
      - **ShengCheng Trading (Shanghai) Co.,Ltd** /100%
      - **BenQ Intelligent Technology (Shanghai) Co., Ltd.** /100%
      - **BenQ Technology (Shanghai) Co., Ltd.** /100%
    - **BenQ Europe B.V.** /100%
      - **BenQ UK Limited** /100%
      - **BenQ Deutschland GmbH** /100%
      - **BenQ Iberica S.L.Unipersonal** /100%
      - **BenQ Austria GmbH** /100%
      - **BenQ Benelux B.V.** /100%
      - **BenQ Italy S.R.L.** /100%
      - **BenQ France SAS** /100%
      - **BenQ Nordic A.B.** /100%
      - **BenQ LLC** /100%
    - **MainteQ Europe B.V.** /100%
    - **BenQ Asia Pacific Corp.** /100%
      - **BenQ Korea Co., Ltd.** /100%
      - **BenQ Japan Co., Ltd.** /100%
      - **BenQ Australia Pty Ltd.** /100%
      - **BenQ (M.E.) FZE.** /100%
      - **BenQ India Private Ltd.** /100%
      - **BenQ Singapore Pte Ltd.** /100%
      - **BenQ Service & Marketing (M) Sdn. Bhd.** /100%
      - **BenQ (Thailand) Co., Ltd.** /100%
      - **PT. BenQ Teknologi Indonesia** /99.69%
        holding by affiliated enterprises:
        BenQ Corp. /0.31%

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its Organization chart of affiliates

(II) Basic information of affiliates

December 31, 2018; NT$1,000

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
Qisda Sdn. Bhd.	QLPG	1989.11.15	2686 Jalan Todak, Seberang Jaya 13700 Prai Penang, Malaysia	MYR	50,000	Leasing and management services
Qisda Mexicana S.A. De C.V.	QMMX	1996.09.20	Calzada Venustiano Carranza #88 Col. Plutarco Elias Calles Mexicali B.C. Mexico C.P.21376	USD	12,000	Manufacturing of computer peripheral products
Qisda America Corp.	QALA	2007.07.05	8941 Research Drive, Suite 200, Irvine, CA 92618 USA	USD	1,000	Electronic product trading
Qisda Japan Co., Ltd.	QJTO	2007.07.27	3-30-1, KAIGAN AKIMOTO SOKO 3A 5F. MINATO-KU, Tokyo, Japan	JPY	10,000	Electronic product trading and product repair in the local market
BenQ corporation	BenQ	2000.03.13	No. 16, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	4,086,406	Brand product manufacturing and sales
BENQ MATERIALS CORP.	BMC	1998.07.16	No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333, Taiwan	NTD	3,206,745	Development, manufacturing and sales of various functional film products
BENQ DIALYSIS TECHNOLOGY CORP.	BDT	2014.10.08	No. 159-1, Shanying Rd., Guishan Dist., Taoyuan City 333, Taiwan	NTD	280,000	Manufacturing and trading of medical equipment
QISDA OPTRONICS CORP.	QTOS	2014.12.11	No. 1, Xingye St., Guishan Dist., Taoyuan City 333, Taiwan	NTD	1,000	Manufacturing of computer peripheral products
Qisda (L) Corp.	QLLB	1997.01.23	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	USD	114,250	Holding company
Darly Venture (L) Ltd	Darly	1997.01.23	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	USD	6,000	Holding company
Darly Venture Inc.	APV	1996.05.02	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,132,578	Holding company
BenQ BM Holding Cayman Corp.	BBHC	2009.01.05	Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD	244,945	Holding company
PARTNER TECH CORP.	PTT	1990.02.21	10F., No. 233-2, Baoqiao Rd., Xindian Dist., New Taipei City 231, Taiwan	NTD	750,856	Production and sales of electronic products and point of sale and import and export trade
DFI INC.	DFI	1981.07.14	No. 100, Huanhe St., Xizhi Dist., New Taipei City 221, Taiwan	NTD	1,146,889	Manufacturing, processing and trading of industrial computer boards and computer components
K2 INTERNATIONAL MEDICAL INC.	K2	2006.07.04	3F., No. 275, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan	NTD	130,000	Trading in medical equipment
DATA IMAGE CORPORATION	DIC	1997.11.22	2F., No. 96, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	NTD	693,996	Design, manufacture and sale of marine display optoelectronic modules
Qisda (Suzhou) Co., Ltd.	QCSZ	1993.06.25	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	74,000	Processing of liquid crystal displays and mobile communication products
Qisda (Hong Kong) Limited	QCHK	2008.12.04	Unit 706, Haleson Building, No 1Jubilee Street, Hong Kong	HKD	10	Holding company

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ Medical (Shanghai) Co., Ltd	BDTcn	2015.07.20	Room 2, Unit C, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	1,360	Trading in medical equipment
Qisda (Shanghai) Co., Ltd.	QCSH	2005.12.15	No. 669, Taihua Road, Pudong New Area, Shanghai, China	USD	66,500	Processing of liquid crystal display
Qisda Electronics(Suzhou) Co. Ltd.	QCES	2000.02.23	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	11,800	Processing of liquid crystal display modules
Qisda Optronics (Suzhou) Co., Ltd.	QCOS	2000.01.12	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	12,460	Processing of optoelectronic products such as projectors
Qisda Precision Industry (SuZhou) Co., Ltd	QCPS	2007.07.27	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	5,000	Processing of plastic parts
BENQ ESCO CORP.	ESCO	2013.01.25	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	100,000	Energy technology service
BenQ (Hong Kong) Limited	BQHK	1991.10.31	Unit 705, 7/F., Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong	HKD	466,200	Electronic product trading in HK
BenQ Europe B.V.	BQE	1994.09.26	Meerenakkerweg 1-17, 5652 AR, Eindhoven, The Netherlands	EUR	12,523	Electronic product trading in Europe
BENQ ASIA PACIFIC CORP.	BQP	2007.09.28	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	200,000	Electronic product trading in Asia
BenQ America Corp.	BQA	1997.09.25	3200 Park Center Dr., Suite 150, Costa Mesa, CA 92626 USA	USD	2,000	Electronic product trading in north USA
BenQ Latin America Corp.	BQL	2005.10.13	8200 NW 33rd street, Suite 301, Miami FL 33122, USA.	USD	4,350	Electronic product trading in Central and South America
MainteQ Europe B.V.	MQE	2002.04.05	EKKersrijt 4130, 5692 DC Son, The Netherlands	EUR	818	Display and projector repair service in Europe
Darly2 Venture, Ltd.	Darly2	2000.01.19	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,950,000	Holding company
BenQ Intelligent Technology (Hongkong) Co.,Ltd.	BQHK_HLD	2017.07.05	Unit 705, 7/F., Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong	USD	1,100,000	Electronic product trading in HK
INFTY Corporation	INF	1994.12.08	10F., No. 419, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan	NTD	69,469	Assembly and trading of E-sport products
BenQ Guru Holding Limited	GSH	2005.12.08	Unit 705, 7/F., Saxon Tower, 7 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong	HKD	62,400	Holding company
BenQ Medical Technology Corporation	BMT	1989.03.21	7F., No. 46, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan	NTD	445,660	Manufacturing and trading of medical equipment
PT. BENQ TEKNOLOGI INDONESIA	BQid	2017.11.6	Wisma 77 Tower 2 Lantai 5 Zone 1, Jalan Letjen S.Parman Kavling 77, Slipi Sub-district, Palmerah Subdistruct, West Jakarta	IDR	3,250,000	Electronic product trading
BenQ Korea Co., Ltd.	BQkr	2006.08.18	1801,288, Digital-ro, Guro-gu, Seoul, Korea	KRW	50,000	Provide various administrative and management services
BenQ Japan Co., Ltd.	BQjp	1996.07.19	7Fl, Shiba-2 Bldg., 2-2-15 Shiba, Minato-ku, Tokyo 105-0014, Japan	JPY	10,000	Electronic product trading
BenQ Australia Pty Ltd	BQau	2000.07.01	Unit 6, 2 Holker Street, Newington, NSW 2127 Australia	AUD	2,191	Electronic product trading
BenQ (M.E.) FZE.	BQme	2001.04.07	P. O. Box 18007, Jebel Ali Free Zone, Dubai. U.A.E.	AED	1,000	Electronic product trading

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ India Private Ltd.	BQin	2000.02.29	9B Building, 3rd Floor, DLF Cyber city Phase-3, Gurgaon-122002, Haryana, India	INR	440,296	Electronic product trading
BenQ Singapore Pte Ltd.	BQsg	2000.09.20	8 Burn Road #11-07 Trivex, Singapore 369977	SGD	500	Electronic product trading
BenQ Service & Marketing (M) Sdn. Bhd.	BQmy	2004.03.04	C-39-5, Block C, Jaya One, No.72A, Jalan Universiti, 46200 Petaling Jaya, Selangor, Malaysia	MYR	100	Electronic product trading
BenQ (Thailand) Co., Ltd.	BQth	2003.02.20	28th Fl., Sinn Sathorn Tower. 77/119 Krungdhonburi Road, Klongtonsai, Klongsarn, Bangkok 10600 ,Thailand	THB	60,000	Electronic product trading
BenQ Co.,Ltd	BQC	2005.05.11	1st Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	80,000	Real estate rental business
BenQ Technology (Shanghai) Co., Ltd.	BQls	2003.10.24	Room 2103F, 21st Floor, No. 28, Maji Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD	200	Electronic product trading
ShengCheng Trading (Shanghai) Co.,LTD	BQsha_EC2	2015.10.10	Room 5, Unit C, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	100	Electronic product trading
BenQ Intelligent Technology (Shanghai) Co., Ltd.	BQC_RO	2017.10.13	Unit E, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	1,000	Trading in electronic products in China
BenQ Guru Software Co., Ltd.	GSS	1998.07.21	No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	USD	13,200	R&D and trading of computer information systems
BENQ GURU CORP.	GST	2003.11.25	No. 14, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	57,600	R&D and trading of computer information systems
BenQ Canada Corp.	BQca	2003.09.29	3-1750 The Queensway, Suite 1265, Toronto, on M9C 5H5 Canada	CAD	1	Electronic product trading
BenQ Mexico S. de R.L. de C.V.	BQmx	2002.05.27	Boulevard Palmas Hill 1, Piso 8, Suite/Oficina 00-101 Colonia Valle de las Palmas, Huixquilucan Estado de México, C.P. 52764	MXN	3	Electronic product trading
Joytech LLC.	Joytech	2009.11.20	8200 NW 33rd street, Suite 301, Miami FL 33122, USA.	USD	1	Holding company
Vivitech LLC.	Vivitech	2010.01.04	8200 NW 33rd street, Suite 301, Miami FL 33122, USA.	USD	1	Holding company
MaxGen Comercio Industrial Imp E Exp Ltda.	MaxGen	2010.01.14	Rua Haddock Lobo, 585 2 andar CEP 01414-001 Sao Paulo, SP Brazil	BRL	503	Electronic product trading
BenQ Service de Mexico S. de R. L. de C.V.	BQms	2011.07.21	Boulevard Palmas Hill 1, Piso 8, Suite/Oficina 00-101 Colonia Valle de las Palmas, Huixquilucan Estado de México, C.P. 52764	MXN	3	Provide various administrative and management services
BenQ UK Limited	BQuk	1997.11.07	3 Staplehurst Office Centre, Weston-on-the-Green, OX25 3QU, Bicester Oxfordshire, United Kingdom	GBP	300	Electronic product trading
BenQ Deutschland GmbH	BQde	2000.09.07	Essener Strasse 5, 46047 Oberhausen, Germany	EUR	600	Electronic product trading
BenQ Inberica S.L. Unipersonal	BQib	2002.10.19	C/-Constitucion, 1-3 (3rd f1),08960 San Just Desvern, Barcelona, Spain	EUR	150	Electronic product trading
BenQ Austria GmbH	BQat	2001.08.07	Altmannsdorfer Strasse 89, Top 6, 1120 Vienna, Austria	EUR	35	Electronic product trading
BenQ Benelux B.V.	BQnl	2000.10.12	Meerenakkerweg 1-17, 5652 AR, Eindhoven, The Netherlands	EUR	18	Electronic product trading
BenQ Italy S.R.L.	BQit	2002.02.14	Via Natale Battaglia, 12 Milano Italy	EUR	300	Electronic product trading

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ France SAS	BQfr	2004.04.08	381 Avenue du General de Gaulle, Immeuble Pentagone Plaza, 92140 Clamart, France	EUR	50	Electronic product trading
BenQ Nordic A.B.	BQse	2005.12.06	Mattbandsvagen 12, 18766 Taby, Sweden	SEK	100	Electronic product trading
BenQ LLC	BQru	2011.01.02	Park Place Moscow, 113/1 Leninski Prospekt B101, 117198 Moscow, Russian Federation	RUB	50	Provide various administrative and management services
BenQ BM Holding Corp.	BBM	2003.10.30	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan F.T., Malaysia	USD	245,963	Holding company
Darly Consulting Corporation.	DarlyC	2001.08.29	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	266,248	Investment management consultant
K2 MEDICAL(THAILAND)CO.,LTD	K2th	2018.10.26	77/87 Thonburi Road,Klongtan Sub-District,Klongsan District, Bangkok Metropolis/	THB	25,000	Medical equipment trading
NANJING BenQ Hospital Co., Ltd.	NMH	2003.11.11	No. 71 Hexi street, Jianye District, Nanjing, China	USD	152,015	Medical service
Suzhou BenQ Hospital Co., Ltd.	SMH	2004.07.07	No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	CNY	601,975	Medical service
BenQHospital Management Consulting (NanJing) Co., LTD.	NMHC	2005.11.14	No. 71 Hexi street, Jianye District, Nanjing, China	USD	1,000	Management consultant
BenQ Healthcare Consulting Corporation	BHCC	2009.02.05	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	22,763	Management consultant
Suzhou BenQ Investment Co., Ltd.	BIC	2015.09.16	No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	USD	30,000	Holding company
Nanjing Silvertown Health & Development Co., Ltd	NSHD	2018.03.06	No. 71 Hexi street, Jianye District, Nanjing, China	CNY	-	Medical service

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its affiliate organizational chart.

3. Presumed to be the same shareholder for those with relations of control and affiliation: None.

4. Overall business covered by the affiliates and subsidiaries, and the interaction and division of labor:

The Company's business coverage:

DMS (Design and Manufacturing Service): Engaged in the design, development, manufacturing and sales of various electronic products.

Brand Marketing: Engaged in design, development and sales of our provate brand products.

Materials Science: Engaged in research, development, manufacturing and sales of various electronic chemical film products.

Medical Services: Hospitals that provide medical services.

The Company is convinced that this division of labor system will enable the Company's overall operations to be upgraded, and will be able to fully utilize synergies in R&D, manufacturing, marketing and investment strategies to form the best competitive advantages.

(V) Directors, supervisors, and presidents of affiliates

December 31, 2018; Unit: in thousand shares; NT$ 1,000; %

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
QLPG	Director	David Wang,SS Lim,Mavis Lin	50,000,000	100%
QMMX	(Note2)	(Note2)	439,000	100%
QALA	Director General manager	Joe Huang,Daniel Hsueh,Ellin Lee Joe Huang	1,000,000	100%
QJTO	Director Supervisor	CY Ho,Chen,Pei-Tzu,Mavis Lin David Wang	Contribution amount JPY10,000,000	100%
BenQ	Director Supervisor General manager	Qisda Corp. Representative: K.Y. Lee,Peter Chen,Conway Lee,Pete Huang Qisda Corp. Representative: David Wang Conway Lee	408,640,600	100%
BMC	Director General manager	Qisda Corp. Representative: ZC.Chen,Peter Chen BenQ Corp.Representative: Conway Lee,K.Y. Lee,Yu, Ko-Yung, Yeh,Fu-Hai(Independent irector), Chen,Chiu-Ming(Independent director), Wu,Min-Ching(Independent director) Ray Liu	139,689,294	43.56%
BDT	Director Supervisor	Qisda Corp. Representative: Harry Yang,Spark Huang Medica S.P.A. Representative: Marco Fecondini Darly Venture Inc. Representative: Billy Liou	26,000,000	92.86%
QTOS	Director Supervisor	Qisda Corp. Representative: Joe Huang,April Huang,Daniel Hsueh Qisda Corp. Representative: Jasmin Hung	100,000	100%
QLLB	Director	David Wang,Peter Chen,Mavis Lin	114,250,000	100%
Darly	Director	David Wang,Peter Chen,Jasmin Hung	6,000,000	100%
APV	Director Supervisor	Qisda Corp. Representative: David Wang,Peter Chen,Jasmin Hung Qisda Corp. Representative: Mavis Lin	113,257,830	100%
BBHC	Director	K.Y. Lee,Peter Chen,David Wang,Mark Hsiao,Tseng,Wen-Chi,Louise Wang,Yang,Hung-Jen Wang,Lin,Kuo,Chi-Chih	173,221,837	70.72%
PTT	Director General manager	Qisda Corp. Representative: Peter Chen,David Wang,Michael Lee,Wu,Hung-Lin Yeh,Hui-Hsin(Independent director), Kuo,Chia-Hung(Independent director), Wang,Kuo-Chiang(Independent director) Pete Wang	51,231,564	68.23%
DFI	Director General manager	Qisda Corp. Representative: Peter Chen,David Wang,Steven Tsai Gordias Investments Limited Representative: Wei,Jen-Yu Chou,Kuang-Jen(Independent director), Chu,Chih-Hao(Independent director), Yeh,Te-Chang(Independent director) Steven Tsai	63,079,095	55.09%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
K2	Director Supervisor General manager	Qisda Corp. Representative: Chen,Ming-Cheng,Harry Yang,Jasmin Hung,Scarlett Fang Chen,Hsiu-Wen,Lin,Yuan-Hao,Chen,Chung-I Darly2 Venture, Ltd. Representative: Mavis Lin Chen,Chung-I	4,882,943	37.56%
DIC	Director Supervisor General manager	Yu,Ssu-Ping,Chan,Wei-Hsiang,Yu,Hsieh-Yu,Ho, Wen-Hsien(Independent director), Ting,Fu-Kuang(Independent director) Lin,Yun-Yung,Yeh,Tsung-Hung,Hsu,Jui-Hsia Chan,Wei-Hsiang	23,000,000	33.14%
QCSZ	Director Supervisor General manager	Qisda (L)Corp. Representative: Mark Hsiao,Eric Lee,Mercer Peng Qisda (L)Corp. Representative: David Wang Mark Hsiao	Contribution amount USD74,000,000	100%
QCHK	Director	David Wang,Peter Chen,Mavis Lin	10,000	100%
BDTcn	Director Supervisor General manager	Qisda (L)Corp. Representative: Harry Yang,Frencis Xiao,Scott Yen Qisda (L)Corp. Representative: Mercer Peng Frencis Xiao	Contribution amount USD1,360,000	100%
QCSH	Director Supervisor General manager	Qisda Electronics(Suzhou) Co. Ltd. Representative： Mark Hsiao Qisda (Hong Kong)LimitedRepresentative: Eric Lee,Mercer Peng Qisda (Hong Kong)LimitedRepresentative: Jasmin Hung Mark Hsiao	Contribution amount USD66,500,000	100%
QCES	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao,Eric Lee,Mercer Peng Qisda (Hong Kong)Limited Representative: Jasmin Hung Mark Hsiao	Contribution amount USD11,800,000	100%
QCOS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao,Eric Lee,Mercer Peng Qisda (Hong Kong)Limited Representative: Jasmin Hung Mark Hsiao	Contribution amount USD12,460,000	100%
QCPS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao,Eric Lee,Mercer Peng Qisda (Hong Kong)Limited Representative: David Wang Mark Hsiao	Contribution amount USD5,000,000	100%
ESCO	Director Supervisor	Darly Venture Inc. Representative: Michael Lee,Elley Huang,Jasmin Hung Darly2 Venture, Ltd. Representative: Billy Liou	8,300,000	83%
BQHK	Director	David Wang,Scott Yen,Danny Lin	466,200,002	100%
BQE	Director	Conway Lee,Steve Chu,Ivan Hsu	5,009,076	100%
BQP	Director Supervisor General manager	BenQ Corp.Representative: Conway Lee,Jeffrey Liang,Rackie Kuo BenQ Corp.Representative: Joy Chang Jeffrey Liang	20,000,000	100%
BQA	Director	Conway Lee,Ellin Lee,Lars Yoder	200,000	100%
BQL	Director	Conway Lee,Jeff Liu,Israel Bedolla	4,350,000	100%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
MQE	Director	Conway Lee,Peter Chen,EL Tan	81,800	100%
Darly2	Director	BenQ Corp.Representative: David Wang,Peter Chen,Jasmin Hung	Contribution amount NTD1,950,000,000	100%
BQHK_HLD	Director	Pete Huang,Tseng,Wen-Chi,Scott Yen	4,000,000	100%
INF	Director Supervisor	BenQ Corp.Representative: Conway Lee,Pete Huang,V.T. Darly2 Venture, Ltd. Representative: Joy Chang	6,266,277	90.20%
GSH	Director	David Wang,Peter Chen,Scott Yen	62,400,000	100%
BMT	Director General manager	BenQ Corp.Representative: Peter Chen,David Wang,Michael Kuan,Joe Huang Li,Jen-Fang(Independent director), Chang,Chin-Tung(Independent director), Huang,Chin-Fa (Independent director) Michael Kuan	24,491,883	54.96%
BQid	Director Supervisor General manager	Jeffrey Liang,Eko Wijaya (Tjin Hok) Rackie Kuo Eko Wijaya (Tjin Hok)	6,500	100%
BQkr	Director Supervisor	Jeffrey Liang,Rackie Kuo,Peter So Joy Chang	10,000	100%
BQjp	Director Supervisor	Jeffrey Liang,Rackie Kuo,Masashi Kikuchi Joy Chang	200	100%
BQau	Director	Jeffrey Liang,Rackie Kuo,Martin Moelle	2,191,092	100%
BQme	Director	Jeffrey Liang,Rackie Kuo,Manish Bakshi	1	100%
BQin	Director	Jeffrey Liang,Rackie Kuo,Rajeev.Singh	440,295,980	100%
BQsg	Director	Jeffrey Liang,Rackie Kuo,Tan Zong Yang,Aaron	500,000	100%
BQmy	Director	Jeffrey Liang,Rackie Kuo,Brian HY Lee (Lee Hing Yew)	100,000	100%
BQth	Director	Jeffrey Liang,Rackie Kuo,Thanyarak Nasomyon	11,999,998	100%
BQC	Director Supervisor	BenQ (Hong Kong) Limited Representative: David Wang,Scott Yen,Danny Lin BenQ (Hong Kong) Limited Representative: Jack Hsu	Contribution amount USD80,000,000	100%
BQls	Director Supervisor General manager	BenQ (Hong Kong) Limited Representative: Pete Huang,Tseng,Wen-Chi,Scott Yen BenQ (Hong Kong) Limited Representative: Joy Chang Tseng,Wen-Chi	Contribution amount USD200,000	100%
BQsha_EC2	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Tseng,Wen-Chi, David Huang,Scott Yen BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Joy Chang David Huang	Contribution amount USD100,000	100%
BQC_RO	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Pete Huang,Tseng,Wen-Chi,Scott Yen BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Joy Chang Tseng,Wen-Chi	Contribution amount USD1,000,000	100%
GSS	Director Supervisor General manager	BenQ Guru Holding Limited Representative: Michael Lee,Joshua Tzeng,Billy Liou BenQ Guru Holding Limited Representative: Jasmin Hung Huang,Chih-Kuang	Contribution amount USD13,200,000	100%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
GST	Director Supervisor	BenQ Guru Holding Limited Representative: Michael Lee,Joshua Tzeng,Billy Liou Darly Venture Inc. Representative: Jasmin Hung	5,757,428	99.96%
BQca	Director	Lars Yoder, Ellin Lee,Richard Winter	1,000	100%
BQmx	Director	Israel Bedolla,Jeff Liu,Albert Weng	3,000	100%
Joytech	Director	Israel Bedolla,Jeff Liu,Ellin Lee	500	100%
Vivitech	Director	Israel Bedolla,Jeff Liu,Ellin Lee	500	100%
MaxGen	Director	Marcelo Café	1,000	100%
BQms	Director	Israel Bedolla,Jeff Liu,Albert Weng	3,000	100%
BQuk	Director	Conway Lee,Steve Chu,Joy Chang	300	100%
BQde	Director	Steve Chu,Ivan Hsu,Oliver Barz	100	100%
BQib	Director	Conway Lee	150	100%
BQat	Director	Steve Chu,Ivan Hsu,Mihai Borze	35	100%
BQnl	Director	Conway Lee,Steve Chu,Ivan Hsu	182	100%
BQit	Director	Steve Chu,Ivan Hsu,Mihai Borze	50,000	100%
BQfr	Director	Steve Chu,Ivan Hsu,Bruno Morel	1	100%
BQse	Director	Steve Chu,Ivan Hsu,Bo Cramer	1	100%
BQru	Director	Youri Studenikin	1	100%
BBM	Director	K.Y. Lee,Peter Chen,David Wang,Mark Hsiao,Chen,Yi-Shan,Louise Wang,Yang,Hung-Jen Wang,Lin,Kuo,Chi-Chih	245,963,251	70.72%
DarlyC	Director Supervisor	Darly2 Venture, Ltd. Representative: David Wang,Peter Chen,Jasmin Hung Darly Venture Inc. Representative: Mavis Lin	26,624,804	100%
K2th	DirectorGeneral manager	Harry Yang,Henry Oyang,Yeh,Kung-Wu Henry Oyang	245	18.40%
NMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao,Peter Chen,Tseng,Wen-Chi,Louise Wang,David Wang,Wang,Lin,Kuo,Chi-Chih BenQ BM Holding Corp. Representative: Jasmin Hung Mark Hsiao	Contribution amount USD 152,014,984	70.72%
SMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao,Peter Chen,Chen,Yi-Shan,Louise Wang,David Wang,Wang,Lin,Kuo,Chi-Chih BenQ BM Holding Corp. Representative: Jasmin Hung Chen,Yi-Shan	Contribution amount CNY 601,975,000	70.72%
NMHC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao,Peter Chen,Tseng,Wen-Chi,Louise Wang,David Wang,Wang,Lin,Kuo,Chi-Chih BenQ BM Holding Corp. Representative: Jasmin Hung Mark Hsiao	Contribution amount USD 1,000,000	70.72%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BHCC	Director Supervisor	BenQ BM Holding Corp. Representative: Mark Hsiao,Peter Chen,David Wang,Jasmin Hung BenQ BM Holding Corp. Representative: Mavis Lin	2,276,330	70.72%
BIC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao,David Wang,Louise Wang,Ron Chiang BenQ BM Holding Corp. Representative: Jasmin Hung Mark Hsiao	Contribution amount USD30,000,000	70.72%
NSHD	Director Supervisor	BenQ BM Holding Corp. Representative: Mark Hsiao,David Wang,Louise Wang BenQ BM Holding Corp. Representative: Jasmin Hung	-	70.72%

Note1: Qisad Grop combined holding shares and Shareholding ratio.

Note2: Liquidation has been approved by the Board of Directors in Augest 29th, 2014

Note3: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its Directors, supervisors, and presidents of affiliates.

(VI) Overview of affiliates' operations:

December 31, 2018; Unit: NT$1,000

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax
QLPG	544,095	383,070	43,635	339,435	0	(30,210)	(46)	
QMMX	66,829	4,960	19,325	(14,365)	0	(2,665)	135,152	
QALA	32,800	9,391,644	9,342,703	19,594	22,547,248	12,248	14,573	
QJTO	3,784	1,075,306	1,038,159	37,147	2,443,415	(9,419)	(10,254)	
BenQ	4,086,406	16,264,421	8,498,564	7,765,856	17,572,083	185,201	1,485,045	
BMC	3,206,745	10,343,159	6,159,144	4,184,015	12,764,172	439,628	328,579	1.02
BDT	280,000	192,890	10,631	182,259	53,855	(32,675)	(31,659)	
QTOS	1,000	999	0	999	0	(1)	9	
QLLB	3,460,633	35,856,813	23,420,777	12,436,036	93,353,949	(258)	687,784	
Darly	165,000	291,118	230,426	60,691	0	(59)	14,318	
APV	1,132,578	1,819,774	1,774	1,817,999	0	(271)	68,569	
BBHC	7,405,278	3,690,663	322,544	3,368,119	0	(3,626)	159,028	
PTT	750,856	2,279,070	1,250,816	1,028,254	2,311,073	(115,603)	30,144	0.40
DFI	1,146,889	4,722,148	1,505,358	3,216,790	5,211,122	781,647	605,337	5.28
K2	130,000	524,647	199,341	325,307	757,906	37,623	31,322	
DIC	693,996	1,867,798	948,935	918,863	2,945,763	184,478	110,009	2.13
QCSZ	2,241,460	31,956,827	23,314,854	8,641,972	83,220,758	479,455	433,595	
QCHK	0	4,126,873	0	4,126,873	0	0	297,516	
BDTcn	43,776	69,232	30,507	38,725	95,591	3,469	2,374	
QCSH	2,014,285	339,205	1,801,028	(1,461,823)	2,191	(27,236)	(25,911)	
QCES	357,422	8,138,845	6,138,740	2,000,105	21,901,882	148,240	97,140	
QCOS	377,413	8,645,634	4,769,171	3,876,463	20,967,446	253,982	192,886	
QCPS	151,450	854,723	487,127	367,595	2,081,724	70,570	33,400	
ESCO	100,000	154,134	126,125	28,008	147,964	(7,368)	(8,161)	
BQHK	1,819,024	2,420,426	29,875	2,390,551	6,817	9,461	822,613	
BQE	485,684	3,770,093	2,739,762	1,030,331	9,110,363	106,285	163,112	
BQP	200,000	2,412,072	2,259,741	152,331	6,816,769	81,424	79,670	
BQA	60,580	2,085,553	1,349,779	735,774	3,597,287	(98,518)	(105,668)	
BQL	127,414	655,817	686,267	(30,450)	891,276	10,256	(78,687)	
MQE	35,139	83,841	12,361	71,481	86,768	(60)	863	
Darly2	1,950,000	2,365,059	27,214	2,337,844	0	(380)	116,664	
BQHK_HLD	118,143	173,834	43,696	130,138	112,742	(16,595)	40,509	
INF	69,469	107,254	27,431	79,823	290,598	8,540	7,434	
GSH	242,320	189,032	672	188,360	0	(38)	29,836	
BMT	445,660	1,463,334	426,593	1,036,741	606,195	36,989	66,682	1.50
BQid	6,923	8,422	1,402	7,020	0	255	224	
BQkr	1,713	23,426	15,460	7,965	0	17,695	15,211	
BQjp	2,582	435,602	356,237	79,365	1,274,395	15,037	7,110	
BQau	65,042	227,332	172,540	54,792	644,815	9,233	6,087	
BQme	8,809	364,072	379,085	(15,012)	1,077,777	780	823	
BQin	225,287	827,693	817,087	10,606	961,022	36,038	(19,420)	
BQsg	11,620	36,950	58,699	(21,749)	60,824	757	(1,990)	
BQmy	106,550	31,366	23,723	7,642	104,660	(5,141)	(7,317)	
BQth	56,030	80,584	118,779	(38,196)	210,302	1,815	480	
BQC	2,766,770	3,014,765	617,120	2,397,645	1,687,806	902,379	815,239	
BQls	12,703	145,111	135,809	9,302	83,334	915	3,528	
BQsha_EC2	2,942	10,867	21,100	(10,233)	57,210	2,716	(5)	
BQC_RO	89,643	1,442,704	1,302,554	140,150	5,307,670	156,456	53,913	
GSS	495,651	185,877	74,868	111,009	174,160	4,712	9,781	

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax
GST	57,600	58,424	8,973	49,451	36,322	19,767	20,105	
BQca	30	135,952	117,266	18,686	719,681	814	(1,054)	
BQmx	7	343,729	312,037	31,692	522,681	2,266	1,366	
Joytech	4,422	(119,400)	0	(119,400)	0	0	(43,810)	
Vivitech	4,422	(119,400)	0	(119,400)	0	0	(43,810)	
MaxGen	8,159	254,271	493,072	(238,801)	277,187	(10,112)	(87,621)	
BQms	6	14,100	11,127	2,973	0	1,442	800	
BQuk	14,003	327,736	302,694	25,042	1,371,877	13,955	9,696	
BQde	23,535	584,627	443,534	141,093	2,284,935	22,562	23,866	
BQib	5,884	218,792	169,545	49,247	684,231	6,752	4,079	
BQat	1,373	320,225	273,109	47,116	1,431,008	10,670	11,241	
BQnl	714	145,737	189,866	(44,128)	447,826	4,330	3,613	
BQit	11,768	172,447	144,894	27,553	339,278	4,092	3,670	
BQfr	1,961	217,006	353,078	(136,072)	893,151	7,339	7,487	
BQse	439	191,709	122,560	69,149	959,573	11,505	8,989	
BQru	48	13,496	(166)	13,662	0	3,168	3,161	
BBM	7,520,838	2,821,586	48,475	2,773,111	0	(104,237)	113,281	
DarlyC	266,248	340,087	17,409	322,677	0	(888)	(2,013)	
K2th	5,916	10,290	4,626	5,664	0	(252)	(266)	
NMH	5,145,510	5,806,359	3,827,810	1,978,549	4,791,107	172,053	248,367	
SMH	2,929,594	4,003,849	3,284,216	719,633	2,190,970	46,991	(40,007)	
NMHC	38,825	25,839	207	25,632	471	(77)	179	
BHCC	22,763	45,727	19,743	25,984	94,043	7,957	8,743	
BIC	974,419	874,865	11,451	863,414	0	(5)	186	
NSHD	-	-	-	-	-	-	-	

Note: Please refer to the 2018 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI and Dataimage to respectively see its Overview of affiliates' operations.

II. Privately placed securities handling status in the most recent year up to the publication date of this Annual Report: None

III. Holding or disposition of the Company shares by subsidiaries in the most recent year up to the publication date of this Annual Report: None.

IV. Other items that must be included: None.

V. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report: None.

Stock Code:2352

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

Address: No. 157, Shan-Ying road, Gueishan, Taoyuan, Taiwan
Telephone: 886-3-359-8800

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Representation Letter

The entities that are required to be included in the combined financial statements of Qisda Corporation as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 " Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Qisda Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Qisda Corporation
Chi-Hong (Peter) Chen
Chairman
March 21, 2019

Independent Auditors’ Report

The Board of Directors of Qisda Corporation:

Opinion

We have audited the consolidated financial statements of Qisda Corporation (the “ Company”) and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph on Other Matter of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the paragraph on the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Group’s consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

   Please refer to notes 4(r) and 6(x) for the accounting policy on revenue recognition and “Revenue” for the related disclosures, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

The Group has several operating segments. Each segment engages in different business activities. In addition, the Group has operations spread globally. The Group recognizes its revenue depending on the various trade terms in each individual sale transaction and service rendered, which are considered to be complex in determining the timing of revenue recognition. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included testing the design and operating effectiveness of the Group's internal controls over financial reporting in the sales and collection cycle; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date to determine whether the performance obligation has been satisfied by transferring control over the goods or services to a customer, and assessing the reasonableness of the timing of revenue recognition; reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date, as well as assessing whether the revenue and related sales returns and allowances is recognized in appropriate period.

2. Valuation of inventories

Please refer to notes 4(h), 5 and 6(g) for the inventory accounting policy, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Group are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of management's estimates on inventory provisions.

3. Impairment of goodwill

Please refer to notes 4(p), 5 and 6(m) for the accounting policy on impairment of non-financial assets, "Critical accounting judgments and key sources of estimation uncertainty", for the estimation uncertainty of impairment of goodwill, and "Intangible assets", and for the related disclosures, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries are annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Group's disclosures with respect to the related information.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of other auditors. The financial statements of those subsidiaries reflect the total assets amounting to NT$6,588,263 thousand, constituting 5.50% of the consolidated total assets as of December 31, 2018, and the total operating revenues amounting to NT$5,615,233 thousand, constituting 3.60% of the consolidated total operating revenues for the year ended December 31, 2018.

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have audited and issued an unmodified opinion with other matter section for the year ended December 31, 2018, and an unmodified opinion for the year ended December 31, 2017, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (ab))	$ 9,618,657	8	6,636,634	6
1110	Financial assets at fair value through profit or loss－current (notes 6(b) and (ab))	405,914	-	1,043,701	1
1120	Financial assets at fair value through other comprehensive income－current (notes 6(c) and (ab))	30,380	-	-	-
1125	Available-for-sale financial assets－current (notes 6(d) and (ab))	-	-	29,605	-
1170	Notes and accounts receivable, net (notes 6(e), (x) and (ab) and 8)	25,012,211	21	23,887,642	22
1181	Notes and accounts receivable from related parties (notes 6(e), (x) and (ab) and 7)	3,097,461	3	4,237,646	4
1200	Other receivables (notes 6(e), (f) and (ab) and 7)	580,936	-	222,320	-
1210	Other receivables from related parties (notes 6(f) and (ab) and 7)	22,568	-	7,412	-
130X	Inventories (notes 6(g) and 8)	25,063,054	21	20,179,338	19
1470	Other current assets (note 7)	2,089,503	2	1,928,422	2
1476	Other financial assets－current (notes 6(a) and (ab) and 8)	273,007	-	1,205,612	1
1461	Non-current assets held for sale (note 6(h))	-	-	155,220	-
	Total current assets	66,193,691	55	59,533,552	55
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income－non-current (notes 6(c) and (ab))	731,246	1	-	-
1523	Available-for-sale financial assets－non-current (notes 6(d) and (ab))	-	-	637,649	1
1550	Investments accounted for using equity method (notes 6(i) and 8)	19,382,592	16	16,748,411	15
1600	Property, plant and equipment (notes 6(k) and 8)	21,013,038	18	19,991,519	18
1760	Investment property (note 6(l))	2,834,475	2	2,527,582	2
1780	Intangible assets (notes 6(j) and (m))	4,994,663	4	5,004,450	5
1840	Deferred income tax assets (note 6(t))	1,829,762	2	1,676,767	2
1900	Other non-current assets (notes 6(s) and 8)	260,456	-	153,818	-
1980	Other financial assets－non-current (notes 6(k) and (ab) and 8)	192,698	-	218,089	-
1985	Long-term prepaid rents (note 8)	2,374,662	2	2,447,579	2
	Total non-current assets	53,613,592	45	49,405,864	45
	Total assets	$ 119,807,283	100	108,939,416	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(n), (ab) and (ae) and 8)	$ 14,786,555	12	16,262,262	15
2120	Financial liabilities at fair value through profit or loss－current (notes 6(b), (j) and (ab))	47,114	-	67,531	-
2130	Contract liabilities－current (notes 3(a) and 6(x))	876,788	1	-	-
2170	Notes and accounts payable (note 6(ab))	28,443,235	24	24,243,393	22
2180	Accounts payable to related parties (notes 6(ab) and 7)	2,260,495	2	1,626,103	2
2200	Other payables (notes 3(a) and 6(z) and (ab))	10,025,492	8	11,064,170	10
2220	Other payables to related parties (notes 6(ab) and 7)	13,394	-	5,946	-
2300	Other current liabilities (note 3(a))	2,111,070	2	866,198	1
2322	Current portion of long-term debt (notes 6(o), (ab) and (ae) and 8)	2,340,508	2	1,704,031	2
2355	Lease obligations payable－current (notes 6(p), (ab) and (ae))	20,946	-	27,709	-
2250	Provisions－current (note 6(q))	410,124	-	470,787	-
	Total current liabilities	61,335,721	51	56,338,130	52
	Non-current liabilities:				
2503	Financial liabilities at fair value through profit or loss－non-current (notes 6(b), (j) and (ab))	96,721	-	9,628	-
2540	Long-term debt (notes 6(o), (ab) and (ae) and 8)	16,234,476	14	13,005,122	12
2613	Lease obligations payable－non-current (notes 6(p), (ab) and (ae))	17,068	-	31,726	-
2550	Provisions－non-current (note 6(q))	620,633	-	563,666	1
2570	Deferred income tax liabilities (note 6(t))	678,632	1	528,599	-
2670	Other non-current liabilities (notes 6(s) and (ab))	964,386	1	918,059	1
	Total non-current liabilities	18,611,916	16	15,056,800	14
	Total liabilities	79,947,637	67	71,394,930	66
	Equity attributable to shareholders of the Company (note 6(u)):				
3110	Common stock	19,667,820	16	19,667,820	18
3260	Capital surplus	2,146,076	2	2,173,633	2
3300	Retained earnings	10,801,845	9	9,501,437	9
3400	Other equity	(168,422)	-	(383,980)	(1)
	Total equity attributable to shareholders of the Company	32,447,319	27	30,958,910	28
36XX	Non-controlling interests (notes 6(j) and (u))	7,412,327	6	6,585,576	6
	Total equity	39,859,646	33	37,544,486	34
	Total liabilities and equity	$ 119,807,283	100	108,939,416	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(r), (x) and (y), 7 and 14)**	$ 155,783,161	100	136,862,492	100
5000	**Operating costs (notes 6(g), (k), (l), (m), (q), (r), (s) and (z), 7 and 12)**	(136,540,185)	(88)	(120,529,445)	(88)
	Gross profit	19,242,976	12	16,333,047	12
	Operating expenses (notes 6(e), (k), (m), (q), (r), (s), (v) and (z), 7 and 12):				
6100	Selling expenses	(7,963,189)	(5)	(6,572,404)	(5)
6200	Administrative expenses	(3,015,215)	(2)	(2,731,022)	(2)
6300	Research and development expenses	(3,710,837)	(2)	(3,565,713)	(3)
6400	Other operating expenses	48,673	-	(62,000)	-
6450	Expected credit loss	(26,249)	-	-	-
	Total operating expenses	(14,666,817)	(9)	(12,931,139)	(10)
	Operating income	4,576,159	3	3,401,908	2
	Non-operating income and loss:				
7010	Other income (note 6(aa))	453,514	-	233,562	-
7020	Other gains and losses－net (notes 6(d), (h), (i), (j), (r), (aa), (ab) and (ac) and 7)	276,633	-	1,048,133	1
7050	Finance costs (note 6(aa))	(848,789)	-	(660,210)	-
7060	Share of profits (losses) of associates and joint ventures (note 6(i))	1,155,594	1	2,395,799	2
	Total non-operating income and loss	1,036,952	1	3,017,284	3
	Income before income tax	5,613,111	4	6,419,192	5
7950	**Income tax expense (note 6(t))**	(1,162,457)	(1)	(762,822)	(1)
	Net income	4,450,654	3	5,656,370	4
	Other comprehensive income:				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (notes 6(s) and (u))	(53,899)	-	5,861	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(u) and (ab))	80,429	-	-	-
8320	Share of other comprehensive income of associates (notes 6(i) and (u))	(68,022)	-	(6,222)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(41,492)	-	(361)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations (note 6(u))	254,541	-	(967,810)	(1)
8362	Change in fair value of available-for-sale financial assets (notes 6(u) and (ab))	-	-	(181,851)	-
8370	Share of other comprehensive income of associates and joint ventures (notes 6(i) and (u))	(61,967)	-	(126,978)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		192,574	-	(1,276,639)	(1)
	Other comprehensive income for the year, net of income tax	151,082	-	(1,277,000)	(1)
	Total comprehensive income for the year	**$ 4,601,736**	**3**	**4,379,370**	**3**
	Net income attributable to:				
8610	Shareholders of the Company	$ 4,035,064	3	5,291,387	4
8620	Non-controlling interests	415,590	-	364,983	-
		$ 4,450,654	**3**	**5,656,370**	**4**
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	$ 4,250,635	3	4,048,715	3
8720	Non-controlling interests	351,101	-	330,655	-
		$ 4,601,736	**3**	**4,379,370**	**3**
	Earnings per share (in New Taiwan dollars) (note 6(w)):				
9750	Basic earnings per share	**$ 2.05**		**2.69**	
9850	Diluted earnings per share	**$ 2.03**		**2.66**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company													
			Retained earnings				Total other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Remeasurements of defined benefit plans	Total other equity interest	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 19,667,820	2,177,332	459,607	-	6,346,595	6,806,202	1,018,614	-	131,797	(291,719)	858,692	29,510,046	3,435,285	32,945,331
Net income in 2017	-	-	-	-	5,291,387	5,291,387	-	-	-	-	-	5,291,387	364,983	5,656,370
Other comprehensive income in 2017	-	-	-	-	-	-	(1,139,104)	-	(101,431)	(2,137)	(1,242,672)	(1,242,672)	(34,328)	(1,277,000)
Total comprehensive income in 2017	-	-	-	-	5,291,387	5,291,387	(1,139,104)	-	(101,431)	(2,137)	(1,242,672)	4,048,715	330,655	4,379,370
Appropriation of earnings:														
Legal reserve	-	-	434,227	-	(434,227)	-	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,596,152)	(2,596,152)	-	-	-	-	-	(2,596,152)	-	(2,596,152)
Changes in equity of associates and joint ventures accounted for using equity method	-	35,636	-	-	-	-	-	-	-	-	-	35,636	-	35,636
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(2,706)	-	-	-	-	-	-	-	-	-	(2,706)	(794)	(3,500)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(35,137)	(35,137)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	3,673	3,673
Changes in ownership interests in subsidiaries	-	(56,756)	-	-	-	-	-	-	-	-	-	(56,756)	56,756	-
Capital injection from non-controlling interests	-	20,127	-	-	-	-	-	-	-	-	-	20,127	2,054	22,181
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,793,084	2,793,084
Balance at December 31, 2017	19,667,820	2,173,633	893,834	-	8,607,603	9,501,437	(120,490)	-	30,366	(293,856)	(383,980)	30,958,910	6,585,576	37,544,486
Effects of retrospective application	-	-	-	-	(79,500)	(79,500)	-	30,353	(30,366)	-	(13)	(79,513)	(699)	(80,212)
Restated balance at January 1, 2018	19,667,820	2,173,633	893,834	-	8,528,103	9,421,937	(120,490)	30,353	-	(293,856)	(383,993)	30,879,397	6,584,877	37,464,274
Net income in 2018	-	-	-	-	4,035,064	4,035,064	-	-	-	-	-	4,035,064	415,590	4,450,654
Other comprehensive income in 2018	-	-	-	-	-	-	248,819	16,637	-	(49,885)	215,571	215,571	(64,489)	151,082
Total comprehensive income in 2018	-	-	-	-	4,035,064	4,035,064	248,819	16,637	-	(49,885)	215,571	4,250,635	351,101	4,601,736
Appropriation of earnings:														
Legal reserve	-	-	529,139	-	(529,139)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	383,979	(383,979)	-	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,655,156)	(2,655,156)	-	-	-	-	-	(2,655,156)	-	(2,655,156)
Changes in equity of associates and joint ventures accounted for using equity method	-	9,086	-	-	-	-	-	-	-	-	-	9,086	-	9,086
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(439,028)	(439,028)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	2,289	2,289
Capital injection from non-controlling interests	-	5,986	-	-	-	-	-	-	-	-	-	5,986	(1,072)	4,914
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(42,630)	-	-	-	-	-	-	-	-	-	(42,630)	(46,768)	(89,398)
Changes in ownership interests in subsidiaries	-	1	-	-	-	-	-	-	-	-	-	1	(1)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	960,929	960,929
Balance at December 31, 2018	$ 19,667,820	2,146,076	1,422,973	383,979	8,994,893	10,801,845	128,329	46,990	-	(343,741)	(168,422)	32,447,319	7,412,327	39,859,646

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Income before income tax	$ 5,613,111	6,419,192
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	2,018,660	1,815,685
Amortization	467,629	262,892
Expected credit loss / Provision for bad debt expense	26,249	22,563
Interest expense	848,789	660,210
Interest income	(185,434)	(84,640)
Dividend income	(35,321)	(93,842)
Share-based compensation cost	2,289	3,673
Share of profits of associates and joint ventures	(1,155,594)	(2,395,799)
Gain on disposal of property, plant and equipment	(10,404)	(182,793)
Gain on disposal of non-current assets held for sale	(156,703)	-
Gain on disposal of investments	(14,727)	(597,977)
Impairment loss on financial assets	-	1,755
Gain on bargain purchase	(253)	-
Impairment loss on non-financial assets	2,815	1,455
Impairment loss on investments accounted for using equity method	-	7,098
Total adjustments to reconcile profit	1,807,995	(579,720)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	637,787	303,516
Increase in notes and accounts receivable	(274,728)	(1,958,405)
Decrease in notes and accounts receivable from related parties	1,140,185	377,687
Decrease (increase) in other receivable	(254,826)	21,192
Decrease (increase) in other receivable from related parties	(15,156)	425
Increase in inventories	(3,945,789)	(1,948,916)
Increase in other current assets	(27,761)	(272,674)
Decrease (increase) in other non-current assets	(66,632)	79,427
Net changes in operating assets	(2,806,920)	(3,397,748)
Changes in operating liabilities:		
Decrease in financial liabilities at fair value through profit or loss	(23,365)	(34,480)
Increase (decrease) in notes and accounts payable	3,419,447	(1,548,801)
Increase (decrease) in accounts payable to related parties	634,392	(798,153)
Increase (decrease) in other payable to related parties	7,448	(15,764)
Decrease in provisions	(4,696)	(41,074)
Increase in contract liabilities	246,134	-
Increase in other payables and other current liabilities	326,612	799,581
Decrease in other non-current liabilities	(88)	(12,761)
Net changes in operating liabilities	4,605,884	(1,651,452)
Total changes in operating assets and liabilities	1,798,964	(5,049,200)
Total adjustments	3,606,959	(5,628,920)
Cash provided by operations	9,220,070	790,272
Interest received	187,805	78,389
Dividends received	1,314,864	624,912
Interest paid	(841,475)	(587,669)
Income taxes paid	(922,998)	(570,095)
Net cash provided by operating activities	8,958,266	335,809

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QISDA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(11,187)	-
Purchase of available-for-sale financial assets	-	(43,467)
Proceeds from disposal of available-for-sale financial assets	-	539,525
Purchase of investments accounted for using equity method	(2,870,093)	-
Proceeds from disposal of non-current assets held for sale	311,923	-
Additions to property, plant and equipment	(2,849,797)	(3,515,652)
Proceeds from disposal of property, plant and equipment	31,649	281,822
Additions to intangible assets	(121,694)	(80,060)
Additions to investment property	(22,660)	(50,623)
Decrease (increase) in other financial assets	1,037,911	(410,210)
Acquisition of subsidiary, net of cash used	(189,761)	(3,572,131)
Net cash flows used in investing activities	(4,683,709)	(6,850,796)
Cash flows from financing activities:		
Increase in short-term borrowings	5,501,139	11,207,863
Decrease in short-term borrowings	(7,748,285)	(2,916,514)
Increase in long-term debt	17,966,813	12,881,188
Repayments of long-term debt	(14,417,367)	(11,234,255)
Decrease in lease obligation payable	(21,421)	(49,380)
Cash dividends distributed to shareholders	(2,655,156)	(2,596,152)
Cash dividends paid to non-controlling interests	(439,028)	(35,137)
Acquisition of subsidiary’s interests from non-controlling interests	(89,398)	(3,500)
Capital injection from non-controlling interests	4,914	22,181
Net cash provided by (used in) financing activities	(1,897,789)	7,276,294
Effects of foreign exchange rate changes	605,255	(950,026)
Net increase (decrease) in cash and cash equivalents	2,982,023	(188,719)
Cash and cash equivalents at beginning of year	6,636,634	6,825,353
Cash and cash equivalents at end of year	**$ 9,618,657**	**6,636,634**

See accompanying notes to consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

Qisda Corporation (the "Company") was incorporated on April 21, 1984, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 157, Shan-Ying Road, Gueishan, Taoyuan, Taiwan. The Company and subsidiaries (collectively the "Group") are engaged in the sales, manufacturing and services of high-end monitors and opto-mechatronics products; the sales and services of smart business solution; the sales, manufacturing and services of medical equipments; as well as providing medical services.

2. Authorization of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on March 21, 2019.

3. Application of New and Revised Accounting Standards and Interpretations

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying consolidated financial statements, the Group has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC, with effective date from January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	January 1, 2018
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018
Amendment to IAS 7 *Statement of Cash Flows—Disclosure Initiative*	January 1, 2017
Amendment to IAS 12 *Income Taxes—Recognition of Deferred Tax Assets for Unrealized Losses*	January 1, 2017
Amendments to IAS 40 *Transfers of Investment Property*	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	January 1, 2018

(Continued)

Except for the following items, the initial application of the above IFRSs did not have any material impact on the consolidated financial statements.

(i) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model framework to determine the method, timing and amount of revenue recognized. This Standard replaces the existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. The Group applies this standard retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application. The Group elected not to restate the comparative information for the prior reporting period; but instead, continues to apply IAS 11, IAS 18, and the related Interpretations, for comparative reporting period. The Group recognizes the cumulative effect upon the initial application of this Standard as an adjustment to the opening balance of its retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, meaning, it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts of the changes in accounting policies:

1) Sales of goods

Under IAS 18, revenue for the sale of goods is recognized when the related significant risks and rewards of ownership of the goods have been transferred to the customers, the revenue and the cost incurred, or to be incurred, can be measured reliably, the economic benefits of the transaction will probably flow to the Group, and there is neither continuing managerial involvement to the degree usually associated with ownership nor effect control over the goods sold. Under IFRS 15, revenue is recognized when a customer obtains control of the goods.

2) Rending of services

Under IAS 18, the Group's revenue from medical services rendered was recognized by reference to the stage of completion at the reporting date. Under IFRS 15, The Group's revenue is recognized when medical services are provided to the customers and the performance obligation is satisfied.

(Continued)

3) Impacts on consolidated financial statements

The following tables summarize the impacts of adopting IFRS 15 on the Group's consolidated financial statements.

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Other payable (Note 2)	$ 11,849,532	(1,824,040)	10,025,492	11,064,170	(1,675,779)	9,388,391
Other current liabilities (Note 1 and 2)	1,163,818	947,252	2,111,070	866,198	1,045,125	1,911,323
Contract liabilities—current (Note 1)	-	876,788	876,788	-	630,654	630,654
Impact on liabilities		$ -			-	

Note 1: For certain contracts, the Group has received a part of the considerations but does not satisfy its obligations. Under IFRS 15, contract liabilities are recognized for such situation, different from deferred revenues under other current liabilities prior to the adoption of IFRS 15.

Note 2: Prior to the adoption of IFRS 15, rebate payables were recognized as other payables. Under IFRS 15, rebate payables are recognized as refund liabilities under other current liabilities.

	For the year ended December 31, 2018		
Impacted line items on the consolidated statement of cash flows	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balance upon adoption of IFRS 15**
Cash flows from operating activities:			
Income before income tax	$ 5,613,111	-	5,613,111
Adjustments:			
Increase in contract liabilities	-	246,134	246,134
Increase in other payables and other current liabilities	572,746	(246,134)	326,612
Impact on net cash flows provided by (used in) operating activities		$ -	

(ii) IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the consolidated statements of comprehensive income. Previously, the Group's approach was to include the impairment of accounts receivable in selling expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: "Disclosures" that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to IFRS 9 are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which financial assets are managed and their contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available-for-sale. Please refer to note 4(g) for an explanation of how the Group classifies and measures its financial assets and accounts for related gains and losses under IFRS 9.

The adoption of IFRS 9 did not have any significant impact on the Group's accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Please refer to note 4(g) for more details.

3) Transition

The adoption of IFRS 9 have generally been applied retrospectively, except as described below:

- The differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, and therefore, is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

(Continued)

－The determination of the business model within which a financial asset is held.

－ The designation and revocation of financial assets and financial liabilities previously designated as measured at FVTPL.

－ The designation of investments in equity instruments not held for trading as measured at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the measurement categories and carrying amounts under IAS 39 and IFRS 9 for each class of the Group's financial assets as of January 1, 2018. There were no changes in the categories and carrying amounts of financial liabilities.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and cash equivalents	Loans and receivables (Note 1)	$ 6,636,634	Amortized cost	6,636,634
Derivative instruments	Held-for-trading	41,680	Mandatorily at FVTPL	41,680
Open-end mutual funds	Designated as measured at FVTPL	1,002,021	Mandatorily at FVTPL	1,002,021
Equity instruments	Available-for-sale financial assets (Note 2)	667,254	FVOCI	667,254
Notes and accounts receivable and other receivables (including related parties)	Loans and receivables (Note 1)	28,355,020	Amortized cost	28,274,821
Other financial assets	Loans and receivables (Note1)	1,423,701	Amortized cost	1,423,701

Note1: Cash and cash equivalents, notes and accounts receivable, other receivables, and other financial assets, that were previously classified as loans and receivables under IAS 39 are now classified as financial assets measured at amortized cost. In addition, an allowance for impairment of accounts receivable of $80,199 thousand was recognized in retained earnings of $79,500 thousand and non-controlling interests of $699 thousand on January 1, 2018 upon the initial application of IFRS 9.

Note2: These equity instruments represent investments that the Group intends to hold for long-term strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

(Continued)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	IAS 39 Carrying Amount as of December 31, 2017	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018	Adjustment in non-controlling interests on January 1, 2018
Financial assets at fair value through other comprehensive income:							
Beginning balance of available-for-sale (IAS 39)	$ 667,254	(667,254)	-		-	-	-
From available-for-sale to FVOCI	-	667,254	-		-	-	-
Total	$ 667,254	-	-	667,254	-	-	-
Financial assets measured at amortized cost:							
Beginning balance of cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets (IAS 39)	$ 36,415,355	-	-		-	-	-
Adjustments for allowance of impairment	-	-	(80,199)		(79,500)	-	(699)
Total	$ 36,415,355	-	(80,199)	36,335,156	(79,500)	-	(699)
Investments accounted for using equity method (Note 1)	$ 16,748,411	-	(13)	16,748,398	-	(13)	-

Note 1: There is a decrease of $13 thousand in investments accounted for using equity method and other equity-unrealized gains (losses) on financial assets at fair value through other comprehensive income on January 1, 2018 upon the initial application of IFRS 9.

There were no material impacts on the Group's basic and diluted earnings per share for the year ended December 31, 2018.

(iii) Amendments to IAS 7 *Disclosure Initiative*

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group presents a reconciliation between the beginning and ending balances for liabilities with changes arising from financing activities in note 6(ae).

(b) Impact of IFRSs endorsed by the FSC but not yet in effect

According to Ruling No. 1070324857 issued by the FSC on July 17, 2018, commencing from 2019, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2019. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 *Leases*	January 1, 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	January 1, 2019
Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IAS 28 *Long-term interests in associates and joint ventures*	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

Except for the items discussed below, the Group believes that the initial adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

(i) IFRS 16 *Leases*

IFRS 16 replaces the existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard, i.e., the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of lease to all its contracts; or
- A practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of lease upon transition. This means that the Group will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment in the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

(Continued)

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics;
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application; and

3) So far, the most significant impact identified is that the Group will have to recognize the right-of-use assets and lease liabilities for the operating leases of its offices, factory facilities, and warehouses. The Group estimated its right-of-use assets and lease liabilities to increase by $4,218,890 thousand and $1,963,191 thousand, respectively, as well as the long-term prepaid rent, rental payables, lease obligations payable, retained earnings, and non-controlling interests, to decrease by $2,374,662 thousand, $22,335 thousand, $38,014 thousand, $45,080 thousand, and $13,534 thousand, respectively, on January 1, 2019.

However, the actual impacts of adopting the amended standards and new interpretations may change depending on the economic conditions and events which may occur in the future.

(c) Impact of IFRSs issued by the IASB but not yet endorsed by the FSC

A summary of new and amended standards issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 *Definition of a Business*	January 1, 2020
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
IFRS 17 *Insurance Contracts*	January 1, 2021
Amendments to IAS 1 and IAS 8 *Definition of Material*	January 1, 2020

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 *Definition of Material*	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

(Continued)

The Group is currently evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards. The results thereof will be disclosed when the Group completes its evaluation.

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments and contingent consideration measured at fair value);
2) Financial assets measured at fair value through other comprehensive income (Available-for-sale financial assets measured at fair value); and
3) The defined benefit liabilities (assets) are recognized as the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling mentioned in note 4(s).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(Continued)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized in equity and attributed to the shareholders of the Company.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Percentage of Ownership		
Name of Investor	**Name of Investee**	**Main Business and Products**	**December 31, 2018**	**December 31, 2017**	**Note**
The Company	Qisda Sdn. Bhd. ("QLPG")	Leasing and management services	100.00 %	100.00 %	-
The Company/ QALA	Qisda Mexicana S.A. De C.V. ("QMMX")	Manufacture of computer peripheral products	100.00 %	100.00 %	-
The Company	Qisda America Corp. ("QALA")	Sales of electronic products	100.00 %	100.00 %	-
The Company	Qisda Japan Co., Ltd. ("QJTO")	Sales and maintenance of electronic products in Japanese market	100.00 %	100.00 %	-
The Company	BenQ Corp. ("BenQ")	Manufacture and sales of brand-name electronic products	100.00 %	100.00 %	-
The Company/ BenQ/APV/ Darly C	BenQ Material Corp. ("BMC")	R&D, manufacture and sales of optoelectronics film	43.56 %	43.56 %	(Note 3)
The Company/ APV	BenQ Dialysis Technology Corp. ("BDT")	Manufacture and sales of medical consumables and equipment	92.86 %	92.86 %	-
The Company	Qisda Optronics Corp. ("QTOS")	Manufacture of computer peripheral products	100.00 %	100.00 %	-
The Company	Qisda (L) Corp. ("QLLB")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Darly Venture (L) Ltd. ("Darly")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Darly Venture Inc. ("APV")	Investment and holding activity	100.00 %	100.00 %	-

(Continued)

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	December 31, 2017	Note
The Company/ BenQ/Darly/ APV/ Darly2	BenQ BM Holding Cayman Corp. ("BBHC")	Investment and holding activity	70.72 %	70.76 %	-
The Company/ APV/ Darly2	Partner Tech Corp. ("PTT")	Manufacture, sales and import and export of POS terminals and peripherals	68.23 %	68.23 %	(Note 4)
The Company/ APV/ Darly2	DFI Inc. ("DFI")	Manufacture and sales of industrial motherboards and component	55.09 %	55.00 %	(Note 6)
The Company/ Darly2	K2 International Medical Inc. ("K2")	Sales of medical consumables and equipment	37.56 %	-	(Notes 7 and 10)
The Company/ Darly2	Data Image Corporation ("DIC")	Manufacture and sales of marine display modules	33.14 %	-	(Notes 7 and 10)
QLLB	Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and communication devices	100.00 %	100.00 %	-
QLLB	Qisda (Hong Kong) Limited ("QCHK")	Investment and holding activity	100.00 %	100.00 %	-
QLLB	BenQ Medical (Shanghai) Co., LTD ("BDTcn")	Sales of medical consumables and equipment	100.00 %	100.00 %	-
QCHK/ QCES	Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	100.00 %	100.00 %	-
QCHK	Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	100.00 %	100.00 %	-
QCHK	Qisda Optronics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	100.00 %	100.00 %	-
QCHK	Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPS")	Manufacture of plastic parts	100.00 %	100.00 %	-
APV/Darly 2/ Darly C	BenQ ESCO Corp. ("BES")	Energy service	83.00 %	83.00 %	-
BenQ	BenQ (Hong Kong) Limited ("BQHK")	Sales of brand-name electronic products in HK markets	100.00 %	100.00 %	-
BenQ	BenQ Europe B.V. ("BQE")	Sales of brand-name electronic products in European markets	100.00 %	100.00 %	-
BenQ	BenQ Asia Pacific Corp. ("BQP")	Sales of brand-name electronic products in Asia markets	100.00 %	100.00 %	-
BenQ	BenQ America Corporation ("BQA")	Sales of brand-name electronic products in North America markets	100.00 %	100.00 %	-

(Continued)

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017	Note
BenQ	BenQ Latin America Corp. (“BQL”)	Sales of brand-name electronic products in Latin America markets	100.00 %	100.00 %	-
BenQ	Mainteq Europe B.V. (“MQE”)	Maintenance of brand-name monitors and projectors in European markets	100.00 %	100.00 %	-
BenQ	Darly2 Venture Co., Ltd. (“Darly 2”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ	BenQ Intelligent Technology (Hong Kong) Co., Ltd. (“BQHK_HLD”)	Sales of brand-name electronic products in HK markets	100.00 %	100.00 %	-
BenQ/Darly 2	Zowie Gear Corporation (“ZGC”)	Assembly and sales of gaming electronic products	90.20 %	90.20 %	-
BenQ/Darly/ Darly 2	BenQ Guru Holding Limited (“GSH”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ/APV/ Darly 2	BenQ Medical Technology Corp. (“BMTC”)	Manufacture and sales of medical consumables and equipment	54.96 %	54.96 %	-
BenQ/BQP	PT BenQ Teknologi Indonesia (“BQid”)	Sales of brand-name electronic products	100.00 %	-	(Note 5)
BQP	BenQ Korea Co., Ltd. (“BQkr”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
BQP	BenQ Japan Co., Ltd. (“BQjp”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Australia Pty Ltd. (“BQau”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ (M.E.) FZE (“BQme”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ India Private Ltd. (“BQin”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Singapore Pte Ltd. (“BQsg”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Service & Marketing (M) Sdn. Bhd (“BQmy”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ (Thailand) Co., Ltd. (“BQth”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQHK	BenQ Co., Ltd. (“BQC”)	Lease of real estate	100.00 %	100.00 %	-
BQHK_HLD	BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQHK_HLD	ShengCheng Trading (Shanghai) Co., Ltd (“BQsha_EC2”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQHK_HLD	BenQ Intelligent Technology (Shanghai) Co., Ltd (“BQC_RO”)	Sales of brand name electronic products in China markets	100.00 %	-	(Note 5)

(Continued)

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017	Note
GSH	Guru Systems (Suzhou) Co., Ltd. (“GSS”)	R&D and sales of computer information systems	100.00 %	100.00 %	-
GSH/APV	BenQ GURU Corp. (“GST”)	R&D and sales of computer information systems	99.96 %	99.96 %	-
BQA	BenQ Canada Corp. (“BQca”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BenQ/BQL	BenQ Mexico S. de R.L. de C.V. (“BQmx”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQL	Joytech LLC. (“Joytech”)	Investment and holding activity	100.00 %	100.00 %	-
BQL	Vivitech LLC. (“Vivitech”)	Investment and holding activity	100.00 %	100.00 %	-
Joytech/ Vivitech	MaxGen Comercio Industrial Imp E Exp Ltda. (“MaxGen”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQmx/BQL	BenQ Service de Mexico S. de R.L. de C.V. (“BQms”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
BQE	BenQ UK Limited (“BQuk”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Deutschland GmbH (“BQde”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Iberica S.L. Unipersonal (“BQib”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Austria GmbH (“BQat”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Benelux B.V. (“BQnl”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Italy S.R.L. (“BQit”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ France SAS (“BQfr”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Nordic A.B. (“BQse”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ LLC. (“BQru”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
BBHC	BenQ BM Holding Corp. (“BBM”)	Investment and holding activity	70.72 %	70.76 %	-
APV/Darly 2	Darly Consulting Corporation (“Darly C”)	Investment management consulting	100.00 %	100.00 %	-
BMTC	Highview Investments Limited (“Highview”)	Investment and holding activity	54.96 %	54.96 %	-
BMTC	Asiaconnect International Company (“Asiaconnect”)	Sales of medical consumables and equipment	54.82 %	54.82 %	-

(Continued)

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017	Note
BMTC	LILY Medical Corporation (“LILY”)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
BMTC	BenQ AB DentCare Corporation (“BABD”)	Sales of medical consumables and equipment	48.36 %	48.36 %	(Note 2)
BMTC	BenQ Hearing Solution Corporation (“BHS”)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
Highview	BenQ Medical Technology (Shanghai) Ltd. (“BMTS”)	Agency of international and entrepot trade business	54.96 %	54.96 %	-
LILY	LILY Medical (Suzhou) Co., Ltd. (“ALS”)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
BHS	New Best Hearing International Trade Co. Ltd. (“NBHIT”)	Sales of medical consumables and equipment	28.58 %	28.58 %	(Notes 2 and 6)
BMC	BenQ Materials (L) Co. (“BMLB”)	Investment and holding activity	43.56 %	43.56 %	(Note 3)
BMC	Sigma Medical Supplies Corp. (“SMS”)	Manufacture and sales of medical consumables and equipment	38.79 %	-	(Notes 3 and 7)
BMLB	BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Manufacture of optoelectronics	43.56 %	43.56 %	(Note 3)
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	Sales of optoelectronics and medical consumables	43.56 %	43.56 %	(Note 3)
BMLB	BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics	43.56 %	43.56 %	(Note 3)
SMS	Suzhou Sigma Medical Supplies Co., Ltd. (“SMSZ”)	Manufacture and sales of medical consumables and equipment	38.79 %	-	(Notes 3 and 7)
PTT	P&J Investment Holding Co., Ltd. (B.V.I) (“P&J”)	Investment and holding activity	68.23 %	68.23 %	(Note 4)
PTT/PTE	Partner Tech UK Corp., Ltd. (“PTUK”)	Sales, import and export of electronic products	64.34 %	64.34 %	(Note 4)
PTT	Webest Solution Corporation (“WEBEST”)	Sales, import and export of electronic products	68.23 %	68.23 %	(Note 4)
PTT	Partner Tech Middle East FZCO (“PTME”)	Sales, import and export of electronic products	68.23 %	34.80 %	(Note 6)
PTT	Partner-Tech Europe GmbH (“PTE”)	Sales, import and export of electronic products	34.13 %	34.13 %	(Notes 2 and 4)

(Continued)

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	December 31, 2017	Note
PTT/WEBEST	Partner Tech North Africa (“PTNA”)	Sales, import and export of electronic products	39.70 %	39.70 %	(Notes 2 and 6)
PTT	Epoint Systems Pte. Ltd. (“PTSE”)	Software development and Sales of product	34.18 %	-	(Notes 2 and 7)
PTT/P&J	Partner Tech Africa (Pty) Ltd. (“PTA”)	Sales, import and export of electronic products	68.23 %	-	(Note 8)
PTE	Sloga Team D.o.o (“Sloga”)	Sales, import and export of electronic products	30.72 %	30.72 %	(Notes 2 and 4)
PTE	Retail Solution & System S.L. (“RSS”)	Sales, import and export of electronic products	23.21 %	23.21 %	(Notes 2 and 4)
PTME	E-POS International LLC (“E-POS”)	Sales, import and export of electronic products	68.23 %	34.80 %	(Notes 6 and 9)
P&J	P&S Investment Holding Co., Ltd. (B.V.I.) (“P&S”)	Investment and holding activity	68.23 %	68.23 %	(Note 4)
P&J	Partner Trading (Shanghai) Co., Ltd. (“PTCS”)	Sales, import and export of electronic products	-	68.23 %	(Notes 1 and 4)
P&S	Partner Tech USA Inc. (“PTU”)	Sales, import and export of electronic products	68.23 %	68.23 %	(Note 4)
P&S	Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	Sales, import and export of electronic products	68.23 %	68.23 %	(Note 4)
PTT/WEBEST	La Fresh information Co., Ltd. (“PTTN”)	Software development and Sales of product	34.55 %	-	(Notes 2 and 7)
PTT	Corex (Pty) Ltd. (“PCX”)	Sales, import and export of electronic products	68.23 %	-	(Note 7)
PTTN	Xiamen Xinchuan Software Technology Co., Ltd. (“PTTNC”)	Sales, import and export of electronic products	34.55 %	-	(Notes 2 and 7)
DFI	DFI-ITOX, LLC	Sales of industrial motherboards	55.09 %	55.00 %	(Note 6)
DFI	DFI Co., Ltd.	Sales of industrial motherboards	55.09 %	55.00 %	(Note 6)
DFI	Yan Tong Technology Ltd.	Investment and holding activity	55.09 %	55.00 %	(Note 6)
DFI	Diamond Flower Information (NL) B.V.	Sales of industrial motherboards	55.09 %	55.00 %	(Note 6)
DFI	Dual-Tech International Co., Ltd.	Manufacture of industrial motherboards	55.09 %	54.99 %	(Note 6)

(Continued)

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2018	Percentage of Ownership December 31, 2017	Note
Yan Tong Technology Ltd.	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacture and sale of industrial motherboards and component	55.09 %	55.00 %	(Note 6)
Yan Tong Technology Ltd.	Yan Ying Hao Trading (ShenZhen) Co., Ltd	Wholesale, import and export of industrial motherboards and component	55.09 %	55.00 %	(Note 6)
K2	K2 Medical (Thailand) Co., Ltd. (“K2TH”)	Sales of medical consumables	18.40 %	-	(Notes 5 and 10)
DIC	Data Image (Mauritius) Corporation (“DMC”)	Investment and holding activity	33.14 %	-	(Notes 7 and 10)
DMC	Data Image (Suzhou) Corporation	Manufacture and sales of LCD	33.14 %	-	(Note 7)
BBM	Nanjing BenQ Hospital Co., Ltd. (“NMH”)	Hospital	70.72 %	70.76 %	-
BBM/BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Hospital	70.72 %	70.76 %	-
BBM	BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	Medical management consulting	70.72 %	70.76 %	-
BBM	BenQ Healthcare Consulting Corporation (“BHCC”)	Medical management consulting	70.72 %	70.76 %	-
BBM	Suzhou BenQ Investment Co., Ltd. (“BIC”)	Investment and holding activity	70.72 %	70.76 %	-
BBM	Nanjing Silvertown Health & Development Co., Ltd (“NSHD”)	Medical services	70.72 %	-	(Note 5)

Note 1: PTCS was liquidated in 2018.

Note 2: The Group did not own more than half of the ownership of the entities. As the Group owns more than half of the voting rights, directly and indirectly, and has the power to control the management and operating policies of the entities, the entities have been included in the Group’s consolidated entities.

Note 3: The Group did not own more than half of the voting rights of BMC. Since the Group considered the other 56.44% ownership as dispersed and there was no evidence of joint policy-making agreement among those stockholders, it is determined that the Group has power to control BMC and its subsidiaries, BMC and its subsidiaries have been included in the Group’s consolidated entities.

Note 4: Prior to April 10, 2017, PTT were classified as associates. On April 10, 2017, the Group obtained control over PTT. Therefore, PTT and its subsidiaries have been included in the Group’s consolidated entities.

Note 5: BQid, BQC_RO, K2TH and NSHD were newly established in 2018.

Note 6: In 2017, the Group obtained control over the entities. Therefore, the entities have been included in the Group’s consolidated entities.

Note 7: In 2018, the Group obtained control over the entities. Therefore, the entities have been included in the Group’s consolidated entities.

Note 8: Formerly, PTA was classified as an associate. In 2018, the Group obtained control over PTA. Therefore, PTA has been included in the Group’s consolidated entities.

Note 9: PTME originally held 100% ownership of E-POS, however, because of certain legal restrictions, the 51% ownership of E-POS was registered under the name of other parties.

Note 10: Although the Group did not own more than half of the voting rights of K2 and DIC, the Group owns more than half of their total number of directors; therefore, it is determined that the Group has control over those entities. Hence, the entities have been included in the Group’s consolidated entities.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates at the end of the period ("the reporting date") of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies which are measured at fair value are retranslated at the exchange rate prevailing at the date when the fair value is determined. Exchange differences arising on the translation of non-monetary items are recognized in profit or loss, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items denominated in a foreign currency that are measured at historical cost are not retranslated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(f) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’ s cash management are included as a component of cash and cash equivalents.

(g) Financial instruments

(i) Financial assets (applicable commencing January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“ FVOCI”), and fair value through profit or loss (“FVTPL”). A regular way purchase or sale of financial assets is recognized and derecognized on a trade-date basis.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is not designated as at FVTPL and is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

A debt investment is not designated as at FVTPL and is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present the subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Foreign exchange gains and losses, interest income calculated using the effective interest method, and impairment losses deriving from debt investments, are recognized in profit or loss; whereas dividends deriving from equity investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of an investment. Other changes in the carrying amount of financial assets measured at FVOCI are recognized in other comprehensive income and accumulated in other equity as unrealized gain (loss) from financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in other equity of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other equity of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets at fair value through profit or loss (“FVTPL”)

All financial assets not classified as measured at amortized cost, or at FVOCI described above, are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

Financial assets in this category are initially recognized at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value, any changes therein, including any dividend and interest income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets).

The Group measures loss allowances for accounts receivable at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a debt instrument in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable, and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in "other equity–unrealized gains (losses) on financial assets at fair value through other comprehensive income", is recognized in profit or loss, and included in non-operating income and loss.

On derecognition of a debt instrument other than in its entirety, the Group allocates the previous carrying amount of the debt instrument between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, is recognized in profit or loss, and included in non-operating income and loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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(ii) Financial assets (applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Regular way purchases or sales of financial assets are recognized or derecognized on a trade-date basis.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of financial assets held for trading and those designated as at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

At initial recognition, financial assets carried at fair value through profit or loss are recognized at fair value. Any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to the initial recognition, changes in fair value (including dividend income and interest income) are recognized in profit or loss, and included in non-operating income and loss.

2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise accounts receivable, other receivables, and investment in debt security with no active market. At initial recognition, such assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method, less, any impairment losses. Interest income is recognized as non-operating income in profit or loss.

3) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, these assets are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary financial assets, are recognized in other comprehensive income and presented in "unrealized gain/loss from available-for-sale financial assets" in equity. When the financial asset is derecognized, the gain or loss previously accumulated in equity is reclassified to profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less, impairment loss and are reported as financial assets measured at cost.

Dividends received from equity investments are recognized as non-operating income on the date of entitlement to receive dividends (usually the ex-dividend date).

4) Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties. For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, such asset is included in a group of financial assets with similar credit risk characteristics which are then collectively assessed for impairment. Objective evidence that receivables are impaired includes the Group's collection experience in the past, an increase in delayed payments, and national or local economic conditions that correlate with overdue receivables.

An impairment loss is recognized by reducing the carrying amount of the respective financial assets with the exception of receivables, where the carrying amount is reduced through an allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is measured as the excess of the asset's carrying amount over the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

An impairment loss in respect of a financial asset measured at cost is measured as the excess of the asset's carrying amount over the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. A subsequent reversal of the impairment loss is prohibited.

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When an impairment loss is recognized for an available-for-sale asset, the cumulative gains or loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

The impairment loss and the reversal gain for accounts receivable are recognized as selling expenses, and as non-operating income and loss for financial assets other than accounts receivable.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers out substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in other equity – unrealized gains or losses from available-for-sale financial assets is recognized in profit or loss, and included in the non-operating income and loss of the consolidated statement of comprehensive income.

On derecognition of part of a financial asset, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of relative fair values of those parts on the date of transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received or receivable for the part of the financial asset derecognized and the cumulative gain or loss that had been recognized in other comprehensive income allocated to the part derecognized is charged to profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

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2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as a financial liability at fair value through profit or loss on initial recognition and contingent consideration measured at fair value. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorized as financial liabilities at fair value through profit or loss, unless, they are designated as hedges.

At initial recognition, this type of financial liability is recognized at fair value, and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, the financial liabilities are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss and included in the non-operating income and loss of the consolidated statement of comprehensive income.

3) Financial liabilities measured at amortized cost

Financial liabilities not classified as held for trading or not designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value, plus, any directly attributable transaction cost at initial recognition. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in the non-operating income and loss of the consolidated statement of comprehensive income.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments

Derivative financial instruments are held to hedge the Group's foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in non-operating income and loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less, all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Such non-current assets or disposal groups must be available for immediate sale in their present condition, and the sale is highly probable within one year.

Immediately before the initial classification of the non-current assets (or disposal groups) as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Group's applicable accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value, less, costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets within the scope of IAS 36 – Impairment of Assets, which are continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss; nevertheless, the reversal gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated when they are classified as held for sale. Besides, the equity method of accounting is discontinued from the date when equity-method investments are classified as held for sale.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the change in ownership interests of its associate as "capital surplus" in proportion to its ownership.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When an associate issues new shares and the Group does not subscribe to the new shares in proportion to its original ownership percentage, the Group's interest in the associate's net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts. If the Group's capital surplus is insufficient to offset the adjustment to investment accounts, the difference is charged as a reduction of retained earnings. If the Group's interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Joint arrangements

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Joint venturers should account the rights from the joint arrangement as an investment, and account it for using equity method according to IAS 28, unless, the entity is exempted from applying the equity method as specified in the standard.

The Group considered the infrastructure, legal form of the vehicle, provisions of the joint arrangement and other facts and situations when evaluating the classification of the joint arrangement.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

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Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for it to be available for use, and any borrowing cost that is eligible for capitalization.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(m) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The gain or loss arising from the disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in other gains and losses－net.

(ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the costs will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized in profit or loss. All other repairs and maintenance are charged to expense as incurred.

(iii) Depreciation

Depreciation is provided for property, plant and equipment over the estimated useful lives using the straight-line method. When an item of property, plant and equipment comprises significant individual components for which different depreciation methods or useful lives are appropriate, each component is depreciated separately. Land is not depreciated. The depreciation is recognized in profit or loss.

The estimated useful lives for property, plant and equipment are as follows: buildings: 10 to 40 years; machinery and equipment: 2 to 10 years; furniture and fixtures: 3 years; and other equipment: 3 to 10 years.

Land use rights classified as "long-term prepaid rents" are amortized over the shorter of the economic life and the contract period using the straight-line method.

If there is reasonable certainty that the Group will obtain the ownership of the leased property and equipment by the end of the lease term, the depreciation of leased assets is provided over the estimated useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

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Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(n) Leases

(i) The Group as lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on a straight-line basis. Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) The Group as lessee

Leases are classified as finance leases when the Group assumes substantially all of the risks and rewards of ownership of the leased assets. At initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases other than finance lease are classified as operating leases and are not recognized in the Group's balance sheets.

Payments made under an operating lease (excluding insurance and maintenance expenses) are charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor are recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are recognized as expense in the periods when the lease adjustments are confirmed.

(o) Intangible assets

(i) Goodwill

Goodwill arising from the acquisition of subsidiaries is accounted for as intangible assets. Please refer to note 4(v) for the description of the measurement of goodwill at initial recognition. Goodwill is not amortized but is measured at cost, less, accumulated impairment losses.

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(ii) Other intangible assets

Other separately acquired intangible assets including acquired software, trademarks, customer relationships and patents are carried at cost, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 1 to 10 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(p) Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill arising from a business combination is allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. When the recoverable amount of a CGU is less than the carrying amount of the CGU, the impairment loss is recognized firstly by reducing the carrying amount of any goodwill allocated to the CGU and then is proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognized immediately in profit or loss. A subsequent reversal of the impairment loss on goodwill is prohibited.

(ii) Other tangible and intangible assets

Non-financial assets other than inventories, deferred income tax assets, assets arising from employee benefits, and non-current assets held for sale are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the CGU to which the asset has been allocated.

The recoverable amount for an individual asset or a CGU is the higher of its fair value, less, costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is immediately recognized in profit or loss.

The Group assesses at each reporting date whether there is any evidence that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If so, an impairment loss recognized in prior periods for an asset other than goodwill is reversed, and the carrying amount of the asset or CGU is increased to its revised estimate of recoverable amount. The increased carrying amount shall not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years.

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(q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been announced publicly. Provisions are not recognized for future operating losses.

(r) Revenue recognition

(i) Revenue from contracts with customers (applicable commencing January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied. Sales discount and rebates are recognized and estimated based on historical experience and each contractual terms. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (presented under other current liabilities) is recognized for expected sales discounts and rebate payables to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranging from 30 to 120 days, which is consistent with the market practice.

The Group's obligation to provide a refund for faulty goods sold under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(q).

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

2) Rendering of services

The Group's revenue from providing medical services is recognized in the accounting period in which services are rendered.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer, and the payment by the customer, exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Revenue recognition (applicable before January 1, 2018)

Revenue from the sale of goods or services is measured at the fair value of consideration received or receivable, net of returns, rebates, and other similar discounts. Sales returns are recognized estimated based on historical experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Revenue is not recognized for the sale of key components to an original design manufacturer for manufacture or assembly as the significant risks and rewards of the ownership of materials are not transferred.

2) Services

Revenue from services rendered is recognized by reference to the stage of completion at the reporting date.

3) Rental income, interest income, and dividend income

Rental income from investment property is recognized over the lease term on a straight-line basis.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(Continued)

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date, less, the fair value of plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to other equity.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(t) Share-based payment

Share-based payment awards granted to employees are measured at fair value at the date of grant. The fair value determined at the grant date is expensed over the period that the employees become unconditionally entitled to the awards, with a corresponding increase in equity. The compensation cost is adjusted to reflect the number of awards given to employees for which the performance and non-market conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of equity instruments that eventually have vested.

(Continued)

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The grant date of options for employees to subscribe new shaves for a cash injection is the date when the Group informs the exercise price and the shares to which employees can subscribe.

(u) Income taxes

Income tax expenses include both current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) Temporary differences arising from investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and

(iii) Temporary differences arising from initial recognition of goodwill.

Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(Continued)

(v) Business combinations

The Group accounts for business combinations using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

Non-controlling interests in an acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other non-controlling interest is measured at its acquisition-date fair value or other measurement basis in accordance with Taiwan-IFRSs.

In a business combination achieved in stages, the Group shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. The amount previously recognized in other comprehensive income in relation to the changes in the value of the Group's equity interest should be reclassified to profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Contingent consideration as part of the consideration transferred is measured at the acquisition date fair value. Any fluctuation of the fair value during the measurement period after acquisition date is retrospectively adjusted to the acquisition cost and goodwill. The adjustments are to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For the fair value adjustments of the contingent consideration that occurred not during the measurement period, the accounting treatment will be based on the classification of contingent consideration. Contingent consideration classified as equity can not be re-measured and has to be adjusted under owner's equity. Other contingent consideration should be subsequently measured at fair value at the end of each reporting period, and recognized in profit or loss.

(w) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(x) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions on the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the future periods affected.

Information about judgments made in applying the accounting policies that have a significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding significant influence of associates

The Group holds less than 20% of the voting rights in AU Optronics Corp. but has significant influence over the associates as the Group was elected as director and participates in the decision-making on the board.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Group are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value.

(Continued)

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

		December 31, 2018	December 31, 2017
Cash on hand	$	14,847	71,997
Demand deposits and checking accounts		5,978,268	4,260,571
Time deposits with original maturities less than three months		3,625,542	2,304,066
	$	**9,618,657**	**6,636,634**

As of December 31, 2018 and 2017, the time deposits with original maturities of more than three months amounted to $204,383 and $1,053,525, respectively, which were classified as other financial assets－current.

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

		December 31, 2018	December 31, 2017
Financial assets mandatorily measured at fair value through profit or loss－current:			
Foreign currency forward contracts	$	56,164	-
Foreign exchange swaps		7,517	-
Foreign exchange option		1,213	-
Open-end mutual funds		341,020	-
Financial assets held for trading－current:			
Foreign currency forward contracts		-	22,013
Foreign exchange swaps		-	19,667
Open-end mutual funds		-	1,002,021
	$	**405,914**	**1,043,701**
Financial liabilities at fair value through profit or loss－current:			
Foreign currency forward contracts	$	(38,934)	(47,184)
Foreign exchange swaps		(4,845)	(17,300)
Contingent consideration arising from business combinations		(3,335)	(3,047)
	$	**(47,114)**	**(67,531)**

		December 31, 2018	December 31, 2017
Financial liabilities at fair value through profit or loss－ non-current:			
Contingent consideration arising from business combinations	$	(96,721)	(9,628)

Refer to note 6(aa) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

The Group entered into derivative contracts to manage foreign currency exchange risk resulting from operating and financing activities. The derivative financial instruments that did not conform to the criteria for hedge accounting. At each reporting date, the outstanding derivative contracts consisted of the following:

(i) Foreign currency forward contracts

		December 31, 2018		
		Contract amount (in thousands)		Maturity period
USD	Buy/ EUR Sell	EUR	56,932	2019/01~2019/03
JPY	Buy/ USD Sell	USD	46,498	2019/01~2019/03
USD	Buy/ CAD Sell	CAD	4,000	2019/01~2019/03
USD	Buy/ INR Sell	USD	14,000	2019/01~2019/02
TWD	Buy/ USD Sell	USD	7,000	2019/01
EUR	Buy/ GBP Sell	GBP	5,000	2019/03
USD	Buy/ BRL Sell	USD	14,000	2019/01
USD	Buy/ JPY Sell	JPY	800,000	2019/01~2019/03
USD	Buy/ MXN Sell	USD	7,500	2019/01~2019/03
USD	Buy/ CNY Sell	USD	31,500	2019/02~2019/03
USD	Buy/ AUD Sell	AUD	2,000	2019/02
CNY	Buy/ USD Sell	USD	45,260	2019/01~2019/03
MYR	Buy/ USD Sell	MYR	21,000	2019/01
USD	Buy/ ZAR Sell	USD	2,870	2019/01

	December 31, 2017		
	Contract amount (in thousands)		Maturity period
USD Buy/ EUR Sell	EUR	96,769	2018/01~2018/05
JPY Buy/ USD Sell	USD	20,500	2018/01
USD Buy/ CAD Sell	CAD	6,000	2018/01~2018/03
USD Buy/ INR Sell	USD	8,000	2018/01
TWD Buy/ USD Sell	USD	27,300	2018/01~2018/02
EUR Buy/ GBP Sell	GBP	5,000	2018/01~2018/03
USD Buy/ BRL Sell	USD	12,500	2018/01
USD Buy/ JPY Sell	JPY	400,000	2018/01~2018/03
USD Buy/ MXN Sell	USD	7,500	2018/01~2018/03
USD Buy/ CNY Sell	USD	22,000	2018/03~2018/06
USD Buy/ AUD Sell	AUD	1,000	2018/01
CNY Buy/ USD Sell	USD	7,200	2018/01
MYR Buy/ USD Sell	MYR	21,000	2018/01

(ii) Foreign exchange swaps

	December 31, 2018		
	Contract amount (in thousands)		Maturity period
Swap in USD/Swap out TWD	USD	71,000	2019/01~2019/03
Swap in USD/Swap out AUD	AUD	4,000	2019/01
Swap in USD/Swap out JPY	JPY	400,000	2019/01
Swap in TWD/Swap out USD	USD	68,000	2019/01

	December 31, 2017		
	Contract amount (in thousands)		Maturity period
Swap in USD/Swap out TWD	USD	68,000	2018/03~2018/04
Swap in USD/Swap out AUD	AUD	4,000	2018/01
Swap in USD/Swap out JPY	JPY	400,000	2018/01
Swap in TWD/Swap out USD	USD	72,000	2018/01

(iii) Foreign exchange option—call option

	December 31, 2018		
	Contract amount (in thousands)		Maturity period
USD / ZAR	USD	30,000	2019/01

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

		December 31, 2018
Equity investments measured at fair value through other comprehensive income:		
Domestic listed stocks	$	140,592
Domestic emerging stocks		433,080
Privately held stocks		187,954
	$	**761,626**
Current	$	30,380
Non-current		731,246
	$	**761,626**

The Group designated the investments shown above as financial assets measured at fair value through other comprehensive income because these equity investments are held for long-term for strategic purposes and not for trading. These investments were classified as available-for-sale financial assets on December 31, 2017.

No strategic investments were disposed for the year ended December 31, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Available-for-sale financial assets

		December 31, 2017
Domestic listed stocks	$	143,899
Domestic emerging stocks		345,898
Privately held stocks		177,457
	$	**667,254**
Current	$	29,605
Non-current		637,649
	$	**667,254**

(i) On March 14, 2017, Biodenta's Board of Directors approved a capital reduction to offset its accumulated deficit. The Group determined its investment in Biodenta corporation as impaired, and recognized an impairment loss on financial assets of $1,755 in other gains and losses－net in 2017.

(ii) Prior to November 9, 2017, the Group held 8.72% ownership of DFI Inc. ("DFI") classified as available-for-sale financial assets. On November 9, 2017, the Group increased its investments in DFI for $3,450,127 and acquired 46.28% ownership of DFI through tender offer. After the acquisition, the Group's ownership interest in DFI increased to 55% and obtained control over DFI. Therefore, DFI has been included in the Group's consolidated entities. Please refer to note 6(j).

(Continued)

(iii) In 2017, the Group sold part of its investments in available-for-sale securities for $539,525, and recognized a gain on disposal of $236,256 in other gains and losses－net.

(e) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes and accounts receivable	$ 25,210,738	23,977,589
Notes and accounts receivable from related parties	3,097,461	4,237,646
	28,308,199	28,215,235
Less: loss allowance	(198,527)	(89,947)
	$ 28,109,672	28,125,288

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties) on December 31, 2018. Analysis of expected credit loss on notes and accounts receivable (including related parties) as of December 31, 2018 was as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 26,906,123	0.11%	29,897
Past due 1-90 days	1,204,042	1.07%	12,941
Past due 91-180 days	107,998	60.79%	65,653
Past due over 181 days	90,036	100.00%	90,036
	$ 28,308,199		198,527

(ii) As of December 31, 2017, the Group applied the incurred loss model to measure the loss allowance for notes and accounts receivable. The aging analysis of notes and accounts receivable (including related parties) which were past due but not impaired was as follows:

	December 31, 2017
Past due 1-90 days	$ 768,754
Pass due 91-180 days	30,664
Pass due over 181 days	7,478
	$ 806,896

The allowance for doubtful receivables is assessed by referring to the collectability of receivables based on historical payment behavior and an analysis of specific customer credit quality. Notes and accounts receivable that are past due but for which the Group has not recognized a specific allowance for doubtful receivables after the assessment are still considered recoverable.

(Continued)

(iii) Movements of the loss allowance for notes and accounts receivable (including related parties) were as follows:

		2017	
	2018	**Individually assessed impairment**	**Collectively assessed impairment**
Balance at January 1 (per IAS 39)	$ 89,947	89,673	-
Adjustment on initial application of IFRS 9	80,199		
Balance at January 1 (per IFRS 9)	170,146		
Impairment losses	26,249	22,563	-
Write-off	(23,424)	(29,483)	-
Effect of exchange rate changes	(1,832)	(1,494)	-
Acquisition through business combination	27,388	8,688	-
Balance at December 31	**$ 198,527**	**89,947**	**-**

(iv) The Group entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only the risk of loss due to commercial disputes. Thus, these contracts met the conditions of financial asset derecognition. Details of these contracts at each reporting date were as follows:

December 31, 2018

Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral	
Chinatrust Commercial Bank	$ 2,245,817	3,593,655	2,019,781		None	-
Mega International Commercial Bank	17,161	100,000	-		Promissory note	100,000
Taishin International Bank	3,675,009	5,866,565	3,675,009		None	-
Taipei Fubon Bank	-	1,228,600	-		None	-
Crefo Factoring Nord GmbH	43,579	423,132	36,762		None	-
	$ 5,981,566	**11,211,952**	**5,731,552**	2.392%～3.648%		**100,000**

December 31, 2017

Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral	
Chinatrust Commercial Bank	$ -	3,252,560	-		None	-
Mega International Commercial Bank	13,227	338,720	-		Promissory note	338,720
Taishin International Bank	2,610,837	5,102,640	2,610,837		None	-
Taipei Fubon Bank	-	1,641,200	-		Promissory note	89,520
Crefo Factoring Nord GmbH	27,751	428,976	22,978		None	-
	$ 2,651,815	**10,764,096**	**2,633,815**	1.9175%～3.5%		**428,240**

The factored accounts receivable, net of the advance amount, were classified as “ other receivables” in the accompanying consolidated balance sheets.

Please refer to note 7 for the detail of factored accounts receivable from related parties which met the conditions of derecognition.

(Continued)

Please refer to note 8 for a description of the Group's notes and accounts receivable pledged as collateral to secure for the bank loans.

(f) Other receivables

	December 31, 2018	December 31, 2017
Other receivables (note 6(e))	$ 611,589	252,098
Other receivables from related parties	22,568	7,412
	634,157	259,510
Less: loss allowance	(30,653)	(29,778)
	$ 603,504	229,732

As of December 31, 2018, except for other receivables amounting to $30,653, wherein the loss allowance is fully provided, no loss allowance was provided for the remaining receivables after the management's assessment.

As of December 31, 2017, except for other receivables amounting to $29,778, for which the loss allowance is fully provided, the Group expected that other receivables could be collected within one year, and no loss allowance was provided for after management's assessment.

(g) Inventories

	December 31, 2018	December 31, 2017
Raw materials	$ 4,502,471	3,880,656
Work in process	1,698,504	1,284,192
Finished goods	12,021,590	10,229,649
Inventories in transit	6,840,489	4,784,841
	$ 25,063,054	20,179,338

For the years ended December 31, 2018 and 2017, the cost of inventories sold amounted to $131,771,609 and $116,887,037, respectively.

For the years ended December 31, 2018 and 2017, the write-downs of inventories to net realizable value amounted to $254,545, and $255,531, respectively and were included in cost of sales.

Please refer to note 8 for a description of the Group's inventories pledged as collateral to secure for the bank loans.

(h) Non-current assets held-for-sale

QMMX decided to dispose its plants and land. In the fourth quarter of 2017, an active programme to locate a buyer have been initiated, and the plants and land are expected to be disposed within twelve months. Therefore, on December 31, 2017, the plants and land were classified under non-current assets held for sale as follows:

	December 31, 2018	December 31, 2017
Property and plant	$ -	155,220

The above non-current assets held-for-sale has been sold in the first quarter of 2018, and the gain on disposal of non-current assets held-for-sale of $156,703 was recognized in other gains and losses－net.

(i) Investments accounted for using equity method

A summary of the Group's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2018	December 31, 2017
Associates	$ 19,354,528	16,737,022
Joint ventures	28,064	11,389
	$ 19,382,592	16,748,411

(i) Investments in associates

			December 31, 2018		December 31, 2017	
Name of Associates	**Main Business and Relationship**	**Location**	**Percentage of voting rights**	**Carrying amount**	**Percentage of voting rights**	**Carrying amount**
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Group's strategic partners	Taiwan	6.90 %	13,921,968	6.90 %	14,287,092
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Group's strategic partners	Taiwan	28.48 %	2,537,545	28.48 %	2,274,759
Alpha Networks Inc. ("Alpha")	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products, the Group's strategic partners	Taiwan	22.95 %	2,686,449	-	-
Others			-	208,566	-	175,171
				$ 19,354,528		16,737,022

(Continued)

The equity-method was used to account for investments in certain associates of which the Group holds less than 20% of the voting rights but has significant influence over the associates as the Group was elected as director and participates in the decision-making on the board.

On March 15, 2018, the Company subscribed the 100,000 thousand shares of Alpha Networks Inc. ("Alpha") for $2,300,000 through private offering. Furthermore, from March to June 2018, the Group increased its investments in Alpha for $551,441, resulting in its increase of ownership in Alpha to 22.92%.

On April 10, 2017, the Group increased its investments in Partner Tech Corp. ("PTT") for $1,263,098 and acquired 42.06% ownership of PTT through tender offer. After the acquisition, the Group's ownership interest in PTT increased from 26.17% to 68.23% and obtained control over PTT. Therefore, PTT has been included in the Group's consolidated entities. Please refer to note 6(j).

On June 13, 2017, none of the representative of the Group was elected as one of the directors of Raydium Semiconductor Corporation ("RSC"), therefore, it cannot participate in the decision-making for RSC. As a result, the Group lost significant influence over RSC; hence, its investment was reclassified from an associate to available-for-sale financial assets－non-current, recognizing a loss on disposal of $10,477 in other gains and losses－net.

For the years ended December 31, 2018 and 2017, the Group's shares of profits of associates amounted to $1,156,578 and $2,400,275, respectively.

The fair value of the investment in associates which are publicly traded was as follows:

	December 31, 2018	December 31, 2017
AU	$ 8,162,268	8,228,628
DFN	3,129,285	2,363,906
Alpha	2,063,686	-

The summarized financial information in respect of each of the Group's material associates is set out below:

1) The summarized financial information of AU:

	December 31, 2018	December 31, 2017
Current assets	$ 149,067,627	180,175,541
Non-current assets	260,764,148	261,275,743
Current liabilities	(128,937,971)	(107,236,609)
Non-current liabilities	(63,615,116)	(108,969,560)
Equity	**$ 217,278,688**	**225,245,115**
Equity attributable to non-controlling interests of AU	**$ 14,415,973**	**17,090,747**
Equity attributable to shareholders of AU	**$ 202,862,715**	**208,154,368**

(Continued)

	2018	2017
Net sales	$ 307,634,389	341,028,267
Net income	$ 7,959,895	30,258,488
Other comprehensive income	(1,383,775)	(960,183)
Total comprehensive income	$ 6,576,120	29,298,305
Total comprehensive income attributable to non-controlling interests of AU	$ (2,509,140)	(2,456,428)
Total comprehensive income attributable to shareholders of AU	$ 9,085,260	31,754,733

	2018	2017
The Group’s share of equity of associates at January 1	$ 14,362,651	12,505,884
Total comprehensive income attributable to the Group	624,788	2,190,811
Capital surplus attributable to the Group	5,499	37,571
Dividend received from associates	(995,398)	(371,615)
Cumulative effect of investment income recognized under treasury stock method	(75,559)	(75,559)
Adjustment on initial application of IFRS 9	(13)	-
The carrying amount of investments in the associates	$ 13,921,968	14,287,092

2) The summarized financial information of DFN:

	December 31, 2018	December 31, 2017
Current assets	$ 12,741,445	10,028,855
Non-current assets	6,353,987	5,318,722
Current liabilities	(8,968,442)	(6,675,261)
Non-current liabilities	(684,007)	(654,165)
Equity	$ 9,442,983	8,018,151
Equity attributable to non-controlling interests of DFN	$ 532,458	30,390
Equity attributable to shareholders of DFN	$ 8,910,525	7,987,761

	2018	2017
Net sales	$ 20,113,619	17,664,072
Net income	$ 1,525,848	583,044
Other comprehensive income	(36,920)	(331,803)
Total comprehensive income	$ 1,488,928	251,241
Total comprehensive income attributable to non-controlling interests of DFN	$ 6,164	2,298
Total comprehensive income attributable to shareholders of DFN	$ 1,482,764	248,943

(Continued)

	2018	2017
The Group's share of equity of associates at January 1	$ 2,274,759	2,360,089
Total comprehensive income attributable to the Group	422,240	70,871
Capital surplus attributable to the Group	-	3,253
Dividend received from associates	(159,454)	(159,454)
The carrying amount of investments in the associates	**$ 2,537,545**	**2,274,759**

3) The summarized financial information of Alpha:

	December 31, 2018
Current assets	$ 12,517,041
Non-current assets	2,412,034
Current liabilities	(4,173,154)
Non-current liabilities	(362,170)
Equity	**$ 10,393,751**
Equity attributable to non-controlling interests of Alpha	**$ -**
Equity attributable to shareholders of Alpha	**$ 10,393,751**

	2018
Net sales	**$ 15,608,222**
Net loss	$ (88,009)
Other comprehensive income	(76,053)
Total comprehensive income	**$ (164,062)**
Total comprehensive income attributable to non-controlling interests of Alpha	**$ -**
Total comprehensive income attributable to shareholders of Alpha	**$ (164,062)**

	2018
The Group's share of equity of associates at January 1	$ -
Purchase of investments	2,851,441
Total comprehensive income attributable to the Group	(44,913)
Capital surplus attributable to the Group	4,613
Dividend received from associates	(124,692)
The carrying amount of investments in the associates	**$ 2,686,449**

4) Aggregate financial information of associates that were not individually material was summarized as follows. The financial information was included in the Group's consolidated financial statements.

(Continued)

		December 31, 2018	December 31, 2017
The aggregate carrying amount of associates that were not individually material	$	**208,566**	**175,171**

		2018	2017
Attributable to the Group:			
Net income	$	36,507	2,394
Other comprehensive income		(11,040)	3,294
Total comprehensive income	$	**25,467**	**5,688**

(ii) Joint venture

Aggregate financial information of joint ventures, that is not individually material, was summarized as follows. The financial information was included in the Group's consolidated financial statement:

		December 31, 2018	December 31, 2017
The aggregate carrying amount of associates that were not individually material	$	**28,064**	**11,389**

		2018	2017
Attributable to the Group:			
Net loss	$	(984)	(4,476)
Other comprehensive income		(993)	(295)
Total comprehensive income	$	**(1,977)**	**(4,771)**

(iii) Pledge as collateral

Refer to note 8 for a description of the Group's investments accounted for using the equity method pledged as collateral for long-term debt and credit facilities.

(j) Business combination

(i) Acquisition of subsidiaries－Sigma Medical Supplies Corp. and its subsidiaries

1) The cost of acquisition

On July 24, 2018, the Group's subsidiary, BMC, acquired 89.03% of ownership of Sigma Medical Supplies Corp. ("SMS") at a price of $498,579, and obtained control over SMS and its subsidiaries. Therefore, SMS and its subsidiaries have been included in the Group's consolidated entities. SMS and its subsidiaries are engaged in selling and manufacturing of medical products. The acquisition of SMS and its subsidiaries enables the Group to expand its business in medical consumable industry through SMS's production line and market channel by integrating the Group's core researching and manufacturing capability.

(Continued)

2) Identifiable net assets acquired in a business combination

On July 24, 2018 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Account		**Amount**
Cash and cash equivalents	$	119,934
Notes and accounts receivable, net		151,802
Other receivables		57,515
Inventories		180,463
Other current assets		40,612
Other financial assets－current		64,337
Property, plant and equipment		360,560
Intangible assets－computer software		295
Deferred income tax assets		28,717
Other non-current assets		27,203
Short-term borrowings		(219,193)
Notes and accounts payable		(97,187)
Other current liabilities		(46,843)
Long-term debt		(104,797)
Deferred income tax liabilities		(2,780)
Other non-current liabilities		(354)
Identifiable net assets acquired at fair value	**$**	**560,284**

3) Gain on bargain purchase

Gain on bargain purchase arising from the acquisition was as follows:

Consideration transferred－cash	$	498,579
Add: non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of SMS's identifiable net assets)		61,452
Less: identifiable net assets acquired at fair value		(560,284)
Gain on bargain purchase	**$**	**(253)**

4) Pro forma information

From the acquisition date to December 31, 2018, SMS and its subsidiaries had contributed the revenue of $274,507 and the net loss of $32,981 to the Group. If this acquisition had occurred on January 1, 2018, the management estimates that consolidated revenue would have been $156,233,399, and consolidated income after income tax would have been $4,382,172. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2018.

(Continued)

(ii) Acquisition of subsidiaries－K2 International Medical Inc.

1) The cost of acquisition

On August 14, 2018, the Group invested the amount of $166,131 in K2 International Medical Inc. ("K2"), and acquired 37.56% of its ownership, wherein it owned more than half of its total number of directors. Therefore, the Group obtained control over K2. K2 has been included in the Group's consolidated entities. K2 served as an agency, and is engaged in the sale of hemodialysis machines and related accessories and consumables of well-known brand. The acquisition of K2 enables the Group to penetrate into hemodialysis products market and expand its Asia Pacific market through K2's market channel.

2) Identifiable net assets acquired in a business combination

On August 14, 2018 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 166,131
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of K2's identifiable net assets):		212,649
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 268,829	
Notes and accounts receivable, net	179,170	
Inventories	66,046	
Other current assets	1,921	
Property, plant and equipment	11,832	
Intangible assets－customer relationships	30,745	
Intangible assets－computer software	81	
Deferred income tax assets	1,217	
Other non-current financial assets	13,322	
Short-term borrowings	(169,944)	
Notes and accounts payable	(39,191)	
Other current liabilities	(17,310)	
Deferred income tax liabilities	(6,152)	340,566
Goodwill		**$ 38,214**

The fair value of the abovementioned intangible assets has been determined as provisionally pending completion of an independent valuation.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

3) Intangible assets

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 5.6 years.

Goodwill arising from the acquisition of K2 is due to its profitability in the hemodialysis products market and value of workforce, neither of which qualifies as identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2018, K2 had contributed the revenue of $302,335 and the net income of $8,737 to the Group. If this acquisition had occurred on January 1, 2018, the management estimates that consolidated revenue would have been $156,241,294, and consolidated income after income tax would have been $4,472,445. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2018.

(iii) Acquisition of subsidiaries－Data Image Corporation (“DIC”)

1) The cost of acquisition

On November 12, 2018, the Group invested the amount of $308,000 in Data Image Corporation (“DIC”), and acquired 33.14% of its ownership, wherein it owned more than half of its total number of directors. Therefore, the Group obtained control over DIC. DIC and its subsidiaries have been included in the Group’s consolidated entities. DIC and its subsidiaries are engaged in the manufacture and sale of marine display modules. The acquisition of DIC and its subsidiaries expects to integrate the Group’s strong technological and manufacturing strengths, as well as DIC’s design and manufacturing capability on marine display modules to expand the related business.

2) Identifiable net assets acquired in a business combination

On November 12, 2018 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 308,000
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of DIC's identifiable net assets)		614,390
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 483,585	
Notes and accounts receivable, net	477,682	
Other receivables	48,646	
Inventories	504,819	
Other current assets	27,585	
Property, plant and equipment	396,484	
Intangible assets－computer software	2,162	
Investments accounted for using equity method	22,973	
Deferred income tax assets	16,312	
Other non-current assets	22,597	
Short-term borrowings	(358,699)	
Notes and accounts payable	(527,353)	
Other payables	(73,241)	
Current portion of long-term debt	(33,200)	
Other current liabilities	(59,995)	
Long-term debt	(24,200)	
Deferred income tax liabilities	(7,237)	918,920
Goodwill		**$ 3,470**

The fair value of the identifiable intangible assets has been determined as provisionally pending completion of an independent valuation.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

(Continued)

3) Intangible assets

Goodwill arising from the acquisition of DIC and its subsidiaries is due to their reputation in the marine displays market, profitability and value of workforce, neither of which qualifies as identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2018, DIC and its subsidiaries had contributed the revenue of $404,111 and the net loss of $3,911 to the Group. If this acquisition had occurred on January 1, 2018, the management estimates that consolidated revenue would have been $158,324,813, and consolidated income after income tax would have been $4,564,574. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2018.

(iv) Acquisition of subsidiaries by PTT

1) The cost of acquisition

Business combination of PTT in 2018 was as follow:

On January 1, 2018, PTT invested in Epoint Systems Pte. Ltd. (“PTSE”) for $27,449 in cash and $7,544 in contingent consideration, and acquired 50.10% ownership of PTSE.

On June 1, 2018, PTT increased its investments in Partner Tech Africa (Pty) Ltd. (“PTA”) for $22,451 in cash and $15,392 in contingent consideration, and acquired 54% ownership of PTA. After the acquisition, the Group’s ownership interest in PTA increased from 46% to 100%.

On October 1, 2018, PTT invested in La Fresh information Co., Ltd (“PTTN”) for $20,510 in cash and $4,594 in contingent consideration, and acquired 50.64% ownership of PTTN.

On November 1, 2018, PTT invested in Corex (Pty) Ltd. (“PCX”) for $109,828 in cash and $62,511 in contingent consideration, and acquired 100% ownership of PCX.

2) Identifiable net assets acquired in a business combination

The identifiable assets and liabilities arising from the abovementioned subsidiaries' acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 180,238
Contingent consideration at fair value		90,041
The fair value of the acquirer's previously held equity interest in the acquiree		28,270
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		43,071
Identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 90,838	
Accounts receivable, net	147,635	
Inventories	186,599	
Other current assets	63,202	
Other financial assets－current	2,256	
Property, plant and equipment	117,346	
Intangible assets－trademarks	7,812	
Intangible assets－customer relationships	9,914	
Intangible assets－computer software	12,273	
Other non-current assets	12,315	
Short-term borrowings	(71,489)	
Current portion of long-term debt	(5,291)	
Notes and accounts payable	(116,664)	
Other payables	(29,539)	
Other current liabilities	(49,012)	
Long-term debt	(179,125)	
Deferred income tax liabilities	(2,914)	196,156
Goodwill		$ **145,464**

The Group's previously held 46% ownership of PTA is remeasured to fair value at the acquisition date, and recognized a gain on disposal of $14,727 in other gains and losses－net.

3) Intangible assets

The above customer relationships and trademarks are amortized on a straight-line basis over the estimated future economic useful life of 4 to 5.6 years and 10 years, respectively.

Goodwill arising from the acquisition is due to their value of workforce, which does not qualify as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value of the abovementioned intangible assets has been determined as provisionally pending completion of an independent valuation.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

4) Pro forma information

From the acquisition date to December 31, 2018, the acquisition of PTT's subsidiaries had contributed the revenue of $377,071 and the net income of $2,310 to the Group. If this acquisition had occurred on January 1, 2018, the management estimates that consolidated revenue would have been $156,699,454, and consolidated income after income tax would have been $4,374,991. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2018.

(v) Acquisition of subsidiaries－DFI Inc. and its subsidiaries

1) The cost of acquisition

On November 9, 2017, the Group increased its investments in DFI Inc. ("DFI") for $3,450,127 and acquired 46.28% of its ownership through tender offer. After the acquisition, the Group's ownership interest in DFI increased from 8.72% to 55.00% and obtained control over DFI. Therefore, DFI and its subsidiaries have been included in the Group's consolidated entities. DFI and its subsidiaries are engaged in the manufacture and sale of industrial motherboards and related components.

The acquisition expects to integrate the Group's strong technological and manufacturing strengths, as well as DFI's manufacturing capability and customer service on motherboards to build the integrated business solutions.

(Continued)

2) Identifiable net assets acquired in a business combination

On November 9, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 3,450,127
Add: the fair value of the acquirer's previously held equity interest in the acquiree		640,000
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of DFI' s identifiable net assets):		2,178,468
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 829,366	
Financial assets at fair value through profit or loss－current	971,201	
Notes and accounts receivable, net	568,323	
Notes and accounts receivable from related parties	240,945	
Other receivables from related parties	300	
Other receivables	14,582	
Inventories	540,256	
Other current assets	26,834	
Other financial assets－current	41,950	
Available-for-sale financial assets－non-current	23,336	
Property, plant and equipment	946,360	
Intangible assets－goodwill	187,365	
Intangible assets－trademarks	720,664	
Intangible assets－customer relationships	1,065,509	
Intangible assets－computer software	11,483	
Deferred income tax assets	37,122	
Other non-current assets	9,824	
Notes and accounts payable	(682,952)	
Accounts payable to related parties	(332)	
Other current liabilities	(222,406)	
Provisions－current	(48,415)	
Deferred income tax liabilities	(348,561)	
Other non-current liabilities	(91,712)	
Non-controlling interests	(2)	4,841,040
Goodwill		$ **1,427,555**

(Continued)

The Group's previously held 8.72% ownership of DFI had been remeasured to fair value at the acquisition date, resulting in a gain on disposal of $189,899 in other gains and losses－net.

3) Intangible assets

The above trademarks are amortized on a straight-line basis over the estimated future economic useful life of 10 years.

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 10 years.

Goodwill arising from the acquisition of DFI and its subsidiaries is due to their reputation in the industrial motherboards market, profitability and value of workforce, neither of which qualifies as identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2017, DFI and its subsidiaries had contributed the revenue of $511,214 and the net income of $51,265 to the Group. If this acquisition had occurred on January 1, 2017, the management estimates that consolidated revenue would have been $140,068,332, and consolidated income after income tax would have been $6,023,437. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2017.

(vi) Acquisition of subsidiaries－Partner Tech Corp. and its subsidiaries

1) The cost of acquisition

On April 10, 2017, the Group increased its investments in Partner Tech Corp. ("PTT") for $1,263,098 and acquired 42.06% of its ownership through tender offer. After the acquisition, the Group's ownership interest in PTT increased from 26.17% to 68.23% and obtained control over PTT. Therefore, PTT and its subsidiaries have been included in the Group's consolidated entities. PTT and its subsidiaries are engaged in the manufacture and sale of POS terminals and peripherals.

The acquisition expects to integrate the Group's technological and manufacturing skills with PTT's customer service on retail market.

2) Identifiable net assets acquired in a business combination

On April 10, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 1,263,098
Add: the fair value of the acquirer's previously held equity interest in the acquiree		512,821
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of PTT's identifiable net assets):		504,050
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 332,247	
Financial assets at fair value through profit or loss－current	2,667	
Notes and accounts receivable, net	395,797	
Other receivables	14,010	
Inventories	530,102	
Other current assets	123,542	
Property, plant and equipment	333,138	
Intangible assets－goodwill	97,667	
Intangible assets－trademarks	443,786	
Intangible assets－customer relationships	147,993	
Intangible assets－computer software	33,528	
Investments accounted for using equity method	34,178	
Deferred income tax assets	52,963	
Other financial assets－non-current	708	
Other non-current assets	94,100	
Short-term borrowings	(130,159)	
Current portion of long-term debt	(2,763)	
Financial liabilities at fair value through profit or loss－current	(185)	
Notes and accounts payable	(426,415)	
Other payables	(48,197)	
Other current liabilities	(189,413)	
Provisions－current	(18,446)	
Long-term debt	(10,431)	
Deferred income tax liabilities	(105,627)	
Other non-current liabilities	(46,081)	
Non-controlling interests	(72,115)	1,586,594
Goodwill		**$ 693,375**

(Continued)

The Group's previously held 26.17% ownership of PTT is remeasured to fair value at the acquisition date, and recognized a gain on disposal of $104,433 in other gains and losses －net.

3) Intangible assets

The above trademarks are amortized on a straight-line basis over the estimated future economic useful life of 10 years.

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 5 years.

Goodwill arising from the acquisition of PTT and its subsidiaries is due to their reputation in the POS market, profitability and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2017, PTT and its subsidiaries had the contributed revenue of $1,903,882 and the net income of $93,433 to the Group. If this acquisition had occurred on January 1, 2017, the management estimates that consolidated revenue would have been $137,329,545, and consolidated income after income tax would have been $5,665,154. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2017.

(vii) Acquisition of subsidiaries－Partner Tech Middle East FZCO ("PTME") and its subsidiary

1) The cost of acquisition

On April 17, 2017, PTT increased its investments in Partner Tech Middle East FZCO ("PTME") for $30,410 (US$ 1,000 thousand) and acquired 31% of its ownership. After the acquisition, the Group's ownership interest in PTME increased from 20% to 51% and obtained control over PTME. Therefore, PTME and its subsidiary have been included in the Group's consolidated entities. PTME and its subsidiary are engaged in the sale of POS terminals and peripherals. The acquisition of PTME enables the Group to access the existing customers and Middle East market channel of PTME and its subsidiaries.

2) Identifiable net assets acquired in a business combination

On April 17, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:				
Cash			$	30,410
Add: the fair value of the acquirer's previously held equity interest in the acquiree				19,326
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of PTME's identifiable net assets):				42,877
Less: identifiable net assets acquired at fair value:				
Cash and cash equivalents	$	34,601		
Notes and accounts receivable, net		22,901		
Inventories		83,078		
Other current assets		35,637		
Property, plant and equipment		50,706		
Intangible assets－customer relationships		7,743		
Intangible assets－computer software		1,105		
Other non-current assets		2,613		
Short-term borrowings		(59,796)		
Notes and accounts payable		(76,864)		
Other current liabilities		(14,189)		87,535
Goodwill			**$**	**5,078**

The Group's previously held 20.00% ownership of PTME is remeasured to fair value at the acquisition date, and recognized a loss on disposal of $5 in other gains and losses－net.

3) Intangible assets

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 6.25 years.

The goodwill arising from the acquisition of PTME and its subsidiary is due to the value of workforce, which does not qualify as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

(Continued)

4) Pro forma information

From the acquisition date to December 31, 2017, PTME and its subsidiary had the contributed revenue of $185,469 and the net loss of $14,857 to the Group. If this acquisition had occurred on January 1, 2017, the management estimates that consolidated revenue would have been $136,908,330, and consolidated income after income tax would have been $5,650,288. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2017.

(viii) Acquisition of subsidiary－Partner Tech North Africa ("PTNA")

1) The cost of acquisition

On May 8, 2017, PTT increased its investments in Partner Tech North Africa ("PTNA") for $2,503 (MAD 800 thousand) and acquired 18.19% of its ownership. After the acquisition, the Group's ownership interest in PTNA increased from 40.00% to 58.19% and obtained control over PTNA. Therefore, PTNA has been included in the Group's consolidated entities. PTNA is engaged in the sale of POS terminals and peripherals.

2) Identifiable net assets acquired in a business combination

On May 8, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 2,503
Add: the fair value of the acquirer's previously held equity interest in the acquiree		875
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of PTNA's identifiable net assets):		1,677
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	4,332	
Other current assets	225	
Property, plant and equipment	94	
Other non-current assets	208	
Other current liabilities	(780)	4,079
Goodwill		**$ 976**

The Group's previously held 18.19% ownership of PTNA is remeasured to fair value at the acquisition date, and recognized a loss on disposal of $116 in other gains and losses －net.

3) Pro forma information

From the acquisition date to December 31, 2017, PTNA had contributed the revenue of $2,136 and the net loss of $2,340 to the Group. If this acquisition had occurred on January 1, 2017, the management estimates that consolidated revenue would have been $136,862,466, and consolidated net income after income tax would have been

(Continued)

$5,655,492. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2017.

(ix) Acquisition of subsidiary－New Best Hearing International Trade Co. Ltd.

On May 26, 2017, BMTC's board of directors resolved to acquired 52% equity ownership of New Best Hearing International Trade Co. Ltd. ("NBHIT") through BenQ Hearing Solution Corporation ("BHS"). After June 1, 2017 (the acquisition date), NBHIT has been included in the Group's consolidated entities. NBHIT served as an agency. It also engages in the sale of hearing aid and related accessories of a well-known brand in Taiwan.

The acquisition of NBHIT enables the Group to penetrate into the hearing aid market and expand its business within senior citizens health care through NBHIT's market channel.

1) The cost of acquisition

According to the share purchase agreement on June 1, 2017, BHS acquired 52% ownership of NBHIT for $70,200.

2) Identifiable net assets acquired in a business combination

On June 1, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 70,200
Add: Non-controlling interest (measured at noncontrolling interest's proportionate share of the fair value of NBHIT's identifiable net assets):		38,801
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 43,661	
Notes and accounts receivable, net	3,797	
Other receivables	1,677	
Inventories	11,790	
Other current assets	1,865	
Property, plant and equipment	14,397	
Intangible assets－customer relationships	35,811	
Intangible assets－computer software	780	
Other non-current assets	80	
Notes and accounts payable	(20,410)	
Other payables	(10,132)	
Provisions	(1,100)	
Other current liabilities	(1,381)	
Deferred income tax liabilities	(6,087)	74,748
Goodwill		**$ 34,253**

(Continued)

3) Intangible assets

Goodwill arising from the acquisition of NBHIT is due to promising profit deriving from the hearing aid healthcare market and the value of workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 10 years.

4) Pro forma information

From the acquisition date to December 31, 2017, NBHIT had contributed the revenue of \$102,115 and the net income of \$10,099 to the Group. If this acquisition had occurred on January 1, 2017, the management estimates that consolidated revenue would have been \$136,888,934, and consolidated income after income tax would have been \$5,657,949. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2017.

(x) Change in ownership interest in subsidiaries without losing control

From November to December 2018, DFI purchased its own common shares for \$12,909 from stock market, and the Group’s ownership interest in DFI increased to 55.09%.

In 2018, PTT increased its investments in PTME for \$76,352 (US\$2,500 thousand), and the Group’s ownership interest in PTME increased to 68.23%.

In 2018, BMC increased its investments in SMS for \$137, and the Group’s ownership interest in SMS increased to 38.79%.

In September 2018, BBHC issued new shares as a result of stock options exercised by their employees, resulting in a decrease of the Group’s ownership interest in BBHC. However, the Group still has control over BBHC.

In March 2017, Darly increased its investments in BBHC for US\$10,000 thousand, and the Group’s ownership interest in BBHC increased to 70.76%.

In March 2017, BMTC increased its investments in BenQ AB DentCare Corporation (“BABD”) for \$40,000, and the Group’s ownership interest in BABD increased to 48.36%.

In August 2017, APV increased its investments in BES for \$3,500, and the Group’s ownership interest in BDT increased to 83%.

In 2017, BMTC and BBHC issued new shares as a result of stock options exercised by their employees, resulting in a decrease of the Group’s interest in BMTC and BBHC. However, the Group still has control over BMTC and BBHC.

The following table summarizes the effect on the equity attributable to the shareholders of the Company arising from abovementioned changes in ownership interests in subsidiaries:

	2018	2017
Capital surplus－arising from changes in ownership interests in subsidiaries	$ 1	(56,756)
Capital surplus－difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(42,630)	(2,706)
Capital surplus－Capital injection from non-controlling interests	5,986	20,127
	$ **(36,643)**	**(39,335)**

(xi) Subsidiaries that have material non-controlling interest:

Subsidiaries that have material non-controlling interest were as follows:

		The Percentage of ownership and voting rights held by non-controlling interests	
Subsidiaries	**Principal place of business /Registration country**	**December 31, 2018**	**December 31, 2017**
BMC	Taiwan	56.44 %	56.44 %
BBHC	Cayman Islands	29.28 %	29.24 %
DFI	Taiwan	44.91 %	45.00 %

The summarized financial information of subsidiaries were as follows, the information was prepared in accordance with Taiwan-IFRSs. Included in these information are the fair value adjustment made during the acquisition as at the acquisition date. Intra-group transactions were not eliminated in this information:

1) The summarized financial information of BMC:

	December 31, 2018	December 31, 2017
Current assets	$ 4,788,590	4,916,832
Non-current assets	5,554,570	5,293,484
Current liabilities	(4,089,202)	(4,131,643)
Non-current liabilities	(2,069,943)	(1,947,865)
Net assets	$ **4,184,015**	**4,130,808**
The carrying amount of non-controlling interests	$ **2,386,944**	**2,331,583**

	2018	2017
Net sales	$ **12,764,171**	**11,132,587**
Net income	$ 325,374	525,127
Other comprehensive income	(44,855)	(27,168)
Total comprehensive income	$ **280,519**	**497,959**
Net income attributable to non-controlling interests	$ **182,243**	**296,401**
Total comprehensive income attributable to non-controlling interests	$ **156,945**	**281,067**
Cash flow from operating activities	$ 2,133,784	324,804
Cash flow from investing activities	(863,153)	(1,502,427)
Cash flow from financing activities	(1,338,429)	1,173,641
Effects of foreign exchange rate changes	(38,887)	7,134
Net increase (decrease) in cash and cash equivalents	$ **(106,685)**	**3,152**
Cash dividends paid to non-controlling interests	$ **(162,887)**	**-**

2) The summarized financial information of BBHC:

	December 31, 2018	December 31, 2017
Current assets	$ 1,658,882	1,350,642
Non-current assets	8,157,466	8,360,885
Current liabilities	(4,183,403)	(3,876,943)
Non-current liabilities	(2,264,826)	(2,586,977)
Net assets	$ **3,368,119**	**3,247,607**
The carrying amount of non-controlling interests	$ **994,555**	**959,908**

	2018	2017
Net sales	$ **6,982,549**	**5,769,263**
Net income	$ 159,028	78,604
Other comprehensive income	(141,681)	152,401
Total comprehensive income	$ **17,347**	**231,005**
Net income attributable to non-controlling interests	$ **46,502**	**22,022**
Total comprehensive income attributable to non-controlling interests	$ **33,430**	**(1,070)**

	2018	2017
Cash flow from operating activities	$ 622,610	1,360,529
Cash flow from investing activities	(330,411)	(403,281)
Cash flow from financing activities	(204,244)	(882,816)
Effects of foreign exchange rate changes	143,041	(199,543)
Net increase (decrease) in cash and cash equivalents	$ **230,996**	**(125,111)**
Cash dividends paid to non-controlling interests	$ **-**	**-**

(Continued)

3) The summarized financial information of DFI:

	December 31, 2018	December 31, 2017
Current assets	$ 3,422,103	3,281,940
Non-current assets	4,671,440	4,419,092
Current liabilities	(1,389,652)	(967,943)
Non-current liabilities	(433,657)	(434,655)
Net assets	**$ 6,270,234**	**6,298,434**
The carrying amount of non-controlling interests	**$ 2,176,309**	**2,191,893**

	2018	November 9, 2017 to December 31, 2017
Net sales	**$ 5,211,122**	**511,214**
Net income	$ 458,155	26,735
Other comprehensive income	8,461	3,104
Total comprehensive income	**$ 466,616**	**29,839**
Net income attributable to non-controlling interests	**$ 206,170**	**12,030**
Total comprehensive income attributable to non-controlling interests	**$ 209,977**	**13,427**
Cash flow from operating activities	$ 1,100,289	483,280
Cash flow from investing activities	(416,045)	19,622
Cash flow from financing activities	(494,602)	(516,100)
Effects of foreign exchange rate changes	1,895	(6,953)
Net increase (decrease) in cash and cash equivalents	**$ 191,537**	**(20,151)**
Cash dividends paid to non-controlling interests	**$ 216,762**	**-**

(Continued)

(k) Property, plant and equipment

	Land	Buildings	Machinery	Other equipment	Construction in progress	Total
Cost:						
Balance at January 1, 2018	$ 3,396,367	20,249,207	12,352,019	4,182,401	330,967	40,510,961
Additions	151,247	341,412	1,478,360	887,072	90,033	2,948,124
Acquisition through business combination	135,211	590,189	577,084	127,201	-	1,429,685
Disposals	-	(24,295)	(446,959)	(147,774)	-	(619,028)
Reclassification to investment property	-	(930,215)	-	-	-	(930,215)
Other reclassification and effect of exchange rate changes	1,199	107,725	677,553	(970,433)	(86,868)	(270,824)
Balance at December 31, 2018	**$ 3,684,024**	**20,334,023**	**14,638,057**	**4,078,467**	**334,132**	**43,068,703**
Balance at January 1, 2017	$ 1,820,174	19,726,225	12,211,218	4,890,108	423,452	39,071,177
Additions	953,703	233,103	893,623	1,146,772	215,831	3,443,032
Acquisition through business combination	690,363	555,148	296,325	340,869	-	1,882,705
Disposals	-	(2,982)	(1,289,878)	(73,565)	-	(1,366,425)
Decrease in lease obligations payable	-	-	-	(235,658)	-	(235,658)
Reclassification of lease assets	-	-	-	(953,703)	-	(953,703)
Reclassification to non-current held for sale (note 6(h))	(68,471)	(210,418)	-	-	-	(278,889)
Other reclassification and effect of exchange rate changes	598	(51,869)	240,731	(932,422)	(308,316)	(1,051,278)
Balance at December 31, 2017	**$ 3,396,367**	**20,249,207**	**12,352,019**	**4,182,401**	**330,967**	**40,510,961**
Accumulated depreciation and impairment loss:						
Balance at January 1, 2018	$ -	8,324,861	9,615,049	2,579,532	-	20,519,442
Depreciation	-	720,171	868,831	306,478	-	1,895,480
Acquisition through business combination	-	160,545	305,125	77,793	-	543,463
Reclassification to investment property	-	(382,181)	-	-	-	(382,181)
Disposals	-	(17,313)	(439,153)	(141,317)	-	(597,783)
Other reclassification and effect of exchange rate changes	-	34,115	63,505	(20,376)	-	77,244
Balance at December 31, 2018	**$ -**	**8,840,198**	**10,413,357**	**2,802,110**	**-**	**22,055,665**
Balance at January 1, 2017	$ -	7,845,276	10,094,175	2,271,564	-	20,211,015
Depreciation	-	717,111	727,504	281,642	-	1,726,257
Impairment loss	-	-	479	-	-	479
Acquisition through business combination	-	141,227	231,158	165,625	-	538,010
Disposals	-	(2,045)	(1,172,866)	(92,485)	-	(1,267,396)
Reclassification to assets held for sale (note 6(h))	-	(123,669)	-	-	-	(123,669)
Other reclassification and effect of exchange rate changes	-	(253,039)	(265,401)	(46,814)	-	(565,254)
Balance at December 31, 2017	**$ -**	**8,324,861**	**9,615,049**	**2,579,532**	**-**	**20,519,442**
Carrying amount:						
Balance at December 31, 2018	**$ 3,684,024**	**11,493,825**	**4,224,700**	**1,276,357**	**334,132**	**21,013,038**
Balance at December 31, 2017	**$ 3,396,367**	**11,924,346**	**2,736,970**	**1,602,869**	**330,967**	**19,991,519**

(Continued)

(i) The Group owned a parcel of land with a book value of $104,324. Because of certain legal restrictions, this land was registered under the name of individuals. In order to protect the Group's rights to this land, the Group signed a deed of trust with these individuals, under which they are obliged to surrender their rights to the Group when required.

(ii) In August 2008, BMC signed a lease contract with the Industrial Development Bureau, Ministry of Economic Affairs, for the land located in Tabeishi District in the Yunlin Technology-based Industrial Park. The lease run for 10 years and the related rent is updated every six months. According to the " Procedures for Leasing in Tabeishi District in Yunlin Technology-based Industrial Park", lease contracts for land must be for at least 6 years, and the longest period should not exceed 20 years. If, within the term of a lease, the lessee applies to purchase the leased land, the total amount of the rent paid previously may, without interest, be used to offset the purchase price of the leased land at the time when the lease contract was signed.

On December 30, 2015, the Group applies to purchase its leased land. In July 2017, BMC completed the purchase of the leased land.

In compliance with the lease contract, BMC paid $34,520 as a refundable deposit (classified under other financial assets－ non-current), the refundable deposit has been refunded in October 2017.

(iii) Pledge as collateral

Refer to note 8 for a description of the Group's property, plant and equipment pledged as collateral for long-term debt.

(l) Investment property

		Buildings
Cost:		
Balance at January 1, 2018	$	2,901,765
Reclassification from property, plant and equipment		930,215
Effect of exchange rate changes		(137,546)
Balance at December 31, 2018	**$**	**3,694,434**
Balance at January 1, 2017	$	2,938,596
Additions		1,385
Effect of exchange rate changes		(38,216)
Balance at December 31, 2017	**$**	**2,901,765**
Accumulated depreciation:		
Balance at January 1, 2018	$	374,183
Depreciation		123,180
Reclassification from property, plant and equipment		382,181
Effect of exchange rate changes		(19,585)
Balance at December 31, 2018	**$**	**859,959**

(Continued)

		Buildings
Balance at January 1, 2017	$	286,812
Depreciation		89,428
Effect of exchange rate changes		(2,057)
Balance at December 31, 2017	$	**374,183**
Carrying amount:		
Balance at December 31, 2018	$	**2,834,475**
Balance at December 31, 2017	$	**2,527,582**
Fair value:		
Balance at December 31, 2018	$	**13,131,133**
Balance at December 31, 2017	$	**13,828,052**

Investment property comprises a number of commercial properties and factories that are leased to third parties. The fair value of the investment property (including land use rights, which are classified under "long-term prepaid rent", amounting to $625,869 and $603,207, respectively, as of December 31, 2018 and 2017) is determined through both the income approach and the comparative approach by an independent appraisal company or referred to the market price of similar properties in same area by management. The inputs, which are used in the fair value measurement, were classified to level 3.

As of December 31, 2018 and 2017, investment property was not pledged as collateral.

(m) Intangible assets

(i) The movements of costs and accumulated amortization of intangible assets were as follows:

	Goodwill	Computer software	Patents	Trademarks	Customer relationships	Others	Total
Costs:							
Balance at January 1, 2018	$ 2,478,661	439,028	54,291	1,195,516	1,276,846	144,114	5,588,456
Addition	-	85,430	-	-	-	36,264	121,694
Acquisition through business combination	187,148	20,141	-	7,812	40,659	-	255,760
Disposal	-	(34,433)	-	-	-	(21,879)	(56,312)
Reclassification and effect of exchange rate changes	(2,509)	(6,516)	1,454	19	(1,315)	11,697	2,830
Balance at December 31, 2018	**$ 2,663,300**	**503,650**	**55,745**	**1,203,347**	**1,316,190**	**170,196**	**5,912,428**
Balance at January 1, 2017	$ 24,876	299,399	58,297	-	-	151,350	533,922
Addition	-	61,550	-	-	-	18,510	80,060
Acquisition through business combination	2,446,269	46,916	-	1,164,450	1,257,056	-	4,914,691
Disposal	-	(23,496)	-	-	-	(2,761)	(26,257)
Reclassification and effect of exchange rate changes	7,516	54,659	(4,006)	31,066	19,790	(22,985)	86,040
Balance at December 31, 2017	**$ 2,478,661**	**439,028**	**54,291**	**1,195,516**	**1,276,846**	**144,114**	**5,588,456**

(Continued)

	Goodwill	Computer software	Patents	Trademarks	Customer relationships	Others	Total
Accumulated amortization and impairment loss:							
Balance at January 1, 2018	$ 976	367,175	24,203	61,470	46,053	84,129	584,006
Amortization	-	62,510	7,747	122,404	156,023	45,392	394,076
Acquisition through business combination	-	5,330	-	-	-	-	5,330
Impairment loss	2,815	-	-	-	-	-	2,815
Disposal	-	(34,433)	-	-	-	(21,879)	(56,312)
Reclassification and effect of exchange rate changes	-	7,118	(5,626)	784	(16,520)	2,094	(12,150)
Balance at December 31, 2018	**$ 3,791**	**407,700**	**26,324**	**184,658**	**185,556**	**109,736**	**917,765**
Balance at January 1, 2017	$ -	249,625	9,894	-	-	71,511	331,030
Amortization	-	64,145	8,742	51,254	40,713	26,513	191,367
Acquisition through business combination	-	20	-	-	-	-	20
Impairment loss	976	-	-	-	-	-	976
Disposal	-	(23,496)	-	-	-	(2,761)	(26,257)
Reclassification and effect of exchange rate changes	-	76,881	5,567	10,216	5,340	(11,134)	86,870
Balance at December 31, 2017	**$ 976**	**367,175**	**24,203**	**61,470**	**46,053**	**84,129**	**584,006**
Carrying amount:							
Balance at December 31, 2018	**$ 2,659,509**	**95,950**	**29,421**	**1,018,689**	**1,130,634**	**60,460**	**4,994,663**
Balance at December 31, 2017	**$ 2,477,685**	**71,853**	**30,088**	**1,134,046**	**1,230,793**	**59,985**	**5,004,450**

(ii) Amortization

The amortization of intangible assets is included in the following line items of the statement of comprehensive income:

	2018	2017
Cost of sales	**$ 59,537**	**43,419**
Operating expenses	**$ 334,539**	**147,948**

(iii) Impairment test on goodwill

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
DFI and its subsidiaries (“DFI”)	$ 1,614,920	1,614,920
PTT and its subsidiaries (“PTT”)	943,775	791,042
Other CGUs without significant goodwill	100,814	71,723
	$ 2,659,509	**2,477,685**

(Continued)

Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Group, the recoverable amount exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	December 31, 2018	**December 31, 2017**
DFI：		
Revenue growth rate	10%	10%~18.9%
Discount rates	17.62%	16.34%

	December 31, 2018	**December 31, 2017**
PTT：		
Revenue growth rate	6%~66%	10%
Discount rates	15.83%	14.91%

1) The cash flow projections were based on historical operating performance and future financial budgets, covering a period of 5 years, approved by management and estimated terminal values at the end of the 5-year period. Cash flows beyond that 5-year period have been extrapolated using 1.5% to 2% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(n) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2018	**December 31, 2017**
Unsecured bank loans	$ 14,438,009	16,217,539
Secured bank loans	180,379	38,070
Letters of credits	168,167	6,653
	$ 14,786,555	**16,262,262**
Unused credit facilities	**$ 27,483,544**	**32,242,736**
Interest rate	**0.4%~4.785%**	**0.6426%~4.35%**

(o) Long-term debt

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 10,404,674	7,099,211
Secured bank loans	8,170,310	7,609,942
Less: current portion of long-term debt	(2,340,508)	(1,704,031)
Long-term debt	**$ 16,234,476**	**13,005,122**
Unused credit facilities	**$ 5,028,058**	**7,947,373**
Interest rate	**1.33%~4.90%**	**1.10%~4.90%**
Maturity year	**2018 ~ 2030**	**2018 ~ 2025**

(i) Collateral for bank borrowings

Refer to note 8 for a description of the Group's assets pledged as collateral to secure the bank loans.

(ii) Compliance with loan agreement

According to the syndicated loan agreement signed between the Company and its subsidiary (QLLB), and the banks, the Company and QLLB have promised to maintain certain financial ratios based on the Group's semi-annual reviewed consolidated financial statements and annual audited consolidated financial statements. If the Group violates any of the related financial ratios, the Group should mend it in a specific period, and then the failure to maintain the required financial ratios would not be considered a default. The Group has also pledged stock to secure the syndicated loan and has to maintain the fair value of the related pledged stock at a specific percentage of the loan.

Also, according to the syndicated loan agreement signed between BMC and the banks, BMC has promised to maintain certain financial ratios, including current ratio, debt ratio and minimum tangible net worth, based on BMC's annual audited consolidated financial statements. If BMC violates any of the related financial ratios, according to the syndicated loan agreement, BMC shall file an application for waiver and financial improvement plan to the managing bank. Failure to maintain the required financial ratios would not be considered a default unless a resolution is made by a majority of the banks to refuse to grant a waiver to BMC.

For the years 2018 and 2017, the Group's and QLLB's and BMC's financial ratio was in compliance with the syndicated loan agreement.

(Continued)

(p) Lease obligations payable

The Group's finance lease liabilities are summarized as follows (implicit interest rate of 3.109%～6.662%):

	December 31, 2018			December 31, 2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 22,192	1,246	20,946	30,174	2,465	27,709
Between one and five years	18,018	950	17,068	33,922	2,196	31,726
	$ 40,210	**2,196**	**38,014**	**64,096**	**4,661**	**59,435**

	December 31, 2018	December 31, 2017
Current portion	$ 20,946	27,709
Non-current portion	17,068	31,726
	$ 38,014	**59,435**

(q) Provisions

	Warranties	Restructuring	Total
Balance at January 1, 2018	$ 940,997	93,456	1,034,453
Acquisition through business combination	-	1,000	1,000
Provisions made	621,288	2,476	623,764
Amount utilized	(443,286)	(47,259)	(490,545)
Amount reversed	(83,348)	(48,673)	(132,021)
Effect of exchange rate changes	(5,894)	-	(5,894)
Balance at December 31, 2018	**$ 1,029,757**	**1,000**	**1,030,757**
Current	**$ 409,124**	**1,000**	**410,124**
Non-current	**$ 620,633**	**-**	**620,633**
Balance at January 1, 2017	$ 967,090	40,476	1,007,566
Acquisition through business combination	67,961	-	67,961
Provisions made	477,936	62,000	539,936
Amount utilized	(414,879)	(9,020)	(423,899)
Amount reversed	(153,922)	-	(153,922)
Effect of exchange rate changes	(3,189)	-	(3,189)
Balance at December 31, 2017	**$ 940,997**	**93,456**	**1,034,453**
Current	**$ 377,331**	**93,456**	**470,787**
Non-current	**$ 563,666**	**-**	**563,666**

The provision for warranties is estimated based on historical warranty data associated with similar products and services. The Group expects to settle most of the warranty liability within three years from the date of the sale of the product.

(Continued)

In 2016, BMC terminated certain production lines in its Tainan Science-based Industrial Park and related lease contracts of its factory building, which resulted in a disagreement with the lessor. In the first quarter of 2018, BMC reached a settlement with the lessor. In 2018 and 2017, the Group recognized an adjustment of restructuring provision of $(48,673) and $62,000, respectively, in other operating expenses.

(r) Operating lease

(i) Lessee

Future minimum lease payments of operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than 1 year	$ 384,040	218,935
Later than 1 year but not later than 5 years	1,136,891	556,797
Later than 5 years	575,431	692,657
	$ 2,096,362	**1,468,389**

The Group leases offices and plants under operating leases. The leases typically run for a period of 1 to 10 years, with an option to renew.

Office and warehouse leases entered into by the Group include leases of both land and buildings where offices and warehouses are located. As the lessor has not transferred the ownership of the land to the Group, the rental payment to the lessor is increased to the market rate at regular intervals, and the Group does not participate in the residual value of the land and buildings, the Group determined that substantially all the risks and rewards of the land and buildings are with the lessor. Therefore, the office and warehouse leases are operating leases.

In 2018 and 2017, the rental expense of operating leases amounted to $339,579 and $280,821, respectively, which were recognized in profit or loss.

(ii) Lessor

The Group leased its investment property under operating leases. Please refer to note 6(l). The future minimum lease payments under operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than 1 year	$ 477,083	612,671
Later than 1 year but not later than 5 years	328,599	291,572
	$ 805,682	**904,243**

(Continued)

In 2018 and 2017, the rental income from investment property (classified under net sales) amounted to $661,463 and $594,029, respectively. Related operating expenses (classified under cost of sales) were as follows:

		2018	2017
Arising from investment property that generated rental income	$	190,734	192,424
Arising from investment property that did not generate rental income		2,316	2,337
	$	**193,050**	**194,761**

The Group also leased its land and buildings to others under operating leases. In 2018 and 2017, the resulting rental income from land and buildings amounted to $61,764 and 100,399, respectively, and was recognized under non-operating income and loss－other gains and losses －net.

(s) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities (assets) for defined benefit plans was as follows:

		December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$	933,899	929,141
Fair value of plan assets		(552,749)	(577,403)
		381,150	351,738
Effects of the asset ceiling		-	-
Net defined benefit liabilities (reported under other non-current liabilities)	$	**381,150**	**351,738**

		December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$	178,711	138,494
Fair value of plan assets		(235,209)	(190,360)
		(56,498)	(51,866)
Effects of the asset ceiling		-	-
Net defined benefit assets (reported under other non-current assets)	$	**(56,498)**	**(51,866)**

The Company and its domestic subsidiaries make defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

(Continued)

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company and its domestic subsidiaries is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2018 and 2017, the Group's labor pension fund account balance at Bank of Taiwan amounted to $787,958 and $767,763, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

2) Movements in present value of defined benefit obligations

In 2018 and 2017, the movements in present value of defined benefit obligations of the Group were as follows:

		2018	2017
Defined benefit obligations at January 1	$	1,067,635	959,095
Current service costs and interest expense		20,635	17,983
Liabilities assumed in a business combination		30,272	146,693
Remeasurement on the net defined benefit liabilities (assets):			
－Actuarial losses (gains) arising from experience adjustments		37,244	21,764
－Actuarial losses (gains) arising from changes in financial assumptions		36,638	(30,685)
Benefits paid by the plan		(73,087)	(35,158)
Benefits paid by employer		(6,727)	(12,057)
Defined benefit obligations at December 31	**$**	**1,112,610**	**1,067,635**

3) Movements of fair value of plan assets

In 2018 and 2017, the movements of the fair value of plan assets of the Group were as follows:

		2018	2017
Fair value of plan assets at January 1	$	767,763	722,081
Interest income		12,201	10,133
Assets acquired through business combination		34,393	62,046
Remeasurement on the net defined benefit liabilities (assets)			
－Actuarial gains (losses)		19,983	(3,060)
Contributions by the employer		26,705	11,721
Benefits paid by the plan		(73,087)	(35,158)
Fair value of plan assets at December 31	**$**	**787,958**	**767,763**

(Continued)

4) Changes in the effect of the asset ceiling

In 2018 and 2017, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

In 2018 and 2017, the expenses recognized in profit or loss were as follows:

	2018	2017
Current service costs	$ 3,361	4,072
Net interest expense on the net defined benefit liability (asset)	5,073	3,778
	$ 8,434	**7,850**
Cost of sales	$ 1,813	1,799
Selling expenses	1,512	746
Administrative expenses	1,197	1,706
Research and development expenses	3,912	3,599
	$ 8,434	**7,850**

6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

In 2018 and 2017, the remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	2018	2017
Cumulative amount at January 1	$ (235,073)	(240,934)
Recognized during the period	(53,899)	5,861
Cumulative amount at December 31	**$ (288,972)**	**(235,073)**

7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2018	December 31, 2017
Discount rate	1.125%~1.625%	1.25%~1.75%
Future salary increases rate	2.00%~3.00%	2.00%~3.00%

The Group expects to make contribution of $22,062 to the defined benefit plans in the year following December 31, 2018.

The weighted average duration of the defined benefit plans is ranged from 11.4 years to 20.97 years.

(Continued)

8) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2018 and 2017.

	Increase (decrease) in present value of defined benefit obligations	
	0.25% Increase	**0.25% Decrease**
December 31, 2018		
Discount rate	(37,179)	38,575
Future salary change	37,503	(36,127)
December 31, 2017		
Discount rate	(36,461)	38,079
Future salary change	37,111	(35,728)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations.

For the years ended December 31, 2018 and 2017, the Group recognized pension expenses of $762,341 and $671,877, respectively, in relation to the defined contribution plans.

(t) Income taxes

(i) In 2018 and 2017, the components of income tax expense were as follows:

	2018	**2017**
Current income tax expense	$ 1,138,256	676,739
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	507,659	609,564
Adjustment in tax rate	(225,542)	-
Changes in unrecognized deductible temporary differences	(130,581)	(64,326)
Recognition of previously unrecognized tax losses	(127,335)	(459,155)
	24,201	86,083
Income tax expense	**$ 1,162,457**	**762,822**

(Continued)

In 2018 and 2017, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2018 and 2017 was as follows:

	2018	2017
Income before income tax	$ 5,613,111	6,419,192
Income tax using the Company's statutory tax rate	$ 1,122,622	1,091,263
Effect of different tax rates in foreign jurisdictions	88,873	139,762
Investment income recorded under equity method	(231,119)	(407,286)
Tax effect of expenses that are not deductible for tax purposes	46,118	22,686
Recognition of previously unrecognized tax losses	(127,335)	(459,155)
Unrecognized tax benefits relating to current year's tax loss	8,842	20,902
Change in unrecognized temporary differences	(130,581)	(64,326)
10% surtax on undistributed earnings	194,181	132,258
Adjustment in tax rate	(225,542)	-
Others	416,398	286,718
Income tax expense	$ 1,162,457	762,822

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2018 and 2017, and management believes that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities. In addition, as the Company and certain subsidiaries determined that it is not probable that future taxable profits will be available against which the temporary differences and operating loss carryforwards can be utilized, these items were not recognized as deferred income tax assets.

Unrecognized deferred income tax assets:

	December 31, 2018	December 31, 2017
Aggregate deductible temporary differences associated with investments in subsidiaries	$ 240,682	230,774
Deductible temporary differences	1,673,486	1,306,111
Tax losses	946,608	1,026,399
	$ 2,860,776	2,563,284

(Continued)

Unrecognized deferred income tax liabilities:

	December 31, 2018	December 31, 2017
Aggregate taxable temporary differences associated with investments in subsidiaries	$ 1,698,549	1,283,066

As of December 31, 2018, the unrecognized tax losses and the respective expiry years were as follows:

Unrecognized tax losses	Tax effects of tax losses	Year of expiry
$ 56,137	14,034	2019
1,205,630	301,408	2020
1,267,067	283,468	2021
542,134	133,576	2022
397,001	99,250	2023
417,045	84,410	2024
12,334	2,467	2027
138,140	27,995	2028
$ 4,035,488	946,608	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2018 and 2017 were as follows:

Deferred income tax assets:

	Balance at January 1, 2018	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2018
Provision for inventory obsolescence	$ 162,779	40,955	1,053	204,787
Unrealized accrued expenses	201,010	(27,518)	-	173,492
Unrealized inter-company profits	84,776	32,503	-	117,279
Allowance for sales discounts	176,295	38,615	-	214,910
Valuation loss on financial instruments	2,396	3,219	-	5,615
Deferred revenue	31,350	(6,756)	-	24,594
Warranty provision	33,500	5,397	-	38,897
Operating loss carryforwards	727,026	(17,858)	21,654	730,822
Others	257,635	38,192	23,539	319,366
	$ 1,676,767	106,749	46,246	1,829,762

(Continued)

	Balance at January 1, 2017	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2017
Provision for inventory obsolescence	$ 131,003	31,776	-	162,779
Unrealized accrued expenses	133,087	67,923	-	201,010
Unrealized inter-company profits	92,992	(8,216)	-	84,776
Allowance for sales discounts	130,866	45,429	-	176,295
Valuation loss on financial instruments	9,188	(6,792)	-	2,396
Deferred revenue	27,359	3,991	-	31,350
Warranty provision	24,855	8,645	-	33,500
Operating loss carryforwards	910,906	(183,880)	-	727,026
Others	265,293	(97,743)	90,085	257,635
	$ 1,725,549	**(138,867)**	**90,085**	**1,676,767**

Deferred income tax liabilities:

	Balance at January 1, 2018	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2018
Unrealized foreign exchange gain	$ (13,029)	1,579	-	(11,450)
Intangible assets acquired through business combination	(400,680)	44,007	(9,064)	(365,737)
Others	(114,890)	(176,536)	(10,019)	(301,445)
	$ (528,599)	**(130,950)**	**(19,083)**	**(678,632)**

	Balance at January 1, 2017	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2017
Unrealized foreign exchange gain	$ (59,933)	46,904	-	(13,029)
Intangible assets acquired through business combination	-	(3,297)	(397,383)	(400,680)
Others	(61,175)	9,177	(62,892)	(114,890)
	$ (121,108)	**52,784**	**(460,275)**	**(528,599)**

(iii) The Company’s income tax returns for the years through 2016 have been examined and approved by the R.O.C. income tax authorities.

(u) Capital and other equity

(i) Common stock

As of December 31, 2018 and 2017, the Company’s authorized shares of common stock consisted of 5,000,000,000 shares, of which 1,966,781,958 shares were issued and outstanding. The par value of the Company’s common stock is $10 (dollars) per share.

As of December 31, 2018 and 2017, the Company had issued both 511 thousand units of global depository receipts (GDRs). The GDRs were listed on the Luxemburg Stock Exchange, and each GDR represents five common shares.

(Continued)

(ii) Capital surplus

		December 31, 2018	December 31, 2017
Changes in equity of associates accounted for using equity method	$	161,325	152,239
Changes in ownership interests in subsidiaries		1,826,082	1,820,095
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries		158,669	201,299
	$	**2,146,076**	**2,173,633**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Unappropriated earnings and dividend policy

The Company's articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors is approved during the stockholders' meeting.

As the Company is a technology- and capital-intensive enterprise in its growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth.

The Company's requirements for future expansion and cash flow are the primary factors that the Company considers when appropriating its earnings. The distribution ratio for cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

According to the Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

(Continued)

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The appropriation of 2017 and 2016 earnings were approved by the stockholders at the meetings on June 21, 2018 and June 22, 2017, respectively. The resolved appropriation of the dividend per share were as follows:

	2017		2016	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Dividends per share:				
Cash dividends	$ 1.35	2,655,156	1.32	2,596,152

On March 21, 2019, the Board of Directors meeting proposed the distribution of the Company's earnings for 2018 as follows:

	2018	
	Dividends per share (in dollars)	**Amount**
Dividends per share:		
Cash dividends	$ 0.85	1,671,765

The above earnings distributions are still subject for approval by the stockholders. Related information can be accessed on the Market Observation Post System website after the meeting of shareholders.

(Continued)

(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	2018	2017
Balance at January 1	$ (120,490)	1,018,614
Foreign exchange differences arising from translation of foreign operations	310,786	(930,551)
Shares of foreign currency translation differences of associates and joint ventures	(61,967)	(208,553)
Balance at December 31	**$ 128,329**	**(120,490)**

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income:

	2018
Balance at January 1	$ -
Effects of retrospective application	30,353
Restated balance at January 1	30,353
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	80,835
Share of other comprehensive income of associates	(64,198)
Balance at December 31	**$ 46,990**

3) Unrealized gain (loss) from available-for-sale financial assets:

	2017
Balance at January 1	$ 131,797
Changes in fair value of available-for-sale financial assets	(183,006)
Shares of unrealized gain from available-for-sale financial assets of associates	81,575
Balance at December 31	**$ 30,366**

4) Remeasurement of defined benefit plans:

	2018	2017
Balance at January 1	$ (293,856)	(291,719)
Remeasurement of the defined benefit plans	(46,061)	4,085
Shares of remeasurement of the defined benefit plans of the associates accounted for using equity method	(3,824)	(6,222)
Balance at December 31	**$ (343,741)**	**(293,856)**

(v) Non-controlling interests

	2018	2017
Balance at January 1	$ 6,585,576	3,435,285
Effects of retrospective application	(699)	-
Restated balance at January 1	6,584,877	3,435,285
Equity attributable to non-controlling interests		
Net income	415,590	364,983
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(46,768)	(794)
Stock option compensation cost of subsidiary	2,289	3,673
Remeasurements of defined benefit plans	(7,838)	1,776
Changes in ownership interest in subsidiaries	(1)	56,756
Foreign currency translation differences	(56,245)	(37,259)
Unrealized gains (losses) from available-for-sale financial assets	-	1,155
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	(406)	-
Distribution of cash dividend by subsidiaries	(439,028)	(35,137)
Capital injection from non-controlling interests	(1,072)	2,054
Changes in non-controlling interests	960,929	2,793,084
	$ 7,412,327	6,585,576

(v) Share-based payment

(i) As of December 31, 2018 and 2017, the Group had the following employee stock option plans (“ESOPs”):

	Equity-settled	
	BMTC ESOP	BBHC ESOP
Grant date	2011/7/15	2013/12/30
Number of shares granted	700 units, each unit eligible to subscribe for 1,000 common shares	1,000,000 units, each unit eligible to subscribe for 1 common share
Contract term	6 years	10 years
Qualified employees	Eligible employees of BMTC	Eligible employees of BBHC
Vesting conditions	2~3 years of service subsequent to grant date	3~6 years of service subsequent to grant date

(Continued)

(ii) Movements in the number of options outstanding:

BMTC's ESOPs	2017 Weighted-average exercise price (in dollars)	2017 Number of options (in thousands)
Outstanding, beginning of year	22.13	456
Exercised	22.13	(246)
Forfeited	-	(210)
Outstanding, end of year	-	**-**
Exercisable, end of year	-	**-**

	2018		2017	
BBHC's ESOPs	**Weighted-average exercise price (in US dollars)**	**Number of options (in thousands)**	**Weighted-average exercise price (in US dollars)**	**Number of options (in thousands)**
Outstanding, beginning of year	1.00	500	1.00	1,000
Exercised	1.00	(160)	1.00	(500)
Outstanding, end of year	1.00	**340**	1.00	**500**
Exercisable, end of year	1.00	**160**	1.00	**160**

Information on outstanding ESOPs for each reporting date was as follows:

	December 31, 2018		December 31, 2017	
	Weighted-average remaining contractual years	**Weighted-average exercise price (in dollars)**	**Weighted-average remaining contractual years**	**Weighted-average exercise price (in dollars)**
BBHC	5	1(in US dollars)	6	1(in US dollars)

BBHC used the Binomial Option Pricing Model to determine the fair value of the employee stock option. The valuation assumptions were as follows:

Weighted-average fair value of stock option (US$/share)	$1.16
Exercise price (US$/share)	$1.00
Expected volatility (%)	51.40%
Expected life (in years)	10 years
Expected dividend (%)	-
Risk-free interest rate (%)	4.59%

(iii) The compensation costs recognized for the ESOPs in 2018 and 2017 were $2,289 and $3,673, respectively.

(w) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the profit attributable to shareholders of the Company divided by the weighted-average number of ordinary shares outstanding as follows:

	2018	2017
Profit attributable to shareholders of the Company	$ **4,035,064**	**5,291,387**
Weighted-average number of ordinary shares outstanding (in thousands)	**1,966,782**	**1,966,782**
Basic earnings per share (in dollars)	$ **2.05**	**2.69**

(ii) Diluted earnings per share

	2018	2017
Profit attributable to shareholders of the Company	$ **4,035,064**	**5,291,387**
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Employee bonuses	21,555	25,756
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	**1,988,337**	**1,992,538**
Diluted earnings per share (in dollars)	$ **2.03**	**2.66**

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	2018				
	DMS	**Brand**	**Material**	**Medical**	**Total**
Primary geographical markets:					
Asia	$ 44,008,483	17,650,857	12,733,162	6,979,184	81,371,686
Europe	25,241,657	11,963,815	8,870	-	37,214,342
America	28,347,048	7,148,471	14,062	-	35,509,581
Others	761,865	925,584	103	-	1,687,552
	$ **98,359,053**	**37,688,727**	**12,756,197**	**6,979,184**	**155,783,161**
Major products/services lines:					
Electronic products	$ 97,580,459	36,926,061	12,701,908	-	147,208,428
Medical services	-	-	-	6,979,184	6,979,184
Others	778,594	762,666	54,289	-	1,595,549
	$ **98,359,053**	**37,688,727**	**12,756,197**	**6,979,184**	**155,783,161**

For details on revenue for 2017, please refer to note 6(y).

(Continued)

(ii) Contract balances

		December 31, 2018	January 1, 2018
Notes and accounts receivable (including related parties)	$	28,308,199	28,215,235
Less: loss allowance		(198,527)	(168,492)
Total	$	**28,109,672**	**28,046,743**
Contract liabilities	$	**876,788**	**630,654**

For details on notes and accounts receivable and related loss allowance, please refer to note 6(e).

The amount of revenue recognized for the year ended December 31, 2018 that was included in the contract liability balance at the beginning of the period was $630,654.

(y) Revenue

		2017
Revenue from sale of goods	$	129,749,536
Revenue from services rendered		7,112,956
	$	**136,862,492**

(z) Remuneration to employees and directors

The Company's article of incorporation requires that earnings shall first to be offset against any deficit, then, a range from 5% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2018 and 2017, the Company estimated its remuneration to employees amounting to $341,480 and $451,600, respectively, and the remuneration to directors amounting to $35,112 and $45,160, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The abovementioned estimated remuneration to employees and directors is the same as the amount approved by the Board of Directors and will be paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(aa) Non-operating income and loss

(i) Other income

		2018	2017
Interest income from bank deposits	$	185,434	84,640
Dividend income		35,321	93,842
Subsidy income		232,759	55,080
	$	**453,514**	**233,562**

(ii) Other gains and losses－net

		2018	2017
Gain on disposal of property, plant and equipment	$	10,404	182,793
Gain on disposal of investments		14,727	597,977
Foreign currency exchange gains (losses)		(233,340)	763,493
Gains (losses) on financial instruments at fair value through profit or loss		108,890	(700,616)
Impairment loss on financial assets		-	(1,755)
Gain on disposal of non-current assets held for sale		156,703	-
Impairment losses on non-financial assets		(2,815)	(1,455)
Impairment loss on investments accounted for using equity method		-	(7,098)
Gain on bargain purchase		253	-
Others		221,811	214,794
	$	**276,633**	**1,048,133**

(iii) Finance costs

		2018	2017
Interest expense of bank loans	$	(846,245)	(639,396)
Interest expense of lease obligations payable		(2,544)	(20,814)
	$	**(848,789)**	**(660,210)**

(Continued)

(ab) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2018	December 31, 2017
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$ 405,914	-
Held-for-trading	-	1,043,701
Subtotal	405,914	1,043,701
Financial assets at fair value through other comprehensive income	761,626	-
Available-for-sale financial assets (including current and non-current)	-	667,254
Subtotal	761,626	667,254
Financial assets measured at amortized cost (loans and receivables):		
Cash and cash equivalents	9,618,657	6,636,634
Notes and accounts receivable and other receivables (including related parties)	28,713,176	28,355,020
Other financial assets (including current and non-current)	465,705	1,423,701
Subtotal	38,797,538	36,415,355
Total	**$ 39,965,078**	**38,126,310**

2) Financial liabilities

	December 31, 2018	December 31, 2017
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 43,779	64,484
Contingent consideration arising from business combinations	100,056	12,675
Subtotal	143,835	77,159
Financial liabilities measured at amortized cost:		
Short-term borrowings	14,786,555	16,262,262
Notes and accounts payable and other payables (including related parties)	36,799,846	33,107,040
Lease obligations payable (including current portion)	38,014	59,435
Long-term debt (including current portion)	18,574,984	14,709,153
Other non-current liabilities－guarantee deposits	318,173	304,020
Subtotal	70,517,572	64,441,910
Total	**$ 70,661,407**	**64,519,069**

(Continued)

(ii) Fair value information - financial instruments not measured at fair value

Except for those described in the table below, the Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values:

	December 31, 2018			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Lease obligations payable (including current portion)	$ -	38,014	-	38,014

	December 31, 2017			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Lease obligations payable (including current portion)	$ -	59,435	-	59,435

The fair value of aforementioned lease obligations payable is estimated based on the present value of future discounted cash flows. The discounted rate adopted by the Group is the rate of interest rates of a similar long-term debts in the market.

(iii) Fair value information - Financial instruments measured at fair value

1) Fair value hierarchy

The financial department of the Group evaluates the fair value of financial instrument and utilizes the assistance of external experts or financial institutions in performing the valuation of fair value when necessary, and regularly revises the inputs and any essential adjustments on the fair value to confirm the evaluation results is reasonable.

When measuring the fair value of financial instruments, the Group usually use market observable data. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(Continued)

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	$ -	56,164	-	56,164
Foreign exchange swaps	-	7,517	-	7,517
Foreign exchange option	-	1,213	-	1,213
Open-end mutual funds	341,020	-	-	341,020
Subtotal	341,020	64,894	-	405,914
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	140,592	-	-	140,592
Domestic emerging stock	-	433,080	-	433,080
Privately held equity securities	-	-	187,954	187,954
Subtotal	140,592	433,080	187,954	761,626
Total	**$ 481,612**	**497,974**	**187,954**	**1,167,540**
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	$ -	(38,934)	-	(38,934)
Foreign exchange swaps	-	(4,845)	-	(4,845)
Contingent consideration arising from business combinations	-	(12,814)	(87,242)	(100,056)
Total	**$ -**	**(56,593)**	**(87,242)**	**(143,835)**

	December 31, 2017			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	$ -	22,013	-	22,013
Foreign exchange swaps	-	19,667	-	19,667
Open-end mutual funds	1,002,021	-	-	1,002,021
Subtotal	1,002,021	41,680	-	1,043,701
Available-for-sale financial assets:				
Domestic listed stocks	143,899	-	-	143,899
Domestic emerging stock	-	345,898	-	345,898
Privately held equity securities	-	-	177,457	177,457
Subtotal	143,899	345,898	177,457	667,254
Total	**$ 1,145,920**	**387,578**	**177,457**	**1,710,955**
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	$ -	(47,184)	-	(47,184)
Foreign exchange swaps	-	(17,300)	-	(17,300)
Contingent consideration arising from business combinations	-	(12,675)	-	(12,675)
Total	**$ -**	**(77,159)**	**-**	**(77,159)**

(Continued)

2) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stock and open-end mutual funds with standard terms and conditions and traded in active markets. The fair value is based on quoted market prices.

Except for the abovementioned financial instruments traded in an active market, the fair value of other financial instruments are based on the valuation techniques or the quotation from counterparty. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date.

For the Group's financial instruments that are not traded in active markets, the fair values are determined as follows:

- The fair value of the Group's domestic emerging stock is determined based on the average stock price on the emerging market at the reporting date.

- Discounted cash flow model is used to estimated the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the present value of the consideration for payment.

- The fair value of privately held stock is estimated by using the market approach and is determined by reference to valuations of similar companies, net worth and recent operating activities. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

b) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants and that are readily available to the Group. The fair value of foreign currency forward contracts, foreign exchange swaps, and foreign exchange option is computed individually by each contract using the valuation technique.

3) Transfers between levels of the fair value hierarchy

There was no transfers among fair value hierarchies for the year ended December 31, 2018.

(Continued)

In 2017, the available-for-sale financial assets (domestic emerging stock－ APLEX Technology, Inc.) were transferred from Level 2 to Level 1 because APLEX Technology, Inc. became a listed company on Taipei Exchange starting from December 11, 2017.

4) Movement in financial assets included in Level 3 of fair value hierarchy

The investments were classified as financial assets at fair value through other comprehensive income on December 31, 2018, and were classified as available-for-sale financial assets on December 31, 2017.

	2018	2017
Balance at January 1	$ 177,457	144,519
Additions	11,187	43,467
Disposal	-	(1,027)
Recognized in other comprehensive income	(690)	(7,747)
Recognized in profit or loss	-	(1,755)
Balance at December 31	**$ 187,954**	**177,457**

Financial liabilities at fair value through profit or loss were as follows:

	2018	2017
Balance at January 1	$ -	-
Acquisition through business combination	90,041	-
Recognized in profit or loss	(2,799)	-
Balance at December 31	**$ 87,242**	**-**

The above-mentioned total gains or losses were included in “other gains and losses－net”, “unrealized losses from investments in equity instruments measured at fair value through other comprehensive income” and “change in fair value of available-for-sale financial assets”. The gains or losses attributable to the assets and liabilities held on December 31, 2018 and 2017 were as follows:

	2018	2017
Total gains or losses:		
Recognized in profit or loss (included in other gains and losses－net)	$ 2,799	(1,755)
Recognized in other comprehensive income (included in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”	(690)	-
Recognized in other comprehensive income (included in “change in fair value of available-for-sale financial assets”	-	(7,747)

(Continued)

(ac) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company's Board of Directors is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets. As of December 31, 2018 and 2017, the Group's maximum exposure to credit risk amounted to $39,965,078 and $38,126,310, respectively.

The Group maintains cash and enters into derivative transactions with various reputable financial institutions; therefore, the exposure related to potential default by those counter-parties is not considered significant.

The majority of the Group's customers are well-known international companies with high financial transparency in the electronics industry. In order to reduce credit risk of accounts receivable, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2018 and 2017, the Group had unused credit facilities of $32,511,602 and $40,190,109, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

(Continued)

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2018						
Non-derivative financial liabilities:						
Short-term borrowings	$ 14,974,398	14,319,005	655,393	-	-	-
Financial liabilities at fair value through profit or loss－contingent consideration (including current portion)	100,056	1,733	1,602	7,704	89,017	-
Lease obligations payable (including current portion)	38,014	10,473	10,473	17,068	-	-
Long-term debt (including current portion)	19,619,323	1,908,154	674,906	7,969,600	8,465,486	601,177
Notes and accounts payable (including related parties)	30,703,730	30,703,730	-	-	-	-
Other payables (including related parties)	6,096,116	6,096,116	-	-	-	-
Guarantee deposits	318,173	-	-	-	318,173	-
Derivative financial instruments:						
Foreign currency forward contracts：						
Outflow	7,278,914	7,278,914	-	-	-	-
Inflow	(7,296,144)	(7,296,144)	-	-	-	-
Foreign exchange swaps：						
Outflow	4,455,293	4,455,293	-	-	-	-
Inflow	(4,457,965)	(4,457,965)	-	-	-	-
	$ 71,829,908	53,019,309	1,342,374	7,994,372	8,872,676	601,177
December 31, 2017						
Non-derivative financial liabilities:						
Short-term borrowings	$ 16,305,551	15,698,562	606,989	-	-	-
Financial liabilities at fair value through profit or loss－contingent consideration (including current portion)	12,675	-	3,047	2,794	6,834	-
Lease obligations payable (including current portion)	59,435	13,855	13,854	31,726	-	-
Long-term debt (including current portion)	15,881,453	1,466,507	568,753	3,789,774	9,150,627	905,792
Notes and accounts payable (including related parties)	25,869,496	25,869,496	-	-	-	-
Other payables (including related parties)	7,237,544	7,237,544	-	-	-	-
Guarantee deposits	304,020	-	-	-	304,020	-
Derivative financial instruments:						
Foreign currency forward contracts：						
Outflow	7,197,311	7,197,311	-	-	-	-
Inflow	(7,172,140)	(7,172,140)	-	-	-	-
Foreign exchange swaps：						
Outflow	4,371,025	4,371,025	-	-	-	-
Inflow	(4,373,392)	(4,373,392)	-	-	-	-
	$ 65,692,978	50,308,768	1,192,643	3,824,294	9,461,481	905,792

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

1) Foreign currency risk

The Group utilizes foreign currency forward contracts and foreign exchange swaps to hedge its foreign currency exposure with respect to its sales and purchases. These financial instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity dates of derivative financial instruments the Group entered into were less than six months and did not conform to the criteria for hedge accounting.

The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party transactions), notes and accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

	December 31, 2018				
	Foreign currency (in thousands)	**Exchange rate**	**TWD (in thousands)**	**Change in magnitude**	**Effect on profit or loss (in thousands)**
Financial assets					
USD	$ 1,376,498	30.7150	42,279,136	1 %	422,791
EUR	70,241	35.2610	2,476,768	1 %	24,768
CNY	843,454	4.4709	3,770,998	1 %	37,710
JPY	2,221,002	0.2780	617,439	1 %	6,174
Financial liabilities					
USD	1,250,179	30.7150	38,399,248	1 %	383,992
EUR	28,493	35.2610	1,004,692	1 %	10,047
CNY	1,133,890	4.4709	5,069,509	1 %	50,695
JPY	6,672,112	0.2780	1,854,847	1 %	18,548

(Continued)

	December 31, 2017					
		Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets						
USD	$	1,290,022	29.8400	38,494,256	1 %	384,943
EUR		83,152	35.7480	2,972,518	1 %	29,725
CNY		691,040	4.5767	3,162,683	1 %	31,627
JPY		1,611,803	0.2649	426,967	1 %	4,270
Financial liabilities						
USD		1,356,242	29.8400	40,470,261	1 %	404,703
EUR		7,629	35.7480	272,721	1 %	2,727
CNY		846,375	4.5767	3,873,604	1 %	38,736
JPY		5,092,689	0.2649	1,349,053	1 %	13,491

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2018 and 2017 were $(233,340) and $763,493, respectively.

2) Interest rate risk

The Group's short-term borrowings and long-term debt carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2018 and 2017 would have been $333,615 and $309,714, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Group is exposed to the risk of price fluctuation in the securities market due to the investment in domestic listed stock and emerging stock. The Group supervises the equity price risk actively and manages the risk based on fair value. The Group also has strategic investments in privately held stocks, which the Group does not actively participate in trading.

The investment target of open-end mutual funds held by the Group are mostly monetary funds or bond funds (accounted for as financial assets at fair value through profit or loss －current). The Group anticipates that there is no significant market risk related to the funds.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2018 and 2017, would have increased or decreased by $28,684 and $24,490, respectively.

(ad) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders. The Group monitors its capital through reviewing the liability-to-equity ratio periodically.

The Group's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 79,947,637	71,394,930
Total equity	$ 39,859,646	37,544,486
Liability-to-equity ratio	200.57 %	190.16 %

(ae) Changes in liabilities from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2018	Cash flows	Acquisition through business combination	Effect of foreign exchange rate	December 31, 2018
Short-term borrowings	$ 16,262,262	(2,247,146)	819,325	(47,886)	14,786,555
Long-term debt	14,709,153	3,549,446	346,613	(30,228)	18,574,984
Lease obligations payable	59,435	(21,421)	-	-	38,014
	$ 31,030,850	1,280,879	1,165,938	(78,114)	33,399,553

(Continued)

7. Related-party transactions:

(a) Related party name and categories

Name of related party	Relationship with the Group
AU Optronics Corp. (“AU”)	The Group's associates
Darfon Electronics Corp. (“DFN”)	The Group's associates
Visco Vision Inc. (“Visco Vision”)	The Group's associates
Cenefom Corp. (“CENEFOM”)	The Group's associates
Q.S.Control Corp.	The Group's associates
TDX Medical Technology (Jiangsu) Co., Ltd	The Group's joint venture
Partner Tech Corp. (“PTT”)	(note 1)
Darwin Precisions Corporation (“Darwin”)	AU's subsidiaries
AU Optronics (L) Corp. (“AUL”)	AU's subsidiaries
AU Optronics (Suzhou) Corp. (“AUSZ”)	AU's subsidiaries
AU Optronics (Kunshan) Co., Ltd. (“AUKS”)	AU's subsidiaries
a.u. Vista Inc. (“AUVI”)	AU's subsidiaries
AU Optronics (Xiamen) Corp. (“AUXM”)	AU's subsidiaries
AUO Care Information Tech. (Suzhou) Co., Ltd. (“A-Care”)	AU's subsidiaries
BriView (HF) Corp. (“BVHF”)	AU's subsidiaries
Darwin Precisions (Xiamen) Corp. (“DPXM”)	AU's subsidiaries
Darwin Precisions (Suzhou) Corp.	AU's subsidiaries
Fortech Electronics (Kunshan) Co., Ltd. (“FTKS”)	AU's subsidiaries
Fortech Electronics (Suzhou) Co., Ltd. (“FTWJ”)	AU's subsidiaries
AUO Crystal Corp. (“ACTW”)	AU's subsidiaries
Darfon America Corp. (“DFA”)	DFN's subsidiaries
Darfon Electronics Czech s.r.o (“DFC”)	DFN's subsidiaries
Darfon Electronics (Suzhou) Co., Ltd. (“DFS”)	DFN's subsidiaries
Darfon Electronics, Shenzhen Co., Ltd. (“DFZ”)	DFN's subsidiaries (note 2)
Huaian Darfon Electronics Co., Ltd. (“DFH”)	DFN's subsidiaries
Darfon Electronics (Chongqing) Co., Ltd. (“DFQ”)	DFN's subsidiaries
Darfon Precisions (Suzhou) Co., Ltd. (“DPS”)	DFN's subsidiaries
Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	PTT's subsidiaries (note 1)
Partner Tech Africa (Pty) Ltd. (“PTA”)	PTT's subsidiaries (note 3)
Dragon Photonics Inc. (“Dragon”)	Visco Vision's subsidiaries
Visco Technology Sdn. Bhd. (“VVM”)	Visco Vision's subsidiaries
Visco Med Sdn. Bhd. (“VMM”)	Visco Vision's subsidiaries
Alpha Networks Inc. (“Alpha”)	(note 4)
DMC Components International, LLC. (“DMC”)	(note 5)
Raydium Semiconductor Corporation (“RSC”)	(note 6)
Dazzo Technology Corporation (“Dazzo”)	RSC's subsidiaries (note 6)

(Continued)

Name of related party	Relationship with the Group
We Can Financial Technology Co., Ltd ("Wecan")	(note 7)
BenQ Foundation	Substantive related party

(note 1) Prior to April 2017, PTT was an associate of the Group. However, due to its acquisition by the Group, it has been included in the Group's consolidated financial statements beginning April 2017.

(note 2) DFZ was liquidated in the first quarter of 2018.

(note 3) Prior to June 2018, PTA was an associate of the Group. However, due to its acquisition by the Group, it has been included in the Group's consolidated financial statements beginning June 2018.

(note 4) Starting March 2018, Alpha became an associate of the Group.

(note 5) Starting November 2018, DMC became an associate of the Group.

(note 6) Prior to June 2017, RSC was an associate of the Group. However, Starting June 2017, RSC was no longer a related party of the Group.

(note 7) Prior to November 2017, Wecan was an associate of the Group. Starting November 2017, Wecan was no longer related party of the Group.

(b) Significant related-party transactions

(i) Revenue

	2018	2017
Associates:		
AU	$ 9,810,705	8,602,196
AUL	4,562,144	5,234,370
Other associates	278,245	265,684
	14,651,094	14,102,250
Joint ventures	-	3,334
	$ 14,651,094	**14,105,584**

The sales prices for some of the abovementioned transactions were not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers. The payment terms of 30~120 days showed no significant difference between related parties and third-party customers.

(ii) Purchases

	2018	2017
Associates:		
AU	$ 12,010,909	12,446,575
Other associates	624,791	469,494
	$ 12,635,700	**12,916,069**

There were no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 30~120 days showed no significant difference between related parties and third-party vendors.

(Continued)

(iii) Lease

The Group entered into an operating lease contract with associates (AU) for the use of factory space. Rental expenses for the years ended December 31, 2018 and 2017, amounted to $71,275 and $61,905, respectively. As of December 31, 2017, rents prepaid to associates amounted to $5,361, and was recorded as "other current assets". There was no rents prepaid as of December 31, 2018.

The Group leased its plant and office to associates. In 2018 and 2017, the rental income were as follows:

	2018	2017
Associates	$ 23,020	18,750

(iv) Service revenue

In 2018 and 2017, the Group generated service revenue from associates amounting to $0 and $2,100, respectively.

(v) Donation

In 2018 and 2017, the Group made a donation to a substantive related party (BenQ Foundation) for $9,200 and $13,000, respectively.

(vi) Acquisition and disposal of property, plant and equipment

In 2017, the Group sold its buildings to associates at a price of $15,219, resulting in a disposal gain of $8,740.

(vii) Others

1) As of December 31, 2018 and 2017, other receivables resulting from payments on behalf of associates amounted to $22,568 and $7,412, respectively.

2) As of December 31, 2018 and 2017, other payables resulting from advance payments by associates on behalf of the Group amounted to $13,394 and $5,946, respectively.

(viii) Receivables

Account	Related-party categories	December 31, 2018	December 31, 2017
Accounts receivable	Associates		
	AU	$ 1,492,926	2,408,977
	AUL	1,402,995	1,804,409
	Other associates	201,540	24,260
		3,097,461	4,237,646
Other receivables	Associates	22,568	7,412
		$ 3,120,029	4,245,058

(Continued)

The Group entered into factoring contracts with financial institutions to sell part of its accounts receivable from related parties without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only the risk of loss due to commercial disputes. Thus, these contracts met the condition of financial asset derecognition. At each reporting date, details of these contracts were as follows:

December 31, 2018							
Underwriting bank		**Factored amount**	**Factoring credit limit**	**Advance amount**	**Range of interest rates**	**Collateral**	
Maga International Commercial Bank	$	1,194,472	2,000,000	1,075,025		Promissory note	200,000
Chinatrust Commercial Bank		153,575	552,870	138,218		Promissory note	55,287
	$	**1,348,047**	**2,552,870**	**1,213,243**	3.65%~3.90%	Promissory note	**255,287**

The factored accounts receivable, net of advance amounts, were recognized as " other receivables" in the accompanying consolidated balance sheets. As of December 31, 2017, there are no factored accounts receivable from related parties.

(ix) Payables

Account	Related party categories		December 31, 2018	December 31, 2017
Accounts payable	Associates:			
	AU	$	2,044,811	1,577,786
	Other associates		215,684	48,317
			2,260,495	1,626,103
Other payables	Associates		13,394	5,946
		$	**2,273,889**	**1,632,049**

(c) Compensation for key management personnel

		2018	2017
Short-term employee benefits	$	150,693	194,485
Post-employment benefits		999	941
	$	**151,692**	**195,426**

(Continued)

8. Pledged assets:

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2018	December 31, 2017
Other financial assets (time deposits)	Credit lines of bank loans and guarantee for tax clearance certificate and performance guarantee	$ 82,146	184,889
Common stock of investments accounted for using equity method	Credit lines of bank loans	8,834,783	10,573,568
Land and buildings	Credit lines of bank loans	3,043,853	2,310,680
Long-term prepaid rents (land use rights)	Credit lines of bank loans	966,759	-
Refundable deposits	Credit lines of bank loans	511	-
Notes and accounts receivable	Credit lines of bank loans	110,170	-
Inventories	Credit lines of bank loans	152,404	-
		$ 13,190,626	13,069,137

9. Significant commitments and contingencies:

In addition to those in notes 6(p) and (r), the Group had the following commitments and contingencies:

(a) Significant unrecognized commitments

	December 31, 2018	December 31, 2017
Unused letters of credit	$ 1,336,433	953,117

(b) Significant contingent liabilities

(i) In September 2010, some direct and indirect U.S. purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has retained counsel to handle the related matters and reached a settlement with direct U.S. purchasers. Currently, the lawsuit is still in progress.

(ii) In January 2012, some direct and indirect Canadian purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has retained counsel to handle the related matters. Currently, the lawsuit is still in progress.

10. Significant loss from disaster: None.

11. Significant subsequent events:

In order to enter into the internet and information security market, on February 27, 2019, DFI's Board of Directors approved a resolution to subscribe the 30,000 thousand shares of Aewin Technologies Co., Ltd. ("AEWIN") through private offering at a price of $18.5 dollar per share, totaling $550,000, and acquired 51.26% ownership of AEWIN.

12. Others:

	2018			2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	6,280,988	6,414,987	12,695,975	5,294,179	5,833,533	11,127,712
Insurance	551,518	590,392	1,141,910	486,479	506,985	993,464
Pension	474,851	295,924	770,775	419,019	260,708	679,727
Others	1,439,341	571,688	2,011,029	1,186,028	455,288	1,641,316
Depreciation	1,554,943	463,717	2,018,660	1,368,173	447,512	1,815,685
Amortization	70,649	396,980	467,629	59,647	203,245	262,892

13. Additional disclosures:

(a) Information on significant transactions:

(i) Financing provided to other parties: Table 1 (attached)

(ii) Guarantees and endorsements provided to other parties: Table 2 (attached)

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and joint ventures): Table 3 (attached)

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: Table 4 (attached)

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital:Table 5 (attached)

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: Table 6 (attached)

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Table 7 (attached)

(ix) Transactions about derivative instruments: Refer to note 6(b)

(x) Business relationships and significant intercompany transactions: Table 8 (attached)

(Continued)

(b) Information on investees : Table 9 (attached)

(c) Information on investments in Mainland China: Table 10 (attached)

14. Segment information:

(a) General information

The Group has four reportable segments, which are the Group's strategic divisions. The Group's strategic divisions provide different products and services, and are managed separately because they require different technology and marketing strategies. Operating results of the strategic divisions are quarterly reviewed by the Group's chief operating decision maker. The four reportable segments are described as follows:

(i) DMS: Engaging in the design, research, manufacturing, and sale of electronic products.

(ii) Brand: Engaging in the design, research, marketing and sale of brand-name products.

(iii) Material: Engaging in the research, manufacturing, and sale of optoelectronics film.

(iv) Medical: Offering medical services.

(b) Reportable segments, profit or loss, segment assets, basis of measurement, and reconciliation

There was no material inconsistency between the accounting policies adopted for the operating segments and the accounting policies described in note 4. The Group uses operating profit as the measurement for segment profit and the basis of resource allocation and performance assessment.

The Group's operating segment information and reconciliation are as follows:

	2018						
	DMS	**Brand**	**Material**	**Medical**	**Others**	**Eliminations**	**Total**
External revenue	$ 98,359,053	37,688,727	12,756,197	6,979,184	-	-	$ 155,783,161
Intra-group revenue	13,275,746	271,701	7,974	3,365	-	(13,558,786)	-
Total segment revenue	**$ 111,634,799**	**37,960,428**	**12,764,171**	**6,982,549**	**-**	**(13,558,786)**	**$ 155,783,161**
Segment profit (loss)	**$ 1,951,974**	**2,002,967**	**439,629**	**119,056**	**(330)**	**62,863**	**$ 4,576,159**

	2017						
	DMS	**Brand**	**Material**	**Medical**	**Others**	**Eliminations**	**Total**
External revenue	$ 89,620,256	30,350,001	11,126,756	5,765,479	-	-	$ 136,862,492
Intra-group revenue	12,405,882	100,351	5,831	3,783	-	(12,515,847)	-
Total segment revenue	**$ 102,026,138**	**30,450,352**	**11,132,587**	**5,769,262**	**-**	**(12,515,847)**	**$ 136,862,492**
Segment profit (loss)	**$ 1,509,732**	**1,336,744**	**295,990**	**224,615**	**(1,872)**	**36,699**	**$ 3,401,908**

(c) Product information

Revenues from external customers are detailed below:

Region	**2018**	**2017**
Sales of electronic products	$ 147,208,428	129,749,536
Medical services	6,979,184	5,765,479
Others	1,595,549	1,347,477
	$ 155,783,161	**136,862,492**

(Continued)

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

Region	2018	2017
Taiwan	$ 29,803,601	26,788,946
Americas	33,613,379	28,893,340
Mainland China	30,510,117	26,544,380
Poland	12,115,331	9,472,684
Japan	10,051,985	8,090,793
Switzerland	4,723,573	4,419,098
Others	34,965,175	32,653,251
	$ 155,783,161	**136,862,492**

Non-current assets:

Region	December 31, 2018	December 31, 2017
Mainland China	$ 16,660,252	17,921,926
Taiwan	14,479,295	11,899,772
Others	281,249	251,384
	$ 31,420,796	**30,073,082**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, but do not include financial instruments, deferred income tax assets, and pension fund assets.

(e) Major customer information

Sales to individual customers accounting for more than 10% of the consolidated revenues in 2018 and 2017 were as follows:

	2018
Customer A	**$ 38,426,210**

	2017
Customer A	**$ 35,336,345**
Customer B	**$ 13,811,681**

QISDA CORPORATION AND SUBSIDIARIES
Financing provided to other parties
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 1

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
1	QLLB	Qisda (Shanghai) Co., Ltd. (“QCSH”)	Other receivables from related parties	Yes	1,795,390 (USD 58,000)	1,781,470 (USD 58,000)	1,781,470 (USD 58,000)	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Qisda (Shanghai) Co., Ltd. (“QCSH”)	Other receivables from related parties	Yes	1,781,470 (USD 58,000)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Darly Venture (L) Ltd	Other receivables from related parties	Yes	230,363 (USD 7,500)	230,363 (USD 7,500)	230,363 (USD 7,500)	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Darly Venture (L) Ltd	Other receivables from related parties	Yes	233,710 (USD 7,550)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	BBHC	Other receivables from related parties	Yes	291,950 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	2,487,207	4,974,415
1	QLLB	BBHC	Other receivables from related parties	Yes	309,550 (USD 10,000)	307,150 (USD 10,000)	307,150 (USD 10,000)	LIBOR+0.85%	2	-	Operating requirements	-	-	-	2,487,207	4,974,415
2	BenQ	BQL	Other receivables from related parties	Yes	278,595 (USD 9,000)	276,435 (USD 9,000)	276,435 (USD 9,000)	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
2	BenQ	BenQ Co.,Ltd (“BQC”)	Other receivables from related parties	Yes	291,950 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
2	BenQ	QMMX	Other receivables from related parties	Yes	40,873 (USD 1,400)	-	-	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
3	BBM	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	152,300 (USD 5,000)	-	-	-	2	-	Operating requirements	-	-	-	1,109,244	1,109,244
3	BBM	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	61,210 (USD 2,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	2	-	Operating requirements	-	-	-	1,109,244	1,109,244
4	BBHC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	371,460 (USD 12,000)	368,580 (USD 12,000)	368,580 (USD 12,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	139,298 (USD 4,500)	138,218 (USD 4,500)	138,218 (USD 4,500)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	309,550 (USD 10,000)	307,150 (USD 10,000)	307,150 (USD 10,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	481,718 (USD 16,500)	-	-	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	296,050 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	BBM	Other receivables from related parties	Yes	123,320 (USD 4,000)	122,860 (USD 4,000)	30,715 (USD 1,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	141,273 (CNY 30,000)	134,127 (CNY 30,000)	134,127 (CNY 30,000)	4.00%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Qisda Precision Industry (SuZhou) Co., Ltd (“QCPS”)(Note 13)	Other receivables from related parties	Yes	69,686 (CNY 15,000)	-	-	-	2	-	Operating requirements	-	-	-	3,244,732	32,447,319
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	238,346 (CNY 53,000)	236,958 (CNY 53,000)	236,958 (CNY 53,000)	4.28%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	108,309 (CNY 23,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	368,580 (USD 12,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	299,500 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	185,192 (CNY 40,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	223,545 (CNY 50,000)	223,545 (CNY 50,000)	223,545 (CNY 50,000)	4.28%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	235,545 (CNY 50,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Qisda (Shanghai) Co., Ltd. (“QCSH”)(Note 13)	Other receivables from related parties	Yes	9,418 (CNY 2,000)	8,942 (CNY 2,000)	8,942 (CNY 2,000)	2.30%	2	-	Operating requirements	-	-	-	3,244,732	32,447,319
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	371,460 (USD 12,000)	368,580 (USD 12,000)	368,580 (USD 12,000)	3.70%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
6	QLPG	QLLB	Other receivables from related parties	Yes	166,192 (MYR 22,000)	162,631 (MYR 22,000)	162,631 (MYR 22,000)	3.20%	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
6	QLPG	QLLB	Other receivables from related parties	Yes	165,840 (MYR 22,000)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
7	BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	22,486 (CNY 5,000)	22,355 (CNY 5,000)	22,355 (CNY 5,000)	1.00%	2	-	Operating requirements	-	-	-	345,366	345,366
7	BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	23,546 (CNY 5,000)	-	-	-	2	-	Operating requirements	-	-	-	345,366	345,366
8	BMS	BenQ Material (WuHu) Co., Ltd.(Note 13)	Other receivables from related parties	Yes	941,820 (CNY 200,000)	894,180 (CNY 200,000)	822,646 (CNY 184,000)	4.35%	2	-	Operating requirements	-	-	-	1,173,334	1,955,556
9	PTT	Partner Tech (Shanghai) Co., Ltd.(“PTCM”)	Other receivables from related parties	Yes	29,840 (USD 1,000)	-	-	-	2	-	Operating requirements	-	-	-	386,512	386,512
9	PTT	Partner-Tech Europe GmbH	Other receivables from related parties	Yes	29,840 (USD 1,000)	-	-	-	2	-	Operating requirements	-	-	-	386,512	386,512
10	PTTN	PTTNC	Other receivables from related parties	Yes	2,830 (CNY 633)	2,830 (CNY 633)	2,830 (CNY 633)	-	2	-	Operating requirements	-	-	-	12,340	12,340

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
11	GSS	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 13)	Other receivables from related parties	Yes	37,673 (CNY 8,000)	-	-	-	2	-	Operating requirements	-	-	-	44,404	44,404
12	NMHC	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	24,487 (CNY 5,200)	-	-	-	2	-	Operating requirements	-	-	-	25,632	25,632
12	NMHC	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	23,249 (CNY 5,200)	23,249 (CNY 5,200)	23,249 (CNY 5,200)	1.00%	2	-	Operating requirements	-	-	-	25,632	25,632
13	QCES	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 13)	Other receivables from related parties	Yes	61,210 (USD 2,000)	-	-	-	2	-	Operating requirements	-	-	-	537,855	537,855
13	QCES	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	137,723 (USD 4,500)	-	-	-	2	-	Operating requirements	-	-	-	537,855	537,855

(Note 1) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QLLB shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company. The aggregate financing amount to subsidiaries not wholly owned by the Company and the individual financing amount of QLLB shall not exceed 40% and 20%, respectively, of the most recent net worth of QLLB.

(Note 2) The aggregate financing amount and the individual financing amount of BBM and BBHC to subsidiaries shall not exceed 40% of the most recent net worth of BBM and BBHC.

(Note 3) The aggregate financing amount and the individual financing amount of QLPG to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 4) The aggregate financing amount to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100% and 60%, respectively, of the most recent audited or reviewed net worth of BMS.

(Note 5) The aggregate financing amount and the individual financing amount of BenQ to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of BenQ.

(Note 6) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS and QCES shall not exceed 100% and 10%, respectively, of the most recent audited or reviewed net worth of the Company. The financing amount to the subsidiaries not wholly owned by the Company and the individual financing amount of QCOS and QCES shall not exceed 40% of the most recent net worth of QCOS and QCES.

(Note 7) The aggregate financing amount and the individual financing amount of BIC to subsidiaries shall not exceed 40% of the most recent net worth of BIC.

(Note 8) The aggregate financing amount and the individual financing amount of PTT to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of PTT.

(Note 9) The aggregate financing amount and the individual financing amount of GSS to subsidiaries shall not exceed 40% of the most recent net worth of GSS.

(Note 10) The aggregate financing amount and the individual financing amount of NMHC to subsidiaries shall not exceed 100% of the most recent net worth of NMHC.

(Note 11) The aggregate financing amount and the individual financing amount of PTTN to subsidiaries shall not exceed 40% of the most recent net worth of PTTN.

(Note 12) Purpose of Fund Financing: 1.Business transaction purpose. 2. Short-term financing purpose.

(Note 13) To decrease the interest expense of the Group, certain subsidiaries using, special purpose trust account through financial intermediaries, offer idle fund to other subsidiaries in need.

(Note 14) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QISDA CORPORATION AND SUBSIDIARIES
Guarantees and endorsements provided to other parties
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 2

No.	Endorsements / Guarantee Provider	Counter-party of Guarantee and Endorsement: Name	Counter-party of Guarantee and Endorsement: Relationship with the Company	Limits on Amount of Guarantees and Endorsements Provided to Each Guaranteed Party	Highest Balance of Guarantees and Endorsements During the Period	Balance of Guarantees and Endorsements as of Reporting Date	Actual Usage Amount During the Period	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Gaurantee Provided by Parent Company	Gaurantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
0	The Company	QLLB	Parent/Subsidiary	6,489,464	5,555,450 (USD 182,000)	3,255,790 (USD 106,000)	2,764,350 (USD 90,000)	-	10.03%	16,223,660	Y	-	-
1	BQC	BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC_RO")	Affiliates	479,529	282,546 (CNY 60,000)	-	-	-	-	1,198,823	-	-	Y
2	PTT	Webest Solution Corp.	Parent/Subsidiary	193,256	10,000	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	193,256	59,900 (USD 2,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	193,256	29,840 (USD 1,000)	-	-	-	-	483,140	Y	-	Y
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	Y
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	193,256	61,910 (USD 2,000)	61,430 (USD 2,000)	61,430 (USD 2,000)	-	6.36%	483,140	Y	-	-
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	193,256	61,430 (USD 2,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	193,256	29,840 (USD 1,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech Africa (Pty) Ltd.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
3	DIC	Data Image (Suzhou) Corporation	Parent/Subsidiary	735,090	30,830	30,715	19,437	-	3.34%	735,090	Y	-	Y

(Note 1) The aggregate endorsement/guarantee amount provided by the Company to QLLB and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 2) The aggregate endorsement/guarantee amount provided by BQC to BQC_RO and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent net worth of BQC.

(Note 3) The aggregate endorsement/guarantee amount provided by PTT to PTT's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of PTT.

(Note 4) The aggregate endorsement/guarantee amount provided by DIC to Data Image (Suzhou) Corporation and the endorsement/guarantee amount provided to individual party shall not exceed 80% of the most recent audited or reviewed net worth of DIC.

QISDA CORPORATION AND SUBSIDIARIES
Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars/shares, unless specified otherwise)

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2018				Maximum percentage of ownership during 2018		Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	
The Company	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,250	33,750	4.61%	33,750	1,250	4.61%	-
QLLB	CPEC Huachuang Private Equity Fund (Fujian) Co. Ltd. Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	96,614	2.50%	96,614	-	2.50%	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note)	2.50%	-	225	2.50%	-
APV	Stock: Hi-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	310	30,380	0.89%	30,380	310	0.89%	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	2,247	6.19%	2,247	619	6.19%	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	31,779	3.14%	31,779	672	3.14%	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	143	0.06%	143	31	0.06%	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	13,248	6.17%	13,248	2,000	6.17%	-
APV	Stock: CDIB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	5,000	40,003	3.33%	40,003	5,000	3.33%	-
APV	Preferred Stock: D8AI Holdings Coporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	7,673	6.56%	7,673	10,000	6.56%	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,932	52,162	7.13%	52,162	1,932	7.13%	-
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,940	185,852	4.53%	185,852	2,940	4.53%	-
Darly 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	530	25,064	2.47%	25,064	530	2.47%	-
Darly 2	Stock: AUO Crystal Corp.	-	Financial assets at fair value through other comprehensive income-non-current	132	1,398	0.03%	1,398	132	0.03%	-
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,633	103,210	2.51%	103,210	1,633	2.51%	-
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,608	0.16%	1,608	34	0.16%	-
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	6,624	3.09%	6,624	1,000	3.09%	-
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	6,634	2.24%	6,634	1,033	2.24%	-
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	2,326	0.53%	2,326	285	0.53%	-
Darly C	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	220	13,922	0.34%	13,922	220	0.34%	-
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,512	71,502	7.06%	71,502	1,512	7.06%	-
PTT	Stock: We Can Financial Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	1,375	(Note)	13.75%	-	1,375	13.75%	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2018				Maximum percentage of ownership during 2018		Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	
PTT	Preferred Stock: D8AI Holdings Coporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	10,687	2.30%	10,687	3,500	2.30%	-
WEBEST	Stock: We Can Financial Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	50	(Note)	0.50%	-	50	0.50%	-
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	900	24,300	3.32%	24,300	900	3.32%	-
DFI	Fund: Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss-current	5,809	94,641	-	94,641	5,809	-	-
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,900	28,234	-	28,234	1,900	-	-
DFI	Fund: Allianz Global Investors Taiwan Money Market	-	Financial assets at fair value through profit or loss-current	17,436	218,145	-	218,145	17,436	-	-
DFI	Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss-non-current	USD 225	(Note)	1.58%	-	USD 225	1.58%	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss-current	USD 200	(Note)	-	-	USD 200	-	-
K2	Stock: Isotope BIOTECH.,LLC.	-	Financial assets at fair value through other comprehensive income-non-current	100	500	10.00%	500	100	10.00%	-

(Note) The impairment loss was fully recognized.

QISDA CORPORATION AND SUBSIDIARIES

Marketable securities for which the accumulated purchase or sale amount for the year exceed NT$300 million or 20% of the paid-in capital

For the year ended December 31, 2018

(Amounts in thousands of New Taiwan dollars/shares, unless specified otherwise)

Table 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance		Purchase		Disposal				Ending Balance(Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
The Company	Alpha	Investment accounted for using equity method	-	Associate	-	-	100,000	2,300,000	-	-	-	-	100,000	2,166,624
BMC	SMS	Investment accounted for using equity method	-	Affiliates	-	-	35,623	498,716	-	-	-	-	35,623	473,229

(Note) The ending balance includes shares of profits/losses of investees and other related adjustment.

QISDA CORPORATION AND SUBSIDIARIES
Disposal of real estate which exceeds NT$300 million or 20% of the paid-in capital
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Property Name	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Status of Payment	Gains or Loss on Disposal of real estate	Counter Party	Relationship with the Counter Party	Purpose of Disposal	Price Reference	Notes
QMMX	Factory and Land in Mexico	January 25, 2018	2008~2009	155,220	311,923	Fully collected	156,703	Instuitive Surgical, S. DE R.L. DE C.V.	-	Liquidation of QMMX	According to the results of price appraisal and negotiation	-

QISDA CORPORATION AND SUBSIDIARIES

Total purchases from and sales to related parties which exceed NT$100 million or 20% of the paid-in capital

For the year ended December 31, 2018

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

			Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		
Company Name	Related Party	Nature of Relationship	Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	Note
The Company	BenQ	Parent/Subsidiary	(Sales)	(5,175,255)	(5)	OA90	-	-	2,548,125	9	-
The Company	QJTO	Parent/Subsidiary	(Sales)	(2,432,235)	(2)	OA120	-	-	1,014,294	4	-
The Company	QALA	Parent/Subsidiary	(Sales)	(24,321,437)	(25)	OA90	-	-	9,325,491	35	-
The Company	AU	Associate	(Sales)	(4,781,283)	(5)	OA120	-	-	1,299,838	5	-
The Company	AUL	Associate	(Sales)	(2,508,394)	(3)	OA120	-	-	977,137	4	-
The Company	PTT	Parent/Subsidiary	(Sales)	(180,014)	-	OA30	-	-	56,239	-	-
The Company	DFI	Parent/Subsidiary	(Sales)	(1,003,652)	(1)	EOM60	-	-	193,393	1	-
The Company	QLLB	Parent/Subsidiary	Purchases	89,901,865	94	OA90	-	-	(20,583,191)	(77)	-
BMC	AU	Other related party	(Sales)	(5,001,378)	(39)	OA90	(Note 1)	-	152,988	7	-
BMC	AUL	Other related party	(Sales)	(2,053,749)	(16)	OA90	(Note 1)	-	425,857	19	-
BMC	BMLB	Parent/Subsidiary	Purchases	4,969,688	39	OA90	-	-	(177,305)	(8)	-
BMC	Visco	Associate	Purchases	168,062	1	OA90	-	-	(40,544)	(2)	-
BMLB	BMS	Affiliates	Purchases	654,666	5	OA90	-	-	(202,601)	(31)	-
BMLB	BMC	Parent/Subsidiary	(Sales)	(4,969,688)	(100)	OA90	-	-	177,305	100	-
BMS	BMLB	Affiliates	(Sales)	(654,666)	(100)	OA90	-	-	202,601	100	-
QCSZ	QLLB	Affiliates	(Sales)	(75,842,938)	(91)	OA60	-	-	19,655,622	92	-
QCSZ	BQC_RO	Affiliates	(Sales)	(701,668)	(1)	OA120	-	-	29,174	-	-
QCSZ	QCES	Affiliates	(Sales)	(176,820)	-	OA120	-	-	17,085	-	-
QCSZ	QCOS	Affiliates	(Sales)	(100,037)	-	OA60	-	-	6,955	-	-
QCSZ	QCPS	Affiliates	Purchases	1,652,875	2	OA60	-	-	(206,713)	(1)	-
QCSZ	AU	Other related party	Purchases	7,732,441	9	EOM55	-	-	(1,347,828)	(6)	-
QCSZ	DFI	Affiliates	Purchases	124,191	-	EOM60	-	-	(197,011)	(1)	-
QCPS	QCSZ	Affiliates	(Sales)	(1,652,875)	(79)	OA60	-	-	206,713	75	-
QCES	QCSZ	Affiliates	Purchases	176,820	1	OA60	-	-	(17,085)	-	-
QCES	DARWIN	Other related party	Purchases	283,204	1	OA120	-	-	(95,563)	(2)	-
QCOS	QLLB	Affiliates	(Sales)	(17,489,108)	(83)	OA60	-	-	3,574,499	84	-
QCOS	BQC_RO	Affiliates	(Sales)	(2,137,293)	(10)	OA120	-	-	73,872	2	-
QCOS	AU	Other related party	Purchases	233,352	1	EOM55	-	-	(41,401)	(1)	-
QCOS	QCSZ	Affiliates	Purchases	100,037	-	OA60	-	-	(6,955)	-	-

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
QJTO	The Company	Parent/Subsidiary	Purchases	2,432,235	100	OA120	-	-	(1,014,294)	(99)	-
QLLB	The Company	Parent/Subsidiary	(Sales)	(89,901,865)	(96)	OA90	-	-	20,583,191	100	-
QLLB	QCSZ	Affiliates	Purchases	75,842,938	81	OA60	-	-	(19,655,622)	(85)	-
QLLB	QCOS	Affiliates	Purchases	17,489,108	19	OA60	-	-	(3,574,499)	(15)	-
QALA	The Company	Parent/Subsidiary	Purchases	24,321,437	100	OA90	-	-	(9,325,491)	(100)	-
BenQ	BQA	Affiliates	(Sales)	(2,876,068)	(16)	OA90	-	-	998,043	17	-
BenQ	BQE	Affiliates	(Sales)	(7,714,886)	(44)	OA90	-	-	2,381,197	40	-
BenQ	BQL	Affiliates	(Sales)	(769,649)	(4)	OA90	-	-	334,147	6	-
BenQ	BQP	Affiliates	(Sales)	(5,872,651)	(33)	OA60	-	-	1,602,899	27	-
BenQ	BQC_RO	Affiliates	(Sales)	(180,482)	(1)	OA60	-	-	21,240	-	-
BenQ	The Company	Parent/Subsidiary	Purchases	5,175,255	32	OA90	-	-	(2,548,125)	(62)	-
BenQ	AU	Other related party	Purchases	3,590,347	22	EOM55	-	-	(532,512)	(13)	-
BQA	BenQ	Affiliates	Purchases	2,876,068	100	OA90	-	-	(998,043)	(100)	-
BQA	BQCA	Affiliates	(Sales)	(651,030)	(18)	OA60	-	-	95,876	18	-
BQCA	BQA	Affiliates	Purchases	651,030	99	OA60	-	-	(95,876)	(98)	-
BQC_RO	QCOS	Affiliates	Purchases	2,137,293	49	OA120	-	-	(73,872)	(13)	-
BQC_RO	QCSZ	Affiliates	Purchases	701,668	16	OA120	-	-	(29,174)	(5)	-
BQC_RO	BenQ	Affiliates	Purchases	180,482	4	OA60	-	-	(21,240)	(4)	-
BQL	BQmx	Affiliates	(Sales)	(437,862)	(49)	OA90	-	-	254,210	35	-
BQL	Maxgen	Affiliates	(Sales)	(227,732)	(26)	OA90	-	-	448,309	62	-
BQL	BenQ	Affiliates	Purchases	769,649	94	OA90	-	-	(334,147)	(54)	-
BQmx	BQL	Affiliates	Purchases	437,862	99	OA90	-	-	(254,210)	(94)	-
Maxgen	BQL	Affiliates	Purchases	227,732	97	OA90	-	-	(448,309)	(100)	-
BQP	BQJP	Affiliates	(Sales)	(1,119,543)	(16)	OA60	-	-	295,282	17	-
BQP	BQME	Affiliates	(Sales)	(896,252)	(13)	OA60	-	-	279,276	16	-
BQP	BQAU	Affiliates	(Sales)	(588,194)	(9)	OA60	-	-	117,217	7	-
BQP	BQTH	Affiliates	(Sales)	(180,327)	(3)	OA60	-	-	104,811	6	-
BQP	BQMY	Affiliates	(Sales)	(102,101)	1	OA60	-	-	12,082	1	-
BQP	BQIN	Affiliates	(Sales)	(804,062)	(12)	OA60	-	-	402,902	23	-
BQP	BenQ	Affiliates	Purchases	5,872,651	92	OA60	-	-	(1,602,899)	(99)	-
BQJP	BQP	Affiliates	Purchases	1,119,543	98	OA60	-	-	(295,282)	(96)	-
BQME	BQP	Affiliates	Purchases	896,252	94	OA60	-	-	(279,276)	(93)	-
BQAU	BQP	Affiliates	Purchases	588,194	100	OA60	-	-	(117,217)	(98)	-
BQTH	BQP	Affiliates	Purchases	180,327	99	OA60	-	-	(104,811)	(100)	-
BQMY	BQP	Affiliates	Purchases	102,101	100	OA60	-	-	(12,082)	(96)	-
BQIN	BQP	Affiliates	Purchases	804,062	97	OA60	-	-	(402,902)	(99)	

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
BQE	BenQ	Affiliates	Purchases	7,714,886	92	OA90	-	-	(2,381,197)	(96)	-
BQE	BQUK	Affiliates	(Sales)	(1,239,662)	(14)	OA30	-	-	218,993	14	-
BQE	BQDE	Affiliates	(Sales)	(2,088,671)	(23)	OA30	-	-	355,706	22	-
BQE	BQAT	Affiliates	(Sales)	(1,317,555)	(14)	OA45	-	-	239,131	15	-
BQE	BQSE	Affiliates	(Sales)	(865,223)	(9)	OA30	-	-	75,485	5	-
BQE	BQFR	Affiliates	(Sales)	(791,759)	(9)	OA30	-	-	302,159	19	-
BQE	BQIB	Affiliates	(Sales)	(645,880)	(7)	OA30	-	-	53,815	3	-
BQE	BQNL	Affiliates	(Sales)	(417,788)	(5)	OA30	-	-	147,623	9	-
BQE	BQCH	Affiliates	(Sales)	(276,117)	(3)	OA30	-	-	59,707	4	-
BQE	BQIT	Affiliates	(Sales)	(300,190)	(3)	OA30	-	-	52,992	3	-
BQUK	BQE	Affiliates	Purchases	1,239,662	100	OA30	-	-	(218,993)	(98)	-
BQDE	BQE	Affiliates	Purchases	2,088,671	99	OA30	-	-	(355,706)	(99)	-
BQAT	BQE	Affiliates	Purchases	1,317,555	100	OA45	-	-	(239,131)	(100)	-
BQSE	BQE	Affiliates	Purchases	865,223	99	OA30	-	-	(75,485)	(96)	-
BQFR	BQE	Affiliates	Purchases	791,759	100	OA30	-	-	(302,159)	(100)	-
BQIB	BQE	Affiliates	Purchases	645,880	100	OA30	-	-	(53,815)	(93)	-
BQNL	BQE	Affiliates	Purchases	417,788	100	OA30	-	-	(147,623)	(99)	-
BQCH	BQE	Affiliates	Purchases	276,117	100	OA30	-	-	(59,707)	(94)	-
BQIT	BQE	Affiliates	Purchases	300,190	100	OA30	-	-	(52,992)	(97)	-
PTT	PTU	Affiliates	(Sales)	(190,971)	(18)	OA90	(Note 2)	-	54,334	14	-
PTT	PTE	Affiliates	(Sales)	(331,010)	(30)	OA90	(Note 2)	-	167,817	43	-
PTT	PTUK	Affiliates	(Sales)	(123,851)	(11)	OA90	(Note 2)	-	13,731	4	-
PTT	The Company	Parent/Subsidiary	Purchases	180,014	22	OA30	(Note 2)	-	(56,239)	(46)	-
PTU	PTT	Affiliates	Purchases	190,971	93	OA90	(Note 2)	-	(54,334)	97	-
PTE	PTT	Affiliates	Purchases	331,010	69	OA90	(Note 2)	-	(167,817)	(88)	-
PTUK	PTT	Affiliates	Purchases	123,851	83	OA90	(Note 2)	-	(13,731)	(72)	-
DFI	The Company	Parent/Subsidiary	Purchases	1,003,652	22	EOM60	-	-	(193,393)	(21)	-
DFI	DFI-ITOX, LLC.	Affiliates	(Sales)	(1,383,881)	(29)	60~90 Days	-	-	284,650	27	-
DFI	DFI Co., Ltd.	Affiliates	(Sales)	(701,635)	(15)	60~90 Days	-	-	91,916	9	-
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	(382,212)	(8)	60~90 Days	-	-	18,023	2	-
DFI	Yan Ying Hao Trading (ShenZhen) Co., Ltd.	Affiliates	(Sales)	(111,730)	(2)	60~90 Days	-	-	36,816	3	-
DFI	QCSZ	Affiliates	(Sales)	(124,191)	(2)	EOM60	-	-	197,011	18	-

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
DFI-ITOX,LLC.	DFI	Affiliates	Purchases	1,383,881	94	60~90 Days	-	-	(284,650)	(99)	-
DFI Co., Ltd.	DFI	Affiliates	Purchases	701,635	95	60~90 Days	-	-	(91,916)	(95)	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	382,212	100	60~90 Days	-	-	(18,023)	(100)	-
Yan Ying Hao Trading (ShenZhen) Co., Ltd.	DFI	Affiliates	Purchases	111,730	94	60~90 Days	-	-	(36,816)	(97)	-

(Note 1) The selling prices of BMC to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 2) The selling prices of PTT to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 3) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QISDA CORPORATION AND SUBSIDIARIES
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2018
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 7

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	BenQ	Parent/Subsidiary	2,548,125	1.97	433,799	-	1,082,751	-
The Company	QJTO	Parent/Subsidiary	1,014,294	2.54	20,611	-	390,338	-
The Company	QALA	Parent/Subsidiary	9,325,491	2.98	1,592,311	-	882,060	-
The Company	QCSZ	Parent/Subsidiary	843,445	(Note 1)	-	-	771,306	-
The Company	QCOS	Parent/Subsidiary	360,739	(Note 1)	56,699	-	354,644	-
The Company	AU	Associate	1,299,838	3.87	1,299,838	-	1,299,838	-
The Company	AUL	Associate	977,137	2.44	-	-	-	-
The Company	DFI	Parent/Subsidiary	193,393	6.62	-	-	169,871	-
BMC	AU	Other related party	152,988	7.27	-	-	78,037	-
BMC	AUL	Other related party	425,857	3.56	-	-	198,849	-
BMLB	BMC	Affiliates	177,305	28.79	-	-	144,376	-
BMS	BMLB	Affiliates	202,601	3.09	-	-	144,373	-
QCSZ	QLLB	Affiliates	19,655,622	4.14	5,535,217	-	5,535,217	-
QCPS	QCSZ	Affiliates	206,713	9.21	-	-	-	-
QCOS	QLLB	Affiliates	3,574,499	4.38	-	-	-	-
QCES	The Company	Parent/Subsidiary	3,868,107	(Note 1)	-	-	-	-
QLLB	The Company	Parent/Subsidiary	20,583,191	4.22	15,619,696	-	15,561,890	-
BenQ	BQA	Affiliates	998,043	3.04	84,965	-	396,928	-
BenQ	BQE	Affiliates	2,381,197	3.03	797,369	-	1,599,485	-
BenQ	BQL	Affiliates	334,147	1.48	334,147	-	130,573	-
BenQ	BQP	Affiliates	1,602,899	3.48	818,519	-	1,024,467	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
BenQ	QCSZ	Affiliates	358,673	(Note 1)	28,320	-	358,673	-
BQL	BQmx	Affiliates	254,210	1.78	127,705	-	80,107	-
BQL	Maxgen	Affiliates	448,309	0.54	397,964	-	46,329	-
BQP	BQJP	Affiliates	295,282	3.77	149,673	-	231,998	-
BQP	BQME	Affiliates	279,276	3.25	162,526	-	144,598	-
BQP	BQAU	Affiliates	117,217	5.65	62,753	-	87,246	-
BQP	BQIN	Affiliates	402,902	2.36	319,827	-	111,201	-
BQP	BQTH	Affiliates	104,811	1.94	162,526	-	22,416	-
BQE	BQUK	Affiliates	218,993	5.91	142,859	-	-	-
BQE	BQDE	Affiliates	355,706	6.19	215,003	-	-	-
BQE	BQAT	Affiliates	239,131	5.86	84,413	-	-	-
BQE	BQFR	Affiliates	302,159	2.58	254,156	-	-	-
BQE	BQNL	Affiliates	147,623	2.77	102,370	-	-	-
PTT	PTE	Affiliates	167,817	2.20	103,951	-	49,826	-
DFI	DFI-ITOX, LLC.	Affiliates	284,650	5.47	32,521	-	245,720	-
DFI	QCSZ	Affiliates	197,011	0.89	9,816	-	174,204	-

(Note 1) The sales from repurchasing after processing have been eliminated; therefore, calculation of turnover rate is not applicable.

(Note 2) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QISDA CORPORATION AND SUBSIDIARIES
Business relationships and significant intercompany transactions
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 8

				Transaction Details During 2018			
Number (Note 1)	Company Name	Related Party	Name of Relationship (Note 2)	Financial Statements Account	Amount	Payment Terms	Percentage of Consolidated Operating Revenue and Total Assets (Note 4)
0	The Company	BenQ	1	(Sales)	(5,175,255)	OA90	(3%)
0	The Company	QJTO	1	(Sales)	(2,432,235)	OA120	(2%)
0	The Company	QALA	1	(Sales)	(24,321,437)	OA90	(16%)
1	BMLB	BMC	3	(Sales)	(4,969,688)	OA90	(3%)
2	QCSZ	QLLB	3	(Sales)	(75,842,938)	OA60	(49%)
3	QCPS	QCSZ	3	(Sales)	(1,652,875)	OA60	(1%)
4	QCOS	QLLB	3	(Sales)	(17,489,108)	OA60	(11%)
4	QCOS	BQC_RO	3	(Sales)	(2,137,293)	OA120	(1%)
5	QLLB	The Company	2	(Sales)	(89,901,865)	OA90	(58%)
6	BenQ	BQA	3	(Sales)	(2,876,068)	OA90	(2%)
6	BenQ	BQE	3	(Sales)	(7,714,886)	OA90	(5%)
6	BenQ	BQP	3	(Sales)	(5,872,651)	OA60	(4%)
7	BQE	BQDE	3	(Sales)	(2,088,671)	OA30	(1%)

Number (Note 1)	Company Name	Related Party	Name of Relationship (Note 2)	Transaction Details During 2018			
				Financial Statements Account	Amount	Payment Terms	Percentage of Consolidated Operating Revenue and Total Assets (Note 4)
0	The Company	BenQ	1	Accounts receivable	2,548,125	OA90	2%
0	The Company	QALA	1	Accounts receivable	9,325,491	OA90	8%
1	QCSZ	QLLB	3	Accounts receivable	19,655,622	OA60	16%
2	QCOS	QLLB	3	Accounts receivable	3,574,499	OA60	3%
3	QCES	The Company	2	Accounts receivable	3,868,107	OA60	3%
4	QLLB	The Company	2	Accounts receivable	20,583,191	OA90	17%
5	BenQ	BQE	3	Accounts receivable	2,381,197	OA90	2%
5	BenQ	BQP	3	Accounts receivable	1,602,899	OA60	1%

(Note1) Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

(Note2) The relationships with counter party are as follows:

No. “1” represents the transactions from the Company to subsidiary.
No. “2” represents the transactions from subsidiary to the Company.
No. “3” represents the transactions between subsidiaries.

(Note3) Intercompany relationships and significant intercompany transactions are disclosed only for sales and accounts receivables. The corresponding purchases and accounts payables are not disclosed.

(Note4) Based on the transaction amount divided by consolidated operating revenues or consolidated total assets.

(Note5) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QISDA CORPORATION AND SUBSIDIARIES
Information of Investees (Excluding Information on investments in Mainland China)
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 9

				Original investment Amount		Balances as of December 31, 2018			Maximum percentage of ownership during 2018				
Investor	Investee	Location	Main Businesses and Products	December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	8,085,543	8,085,543	663,599	6.90%	13,921,968	663,599	6.90%	10,160,598	700,370	Associate
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,005	20.72%	1,846,261	58,005	20.72%	1,520,258	314,975	Associate
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	507,883	507,883	43,659	13.61%	561,531	43,659	13.61%	328,579	44,733	Parent/Subsidiary
The Company	QMMX	Mexico	Manufacture of computer peripheral products	79,449	369,565	385	87.68%	(12,595)	977	87.68%	135,152	118,501	Parent/Subsidiary
The Company	BenQ	Taiwan	Manufacture and sales of brand-name electronic	7,160,050	7,160,050	408,641	100.00%	7,765,804	408,641	100.00%	1,485,045	1,485,993	Parent/Subsidiary
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	35,146	1,000	100.00%	14,573	14,573	Parent/Subsidiary
The Company	QJTO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	37,145	-	100.00%	(10,254)	(10,254)	Parent/Subsidiary
The Company	QLPG	Malaysia	Leasing and management services	578,128	578,128	50,000	100.00%	339,435	50,000	100.00%	(46)	(46)	Parent/Subsidiary
The Company	QLLB	Malaysia	Investment and holding activity	3,687,539	3,687,539	114,250	100.00%	12,023,183	114,250	100.00%	687,784	590,263	Parent/Subsidiary
The Company	APV	Taiwan	Investment and holding activity	170,016	170,016	113,258	100.00%	1,817,999	113,258	100.00%	68,569	68,569	Parent/Subsidiary
The Company	Darly	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	60,691	6,000	100.00%	14,318	14,318	Parent/Subsidiary
The Company	BBHC	Cayman	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	649,417	47,400	19.36%	159,028	30,792	Parent/Subsidiary
The Company	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	1,475,978	1,475,978	43,577	58.04%	1,378,698	43,577	58.04%	30,144	(79,534)	Parent/Subsidiary
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	259,990	259,990	25,999	92.85%	168,965	25,999	92.85%	(31,659)	(28,305)	Parent/Subsidiary
The Company	QTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	999	100	100.00%	9	9	Parent/Subsidiary
The Company	Q.S.Control Corp.	Taiwan	Manufacture and sales of medical consumables and equipments	63,000	63,000	6,000	20.00%	49,437	6,000	20.00%	11,037	2,208	Associate
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	3,325,361	51,610	45.08%	605,337	192,143	Parent/Subsidiary
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	2,300,000	-	100,000	18.40%	2,166,624	100,000	18.40%	(88,009)	(11,946)	Associate
The Company	K2	Taiwan	Sale of medical consumable and equipment	121,134	-	3,880	29.85%	123,227	3,880	29.85%	9,324	2,089	Parent/Subsidiary
The Company	DIC	Taiwan	Manufacture and sales of marine display modules	260,000	-	20,000	28.82%	259,912	20,000	28.82%	(3,911)	(1,172)	Parent/Subsidiary
QALA	QMMX	Mexico	Manufacture of computer peripheral products	10,811	50,287	54	12.32%	(1,770)	252	12.32%	135,152	-	Affiliates
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,140,340	35,082	100.00%	1,698,252	35,082	100.00%	(80,669)	-	Affiliates
BMC	SMS	Taiwan	Manufacture and sale of medical consumable and equipment	498,716	-	35,623	89.06%	473,229	35,623	89.06%	(101,464)	-	Affiliates
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	180,523	180,523	9,984	18.58%	129,024	9,984	18.58%	199,370	-	Associate
BMC	Cenefom Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	29,127	29,127	2,190	15.48%	14,481	2,190	19.64%	(17,543)	-	Associate
APV	Darly C	Taiwan	Investment management consulting	77,933	10,266	12,011	45.11%	145,564	12,011	45.11%	(2,013)	-	Affiliates
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	221,786	221,786	15,182	4.74%	195,337	15,182	4.74%	328,579	-	Affiliates
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	83,092	3,549	7.96%	66,682	-	Affiliates
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	342,595	25,000	10.21%	159,028	-	Affiliates
APV	BES	Taiwan	Energy service	50,250	50,250	4,100	41.00%	11,483	4,100	41.00%	(8,161)	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Maximum percentage of ownership during 2018		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	156,923	6,006	8.00%	30,144	-	Affiliates
APV	BDT	Taiwan	Manufacture and sales of medical consumables and equipments	10	10	1	0.01%	7	1	0.01%	(31,659)	-	Affiliates
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	10	1	0.02%	20,105	-	Affiliates
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	152,563	2,294	2.00%	605,337	-	Affiliates
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	262,111	-	11,187	2.06%	247,787	11,187	2.06%	(88,009)	-	Associate
Darly C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	6,722	2,400	24.00%	(8,161)	-	Affiliates
Darly C	Green Island Co., Ltd.	Taiwan	Cultural and Art Industry	2,000	2,000	(Note 1)	33.33%	324	(Note 1)	33.33%	-	-	Associate
Darly C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	-	12,710	2.34%	257,171	12,710	2.34%	(88,009)	-	Associate
Darly	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	23,549	7,800	12.50%	29,836	-	Affiliates
Darly	BBHC	Cayman	Investment and holding activity	526,134	526,134	15,798	6.45%	216,490	15,798	6.45%	159,028	-	Affiliates
BenQ	BQA	USA	Sales of brand-name electronic products in North America markets	114,553	114,553	200	100.00%	(115,771)	200	100.00%	(105,668)	-	Affiliates
BenQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	87,027	4,350	100.00%	(30,450)	4,350	100.00%	(78,687)	-	Affiliates
BenQ	BQHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	2,390,551	466,200	100.00%	822,613	-	Affiliates
BenQ	BQE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	1,030,331	5,009	100.00%	163,112	-	Affiliates
BenQ	BQP	Taiwan	Sales of brand-name electronic products in Asia markets	950,000	950,000	20,000	100.00%	152,331	20,000	100.00%	79,670	-	Affiliates
BenQ	Darly 2	Taiwan	Investment and holding activity	2,061,132	1,911,132	(Note 1)	100.00%	2,337,844	(Note 1)	100.00%	116,664	-	Affiliates
BenQ	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	70,635	23,400	37.50%	29,836	-	Affiliates
BenQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	361,856	361,856	21,723	7.76%	691,284	21,723	7.76%	1,520,258	-	Associate
BenQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	946,731	946,731	80,848	25.21%	1,040,203	80,848	25.21%	328,579	-	Affiliates
BenQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	274,076	20,000	8.16%	159,028	-	Affiliates
BenQ	ZGC	Taiwan	Assembly and sales of gaming electronic products	235,069	235,069	19,353	43.43%	441,842	19,353	43.43%	66,682	-	Affiliates
BenQ	MQE	The Netherlands	Maintenance of brand-name electronic monitors and projectors in European markets	74,659	74,659	82	100.00%	71,481	82	100.00%	863	-	Affiliates
BenQ	ZGC	Taiwan	Assembly and sales of gaming electronic products	109,410	109,410	6,265	90.18%	94,497	6,265	90.18%	7,434	-	Affiliates
BenQ	BQHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	32,944	4,000	100.00%	130,138	4,000	100.00%	40,509	-	Affiliates
BenQ	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	21	-	-	0.31%	22	-	0.31%	224	-	Affiliates
BQP	BenQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	10,606	440,296	100.00%	(19,420)	-	Affiliates
BQP	BenQ (M.E.) FZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	(15,013)	-	100.00%	823	-	Affiliates
BQP	BenQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	79,365	-	100.00%	7,110	-	Affiliates
BQP	BenQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(21,749)	500	100.00%	(1,990)	-	Affiliates
BQP	BenQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	54,791	2,191	100.00%	6,087	-	Affiliates
BQP	BenQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,642	100	100.00%	(7,317)	-	Affiliates
BQP	BenQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(38,195)	12,000	100.00%	480	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Maximum percentage of ownership during 2018		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
BQP	BenQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	7,965	10	100.00%	15,211	-	Affiliates
BQP	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	-	6	99.69%	6,998	6	99.69%	224	-	Affiliates
BQA	BenQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	18,686	1	100.00%	(1,054)	-	Affiliates
BQL	BenQ Mexico S. de R.L. de C.V.	Mexico	Sales of brand-name electronic products	77,591	77,591	3	100.00%	31,692	3	100.00%	1,366	-	Affiliates
BQL	Joytech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(119,400)	1	100.00%	(43,810)	-	Affiliates
BQL	Vivitech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(119,400)	1	100.00%	(43,810)	-	Affiliates
Joytech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(119,400)	-	50.00%	(87,621)	-	Affiliates
Vivitech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(119,400)	-	50.00%	(87,621)	-	Affiliates
BQmx	BenQ Service de Mexico S. de R.L. de C.V.	Mexico	Providing administration and management services to affiliates	87	87	3	100.00%	2,973	3	100.00%	800	-	Affiliates
GSH	GST	Taiwan	R&D and sales of computer information system	64,898	64,898	5,756	99.94%	49,421	5,756	99.94%	20,105	-	Affiliates
Darly 2	Darly C	Taiwan	Investment management consulting	89,179	6,846	14,614	54.89%	177,114	14,614	54.89%	(2,013)	-	Affiliates
Darly 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	891,220	65,024	26.55%	159,028	-	Affiliates
Darly 2	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	31,200	50.00%	94,180	31,200	50.00%	29,836	-	Affiliates
Darly 2	BMTC	Taiwan	Manufacture and sales of medical consumables and equipment	27,337	27,337	1,590	3.57%	37,227	1,590	3.57%	66,682	-	Affiliates
Darly 2	BES	Taiwan	Energy service	22,250	22,250	1,800	18.00%	5,042	1,800	18.00%	(8,161)	-	Affiliates
Darly 2	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	49,426	49,426	1,648	2.19%	43,059	1,648	2.19%	30,144	-	Affiliates
Darly 2	ZGC	Taiwan	Assembly and sales of gaming electronic products	10	10	1	0.02%	16	1	0.02%	7,434	-	Affiliates
Darly 2	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	596,382	596,382	9,175	8.01%	610,570	9,175	8.01%	605,337	-	Affiliates
Darly 2	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	15,885	-	795	0.15%	14,867	795	0.15%	(88,009)	-	Associate
Darly 2	K2	Taiwan	Sale of medical consumable and equipment	44,997	-	1,003	7.71%	45,717	1,003	7.71%	9,324	-	Affiliates
Darly 2	DIC	Taiwan	Manufacture and sales of marine display modules	48,000	-	3,000	4.32%	48,070	3,000	4.32%	(3,911)	-	Affiliates
BQE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	25,042	-	100.00%	9,696	-	Affiliates
BQE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	183,040	-	100.00%	23,866	-	Affiliates
BQE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	(44,128)	-	100.00%	3,613	-	Affiliates
BQE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	47,116	-	100.00%	11,241	-	Affiliates
BQE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	49,247	-	100.00%	4,079	-	Affiliates
BQE	BenQ Italy S.R.L	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	27,553	50	100.00%	3,670	-	Affiliates
BQE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(136,072)	-	100.00%	7,487	-	Affiliates
BQE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	69,149	-	100.00%	8,989	-	Affiliates
BQE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	13,662	-	100.00%	3,161	-	Affiliates
BMTC	ASIACONNECT	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	26,296	1,995	99.75%	140	-	Affiliates
BMTC	HIGHVIEW	Samoa	Investment and holding activity	36,211	36,211	1,062	100.00%	8,214	1,062	100.00%	225	-	Affiliates
BMTC	LILY	Taiwan	Manufacture and sales of medical consumables and equipment	185,000	185,000	10,000	100.00%	245,707	10,000	100.00%	22,112	-	Affiliates
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and equipment	88,000	88,000	8,800	88.00%	55,220	8,800	88.00%	2,583	-	Affiliates
BMTC	BHS	Taiwan	Investment and holding activity	100,000	100,000	10,000	100.00%	112,174	10,000	100.00%	11,813	-	Affiliates
BHS	NBHIT	Taiwan	Sales of medical consumables and equipment	70,200	70,200	2,184	52.00%	80,062	2,184	52.00%	25,384	-	Affiliates
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	18,287	2,500	100.00%	(5,823)	-	Affiliates

				Original investment Amount		Balances as of December 31, 2018			Maximum percentage of ownership during 2018				
Investor	Investee	Location	Main Businesses and Products	December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
PTT	P&J Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	276,492	308,166	7,051	100.00%	195,677	7,051	100.00%	(26,353)	-	Affiliates
PTT	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	43,834	43,834	886	88.60%	31,168	886	88.60%	3,095	-	Affiliates
PTT	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	109,828	-	0.216	100.00%	173,360	0.216	100.00%	914		Affiliates
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(Note 1)	50.02%	97,956	(Note 1)	50.02%	(7,856)	-	Affiliates
PTT	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	62,595	0.099	99.00%	50,578	0.099	99.00%	(26,196)	-	Affiliates
PTT	Epoint Systems Pte. Ltd.	Singapore	R&D and sales of software	27,449	-	100	50.10%	33,320	100	50.10%	(1,242)	-	Affiliates
PTT	PTTN	Taiwan	R&D and sales of software	20,500	-	2,050	50.62%	26,070	2,050	50.62%	2,122		Affiliates
PTT	Partner Tech Africa (Pty) Ltd.	South Africa	Sales, import and export of electronic products	22,451	-	0.108	54.00%	27,942	0.108	54.00%	(5,400)	-	Affiliates
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	58.18%	372	13	58.18%	(1,186)	-	Affiliates
PTE	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	4,760	114	11.40%	3,095	-	Affiliates
PTE	Sloga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(Note 1)	90.00%	(15,584)	(Note 1)	90.00%	(668)	-	Affiliates
PTE	Retail Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(Note 1)	68.00%	1,625	(Note 1)	68.00%	5,582	-	Affiliates
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	0.3	100.00%	(57,863)	0.3	100.00%	(14,515)	-	Affiliates
WEBEST	YOUPOS	Taiwan	R&D and sales of software	6,500	6,500	500	27.03%	2,468	500	27.03%	488	-	Associate
WEBEST	PTTN	Taiwan	R&D and sales of software	10	-	1	0.02%	10	1.0	0.02%	2,122		Affiliates
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	0.001	0.005%	-	0.001	0.01%	(1,186)	-	Affiliates
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	-	0.001	1.00%	438	0.001	1.00%	(26,196)		Affiliates
P&J	P&S Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	181,158	181,158	6,060	100.00%	178,249	6,060	100.00%	(38,046)	-	Affiliates
P&J	Partner Tech Africa (Pty) Ltd.	South Africa	Sales, import and export of electronic products	12,157	12,157	0.092	46.00%	27,752	0.092	46.00%	(5,400)	-	Affiliates
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	44,014	1,091	100.00%	(27,907)	-	Affiliates
DFI	DFI-ITOX, LLC.	USA	Sales of industrial motherboards	254,716	254,716	1,209	100.00%	320,890	1,209	100.00%	26,865	-	Affiliates
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	161,400	6,000	100.00%	4,187	-	Affiliates
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	269,752	6	100.00%	44,159	-	Affiliates
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	36,427	12	100.00%	9,698	-	Affiliates
DFI	Dual-Tech International Co., Ltd.	Hong Kong	Manufacture of industrial motherboards	20,223	20,221	4,500	100.00%	19,432	4,500	100.00%	450	-	Affiliates
K2	K2 Medical (Thailand) Co., LTD	Thailand	Sale of medical consumable and equipment	2,884	-	-	49.00%	2,775	-	49.00%	(266)	-	Affiliates
DIC	Data Image (Mauritius)	Mauritius	Investment and holding activity	518,381	509,417	20,215	100.00%	183,672	20,215	100.00%	37,062	-	Affiliates
DIC	DMC Components International, LLC	USA	Agency	24,304	24,304	300	30.00%	12,832	300	30.00%	(69)	-	Associate

(Note 1) There was no shares as the company is a limited liability company.
(Note 2) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QISDA CORPORATION AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)

Table 10

A. Qisda Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Manufacture of monitors and communication devices	2,272,910 (USD 74,000)	(Note 1)	2,180,765 (USD 71,000)	-	-	2,180,765 (USD 71,000)	433,595	100.00%	-	100.00%	433,595 (Note 2)	8,641,972	-
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Manufacture of monitors	362,437 (USD 11,800)	(Note 1)	362,437 (USD 11,800)	-	-	362,437 (USD 11,800)	97,140	100.00%	-	100.00%	97,140 (Note 4)	1,344,637	-
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Manufacture of projectors	382,709 (USD 12,460)	(Note 1)	382,709 (USD 12,460)	-	-	382,709 (USD 12,460)	192,886	100.00%	-	100.00%	192,886 (Note 4)	3,876,463	-
Nanjing BenQ Hospital Co., Ltd. (“NMH”)	Hospital	4,669,141 (USD 152,015)	(Note 1)	4,834,418 (USD 157,396)	-	-	4,834,418 (USD 157,396)	248,367	70.72%	-	70.76%	175,645 (Note 2)	1,399,230	-
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Hospital	2,691,371 (CNY 601,975)	(Note 1)	2,733,512 (USD 88,996)	-	-	2,733,512 (USD 88,996)	(40,007)	70.72%	-	70.76%	(28,293) (Note 2)	508,924	-
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	Medical management consulting	30,715 (USD 1,000)	(Note 1)	30,715 (USD 1,000)	-	-	30,715 (USD 1,000)	179	70.72%	-	70.76%	127 (Note 3)	18,127	-
Qisda (Shanghai) Co., Ltd. (“QCSH”)	Manufacture of monitors	2,042,548 (USD 66,500)	(Note 1)	1,474,320 (USD 48,000)	-	-	1,474,320 (USD 48,000) (Note 5)	(25,911)	100.00%	-	100.00%	(25,911) (Note 3)	(1,461,823)	-
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	R&D and sales of computer information systems	405,438 (USD 13,200)	(Note 1)	297,936 (USD 9,700)	-	-	297,936 (USD 9,700) (Note 6)	9,781	100.00%	-	100.00%	9,781 (Note 3)	111,009	-
BenQ Co., Ltd. (“BQC”)	Lease of real estate	2,457,200 (USD 80,000)	(Note 1)	2,457,200 (USD 80,000)	-	-	2,457,200 (USD 80,000)	815,239	100.00%	-	100.00%	815,239 (Note 2)	2,397,645	-
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Sales of brand-name electronic products	30,715 (USD 1,000)	(Note 1)	6,143 (USD 200)	-	-	6,143 (USD 200) (Note 7)	3,528	100.00%	-	100.00%	3,528 (Note 3)	9,302	-
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Manufacture of plastic parts	153,575 (USD 5,000)	(Note 1)	145,896 (USD 4,750)	-	-	145,896 (USD 4,750)	33,400	100.00%	-	100.00%	33,400 (Note 3)	367,595	-

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Medical (Shanghai) Co., Ltd (“BDTcn”)	Sale of medical consumable and equipment	41,772 (USD 1,360)	(Note 9)	-	-	-	-	2,374	100.00%	-	100.00%	2,374 (Note 3)	38,725	-
ShengCheng Trading(Shanghai) Co.,LTD (“BQsha_EC2”)	Sales of brand-name electronic products	3,072 (USD 100)	(Note 10)	-	-	-	-	(5)	100.00%	-	100.00%	(5) (Note 3)	(10,233)	-
Suzhou BenQ Investment Co., Ltd. (“BIC”)	Investment and holding activity	921,450 (USD 30,000)	(Note 8)	-	-	-	-	186	70.72%	-	70.76%	132 (Note 3)	610,606	-
BenQ Intelligent Technology (Shanghai) Co., Ltd. (“BQC_RO”)	Sales and maintenance of electronic products in China market	92,145 (USD 3,000)	(Note 1)	-	92,145 (USD 3,000)	-	92,145 (USD 3,000)	53,913	100.00%	-	100.00%	53,913 (Note 2)	140,150	-
Nanjing Silvertown Health & Development Co., Ltd (“NSHD”)	Medical services	134,127 (CNY 30,000)	(Note 1)	-	-	-	(Note 11)	-	70.72%	-	70.76%	- (Note 3)	-	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.
(Note 3) Investment income or loss was recognized based on the unaudited financial statements of the company.
(Note 4) Investment income or loss was recognized based on the audited financial statements issued by the auditors of the company.
(Note 5) The amount of QCES reinvestments US$18,500 thousand were excluded.
(Note 6) The amount of GRHK reinvestments US$3,500 thousand were excluded.
(Note 7) The amount of QCES reinvestments US$800 thousand were excluded.
(Note 8) The investment was from the operating capital of BBM.
(Note 9) The reinvestments were from the distribution of dividends of QLLB.
(Note 10) The reinvestments were from the distribution of dividends of BQHK.
(Note 11) NSHD is established by NMH's asset division.
(Note 12) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
14,998,196 (USD 488,302)	16,522,567 (USD 537,932)	(Note 13)

(Note 13) Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on Significant Transactions ” and “Business relationships and significant intercompany transactions” for detail description.

B. BenQ Material Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics	890,735 (USD29,000)	(Note 1)	890,735 (USD29,000)	-	-	890,735 (USD 29,000)	45,689	100.00%	-	100.00%	45,689 (Note 2)	1,955,556 (Note 6)	-
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Sales of optoelectronics and medical consumables	49,180 (CNY11,000)	(Note 3)	-	-	-	-	956	100.00%	-	100.00%	956 (Note 2)	46,138 (Note 6)	-
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics	357,672 (CNY80,000)	(Note 1)	178,836 (CNY 40,000)	-	-	178,836 (CNY 40,000) (Note 5)	(157,819)	100.00%	-	100.00%	(157,819) (Note 2)	(278,170) (Note 6)	-
Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	48,898 (USD1,592)	(Note 4)	48,898 (USD1,592)	-	-	48,898 (USD1,592)	(31,727)	89.06%	-	89.06%	(6,323) (Note 2)	49,184 (Note 6)	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	1,069,571 (USD29,000 and CNY40,000)	1,118,527 (USD29,000 and CNY50,950)	(Note 8)
SMS	48,898 (USD1,592)	48,898 (USD1,592)	258,157

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of BMC.
(Note 3) The reinvestments were from the distribution of dividends of BMLB.
(Note 4) Direct investment in Mainland China.
(Note 5) The amount of BMLB reinvestments CNY$10,950 thousand were excluded.
(Note 6) The above amounts have been eliminated when preparing the consolidated financial statements.
(Note 7) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.
(Note 8) Since BenQ Material Corporation has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:
The transactions between BMC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

C. BenQ Medical Technology Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	30,715 (USD 1,000)	(Note 1)	30,715 (USD 1,000)	-	-	30,715 (USD 1,000)	247	100.00%	(Note 4)	100.00%	247	9,509 (Note 3)	-
LILY Medical (Suzhou) Co., Ltd. (ALS)	Sales of medical consumables and equipment	6,450 (USD 210)	(Note 2)	6,450 (USD 210)	-	-	6,450 (USD 210)	(9)	100.00%	(Note 4)	100.00%	(9)	3,307 (Note 3)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	89,418 (CNY 20,000)	(Note 2)	17,883 (CNY 4,000)	17,883 (CNY 4,000)	-	35,766 (CNY 8,000)	(2,460)	40.00%	(Note 4)	40.00%	(984)	28,064	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Direct investment in Mainland China.
(Note 3) The above amounts have been eliminated when preparing the consolidated financial statements.
(Note 4) There was no shares as the investee company is a limited liability company.
(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	66,481 (USD 1,000 and CNY 8,000)	86,831 (USD 2,827)	622,045
LILY	6,450 (USD 210)	6,450 (USD 210)	111,012

3. Significant transactions with investee companies in Mainland China:

The transactions between BMTC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

D. Partner Tech Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss)	Carrying Value as of December 31, 2018 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	Sales, import and export of electronic products	153,575 (USD 5,000)	(Note 1)	153,575 (USD 5,000)	-	-	153,575 (USD 5,000)	(10,139)	100.00%	-	-	(10,139) (Note 2)	134,208	-
Partner Trading (Shanghai) Co., Ltd.(“PTCS”)	Sales, import and export of electronic products	-	(Note 1)	30,715 (USD 1,000)	-	30,715 (USD 1,000)	-	-	-	-	-	-	-	-
Xiamen Xinchuan Software Technology Co., Ltd. (“PTTNC”)	Sales, import and export of electronic products	1,106 (USD 36)	(Note 1)	1,106 (USD 36)	-	-	1,106 (USD 36)	2,337	100.00%	-	-	2,337 (Note 2)	812	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.
(Note 3) Investment income or loss was recognized based on the unaudited financial statements .
(Note 4) The above amounts have been eliminated when preparing the consolidated financial statements.
(Note 5) PTCS was liquilidated in 2018.
(Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	153,575 (USD 5,000)	212,118 (USD 6,906)	579,768
PTTN	1,106 (USD 36)	1,106 (USD 36)	18,510

3. Significant transactions with investee companies in Mainland China:

The transactions between PTT and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on Significant Transactions” and “Business relationships and significant intercompany transactions” for detail description.

E. DFI Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
Yan Tong Infotech (Dongguan) Co., Ltd (“DYTI”)	Manufacture and sales of industrial motherboards and component	76,788	(Note 1)	-	-	-	-	518	100.00%	-	100.00%	518	56,985	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd(“DYTH”)	Wholesale, import and export of industrial motherboards and component	15,358	(Note 1)	-	-	-	-	(731)	100.00%	-	100.00%	(731)	13,608	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
- (Note 5)	64,041(USD 2,085) (Notes 4、7 and 8)	1,930,073 (Note 6)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 3) Investment income or loss was recognized based on the audited financial statements issued by the auditors of DFI.

(Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715.

(Note 5) The reinvestments and authorized amount of DFI's subsidiaries is excluded from DFI's accumulated investment amounts and the investment amounts authorized by Investment Commission, MOEA.

(Note 6) Pursuant to “Principle of Investment or Technical Cooperation in Mainland China”, investment amounts in Mainland China shall not exceed the 60% net worth of DFI.

(Note 7) The investment amount of Dongguan Ri Tong Trading Co., Ltd. that has been liquidated was approved by Investment Commission, MOEA in August 2014 and had been deducted in the investment amount.

(Note 8) The earnings that has been remitted to DFI by DYTI was approved by the Investment Commission of the MOEA in February 2017 and had been deducted in the investment amount.

3. Significant transactions with investee companies in Mainland China:

The transactions between DFI and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on Significant Transactions” and “Business relationships and significant intercompany transactions” for detail description.

F. Data Image Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2018		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	534,081 (USD16,300)	(Note 1)	511,884 (USD15,654)	-	-	511,884 (USD15,654)	37,907 (CNY8,341)	100.00%	-	100.00%	37,907	181,420	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	551,317 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) The above amounts have been eliminated when preparing the consolidated financial statements.
(Note 3) Investment income or loss was recognized based on the audited financial statements issued by the auditors of DIC.
(Note 4) Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.

3. Significant transactions with investee companies in Mainland China:

The transactions between DIC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section “Information on Significant Transactions” and “Business relationships and significant intercompany transactions” for detail description.

Stock Code:2352

QISDA CORPORATION

Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

Address: No. 157, Shan-Ying road, Gueishan, Taoyuan, Taiwan
Telephone: 886-3-359-8800

Independent Auditors' Report

The Board of Directors of Qisda Corporation:

Opinion

We have audited the parent-company-only financial statements of Qisda Corporation (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2018 and 2017, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the paragraph on Other Matter of our report), the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the paragraph on the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

   Please refer to notes 4(o) and 6(s) for the accounting policy on revenue recognition and "Revenue" for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company recognizes its revenue depending on the various trade terms in each individual sale transaction and service rendered, which are considered to be complex in determining the timing of revenue recognition. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included testing the design and operating effectiveness of the Company's internal controls over financial reporting in the sales and collection cycle; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on the sales transactions that took place before and after the balance sheet date to determine whether the performance obligation has been satisfied by transferring control over the goods or services to a customer, and assessing the reasonableness of the timing of revenue recognition; reviewing and understanding the reasonableness for any identified significant sales returns and allowances that took place after the balance sheet date, as well as assessing whether the revenue and related sales returns and allowances is recognized in appropriate period.

2. Valuation of inventories

Please refer to notes 4(g), 5 and 6(g) for the inventory accounting policy, "Critical accounting judgments and key sources of estimation uncertainty" for estimation uncertainty of inventory valuation, and "Inventories" for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Company are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Company; evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates on inventory provisions.

3. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to notes 4(m), 5 and 6(h) for the accounting policy on impairment of non-financial assets, "Critical accounting judgments and key sources of estimation uncertainty", for the estimation uncertainty of impairment of goodwill, and "Investments accounted for using equity method," and for the related disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method. Goodwill are annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions and results; and assessing the adequacy of the Company's disclosures with respect to the related information.

Other Matter

We did not audit the financial statements of certain investees accounted for using equity method of the Company. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the report of other auditors. Those investments accounted for using equity method amounted to NT$4,396,476 thousand, constituting 5.41% of the total assets as of December 31, 2018, and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT$251,381 thousand, constituting 5.84% of the total income before income tax for the year ended December 31, 2018.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We described these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Chieh Tang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2019

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

QISDA CORPORATION

Parent-Company-Only Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (w)	$ 1,127,971	1	1,794,339	2
1110	Financial assets at fair value through profit or loss－current (notes 6(b) and (w))	13,749	-	1,824	-
1170	Notes and accounts receivable, net (notes 6(e), (s) and (w))	10,198,272	13	11,292,878	15
1181	Notes and accounts receivable from related parties (notes 6(e), (s) and (w) and 7)	16,720,699	21	14,240,434	19
1200	Other receivables (notes 6(e), (f) and (w))	226,656	-	313	-
1210	Other receivables from related parties (notes 6(f) and (w) and 7)	-	-	1,180	-
130X	Inventories (note 6(g))	4,283,816	5	3,381,551	4
1470	Other current assets	99,927	-	64,371	-
	Total current assets	32,671,090	40	30,776,890	40
	Non-current assets:				
1520	Financial assets at fair value through other comprehensive income—non-current (notes 6(c) and (w))	33,750	-	-	-
1523	Available-for-sale financial assets－non-current (notes 6(d) and (w))	-	-	35,000	-
1550	Investments accounted for using equity method (notes 6(h) and 8)	46,312,026	57	42,957,769	57
1600	Property, plant and equipment (notes 6(i) and 8)	1,481,977	2	1,493,157	2
1780	Intangible assets (note 6(j))	6,595	-	7,931	-
1840	Deferred income tax assets (note 6(p))	706,171	1	830,116	1
1990	Other non-current assets	29,591	-	26,572	-
1980	Other financial assets－non-current (note 6(w))	42,078	-	36,964	-
	Total non-current assets	48,612,188	60	45,387,509	60
	Total assets	$ 81,283,278	100	76,164,399	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(k) and (w))	$ 5,150,000	7	5,827,600	8
2120	Financial liabilities at fair value through profit or loss－current (notes 6(b) and (w))	2,388	-	14,850	-
2130	Contract liabilities－current (note 6(s))	384,821	1	-	-
2170	Notes and accounts payable (note 6(w))	2,081,679	3	2,094,550	3
2180	Accounts payable to related parties (notes 6(w) and 7)	24,522,696	30	24,616,014	32
2200	Other payables (notes 6(u) and (w))	1,862,729	2	3,094,992	4
2220	Other payables to related parties (notes 6(w) and 7)	6,738	-	7,076	-
2322	Current portion of long-term debt (notes 6(l) and (w) and 8)	1,900,000	2	1,500,000	2
2250	Provisions－current (note 6(m))	20,445	-	22,947	-
2300	Other current liabilities	1,098,814	1	341,619	-
	Total current liabilities	37,030,310	46	37,519,648	49
	Non-current liabilities:				
2540	Long-term debt (notes 6(l) and (w) and 8)	11,371,325	14	7,262,800	10
2550	Provisions－non-current (note 6(m))	85,381	-	94,515	-
2570	Deferred income tax liabilities (note 6(p))	2,479	-	3,088	-
2600	Other non-current liabilities (notes 6(o) and (w))	346,464	-	325,438	-
	Total non-current liabilities	11,805,649	14	7,685,841	10
	Total liabilities	48,835,959	60	45,205,489	59
	Equity(notes 6(q)):				
3110	Common stock	19,667,820	24	19,667,820	26
3200	Capital surplus	2,146,076	3	2,173,633	3
3300	Retained earnings	10,801,845	13	9,501,437	12
3400	Other equity	(168,422)	-	(383,980)	-
	Total equity	32,447,319	40	30,958,910	41
	Total liabilities and equity	$ 81,283,278	100	76,164,399	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

QISDA CORPORATION

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(s) and (t) and 7)**	$ 99,033,057	100	88,869,603	100
5000	**Operating costs (notes 6(g), (i), (j), (m), (n), (o) and (u) and 7 and 12)**	(94,213,796)	(95)	(85,094,519)	(96)
	Gross profit	4,819,261	5	3,775,084	4
5910	Unrealized (realized) profit on sales to subsidiaries, associates and joint ventures	(71,557)	-	78,512	-
	Realized gross profit	4,747,704	5	3,853,596	4
	Operating expenses (notes 6(e), (i), (j), (n), (o) and (u) and 7 and 12):				
6100	Selling expenses	(1,022,710)	(1)	(967,745)	(1)
6200	Administrative expenses	(513,183)	(1)	(564,890)	(1)
6300	Research and development expenses	(2,045,683)	(2)	(2,151,889)	(2)
6450	Expected credit loss	(22,897)	-	-	-
	Total operating expenses	(3,604,473)	(4)	(3,684,524)	(4)
	Operating income	1,143,231	1	169,072	-
	Non-operating income and loss:				
7010	Other income (notes 6(n) and (v) and 7)	31,847	-	71,547	-
7020	Other gains and losses－net (notes 6(d), (h), (v) and (x))	43,850	-	407,644	-
7050	Finance costs (note 6(v))	(362,611)	-	(234,791)	-
7375	Share of profit of subsidiaries, associates and joint ventures (note 6(h))	3,448,279	3	5,111,045	6
	Total non-operating income and loss	3,161,365	3	5,355,445	6
	Income before income tax	4,304,596	4	5,524,517	6
7950	**Income tax expense (note 6(p))**	(269,532)	-	(233,130)	-
	Net income	4,035,064	4	5,291,387	6
	Other comprehensive income:				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (notes 6(o) and (q))	(39,077)	-	7,013	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note (q))	(1,250)	-	-	-
8320	Share of other comprehensive income of subsidiaries, associates and joint ventures (notes 6(q))	7,079	-	(9,150)	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(33,248)	-	(2,137)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations (note 6(q))	248,819	-	(1,139,104)	(1)
8362	Change in fair value of available-for-sale financial assets (note 6(q))	-	-	(61,062)	-
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures (note 6(q))	-	-	(40,369)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		248,819	-	(1,240,535)	(1)
	Other comprehensive income for the year, net of income tax	215,571	-	(1,242,672)	(1)
	Total comprehensive income for the year	$ **4,250,635**	4	**4,048,715**	5
	Earnings per share (in New Taiwan dollars) (note 6(r)):				
9750	Basic earnings per share	$ **2.05**		**2.69**	
9850	Diluted earnings per share	$ **2.03**		**2.66**	

See accompanying notes to arent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

QISDA CORPORATION

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Retained earnings: Total retained earnings	Total other equity interest: Foreign currency translation differences	Total other equity interest: Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest: Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest: Remeasurements of defined benefit plans	Total other equity interest: Total other equity interest	Total equity
Balance at January 1, 2017	$ 19,667,820	2,177,332	459,607	-	6,346,595	6,806,202	1,018,614	-	131,797	(291,719)	858,692	29,510,046
Net income in 2017	-	-	-	-	5,291,387	5,291,387	-	-	-	-	-	5,291,387
Other comprehensive income in 2017	-	-	-	-	-	-	(1,139,104)	-	(101,431)	(2,137)	(1,242,672)	(1,242,672)
Total comprehensive income in 2017	-	-	-	-	5,291,387	5,291,387	(1,139,104)	-	(101,431)	(2,137)	(1,242,672)	4,048,715
Appropriation of earnings:												
Legal reserve	-	-	434,227	-	(434,227)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,596,152)	(2,596,152)	-	-	-	-	-	(2,596,152)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	(993)	-	-	-	-	-	-	-	-	-	(993)
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(2,706)	-	-	-	-	-	-	-	-	-	(2,706)
Balance at December 31, 2017	19,667,820	2,173,633	893,834	-	8,607,603	9,501,437	(120,490)	-	30,366	(293,856)	(383,980)	30,958,910
Effects of retrospective application	-	-	-	-	(79,500)	(79,500)	-	30,353	(30,366)	-	(13)	(79,513)
Restated balance at January 1, 2018	19,667,820	2,173,633	893,834	-	8,528,103	9,421,937	(120,490)	30,353	-	(293,856)	(383,993)	30,879,397
Net income in 2018	-	-	-	-	4,035,064	4,035,064	-	-	-	-	-	4,035,064
Other comprehensive income in 2018	-	-	-	-	-	-	248,819	16,637	-	(49,885)	215,571	215,571
Total comprehensive income in 2018	-	-	-	-	4,035,064	4,035,064	248,819	16,637	-	(49,885)	215,571	4,250,635
Appropriation of earnings:												
Legal reserve	-	-	529,139	-	(529,139)	-	-	-	-	-	-	-
Special reserve	-	-	-	383,979	(383,979)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,655,156)	(2,655,156)	-	-	-	-	-	(2,655,156)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	15,073	-	-	-	-	-	-	-	-	-	15,073
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(42,630)	-	-	-	-	-	-	-	-	-	(42,630)
Balance at December 31, 2018	**$ 19,667,820**	**2,146,076**	**1,422,973**	**383,979**	**8,994,893**	**10,801,845**	**128,329**	**46,990**	**-**	**(343,741)**	**(168,422)**	**32,447,319**

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

QISDA CORPORATION

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Income before income tax	$ 4,304,596	5,524,517
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	77,951	76,568
Amortization	4,839	6,520
Expected credit loss / (Reversal of) bad debt expense	22,897	(776)
Interest expense	362,611	234,791
Interest income	(17,192)	(8,891)
Dividend income	(1,250)	(47,298)
Share of profits of subsidiaries, associates and joint ventures	(3,448,279)	(5,111,045)
Loss (gain) on disposal of property, plant and equipment	621	(1,580)
Gain on disposal of investments	-	(320,046)
Unrealized (realized) profit on sales to subsidiaries, associates and joint ventures	71,557	(78,512)
Total adjustments to reconcile profit	(2,926,245)	(5,250,269)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(11,925)	87,286
Decrease (increase) in notes and accounts receivable	1,030,601	(109,594)
Increase in notes and accounts receivable from related parties	(2,480,265)	(1,441,363)
Decrease (increase) in other receivable	(226,483)	780
Decrease (increase) in other receivable from related parties	1,180	(213)
Increase in inventories	(902,265)	(794,464)
Decrease (increase) in other current assets	(35,556)	19,851
Increase in other non-current assets	(10,227)	(10,802)
Net changes in operating assets	(2,634,940)	(2,248,519)
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(12,462)	14,850
Decrease in notes and accounts payable	(12,871)	(1,031,348)
Increase (decrease) in accounts payable to related parties	(93,318)	48,433
Increase (decrease) in other payable to related parties	(338)	2,037
Decrease in provisions	(11,636)	(35,718)
Increase in contract liabilities	74,975	-
Increase (decrease) in other current liabilities	(228,783)	295,390
Decrease in other non-current liabilities	(18,049)	(1,925)
Total changes in operating liabilities	(302,482)	(708,281)
Total changes in operating assets and liabilities	(2,937,422)	(2,956,800)
Total adjustments	(5,863,667)	(8,207,069)
Cash used in operations	(1,559,071)	(2,682,552)
Interest received	17,332	8,751
Dividends received	2,650,125	1,501,804
Interest paid	(345,460)	(217,126)
Income taxes paid	(92,578)	(61,416)
Net cash provided by (used in) operating activities	670,348	(1,450,539)

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

QISDA CORPORATION

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	137,286
Purchase of investments accounted for using equity method	(2,681,134)	(4,089,090)
Proceeds from investees' capital reduction	244,658	-
Additions to property, plant and equipment	(71,592)	(69,297)
Proceeds from disposal of property, plant and equipment	4,200	2,425
Additions to intangible assets	(3,503)	(3,000)
Increase in other financial assets	(5,114)	(1,775)
Net cash flows used in investing activities	(2,512,485)	(4,023,451)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(677,600)	5,827,600
Increase in long-term debt	12,208,525	7,560,595
Repayments of long-term debt	(7,700,000)	(5,973,045)
Cash dividends distributed to shareholders	(2,655,156)	(2,596,152)
Net cash provided by financing activities	1,175,769	4,818,998
Net decrease in cash and cash equivalents	(666,368)	(654,992)
Cash and cash equivalents at beginning of year	1,794,339	2,449,331
Cash and cash equivalents at end of year	$ **1,127,971**	**1,794,339**

See accompanying notes to parent-company-only financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

Qisda Corporation (the "Company") was incorporated on April 21, 1984, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 157, Shan-Ying Road, Gueishan, Taoyuan, Taiwan. The Company is engaged in the sales, manufacturing and services of high-end monitors and opto-mechatronics products.

2. Authorization of the parent-company-only financial statements:

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 21, 2019.

3. Application of New and Revised Accounting Standards and Interpretations

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying parent-company-only financial statements, the Company has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC, with effective date from January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	January 1, 2018
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018
Amendment to IAS 7 *Statement of Cash Flows—Disclosure Initiative*	January 1, 2017
Amendment to IAS 12 *Income Taxes—Recognition of Deferred Tax Assets for Unrealized Losses*	January 1, 2017
Amendments to IAS 40 *Transfers of Investment Property*	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	January 1, 2018

(Continued)

Except for the following items, the initial application of the above IFRSs did not have any material impact on the parent-company-only financial statements.

(i) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model framework to determine the method, timing and amount of revenue recognized. This Standard replaces the existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. The Company applies this standard retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application. The Company elected not to restate the comparative information for the prior reporting period; but instead, continues to apply IAS 11, IAS 18, and the related Interpretations, for comparative reporting period. The Company recognizes the cumulative effect upon the initial application of this Standard as an adjustment to the opening balance of its retained earnings on January 1, 2018.

The Company uses the practical expedients for completed contracts, meaning, it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts of the changes in accounting policies:

1) Sales of goods

Under IAS 18, revenue for the sale of goods is recognized when the related significant risks and rewards of ownership of the goods have been transferred to the customers, the revenue and the cost incurred, or to be incurred, can be measured reliably, the economic benefits of the transaction will probably flow to the Company, and there is neither continuing managerial involvement to the degree usually associated with ownership nor effect control over the goods sold. Under IFRS 15, revenue is recognized when a customer obtains control of the goods.

2) Rending of services

Under IAS 18, the Company's revenue from product design and development services rendered was recognized by reference to the stage of completion at the reporting date. Under IFRS 15, The Company's revenue is recognized when medical services are provided to the customers and the performance obligation is satisfied.

(Continued)

3) Impacts on the financial statements

The following tables summarize the impacts of adopting IFRS 15 on the Company's parent-company-only financial statements.

	December 31, 2018			January 1, 2018		
Impacted line items on the balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Other payable (Note 2)	$ 2,917,448	(1,054,719)	1,862,729	3,094,992	(980,181)	2,114,811
Other current liabilities (Note 1 and 2)	428,916	669,898	1,098,814	341,619	670,335	1,011,954
Contract liabilities—current (Note 1)	-	384,821	384,821	-	309,846	309,846
Impact on liabilities		$ -			-	

Note 1: For certain contracts, the Company has received a part of the considerations but does not satisfy its obligations. Under IFRS 15, contract liabilities are recognized for such situation, different from deferred revenues under other current liabilities prior to the adoption of IFRS 15.

Note 2: Prior to the adoption of IFRS 15, rebate payables were recognized as other payables. Under IFRS 15, rebate payables are recognized as refund liabilities under other current liabilities.

	For the year ended December 31, 2018		
Impacted line items on the statement of cash flows	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balance upon adoption of IFRS 15**
Cash flows from operating activities:			
Income before income tax	$ 4,304,596	-	4,304,596
Adjustments:			
Increase in contract liabilities	-	74,975	74,975
Increase in other payables and other current liabilities	(153,808)	(74,975)	(228,783)
Impact on net cash flows provided by (used in) operating activities		$ -	

(ii) IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* which contains classification and measurement of financial instruments, impairment and hedge accounting.

(Continued)

As a result of the adoption of IFRS 9, the Company adopted the consequential amendments to IAS 1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statements of comprehensive income. Previously, the Company's approach was to include the impairment of accounts receivable in selling expenses. Additionally, the Company adopted the consequential amendments to IFRS 7 *Financial Instruments: "Disclosures"* that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to IFRS 9 are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which financial assets are managed and their contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available-for-sale. Please refer to note 4(f) for an explanation of how the Company classifies and measures its financial assets and accounts for related gains and losses under IFRS 9.

The adoption of IFRS 9 did not have any significant impact on the Company's accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Please refer to note 4(f) for more details.

3) Transition

The adoption of IFRS 9 have generally been applied retrospectively, except as described below:

- The differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, and therefore, is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

(Continued)

－The determination of the business model within which a financial asset is held.

－ The designation and revocation of financial assets and financial liabilities previously designated as measured at FVTPL.

－ The designation of investments in equity instruments not held-for-trading as measured at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the measurement categories and carrying amounts under IAS 39 and IFRS 9 for each class of the Company's financial assets as of January 1, 2018. There were no changes in the categories and carrying amounts of financial liabilities.

	IAS39		**IFRS9**	
Financial Assets	**Measurement categories**	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Cash and cash equivalents	Loans and receivables (Note 1)	$ 1,794,339	Amortized cost	1,794,339
Derivative instruments	Held-for-trading	1,824	Mandatorily at FVTPL	1,824
Equity instruments	Available-for-sale financial assets (Note 2)	35,000	FVOCI	35,000
Notes and accounts receivable and other receivables (including related parties)	Loans and receivables (Note 1)	25,534,805	Amortized cost	25,493,699
Other financial assets	Loans and receivables (Note1)	36,964	Amortized cost	36,964

Note1: Cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets, that were previously classified as loans and receivables under IAS 39 are now classified as financial assets measured at amortized cost. In addition, an allowance for impairment of accounts receivable of $41,106 thousand was recognized in retained earnings on January 1, 2018 upon the initial application of IFRS 9.

Note2: These equity instruments represent investments that the Company intends to hold for long-term strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI.

(Continued)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

		IAS 39 Carrying Amount as of December 31, 2017	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018
Financial assets at fair value through other comprehensive income:							
Beginning balance of available-for-sale (IAS 39)	$	35,000	(35,000)	-	-	-	-
From available-for-sale to FVOCI		-	35,000	-	-	-	-
Total	$	**35,000**	**-**	**-**	**35,000**	**-**	**-**
Financial assets measured at amortized cost:							
Beginning balance of cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets (IAS 39)	$	27,366,108	-	-	-	-	-
Adjustments for allowance of impairment		-	-	(41,106)	-	(41,106)	-
Total	$	**27,366,108**	**-**	**(41,106)**	**27,325,002**	**(41,106)**	**-**
Investments accounted for using equity method (Note 1)	$	**42,957,769**	**-**	**(38,407)**	**42,919,362**	**(38,394)**	**(13)**

Note 1: There is a decrease of $38,407 thousand in investments accounted for using equity method, decrease of $38,394 thousand in retained earnings, and decrease of $13 thousand in other equity—unrealized gains (losses) on financial assets at fair value through other comprehensive income on January 1, 2018 upon the initial application of IFRS 9.

There were no material impacts on the Company's basic and diluted earnings per share for the year ended December 31, 2018.

(iii) Amendments to IAS 7 *Disclosure Initiative*

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Company presents a reconciliation between the beginning and ending balances for liabilities with changes arising from financing activities in note 6(z).

(b) Impact of IFRSs endorsed by the FSC but not yet in effect

According to Ruling No. 1070324857 issued by the FSC on July 17, 2018, commencing from 2019, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2019. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 *Leases*	January 1, 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	January 1, 2019
Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IAS 28 *Long-term interests in associates and joint ventures*	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

Except for the items discussed below, the Company believes that the initial adoption of the above IFRSs would not have any material impact on its parent-company-only financial statements.

(i) IFRS 16 *Leases*

IFRS 16 replaces the existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard, i.e., the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Company can choose to apply either of the following:

- IFRS 16 definition of lease to all its contracts; or
- A practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Company plans to apply the practical expedient to grandfather the definition of lease upon transition. This means that the Company will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Company can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The Company plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment in the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

(Continued)

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics;
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application; and

3) So far, the most significant impact identified is that the Company will have to recognize the right-of-use assets and lease liabilities for the operating leases of its offices and warehouses. The Company estimated its right-of-use assets and lease liabilities to increase by $1,058,558 thousand and $1,102,663 thousand, respectively, as well as the investments accounted for using equity method, rental payables, and retained earnings to decrease by $23,310 thousand, $22,335 thousand, and $45,080 thousand, respectively, on January 1, 2019.

However, the actual impacts of adopting the amended standards and new interpretations may change depending on the economic conditions and events which may occur in the future.

(c) Impact of IFRSs issued by the IASB but not yet endorsed by the FSC

A summary of new and amended standards issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 *Definition of a Business*	January 1, 2020
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
IFRS 17 *Insurance Contracts*	January 1, 2021
Amendments to IAS 1 and IAS 8 *Definition of Material*	January 1, 2020

Those which may be relevant to the Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 *Definition of Material*	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

(Continued)

The Company is currently evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards. The results thereof will be disclosed when the Company completes its evaluation.

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items in the balance sheets:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
2) Financial assets measured at fair value through other comprehensive income (Available-for-sale financial assets measured at fair value); and
3) The defined benefit liabilities (assets) are recognized as the present value of the defined benefit obligation less the fair value of the plan assets and the effect of the asset ceiling mentioned in note 4(p).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates at the end of the period ("the reporting date") of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(Continued)

Non-monetary assets and liabilities denominated in foreign currencies which are measured at fair value are retranslated at the exchange rate prevailing at the date when the fair value is determined. Exchange differences arising on the translation of non-monetary items are recognized in profit or loss, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items denominated in a foreign currency that are measured at historical cost are not retranslated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets.

(i) It is expected to be realized, or sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;

(Continued)

(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

(f) Financial instruments

(i) Financial assets (applicable commencing January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). A regular way purchase or sale of financial assets is recognized and derecognized on a trade-date basis.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is not designated as at FVTPL and is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method, less, any impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

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

A debt investment is not designated as at FVTPL and is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present the subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Foreign exchange gains and losses, interest income calculated using the effective interest method and impairment losses deriving from debt investments, are recognized in profit or loss; whereas dividends deriving from equity investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of an investment. Other changes in the carrying amount of financial assets measured at FVOCI are recognized in other comprehensive income and accumulated in other equity as unrealized gain (loss) from financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in other equity of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other equity of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company’s right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets at fair value through profit or loss (“FVTPL”)

All financial assets not classified as measured at amortized cost, or at FVOCI described above, are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are initially recognized at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value, any changes therein, including any dividend and interest income, are recognized in profit or loss.

(Continued)

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets).

The Company measures loss allowances for accounts receivable at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

(Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company's historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a debt instrument in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable, and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in "other equity–unrealized gains (losses) on financial assets at fair value through other comprehensive income", is recognized in profit or loss, and included in non-operating income and loss.

On derecognition of a debt instrument other than in its entirety, the Company allocates the previous carrying amount of the debt instrument between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, is recognized in profit or loss, and included in non-operating income and loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(Continued)

(ii) Financial assets (applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. Regular way purchases or sales of financial assets are recognized or derecognized on a trade-date basis.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of financial assets held for trading and those designated as at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges.

At initial recognition, financial assets carried at fair value through profit or loss are recognized at fair value. Any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to the initial recognition, changes in fair value (including dividend income and interest income) are recognized in profit or loss, and included in non-operating income and loss.

2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise accounts receivable, other receivables, and investment in debt security with no active market. At initial recognition, such assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method, less, any impairment losses. Interest income is recognized as non-operating income in profit or loss.

3) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, these assets are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary financial assets, are recognized in other comprehensive income and presented in “unrealized gain/loss from available-for-sale financial assets” in equity. When the financial asset is derecognized, the gain or loss previously accumulated in equity is reclassified to profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less, impairment loss and are reported as financial assets measured at cost.

Dividends received from equity investments are recognized as non-operating income on the date of entitlement to receive dividends (usually the ex-dividend date).

(Continued)

4) Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties. For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, such asset is included in a group of financial assets with similar credit risk characteristics which are then collectively assessed for impairment. Objective evidence that receivables are impaired includes the Company’ s collection experience in the past, an increase in delayed payments, and national or local economic conditions that correlate with overdue receivables.

An impairment loss is recognized by reducing the carrying amount of the respective financial assets with the exception of receivables, where the carrying amount is reduced through an allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is measured as the excess of the asset’s carrying amount over the present value of the estimated future cash flows discounted at the financial asset’ s original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

An impairment loss in respect of a financial asset measured at cost is measured as the excess of the asset’s carrying amount over the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. A subsequent reversal of the impairment loss is prohibited.

(Continued)

When an impairment loss is recognized for an available-for-sale asset, the cumulative gains or loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

The impairment loss and the reversal gain for accounts receivable are recognized as selling expenses, and as non-operating income and loss for financial assets other than accounts receivable.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers out substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in other equity – unrealized gains or losses from available-for-sale financial assets is recognized in profit or loss, and included in the non-operating income and loss of the statement of comprehensive income.

On derecognition of part of a financial asset, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of relative fair values of those parts on the date of transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received or receivable for the part of the financial asset derecognized and the cumulative gain or loss that had been recognized in other comprehensive income allocated to the part derecognized is charged to profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received, less, the direct issuing cost.

(Continued)

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as a financial liability at fair value through profit or loss on initial recognition and contingent consideration measured at fair value. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorized as financial liabilities at fair value through profit or loss, unless, they are designated as hedges.

At initial recognition, this type of financial liability is recognized at fair value, and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, the financial liabilities are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss and included in the non-operating income and loss of the statement of comprehensive income.

3) Financial liabilities measured at amortized cost

Financial liabilities not classified as held for trading or not designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value, plus, any directly attributable transaction cost at initial recognition. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in the non-operating income and loss of the statement of comprehensive income.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments

Derivative financial instruments are held to hedge the Company's foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in non-operating income and loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(Continued)

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to the location and condition ready for sale. Fixed manufacturing overhead is allocated to finished products and work in process based on the higher of normal capacity or actual capacity; variable manufacturing overhead is allocated based on the actual capacity of machinery and equipment. Net realizable value represents the estimated selling price in the ordinary course of business, less, all estimated costs of completion and necessary selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in ownership interests of its associate as “capital surplus” in proportion to its ownership.

Unrealized profits resulting from transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Company.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

When an associate issues new shares and the Company does not subscribe to the new shares in proportion to its original ownership percentage, the Company's interest in the associate's net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts. If the Company's capital surplus is insufficient to offset the adjustment to investment accounts, the difference is charged as a reduction of retained earnings. If the Company's interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement, is the same as the total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, the equity recognized in the parent-company-only financial statements is the same as the total equity attributable to the shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

The Company uses acquisition method for acquisitions of new subsidiaries. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and record any additional assets or liabilities that are identified in that review, and thereafter, shall recognize a gain on the bargain purchase.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

In an acquisition of new subsidiary achieved in stages, the previously held equity interest in the acquiree at its acquisition date fair value is remeasured, and the resulting gain or loss, if any, is recognized in profit or loss. For all amounts recognized in other comprehensive income arising from change in equity of acquiree prior to acquisition date, the Company shall treat it on the same basis as if the Company directly dispose of the previously held equity interest. If the amounts previously recognized in other comprehensive income shall be reclassified to profit or loss as would be required while disposal of such interest, the Company shall reclassify it to profit or loss.

If the initial accounting for an acquisition is incomplete by the end of the reporting period in which the acquisition occurs, provisional amounts for the items which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(Continued)

Contingent consideration as part of the consideration transferred is measured at the acquisition date fair value. Any fluctuation of the fair value during the measurement period after acquisition date is retrospectively adjusted to the acquisition cost and goodwill. The adjustments are to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. For the fair value adjustments of the contingent consideration that occurred not during the measurement period, the accounting treatment will be based on the classification of contingent consideration. Contingent consideration classified as equity can not be re-measured and has to be adjusted under owner's equity. Other contingent consideration should be subsequently measured at fair value at the end of each reporting period, and recognized in profit or loss.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The gain or loss arising from the disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in other gains and losses－net.

(ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the costs will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognized in profit or loss. All other repairs and maintenance are charged to expense as incurred.

(iii) Depreciation

Depreciation is provided for property, plant and equipment over the estimated useful lives using the straight-line method. When an item of property, plant and equipment comprises significant individual components for which different depreciation methods or useful lives are appropriate, each component is depreciated separately. Land is not depreciated. The depreciation is recognized in profit or loss.

The estimated useful lives for property, plant and equipment are as follows: buildings: 10 to 40 years; machinery and equipment: 2 to 10 years; furniture and fixtures: 3 years; and other equipment: 3 to 10 years.

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

(i) The Company as lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on a straight-line basis.

(ii) The Company as lessee

Payments made under an operating lease (excluding insurance and maintenance expenses) are charged to expense over the lease term on a straight-line basis.

(l) Intangible assets

Intangible assets including acquired software, and patents are carried at cost, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 2 to 5 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(m) Impairment of non-financial assets

(i) Goodwill

Goodwill arising from the acquisition of the subsidiaries is included in the carrying amount of investments accounted for using equity method. Goodwill is tested for impairment annually. For the purpose of impairment testing, goodwill arising from a business combination is allocated to each of the Company's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination. When the recoverable amount of a CGU is less than the carrying amount of the CGU, the impairment loss is recognized firstly by reducing the carrying amount of any goodwill allocated to the CGU and then is proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognized immediately in profit or loss. A subsequent reversal of the impairment loss on goodwill is prohibited.

(ii) Other tangible and intangible assets

Non-financial assets other than inventories, deferred income tax assets, assets arising from employee benefits, and non-current assets held for sale are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be determined, the Company estimates the recoverable amount of the CGU to which the asset has been allocated.

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The recoverable amount for an individual asset or a CGU is the higher of its fair value, less, costs to sell or its value in use. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is immediately recognized in profit or loss.

The Company assesses at each reporting date whether there is any evidence that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If so, an impairment loss recognized in prior periods for an asset other than goodwill is reversed, and the carrying amount of the asset or CGU is increased to its revised estimate of recoverable amount. The increased carrying amount shall not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years.

(n) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(o) Revenue recognition

(i) Revenue from contracts with customers (applicable commencing January 1, 2018)

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the goods has been transferred to the customer, being when the goods are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied. Sales discount and rebates are recognized and estimated based on historical experience and each contractual terms. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (presented under other current liabilities) is recognized for expected sales discounts and rebate payables to customers in

(Continued)

relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranging from 30 to 120 days, which is consistent with the market practice.

The Company's obligation to provide a refund for faulty goods sold under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(m).

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Rendering of services

The Company's revenue from providing product design and development services is recognized in the accounting period in which services are rendered.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer, and the payment by the customer, exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Revenue recognition (applicable before January 1, 2018)

Revenue from the sale of goods or services is measured at the fair value of consideration received or receivable, net of returns, rebates, and other similar discounts. Sales returns are recognized estimated based on historical experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Revenue is not recognized for the sale of key components to an original design manufacturer for manufacture or assembly as the significant risks and rewards of the ownership of materials are not transferred.

2) Services

Revenue from services rendered is recognized by reference to the stage of completion at the reporting date.

(Continued)

3) Rental income, interest income, and dividend income

Rental income from investment property is recognized over the lease term on a straight-line basis.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date, less, the fair value of plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the term of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expense related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(Continued)

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Income taxes

Income tax expenses include both current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) Temporary differences arising from investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and

(iii) Temporary differences arising from initial recognition of goodwill.

Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(Continued)

(r) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the future periods affected.

Information about judgments made in applying the accounting policies that have a significant effects on the amounts recognized in the financial statements is as follows:

(a) Judgment regarding significant influence of associates

The Company holds less than 20% of the voting rights in AU Optronics Corp. but has significant influence over the associates as the Company was elected as director and participates in the decision-making on the board.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Valuation of inventory

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Company are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value.

(Continued)

(b) Assessment of impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

		December 31, 2018	December 31, 2017
Demand deposits and checking accounts	$	282,827	149,731
Foreign currency deposits		845,144	643,506
Time deposits with original maturities less than three months		-	1,001,102
	$	**1,127,971**	**1,794,339**

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

		December 31, 2018	December 31, 2017
Financial assets mandatorily measured at fair value through profit or loss－current:			
Foreign currency forward contracts	$	12,500	-
Foreign exchange swaps		1,249	-
Financial assets held for trading－current:			
Foreign currency forward contracts		-	1,824
	$	**13,749**	**1,824**
Financial liabilities at fair value through profit or loss－ current:			
Financial liabilities held for trading－current:			
Foreign currency forward contracts	$	(298)	-
Foreign exchange swaps		(2,090)	(14,850)
	$	**(2,388)**	**(14,850)**

Refer to note 6(v) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(Continued)

The Company entered into derivative contracts to manage foreign currency exchange risk resulting from its operating and financing activities. The outstanding derivative financial instruments that did not conform to the criteria for hedge accounting and were classified as financial assets mandatorily measured at fair value through profit or loss as of December 31, 2018, and as financial assets held for trading as of December 31, 2017, consisted of the following:

(i) Foreign currency forward contracts

	December 31, 2018		
	Contract amount (in thousands)		Maturity period
MYR Buy/ USD Sell	MYR	21,000	2019/01
CNY Buy/ USD Sell	USD	41,960	2019/02~2019/03

	December 31, 2017		
	Contract amount (in thousands)		Maturity period
MYR Buy/ USD Sell	MYR	21,000	2018/01

(ii) Foreign exchange swaps

	December 31, 2018		
	Contract amount (in thousands)		Maturity period
Swap in USD/Swap out TWD	USD	61,000	2019/02~2019/03

	December 31, 2017		
	Contract amount (in thousands)		Maturity period
Swap in USD/Swap out TWD	USD	68,000	2018/03~2018/04

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

	December 31, 2018
Equity investments at fair value through other comprehensive income:	
Domestic listed stocks	$ 33,750

The Company designated the investments shown above as financial assets at fair value through other comprehensive income because these equity investments are held for long-term for strategic purposes and not for trading. These investments were classified as available-for-sale financial assets on December 31, 2017.

No strategic investments were disposed for the year ended December 31, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Available-for-sale financial assets

	December 31, 2017
Domestic listed stocks	$ 35,000

Prior to November 9, 2017, the Company held 8.72% ownership of DFI Inc. ("DFI") classified as available-for-sale financial assets. On November 9, 2017, the Company increased its investments in DFI for $2,704,649 and acquired 36.28% of its ownership through tender offer. After the acquisition, the Company and its subsidiaries' ownership interest in DFI increased to 55% and obtained control over DFI. Therefore, the investment in DFI was reclassified from available-for-sale financial assets—non-current to investments accounted for using equity method, and recognized a gain on disposal of $189,899 in other gains and losses－net.

In 2017, the Company sold part of its investments in available-for-sale securities for $137,286 and recognized a gain on disposal of $41,536 in other gains and losses－net.

(e) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes and accounts receivable	$ 10,263,763	11,314,353
Notes and accounts receivable from related parties	16,720,699	14,240,434
	26,984,462	25,554,787
Less: loss allowance	(65,491)	(21,475)
	$ 26,918,971	25,533,312

(i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties) on December 31, 2018. Analysis of expected credit loss on notes and accounts receivable (including related parties) as of December 31, 2018 was as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 24,990,100	0.09%	22,723
Past due 1-90 days	1,955,359	0.19%	3,765
Past due over 91 days	39,003	100%	39,003
	$ 26,984,462		65,491

(Continued)

(ii) As of December 31, 2017, the Company applied the incurred loss model to measure the loss allowance for notes and accounts receivable. The aging analysis of notes and accounts receivable (including related parties) which were past due but not impaired was as follows:

	December 31, 2017
Past due 1-90 days	$ 2,799,427
Pass due 91-180 days	1,557
	$ **2,800,984**

The allowance for doubtful receivables is assessed by referring to the collectability of receivables based on historical payment behavior and an analysis of specific customer credit quality. Notes and accounts receivable that are past due but for which the Company has not recognized a specific allowance for doubtful receivables after the assessment are still considered recoverable.

(iii) Movements of the loss allowance for notes and accounts receivable (including related parties) were as follows:

		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance at January 1 (per IAS 39)	$ 21,475	22,251	-
Adjustment on initial application of IFRS 9	41,106		
Balance at January 1 (per IFRS 9)	62,581		
Impairment losses	22,897	-	-
Reversal of impairment losses	-	(776)	-
Write-off	(19,987)	-	-
Balance at December 31	$ **65,491**	**21,475**	**-**

(iv) The Company entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Company is not responsible for any risk of uncollectible accounts receivable, but only the risk of loss due to commercial disputes. Thus, these contracts met the conditions of financial asset derecognition. Details of these contracts at each reporting date were as follows:

December 31, 2018						
Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral	
Chinatrust Commercial Bank	$ 2,245,817	3,593,655	2,019,781		None	-
Taipei Fubon Bank	-	1,228,600	-		None	-
Taishin International Bank	3,675,009	5,528,700	3,675,009		None	-
	$ **5,920,826**	**10,350,955**	**5,694,790**	2.392%～3.648%		**-**

(Continued)

	December 31, 2017					
Underwriting bank	**Factored amount**	**Factoring credit limit**	**Advance amount**	**Range of interest rates**	**Collateral**	
Chinatrust Commercial Bank	$ -	3,252,560	-		None	-
Taipei Fubon Bank	-	1,193,600	-		None	-
Taishin International Bank	2,610,837	4,774,400	2,610,837		None	-
	$ 2,610,837	**9,220,560**	**2,610,837**	1.9175%～2.28%		-

As of December 31, 2018, the factored accounts receivable, net of the advance amount, was $226,036, which was classified as “other receivables” in the accompanying balance sheets.

(f) Other receivables

	December 31, 2018	**December 31, 2017**
Other receivables (note 6(e))	$ 226,656	313
Other receivables from related parties	-	1,180
	$ 226,656	**1,493**

As of December 31, 2018, no loss allowance was provided for other receivables after management’s assessment.

As of December 31, 2017, the Company expected that other receivables could be collected within one year, and no loss allowance was provided for after management’s assessment.

(g) Inventories

	December 31, 2018	**December 31, 2017**
Raw materials	$ 135,817	168,537
Work in process	25,176	18,230
Finished goods	4,009,334	3,165,395
Inventories in transit	113,489	29,389
	$ 4,283,816	**3,381,551**

For the years ended December 31, 2018 and 2017, the cost of inventories sold amounted to $94,001,465 and $85,091,347, respectively.

For the years ended December 31, 2018 and 2017, the write-downs of inventories to net realizable value amounted to $20,392, and $15,065, respectively and were included in cost of sales.

(Continued)

(h) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2018	December 31, 2017
Subsidiaries	$ 28,327,736	26,968,384
Associates	17,984,290	15,989,385
	$ 46,312,026	**42,957,769**

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2018.

In 2017, the Company increased its investments in BBHC for $121,343, and the Company's interest in BBHC increased from 18.10% to 19.36%.

(ii) Acquisition of subsidiaries－Data Image Corporation ("DIC")

1) The cost of acquisition

On November 12, 2018, the Company invested the amount of $260,000 in Data Image Corporation ("DIC"), and acquired 28.82% of its ownership. The Company's subsidiary, D2 Venture Co, Ltd., also invested the amount of $48,000 in DIC, and acquired 4.32% of its ownership. After these investments in DIC, the Company owned more than half of DIC's total number of directors. Therefore, the Company obtained control over DIC, resulting in DIC and its subsidiaries to become the Company's subsidiaries. DIC and its subsidiaries are engaged in the manufacture and sale of marine display modules. The acquisition of DIC and its subsidiaries expects to integrate the Company's strong technological and manufacturing strengths, as well as DIC's design and manufacturing capability on marine display modules to expand the related business.

2) Identifiable net assets acquired in a business combination

On November 12, 2018 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 308,000
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of DIC's identifiable net assets)		614,390
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 483,585	
Notes and accounts receivable, net	477,682	
Other receivables	48,646	
Inventories	504,819	
Other current assets	27,585	
Property, plant and equipment	396,484	
Intangible assets－computer software	2,162	
Investments accounted for using equity method	22,973	
Deferred income tax assets	16,312	
Other non-current assets	22,597	
Short-term borrowings	(358,699)	
Notes and accounts payable	(527,353)	
Other payables	(73,241)	
Current portion of long-term debt	(33,200)	
Other current liabilities	(59,995)	
Long-term debt	(24,200)	
Deferred income tax liabilities	(7,237)	918,920
Goodwill		**$ 3,470**

The fair value of the identifiable intangible assets has been determined as provisionally pending completion of an independent valuation. Goodwill and identifiable intangible assets arising from the acquisition are included in the carrying amount of investments accounted for using equity method.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

(iii) Acquisition of subsidiaries－K2 International Medical Inc.

1) The cost of acquisition

On August 14, 2018, the Company invested the amount of $121,134 in K2 International Medical Inc. (“K2”), and acquired 29.85% of its ownership. The Company’s subsidiary, D2 Venture Co., Ltd. also invested the amount of $44,997 in K2, and acquired 7.71% of its ownership. After these investments in K2, the Company owned more than half of K2's total number of directors. Therefore, the Company obtained control over K2, resulting in K2 to become the Company’s subsidiary. K2 served as an agency, and is engaged in the sale of hemodialysis machines and related accessories and consumables of well-known brand. The acquisition of K2 enables the Company to penetrate into hemodialysis products market and expand its Asia Pacific market through K2’s market channel.

2) Identifiable net assets acquired in a business combination

On August 14, 2018 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 166,131
Add: Non-controlling interest (measured at non-controlling interest’s proportionate share of the fair value of K2’s identifiable net assets):		212,649
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 268,829	
Notes and accounts receivable, net	179,170	
Inventories	66,046	
Other current assets	1,921	
Property, plant and equipment	11,832	
Intangible assets－customer relationships	30,745	
Intangible assets－computer software	81	
Deferred income tax assets	1,217	
Other non-current financial assets	13,322	
Short-term borrowings	(169,944)	
Notes and accounts payable	(39,191)	
Other current liabilities	(17,310)	
Deferred income tax liabilities	(6,152)	340,566
Goodwill		**$ 38,214**

(Continued)

The fair value of the abovementioned intangible assets has been determined as provisionally pending completion of an independent valuation. Goodwill and identifiable intangible assets arising from the acquisition are included in the carrying amount of investments accounted for using equity method.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, the acquisition accounting will be revised.

(iv) Acquisition of subsidiaries－DFI Inc. and its subsidiaries

1) The cost of acquisition

On November 9, 2017, the Company increased its investments in DFI Inc. (“DFI”) for $3,450,127 and acquired 46.28% of its ownership through tender offer. After the acquisition, the Company and its subsidiaries ownership interest in DFI increased from 8.72% to 55.00% and obtained control over DFI. Therefore, DFI and its subsidiaries have become the Company’ s subsidiaries. DFI and its subsidiaries are engaged in the manufacture and sale of industrial motherboards and related components.

The acquisition expects to integrate the Company’ s strong technological and manufacturing strengths, as well as DFI's manufacturing capability and customer service on motherboards to build the integrated business solutions.

(Continued)

2) Identifiable net assets acquired in a business combination

On November 9, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 3,450,127
Add: the fair value of the acquirer's previously held equity interest in the acquiree		640,000
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of DFI's identifiable net assets):		2,178,468
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 829,366	
Financial assets at fair value through profit or loss－current	971,201	
Notes and accounts receivable, net	568,323	
Notes and accounts receivable from related parties	240,945	
Other receivables from related parties	300	
Other receivables	14,582	
Inventories	540,256	
Other current assets	26,834	
Other financial assets－current	41,950	
Available-for-sale financial assets－non-current	23,336	
Property, plant and equipment	946,360	
Intangible assets－goodwill	187,365	
Intangible assets－trademarks	720,664	
Intangible assets－customer relationships	1,065,509	
Intangible assets－computer software	11,483	
Deferred income tax assets	37,122	
Other non-current assets	9,824	
Notes and accounts payable	(682,952)	
Accounts payable to related parties	(332)	
Other current liabilities	(222,406)	
Provisions－current	(48,415)	
Deferred income tax liabilities	(348,561)	
Other non-current liabilities	(91,712)	
Non-controlling interests	(2)	4,841,040
Goodwill		**$ 1,427,555**

(Continued)

Goodwill and identifiable intangible assets arising from the acquisition are included in the carrying amount of investments accounted for using equity method.

The Company's previously held 8.72% ownership of DFI had been remeasured to fair value at the acquisition date, resulting in a gain on disposal of $189,899 in other gains and losses－net.

(v) Acquisition of subsidiaries－Partner Tech Corp. and its subsidiaries

1) The cost of acquisition

On April 10, 2017, the Company increased its investments in Partner Tech Corp. ("PTT") for $1,263,098 and acquired 42.06% of its ownership through tender offer. After the acquisition, the Company and its subsidiaries' ownership interest in PTT increased from 26.17% to 68.23% and obtained control over PTT. Therefore, PTT and its subsidiaries have become the Company's subsidiaries. PTT and its subsidiaries are engaged in the manufacture and sale of POS terminals and peripherals.

The acquisition expects to integrate the Company's technological and manufacturing skills with PTT's customer service on retail market.

2) Identifiable net assets acquired in a business combination

On April 10, 2017 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:		
Cash		$ 1,263,098
Add: the fair value of the acquirer's previously held equity interest in the acquiree		512,821
Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of PTT's identifiable net assets):		504,050
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 332,247	
Financial assets at fair value through profit or loss－current	2,667	
Notes and accounts receivable, net	395,797	
Other receivables	14,010	
Inventories	530,102	
Other current assets	123,542	
Property, plant and equipment	333,138	
Intangible assets－goodwill	97,667	
Intangible assets－trademarks	443,786	
Intangible assets－customer relationships	147,993	
Intangible assets－computer software	33,528	
Investments accounted for using equity method	34,178	
Deferred income tax assets	52,963	
Other financial assets－non-current	708	
Other non-current assets	94,100	
Short-term borrowings	(130,159)	
Current portion of long-term debt	(2,763)	
Financial liabilities at fair value through profit or loss－current	(185)	
Notes and accounts payable	(426,415)	
Other payables	(48,197)	
Other current liabilities	(189,413)	
Provisions－current	(18,446)	
Long-term debt	(10,431)	
Deferred income tax liabilities	(105,627)	
Other non-current liabilities	(46,081)	
Non-controlling interests	(72,115)	1,586,594
Goodwill		**$ 693,375**

(Continued)

The Company's previously held ownership of PTT is remeasured to fair value at the acquisition date, and recognized a gain on disposal of $88,611 in other gains and losses —net.

Goodwill and identifiable intangible assets arising from the acquisition are included in the carrying amount of investments accounted for using equity method.

(vi) Impairment test on goodwill

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
DFI and its subsidiaries ("DFI")	$ 1,614,920	1,614,920
PTT and its subsidiaries ("PTT")	$ 943,775	791,042

Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Company, the recoverable amount exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	December 31, 2018	December 31, 2017
DFI：		
Revenue growth rate	10%	10%~18.9%
Discount rates	17.62%	16.34%

	December 31, 2018	December 31, 2017
PTT：		
Revenue growth rate	6%~66%	10%
Discount rates	15.83%	14.91%

1) The cash flow projections were based on historical operating performance and future financial budgets, covering a period of 5 years, approved by management and estimated terminal values at the end of the 5-year period. Cash flows beyond that 5-year period have been extrapolated using 1.5% to 2% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(Continued)

(vii) Investments in associates

			December 31, 2018		December 31, 2017	
Name of Associates	**Main Business and Relationship**	**Location**	**Percentage of voting rights**	**Carrying amount**	**Percentage of voting rights**	**Carrying amount**
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Company's strategic partners	Taiwan	6.90 %	13,921,968	6.90 %	14,287,092
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Company's strategic partners	Taiwan	20.72 %	1,846,261	20.72 %	1,655,064
Alpha Networks Inc. ("Alpha")	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia product, the Company's strategic partners	Taiwan	18.40 %	2,166,624	-	-
Q.S.Control Corp.	Manufacture and sales of medical consumables and equipment, the Company's strategic partners	Taiwan	20.00 %	49,437	20.00 %	47,229
				$ 17,984,290		15,989,385

The equity-method was used to account for investments in certain associates of which the Company holds less than 20% of the voting rights but has significant influence over the associates as the Company was elected as director and participates in the decision-making on the board.

On March 15, 2018, the Company subscribed 100,000 thousand shares of Alpha Networks Inc. ("Alpha") for $2,300,000 through private offering.

For the years ended December 31, 2018 and 2017, the Company' s shares of profits of associates amounted to $1,005,607 and $2,354,704, respectively.

(Continued)

The fair value of the investment in associates which are publicly traded was as follows:

	December 31, 2018	December 31, 2017
AU	$ 8,162,268	8,228,628
DFN	2,276,696	1,719,848
Alpha	1,655,000	-

The summarized financial information in respect of each of the Company's material associates is set out below:

1) The summarized financial information of AU:

	December 31, 2018	December 31, 2017
Current assets	$ 149,067,627	180,175,541
Non-current assets	260,764,148	261,275,743
Current liabilities	(128,937,971)	(107,236,609)
Non-current liabilities	(63,615,116)	(108,969,560)
Equity	**$ 217,278,688**	**225,245,115**
Equity attributable to non-controlling interests of AU	**$ 14,415,973**	**17,090,747**
Equity attributable to shareholders of AU	**$ 202,862,715**	**208,154,368**

	2018	2017
Net sales	**$ 307,634,389**	**341,028,267**
Net income	$ 7,959,895	30,258,488
Other comprehensive income	(1,383,775)	(960,183)
Total comprehensive income	**$ 6,576,120**	**29,298,305**
Total comprehensive income attributable to non-controlling interests of AU	**$ (2,509,140)**	**(2,456,428)**
Total comprehensive income attributable to shareholders of AU	**$ 9,085,260**	**31,754,733**

	2018	2017
The Company's share of equity of associates at January 1	$ 14,362,651	12,505,884
Total comprehensive income attributable to the Company	624,788	2,190,811
Capital surplus attributable to the Company	5,499	37,571
Dividend received from associates	(995,398)	(371,615)
Cumulative effect of investment income recognized under treasury stock method	(75,559)	(75,559)
Adjustment on initial application of IFRS 9	(13)	-
The carrying amount of investments in the associates	**$ 13,921,968**	**14,287,092**

(Continued)

2) The summarized financial information of DFN:

	December 31, 2018	December 31, 2017
Current assets	$ 12,741,445	10,028,855
Non-current assets	6,353,987	5,318,722
Current liabilities	(8,968,442)	(6,675,261)
Non-current liabilities	(684,007)	(654,165)
Equity	**$ 9,442,983**	**8,018,151**
Equity attributable to non-controlling interests of DFN	**$ 532,458**	**30,390**
Equity attributable to shareholders of DFN	**$ 8,910,525**	**7,987,761**

	2018	2017
Net sales	**$ 20,113,619**	**17,664,072**
Net income	$ 1,525,848	583,044
Other comprehensive income	(36,920)	(331,803)
Total comprehensive income	**$ 1,488,928**	**251,241**
Total comprehensive income attributable to non-controlling interests of DFN	**$ 6,164**	**2,298**
Total comprehensive income attributable to shareholders of DFN	**$ 1,482,764**	**248,943**

	2018	2017
The Company's share of equity of associates at January 1	$ 1,655,064	1,716,976
Total comprehensive income attributable to the Company	307,206	51,558
Capital surplus attributable to the Company	-	2,539
Dividend received from associates	(116,009)	(116,009)
The carrying amount of investments in the associates	**$ 1,846,261**	**1,655,064**

3) The summarized financial information of Alpha:

	December 31, 2018
Current assets	$ 12,517,041
Non-current assets	2,412,034
Current liabilities	(4,173,154)
Non-current liabilities	(362,170)
Equity	**$ 10,393,751**
Equity attributable to non-controlling interests of Alpha	**$ -**
Equity attributable to shareholders of Alpha	**$ 10,393,751**

(Continued)

	2018
Net sales	**$ 15,608,222**
Net loss	$ (88,009)
Other comprehensive income	(76,053)
Total comprehensive income	**$ (164,062)**
Total comprehensive income attributable to non-controlling interests of Alpha	**$ -**
Total comprehensive income attributable to shareholders of Alpha	**$ (164,062)**

	2018
The Company's share of equity of associates at January 1	$ -
Purchase of investments	2,300,000
Total comprehensive income attributable to the Company	(37,185)
Capital surplus attributable to the Company	3,809
Dividend received from associates	(100,000)
The carrying amount of investments in the associates	**$ 2,166,624**

4) Aggregate financial information of associates that were not individually material was summarized as follows. The financial information was included in the Company's parent-company-only financial statements.

	December 31, 2018	December 31, 2017
The aggregate carrying amount of associates that were not individually material	**$ 49,437**	**47,229**

	2018	2017
Attributable to the Company:		
Net income	$ 2,208	1,873
Other comprehensive income	-	832
Total comprehensive income	**$ 2,208**	**2,705**

Refer to note 8 for a description of the Company's investments accounted for using the equity method pledged as collateral for long-term debt and credit facilities.

(i) Property, plant and equipment

The movements of cost and accumulated depreciation and impairment loss of the property, plant and equipment were as follows:

	Land	Buildings	Machinery	Other equipment	Construction in progress	Total
Cost:						
Balance at January 1, 2018	$ 805,484	1,641,930	935,279	161,968	22,343	3,567,004
Additions	-	7,025	30,881	18,704	14,982	71,592
Disposals	-	-	(104,279)	(13,918)	-	(118,197)
Reclassification	-	-	3,914	4,014	(7,928)	-
Balance at December 31, 2018	**$ 805,484**	**1,648,955**	**865,795**	**170,768**	**29,397**	**3,520,399**
Balance at January 1, 2017	$ 805,484	1,639,422	898,754	155,070	10,470	3,509,200
Additions	-	2,508	29,037	13,657	24,095	69,297
Disposals	-	-	(1,614)	(9,879)	-	(11,493)
Reclassification	-	-	9,102	3,120	(12,222)	-
Balance at December 31, 2017	**$ 805,484**	**1,641,930**	**935,279**	**161,968**	**22,343**	**3,567,004**
Accumulated depreciation:						
Balance at January 1, 2018	$ -	1,074,501	860,933	138,413	-	2,073,847
Depreciation	-	44,685	23,156	10,110	-	77,951
Disposals	-	-	(104,279)	(9,097)	-	(113,376)
Balance at December 31, 2018	**$ -**	**1,119,186**	**779,810**	**139,426**	**-**	**2,038,422**
Balance at January 1, 2017	$ -	1,029,831	837,464	140,632	-	2,007,927
Depreciation	-	44,670	25,083	6,815	-	76,568
Disposals	-	-	(1,614)	(9,034)	-	(10,648)
Balance at December 31, 2017	**$ -**	**1,074,501**	**860,933**	**138,413**	**-**	**2,073,847**
Carrying amount:						
Balance at December 31, 2018	**$ 805,484**	**529,769**	**85,985**	**31,342**	**29,397**	**1,481,977**
Balance at December 31, 2017	**$ 805,484**	**567,429**	**74,346**	**23,555**	**22,343**	**1,493,157**

(i) The Company owned a parcel of land with a book value of $104,324. Because of certain legal restrictions, this land was registered under the name of individuals. In order to protect the Company's rights to this land, the Company signed a deed of trust with these individuals, under which they are obliged to surrender their rights to the Company when required.

(ii) Pledge as collateral

Refer to note 8 for a description of the Company's property, plant and equipment pledged as collateral for long-term debt.

(j) Intangible assets

(i) The movements of costs and accumulated amortization of intangible assets were as follows:

		Computer software	Others	Total
Costs:				
Balance at January 1, 2018	$	15,467	14,777	30,244
Addition		3,503	-	3,503
Disposal		(7,105)	(4,538)	(11,643)
Balance at December 31, 2018	**$**	**11,865**	**10,239**	**22,104**
Balance at January 1, 2017	$	24,664	15,347	40,011
Addition		3,000	-	3,000
Disposal		(12,197)	(570)	(12,767)
Balance at December 31, 2017	**$**	**15,467**	**14,777**	**30,244**
Accumulated amortization:				
Balance at January 1, 2018	$	11,106	11,207	22,313
Amortization		2,477	2,362	4,839
Disposal		(7,105)	(4,538)	(11,643)
Balance at December 31, 2018	**$**	**6,478**	**9,031**	**15,509**
Balance at January 1, 2017	$	20,375	8,185	28,560
Amortization		2,928	3,592	6,520
Disposal		(12,197)	(570)	(12,767)
Balance at December 31, 2017	**$**	**11,106**	**11,207**	**22,313**
Carrying amount:				
Balance at December 31, 2018	**$**	**5,387**	**1,208**	**6,595**
Balance at December 31, 2017	**$**	**4,361**	**3,570**	**7,931**

(ii) Amortization

The amortization of intangible assets is included in the following line items of the statement of comprehensive income:

		2018	2017
Cost of sales	**$**	**600**	**1,629**
Operating expenses	**$**	**4,239**	**4,891**

(Continued)

(k) Short-term borrowings

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 5,150,000	5,827,600
Unused credit facilities	$ 7,042,349	7,536,934
Interest rate	0.75%~1.24%	0.6426%~1.69%

(l) Long-term debt

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 8,421,325	4,312,800
Secured bank loans	4,850,000	4,450,000
	13,271,325	8,762,800
Less: current portion of long-term debt	(1,900,000)	(1,500,000)
	$ 11,371,325	7,262,800
Unused credit facilities	$ 3,239,450	6,375,200
Interest rate	1.33%~3.758%	1.1%~2.242%
Maturity year	2019 ~ 2022	2018 ~ 2022

(i) Collateral for bank borrowings

Refer to note 8 for a description of the Company's assets pledged as collateral to secure the bank loans.

(ii) Compliance with loan agreement

According to the syndicated loan agreement signed between the Company and the banks, the Company has promised to maintain certain financial ratios based on the Company's semi-annual reviewed consolidated financial statements and annual audited consolidated financial statements. If the Company violates any of the related financial ratios, the Company should mend it in a specific period, and then the failure to maintain the required financial ratios would not be considered a default. The Company has also pledged stock to secure the syndicated loan and has to maintain the fair value of the related pledged stock at a specific percentage of the loan.

For the years 2018 and 2017, the Company's financial ratio was in compliance with the syndicated loan agreement.

(m) Provisions

	Warranties
Balance at January 1, 2018	$ 117,462
Provisions made	55,523
Amount utilized	(20,444)
Amount reversed	(46,715)
Balance at December 31, 2018	**$ 105,826**
Current	**$ 20,445**
Non-current	**$ 85,381**
Balance at January 1, 2017	$ 153,180
Provisions made	49,348
Amount utilized	(22,947)
Amount reversed	(62,119)
Balance at December 31, 2017	**$ 117,462**
Current	**$ 22,947**
Non-current	**$ 94,515**

The provision for warranties is estimated based on historical warranty data associated with similar products and services. The Company expects to settle most of the warranty liability within three years from the date of the sale of the product.

(n) Operating lease

(i) Lessee

Future minimum lease payments of operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than 1 year	$ 142,774	144,000
Later than 1 year but not later than 5 years	532,521	554,529
Later than 5 years	516,989	692,657
	$ 1,192,284	**1,391,186**

The Company leases offices under operating leases. The leases typically run for 10 years, with an option to renew.

One of the leased properties has been sublet by the Company. The rental income of property sublease for the years ended December 31, 2018 and 2017 amounted to $96,063 and $96,025, respectively, which were recognized as deduction of operating expense.

(Continued)

In 2018 and 2017, the rental expense of operating leases amounted to $43,613 and $43,651, respectively, which were recognized in profit or loss.

(ii) Lessor

The Company leased its land and buildings to others under operating leases. In 2018 and 2017, the related rental income amounted to $13,405 and $15,358, respectively, and was recognized under non-operating income and loss－other gains and losses－net.

(o) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities for defined benefit plans was as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 727,372	722,547
Fair value of plan assets	(433,280)	(451,173)
	294,092	271,374
Effects of the asset ceiling	-	-
Net defined benefit liabilities (reported under other non-current liabilities)	**$ 294,092**	**271,374**

The Company make defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee’s retirement.

1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2018 and 2017, the Company’s labor pension fund account balance at Bank of Taiwan amounted to $433,280 and $451,173, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

(Continued)

2) Movements in present value of defined benefit obligations

In 2018 and 2017, the movements in present value of defined benefit obligations of the Company were as follows:

		2018	2017
Defined benefit obligations at January 1	$	722,547	737,951
Current service costs and interest expense		13,909	13,171
Remeasurement on the net defined benefit liabilities:			
－Actuarial losses (gains) arising from experience adjustments		26,116	16,986
－Actuarial losses (gains) arising from changes in financial assumptions		24,160	(25,886)
Benefits paid by the plan		(54,417)	(19,675)
Benefits paid by employer		(4,943)	-
Defined benefit obligations at December 31	$	**727,372**	**722,547**

3) Movements of fair value of plan assets

In 2018 and 2017, the movements of the fair value of plan assets of the Company were as follows:

		2018	2017
Fair value of plan assets at January 1	$	451,173	462,738
Interest income		7,368	6,407
Remeasurement on the net defined benefit liabilities (assets)			
－Actuarial gains (losses)		11,199	(1,887)
Contributions by the employer		17,957	3,590
Benefits paid by the plan		(54,417)	(19,675)
Fair value of plan assets at December 31	$	**433,280**	**451,173**

4) Changes in the effect of the asset ceiling

In 2018 and 2017, there was no effect of the asset ceiling.

(Continued)

5) Expenses recognized in profit or loss

In 2018 and 2017, the expenses recognized in profit or loss were as follows:

	2018	2017
Current service costs	$ 2,153	2,999
Net interest expense on the net defined benefit liability	4,388	3,765
	$ 6,541	**6,764**
Cost of sales	$ 1,014	1,317
Selling expenses	1,191	880
Administrative expenses	862	1,429
Research and development expenses	3,474	3,138
	$ 6,541	**6,764**

6) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

In 2018 and 2017, the remeasurement of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	2018	2017
Cumulative amount at January 1	(202,967)	(209,980)
Recognized during the period	(39,077)	7,013
Cumulative amount at December 31	**$ (242,044)**	**(202,967)**

7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2018	December 31, 2017
Discount rate	1.375 %	1.625 %
Future salary increases rate	2.500 %	2.500 %

The Company expects to make contribution of $14,357 to the defined benefit plans in the year following December 31, 2018.

The weighted average duration of the defined benefit plans is 17.02 years.

(Continued)

8) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2018 and 2017.

	Increase (decrease) in present value of defined benefit obligations	
	0.25% Increase	**0.25% Decrease**
December 31, 2018		
Discount rate	(24,160)	25,226
Future salary change	24,525	(23,631)
December 31, 2017		
Discount rate	(24,800)	25,886
Future salary change	25,224	(24,285)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2018 and 2017, the Company recognized pension expenses of $88,787 and $88,947, respectively, in relation to the defined contribution plans.

(p) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

(Continued)

(i) In 2018 and 2017, the components of income tax expense were as follows:

		2018	2017
Current income tax expense	$	146,196	131,189
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		395,866	391,904
Adjustment in tax rate		(145,946)	-
Changes in unrecognized deductible temporary differences and tax losses		(126,584)	(289,963)
Deferred income tax expense		123,336	101,941
Income tax expense	**$**	**269,532**	**233,130**

In 2018 and 2017, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2018 and 2017 was as follows:

		2018	2017
Income before income tax	**$**	**4,304,596**	**5,524,517**
Income tax using the Company's statutory tax rate	$	860,919	939,168
Tax-exempt income from securities transactions		-	(54,408)
Adjustment in tax rate		(145,946)	-
Investment income recorded under equity method		(538,027)	(667,490)
10% surtax on undistributed earnings		172,311	131,189
Tax-exempt dividend income		(250)	(8,041)
Change in unrecognized temporary differences and tax losses		(126,584)	(289,963)
Others		47,109	182,675
Income tax expense	**$**	**269,532**	**233,130**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2018 and 2017, and management believes that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities. In addition, as the Company and certain subsidiaries determined that it is not probable that future taxable profits will be available against which the temporary differences and operating loss carryforwards can be utilized, these items were not recognized as deferred income tax assets.

Unrecognized deferred income tax assets:

		December 31, 2018	December 31, 2017
Aggregate deductible temporary differences associated with investments in subsidiaries	$	240,682	230,774
Deductible temporary differences		1,563,341	1,339,746
Tax losses		133,194	23,010
	$	**1,937,217**	**1,593,530**

Unrecognized deferred income tax liabilities:

		December 31, 2018	December 31, 2017
Aggregate taxable temporary differences associated with investments in subsidiaries	$	**1,698,549**	**1,283,066**

As of December 31, 2018, the unrecognized tax losses and the respective expiry years were as follows:

Year of expiry		Unrecognized tax losses	Year of expiry
2011	$	**665,970**	2021

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2018 and 2017 were as follows:

Deferred income tax assets:

		Balance at January 1, 2018	Recognized in profit or loss	Balance at December 31, 2018
Unrealized inter-company profits	$	23,056	18,380	41,436
Deferred revenue		31,350	(6,756)	24,594
Operating loss carryforwards		514,555	(196,659)	317,896
Allowance for sales discounts		166,631	44,313	210,944
Unrealized accrued expenses		12,741	2,248	14,989
Others		81,783	14,529	96,312
	$	**830,116**	**(123,945)**	**706,171**

		Balance at January 1, 2017	Recognized in profit or loss	Balance at December 31, 2017
Unrealized inter-company profits	$	36,403	(13,347)	23,056
Deferred revenue		27,359	3,991	31,350
Operating loss carryforwards		652,743	(138,188)	514,555
Allowance for sales discounts		118,930	47,701	166,631
Unrealized accrued expenses		8,404	4,337	12,741
Others		100,279	(18,496)	81,783
	$	**944,118**	**(114,002)**	**830,116**

(Continued)

Deferred income tax liabilities:

	Balance at January 1, 2018	Recognized in profit or loss	Balance at December 31, 2018
Unrealized foreign exchange gain	$ (3,088)	609	(2,479)

	Balance at January 1, 2017	Recognized in profit or loss	Balance at December 31, 2017
Unrealized foreign exchange gain	$ (15,149)	12,061	(3,088)

(iii) The Company's income tax returns for the years through 2016 have been examined and approved by the R.O.C. income tax authorities.

(q) Capital and other equity

(i) Common stock

As of December 31, 2018 and 2017, the Company's authorized shares of common stock consisted of 5,000,000,000 shares, of which 1,966,781,958 shares were issued and outstanding. The par value of the Company's common stock is $10 (dollars) per share.

As of December 31, 2018 and 2017, the Company had issued both 511 thousand units of global depository receipts (GDRs). The GDRs were listed on the Luxemburg Stock Exchange, and each GDR represents five common shares.

(ii) Capital surplus

	December 31, 2018	December 31, 2017
Changes in equity of associates accounted for using equity method	$ 161,325	152,239
Changes in ownership interests in subsidiaries	1,826,082	1,820,095
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	158,669	201,299
	$ 2,146,076	2,173,633

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(Continued)

(iii) Unappropriated earnings and dividend policy

The Company's articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors is approved during the stockholders' meeting.

As the Company is a technology- and capital-intensive enterprise in its growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth.

The Company's requirements for future expansion and cash flow are the primary factors that the Company considers when appropriating its earnings. The distribution ratio for cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

According to the Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The appropriation of 2017 and 2016 earnings were approved by the stockholders at the meetings on June 21, 2018 and June 22, 2017, respectively. The resolved appropriation of the dividend per share were as follows:

	2017		2016	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Dividends per share:				
Cash dividends	$ 1.35	**2,655,156**	1.32	**2,596,152**

(Continued)

On March 21, 2019, the Board of Directors meeting proposed the distribution of the Company's earnings for 2018 as follows:

	2018	
	Dividends per share (in dollars)	**Amount**
Dividends per share:		
Cash dividends	$ 0.85	**1,671,765**

The above earnings distributions are still subject for approval by the stockholders. Related information can be accessed on the Market Observation Post System website after the meeting of shareholders.

(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	2018	2017
Balance at January 1	$ (120,490)	1,018,614
Foreign exchange differences arising from translation of foreign operations	248,819	(1,139,104)
Balance at December 31	**$ 128,329**	**(120,490)**

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income:

	2018
Balance at January 1	$ -
Effects of retrospective application	30,353
Restated balance at January 1	30,353
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,250)
Share of other comprehensive income of subsidiaries and associates	17,887
Balance at December 31	**$ 46,990**

3) Unrealized gain (loss) from available-for-sale financial assets:

	2017
Balance at January 1	$ 131,797
Changes in fair value of available-for-sale financial assets	(61,062)
Shares of unrealized gain (loss) from available-for-sale financial assets of subsidiaries and associates	(40,369)
Balance at December 31	**$ 30,366**

(Continued)

4) Remeasurement of defined benefit plans:

	2018	2017
Balance at January 1	$ (293,856)	(291,719)
Remeasurement of the defined benefit plans	(39,077)	7,013
Shares of remeasurement of the defined benefit plans of subsidiaries and associates accounted for using equity method	(10,808)	(9,150)
Balance at December 31	**$ (343,741)**	**(293,856)**

(r) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the profit attributable to shareholders of the Company divided by the weighted-average number of ordinary shares outstanding as follows:

	2018	2017
Profit attributable to shareholders of the Company	**$ 4,035,064**	**5,291,387**
Weighted-average number of ordinary shares outstanding (in thousands)	**1,966,782**	**1,966,782**
Basic earnings per share (in dollars)	**$ 2.05**	**2.69**

(ii) Diluted earnings per share

	2018	2017
Profit attributable to shareholders of the Company	**$ 4,035,064**	**5,291,387**
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Employee bonuses	21,555	25,756
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	**1,988,337**	**1,992,538**
Diluted earnings per share (in dollars)	**$ 2.03**	**2.66**

(Continued)

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

		2018
Primary geographical markets:		
Asia	$	58,922,127
Europe		18,445,087
America		21,110,946
Others		554,897
	$	**99,033,057**
Major products/services lines:		
Electronic products	$	98,143,593
Other design and development service		889,464
	$	**99,033,057**

For details on revenue for 2017, please refer to note 6(t).

(ii) Contract balances

		December 31, 2018	January 1, 2018
Notes and accounts receivable (including related parties)	$	26,984,462	25,554,787
Less: loss allowance		(65,491)	(62,581)
Total	**$**	**26,918,971**	**25,492,206**
Contract liabilities	**$**	**384,821**	**309,846**

For details on notes and accounts receivable and related loss allowance, please refer to note 6(e).

The amount of revenue recognized for the year ended December 31, 2018 that was included in the contract liability balance at the beginning of the period was $309,846.

(t) Revenue

		2017
Revenue from sale of goods	$	88,057,472
Revenue from services rendered		812,131
	$	**88,869,603**

For details on revenue for 2018, please refer to note 6(s).

(u) Remuneration to employees and directors

The Company's article of incorporation requires that earnings shall first to be offset against any deficit, then, a range from 5% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2018 and 2017, the Company estimated its remuneration to employees amounting to $341,480 and $451,600, respectively, and the remuneration to directors amounting to $35,112 and $45,160, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year. The abovementioned estimated remuneration to employees and directors is the same as the amount approved by the Board of Directors and will be paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(v) Non-operating income and loss

(i) Other income

	2018	2017
Interest income from bank deposits	$ 17,192	8,891
Rental income	13,405	15,358
Dividend income	1,250	47,298
	$ 31,847	**71,547**

(ii) Other gains and losses－net

	2018	2017
Gain (loss) on disposal of property, plant and equipment	$ (621)	1,580
Gain on disposal of investments	-	320,046
Foreign currency exchange gains (losses)	(68,624)	436,023
Gains (losses) on financial assets and liabilities at fair value through profit or loss	79,044	(328,332)
Others	34,051	(21,673)
	$ 43,850	**407,644**

(iii) Finance costs

	2018	2017
Interest expense of bank loans	**$ (362,611)**	**(234,791)**

(Continued)

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2018	December 31, 2017
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$ 13,749	-
Held-for-trading	-	1,824
Subtotal	13,749	1,824
Financial assets at fair value through other comprehensive income	33,750	-
Available-for-sale financial assets—non-current	-	35,000
Subtotal	33,750	35,000
Financial assets measured at amortized cost (loans and receivables):		
Cash and cash equivalents	1,127,971	1,794,339
Notes and accounts receivable and other receivables (including related parties)	27,145,627	25,534,805
Other financial assets—non-current	42,078	36,964
Subtotal	28,315,676	27,366,108
Total	**$ 28,363,175**	**27,402,932**

2) Financial liabilities

	December 31, 2018	December 31, 2017
Financial liabilities at fair value through profit or loss:		
Held-for-trading	$ 2,388	14,850
Financial liabilities measured at amortized cost:		
Short-term borrowings	5,150,000	5,827,600
Notes and accounts payable and other payables (including related parties)	27,312,252	28,435,085
Long-term debt (including current portion)	13,271,325	8,762,800
Other non-current liabilities－guarantee deposits	51,650	52,993
Subtotal	45,785,227	43,078,478
Total	**$ 45,787,615**	**43,093,328**

(Continued)

(ii) Fair value information

1) Financial instruments not measured at fair value

The Company considers that the carrying amounts of its financial instruments measured at amortized cost (including cash and cash equivalents, notes and accounts receivable / payable (including related parties), other receivables/payables (including related parties), other financial assets, short-term borrowings, long-term debt and guarantee deposits) approximate their fair values.

2) Financial instruments measured at fair value

The financial department of the Company evaluates the fair value of financial instrument and utilizes the assistance of external experts or financial institutions in performing the valuation of fair value when necessary, and regularly revises the inputs and any essential adjustments on the fair value to confirm the evaluation results is reasonable.

When measuring the fair value of financial instruments, the Company usually use market observable data. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2018			
	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	$ -	12,500	-	12,500
Foreign exchange swaps	-	1,249	-	1,249
Subtotal	-	13,749	-	13,749
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	33,750	-	-	33,750
Total	**$ 33,750**	**13,749**	**-**	**47,499**
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	$ -	298	-	298
Foreign exchange swaps	-	2,090	-	2,090
Total	**$ -**	**2,388**	**-**	**2,388**

(Continued)

		December 31, 2017		
		Fair Value		
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	$ -	1,824	-	1,824
Available-for-sale financial assets:				
Domestic listed stocks	35,000	-	-	35,000
Total	**$ 35,000**	**1,824**	**-**	**36,824**
Financial liabilities at fair value through profit and loss:				
Foreign exchange swaps	**$ -**	**(14,850)**	**-**	**(14,850)**

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stock with standard terms and conditions and traded in active markets. The fair value is based on quoted market prices.

b) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants and that are readily available to the Company. The fair value of foreign currency forward contracts and foreign exchange swaps is computed individually by each contract using the valuation technique.

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the year ended December 31, 2018.

In 2017, the available-for-sale financial assets (domestic emerging stock－APLEX Technology, Inc.) were transferred from Level 2 to Level 1 because APLEX Technology, Inc. became a listed company on Taipei Exchange starting from December 11, 2017.

(x) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

(Continued)

The Company's Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company' s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company' s management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company' s financial assets. As of December 31, 2018 and 2017, the Company' s maximum exposure to credit risk amounted to $28,363,175 and $27,402,932, respectively.

The Company maintains cash and enters into derivative transactions with various reputable financial institutions; therefore, the exposure related to potential default by those counter-parties is not considered significant.

The majority of the Company' s customers are well-known international companies with high financial transparency in the electronics industry. In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2018 and 2017, the Company had unused credit facilities of $10,281,799 and $13,912,134, respectively.

The table below summarizes the maturity profile of the Company' s financial liabilities based on contractual undiscounted payments, including principal and interest.

(Continued)

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2018						
Non-derivative financial liabilities:						
Short-term borrowings	$ 5,161,744	4,710,827	450,917	-	-	-
Long-term debt (including current portion)	13,856,164	1,705,900	418,000	6,905,746	4,826,518	-
Notes and accounts payable (including related parties)	26,604,375	26,604,375	-	-	-	-
Other payables (including related parties)	707,877	707,877	-	-	-	-
Guarantee deposits	51,650	-	-	-	51,650	-
Derivative financial instruments:						
Foreign currency forward contracts：						
Outflow	1,444,040	1,444,040	-	-	-	-
Inflow	(1,456,242)	(1,456,242)	-	-	-	-
Foreign exchange swaps：						
Outflow	1,864,613	1,864,613	-	-	-	-
Inflow	(1,863,772)	(1,863,772)	-	-	-	-
	$ 46,370,449	**33,717,618**	**868,917**	**6,905,746**	**4,878,168**	**-**
December 31, 2017						
Non-derivative financial liabilities:						
Short-term borrowings	$ 5,832,660	5,532,168	300,492	-	-	-
Long-term debt (including current portion)	9,195,425	1,273,499	370,041	2,927,493	4,624,392	-
Notes and accounts payable (including related parties)	26,710,564	26,710,564	-	-	-	-
Other payables (including related parties)	1,724,521	1,724,521	-	-	-	-
Guarantee deposits	52,993	-	-	-	52,993	-
Derivative financial instruments:						
Foreign currency forward contracts：						
Outflow	152,616	152,616	-	-	-	-
Inflow	(154,440)	(154,440)	-	-	-	-
Foreign exchange swaps：						
Outflow	2,033,576	2,033,576	-	-	-	-
Inflow	(2,018,726)	(2,018,726)	-	-	-	-
	$ 43,529,189	**35,253,778**	**670,533**	**2,927,493**	**4,677,385**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company’s Board of Directors.

1) Foreign currency risk

The Company utilizes foreign currency forward contracts and foreign exchange swaps to hedge its foreign currency exposure with respect to its sales and purchases. These financial instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity dates of derivative financial instruments the Company entered into were less than six months and did not conform to the criteria for hedge accounting.

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party transactions), notes and accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the functional currency of Company. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the functional currency of the Company and the sensitivity analysis were as follows:

	December 31, 2018				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets					
USD	$ 910,645	30.715	27,970,461	1 %	279,705
Financial liabilities					
USD	917,153	30.715	28,170,354	1 %	281,704

	December 31, 2017				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets					
USD	$ 874,908	29.84	26,107,255	1 %	261,073
Financial liabilities					
USD	951,384	29.84	28,389,299	1 %	283,893

As the Company deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2018 and 2017 were $(68,624) and $436,023, respectively.

(Continued)

2) Interest rate risk

The Company's short-term borrowings and long-term debt carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2018 and 2017 would have been \$184,213 and \$145,904, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Company is exposed to the risk of price fluctuation in the securities market due to the investment in domestic listed stock. The Company supervises the equity price risk actively and manages the risk based on fair value.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2018 and 2017, would have increased or decreased by \$1,688 and \$1,750, respectively.

(y) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders. The Company monitors its capital through reviewing the liability-to-equity ratio periodically.

The Company's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2018	**December 31, 2017**
Total liabilities	**$ 48,835,959**	**45,205,489**
Total equity	**$ 32,447,319**	**30,958,910**
Liability-to-equity ratio	**150.51 %**	**146.02 %**

(Continued)

(z) Changes in liabilities from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2018	Cash flows	December 31, 2018
Short-term borrowing	$ 5,827,600	(677,600)	5,150,000
Long-term debts	8,762,800	4,508,525	13,271,325
	$ 14,590,400	**3,830,925**	**18,421,325**

7. Related-party transactions:

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of related party	Relationship with the Company
Qisda Sdn. Bhd. (“QLPG”)	The Company’s subsidiary
Qisda Mexicana S.A. De C.V. (“QMMX”)	The Company’s subsidiary
Qisda America Corp. (“QALA”)	The Company’s subsidiary
Qisda Japan Co., Ltd. (“QJTO”)	The Company’s subsidiary
BenQ Corp. (“BenQ”)	The Company’s subsidiary
BenQ Material Corp. (“BMC”)	The Company’s subsidiary
BenQ Dialysis Technology Corp. (“BDT”)	The Company’s subsidiary
Qisda Optronics Corp. (“QTOS”)	The Company’s subsidiary
Qisda (L) Corp. (“QLLB”)	The Company’s subsidiary
Darly Venture (L) Ltd. (“Darly”)	The Company’s subsidiary
Darly Venture Inc. (“APV”)	The Company’s subsidiary
BenQ BM Holding Cayman Corp. (“BBHC”)	The Company’s subsidiary
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	The Company’s subsidiary
Qisda (Hong Kong) Limited (“QCHK”)	The Company’s subsidiary
BenQ Medical (Shanghai) Co., LTD (“BDTcn”)	The Company’s subsidiary
Qisda (Shanghai) Co., Ltd. (“QCSH”)	The Company’s subsidiary
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	The Company’s subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	The Company’s subsidiary
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	The Company’s subsidiary
BenQ ESCO Corp. (“BES”)	The Company’s subsidiary
BenQ (Hong Kong) Limited (“BQHK”)	The Company’s subsidiary
BenQ Europe B.V. (“BQE”)	The Company’s subsidiary
BenQ Asia Pacific Corp. (“BQP”)	The Company’s subsidiary
BenQ America Corporation (“BQA”)	The Company’s subsidiary
BenQ Latin America Corp. (“BQL”)	The Company’s subsidiary
Mainteq Europe B.V. (“MQE”)	The Company’s subsidiary
Darly2 Venture Co., Ltd. (“Darly 2”)	The Company’s subsidiary

(Continued)

Name of related party	Relationship with the Company
BenQ Intelligent Technology (Hong Kong) Co., Ltd. (“BQHK_HLD”)	The Company’s subsidiary
Zowie Gear Corporation (“ZGC”)	The Company’s subsidiary
BenQ Guru Holding Limited (“GSH”)	The Company’s subsidiary
BenQ Medical Technology Corp. (“BMTC”)	The Company’s subsidiary
PT BenQ Teknologi Indonesia (“BQid”)	The Company’s subsidiary
BenQ Korea Co., Ltd. (“BQkr”)	The Company’s subsidiary
BenQ Japan Co., Ltd. (“BQjp”)	The Company’s subsidiary
BenQ Australia Pty Ltd. (“BQau”)	The Company’s subsidiary
BenQ (M.E.) FZE (“BQme”)	The Company’s subsidiary
BenQ India Private Ltd. (“BQin”)	The Company’s subsidiary
BenQ Singapore Pte Ltd. (“BQsg”)	The Company’s subsidiary
BenQ Service & Marketing (M) Sdn. Bhd (“BQmy”)	The Company’s subsidiary
BenQ (Thailand) Co., Ltd. (“BQth”)	The Company’s subsidiary
BenQ Co., Ltd. (“BQC”)	The Company’s subsidiary
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	The Company’s subsidiary
ShengCheng Trading (Shanghai) Co., Ltd (“BQsha_EC2”)	The Company’s subsidiary
BenQ Intelligent Technology (Shanghai) Co., Ltd (“BQC_RO”)	The Company’s subsidiary
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	The Company’s subsidiary
BenQ GURU Corp. (“GST”)	The Company’s subsidiary
BenQ Canada Corp. “(BQca”)	The Company’s subsidiary
BenQ Mexico S. de R.L. de C.V. (“BQmx”)	The Company’s subsidiary
Joytech LLC. (“Joytech”)	The Company’s subsidiary
Vivitech LLC. (“Vivitech”)	The Company’s subsidiary
MaxGen Comercio Industrial Imp E Exp Ltda. (“MaxGen”)	The Company’s subsidiary
BenQ Service de Mexico S. de R.L. de C.V. (“BQms”)	The Company’s subsidiary
BenQ UK Limited (“BQuk”)	The Company’s subsidiary
BenQ Deutschland GmbH (“BQde”)	The Company’s subsidiary
BenQ Iberica S.L. Unipersonal (“BQib”)	The Company’s subsidiary
BenQ Austria GmbH “(BQat”)	The Company’s subsidiary
BenQ Benelux B.V. (“BQnl”)	The Company’s subsidiary
BenQ Italy S.R.L. (“BQit”)	The Company’s subsidiary
BenQ France SAS (“BQfr”)	The Company’s subsidiary
BenQ Nordic A.B. (“BQse”)	The Company’s subsidiary
BenQ LLC. (“BQru”)	The Company’s subsidiary
BenQ BM Holding Corp. (“BBM”)	The Company’s subsidiary
Darly Consulting Corporation (“Darly C”)	The Company’s subsidiary
Highview Investments Limited (“Highview”)	The Company’s subsidiary
Asiaconnect International Company (“Asiaconnect”)	The Company’s subsidiary
LILY Medical Corporation (“LILY”)	The Company’s subsidiary
BenQ AB DentCare Corporation (“BABD”)	The Company’s subsidiary
BenQ Hearing Solution Corporation (“BHS”)	The Company’s subsidiary
BenQ Medical Technology (Shanghai) Ltd. (“BMTS”)	The Company’s subsidiary

(Continued)

Name of related party	Relationship with the Company
LILY Medical (Suzhou) Co., Ltd. (“ALS”)	The Company’s subsidiary
BenQ Materials (L) Co. (“BMLB”)	The Company’s subsidiary
Sigma Medical Supplies Corp (“SMS”)	The Company’s subsidiary (note 1)
Suzhou Sigma Medical Supplies Co., Ltd. (“SMSZ”)	The Company’s subsidiary (note 1)
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	The Company’s subsidiary
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	The Company’s subsidiary
BenQ Meterials (Wuhu) Co., Ltd.	The Company’s subsidiary
Nanjing BenQ Hospital Co., Ltd. (“NMH”)	The Company’s subsidiary
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	The Company’s subsidiary
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	The Company’s subsidiary
BenQ Healthcare Consulting Corporation (“BHCC”)	The Company’s subsidiary
Suzhou BenQ Investment Co., Ltd. (“BIC”)	The Company’s subsidiary
Nanjing Silvertown Health & Development Co., Ltd (“NSHD”)	The Company’s subsidiary
Partner Tech Corp. (“PTT”)	The Company’s subsidiary (note 2)
Partner-Tech Europe GmbH (“PTE”)	The Company’s subsidiary (note 2)
Partner Tech Middle East FZCO (“PTME”)	The Company’s subsidiary (note 2)
Partner Tech North Africa (“PTNA”)	The Company’s subsidiary (note 3)
Partner Tech UK Corp., Ltd. (“PTUK”)	The Company’s subsidiary (note 2)
P&J Investment Holding Co., Ltd. (B.V.I.)	The Company’s subsidiary (note 2)
P&S Investment Holding Co., Ltd. (B.V.I.)	The Company’s subsidiary (note 2)
Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	The Company’s subsidiary (note 2)
Partner Tech USA Inc. (“PTU”)	The Company’s subsidiary (note 2)
Webest Solution Corporation (“WEBEST”)	The Company’s subsidiary (note 2)
Sloga Team D.o.o. (“Sloga”)	The Company’s subsidiary (note 2)
Retail Solution & System S.L. (“RSS”)	The Company’s subsidiary (note 2)
E-POS International LLC (“E-POS”)	The Company’s subsidiary (note 2)
Partner Trading (Shanghai) Co., Ltd. (“PTCS”)	The Company’s subsidiary (note 2)
Epoint Systems Pte. Ltd. (“PTSE”)	The Company’s subsidiary (note 1)
Partner Tech Africa (Pty) Ltd. (“PTA”)	The Company’s subsidiary (note 5)
La Fresh information Co., Ltd (“PTTN”)	The Company’s subsidiary (note 1)
Corex (Pty) Ltd. (“PCX”)	The Company’s subsidiary (note 1)
DFI Inc.(“DFI”)	The Company’s subsidiary (note 3)
DFI ITOX, LLC	The Company’s subsidiary (note 3)
DFI Co., Ltd.	The Company’s subsidiary (note 3)
Yan Tong Technology Ltd.	The Company’s subsidiary (note 3)
Diamond Flower Information (NL) B.V.	The Company’s subsidiary (note 3)
Dual Tech International Co., Ltd.	The Company’s subsidiary (note 3)
Yan Tong Infotech (Dongguan) Co., Ltd.	The Company’s subsidiary (note 3)
Yan Ying Hao Trading (ShenZhen) Co., Ltd	The Company’s subsidiary (note 3)
New Best Hearing International Trade Co. Ltd. (“NBHIT”)	The Company’s subsidiary (note 3)
K2 International Medical Inc. (“K2”)	The Company’s subsidiary (note 1)
K2 Medical (Thailand) Co., Ltd.	The Company’s subsidiary (note 1)

(Continued)

Name of related party	Relationship with the Company
Data Image Corporation ("DIC")	The Company's subsidiary (note 1)
Data Image (Mauritius) Corporation	The Company's subsidiary(note 1)
Data Image (Suzhou) Corporation	The Company's subsidiary (note 1)
AU Optronics Corp. ("AU")	The Company's associate
Darfon Electronics Corp. ("DFN")	The Company's associate
Visco Vision Inc. ("Visco Vision")	The Company's associate
Q.S.Control Corp.	The Company's associate
Alpha Networks Inc. ("Alpha")	The Company's associate (note 4)
TDX Medical Technology (Jiangsu) Co., Ltd	The Company's joint venture
Darwin Precisions Corporation ("Darwin")	AU's subsidiary
AU Optronics (L) Corp. ("AUL")	AU's subsidiary
AU Optronics (Kunshan) Co., Ltd. ("AUKS")	AU's subsidiary
a.u. Vista Inc. ("AUVI")	AU's subsidiary
AU Optronics (Suzhou) Corp. ("AUSZ")	AU's subsidiary
AU Optronics (Slovakia) s.r.o. ("AUSK")	AU's subsidiary
BenQ Foundation	Substantive related party

(note 1) Starting 2018, SMS, K2, and DIC, and their subsidiaries, have become the Company's subsidiaries.

(note 2) Prior to 2017, PTT was an associate of the Company. Starting 2017, PTT and its subsidiaries have become the Company's subsidiaries.

(note 3) Starting 2017, PTNA, NBHIT, and DFI and its subsidiaries have become the Company' s subsidiaries.

(note 4) Starting 2018, Alpha is the Company's associate.

(note 5) Prior to 2018, PTA was an associate of the Company. Starting 2018, PTA has become the Company' s subsidiary.

(b) Parent company and ultimate controlling company

The Company is both the parent company and the ultimate controlling party of the Group.

(c) Significant related-party transactions

(i) Revenue

	2018	2017
Subsidiaries:		
QALA	$ 24,321,437	21,423,279
BenQ	5,175,255	5,133,513
Other subsidiaries	4,099,994	2,591,307
	33,596,686	29,148,099
Associates	7,322,859	6,937,198
	$ 40,919,545	**36,085,297**

(Continued)

There were no significant differences between the sales prices for related parties and those for third-party customers. The payment terms of 30~120 days showed no significant difference between related parties and third-party customers.

The Company sold raw materials and work in process to its subsidiaries for reprocessing, and the related finished goods were resold back to the Company. For this reason, the Company offset the recognized revenues and costs from these transactions, which amounted to $28,182,443 and $26,074,230, for the years ended December 31, 2018 and 2017, respectively.

(ii) Purchases

	2018	2017
Subsidiaries—QLLB	$ 89,901,865	80,981,937
Associates	78,143	68,655
	$ 89,980,008	**81,050,592**

There were no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 30~120 days showed no significant difference between related parties and third-party vendors.

(iii) Lease

The Company leased its office and plant to its related parties. In 2018 and 2017, the related rental income amounted to $108,468 and $108,383, respectively, recognized as the deduction from operating expenses and the non-operating income and loss－other gains and losses－net. The related receivables were classified as other receivables from related parties.

(iv) Repair service

The Company' s subsidiaries provided repair service to the Company. These subsidiaries charged the Company for their repair service based on the actual costs of services rendered. For the years ended December 31, 2018 and 2017, the repair service fees amounted to $4,738 and $8,217, respectively, recognized as operating costs. The related payables were classified as "other payables to related parties".

(v) Donation

In 2018 and 2017, the Company made a donation to a substantive related party (BenQ Foundation) for $5,000 and $7,500, respectively.

(vi) Guarantees

For the years ended December 31, 2018 and 2017, the Company provided guarantees in order to apply for foreign exchange credit line for its subsidiaries amounting to $2,764,350 and $3,163,040, respectively.

(Continued)

(vii) Receivables

Account	Related-party categories	December 31, 2018	December 31, 2017
Accounts receivable	Subsidiaries:		
	QALA	$ 9,325,491	6,988,538
	BenQ	2,548,125	2,700,442
	QJTO	1,014,294	899,706
	QCSZ	843,445	1,175,292
	Other subsidiaries	639,170	224,348
	Associates	2,350,174	2,252,108
		16,720,699	14,240,434
Other receivables	Subsidiaries	-	1,180
		$ 16,720,699	**14,241,614**

(viii) Payables

Account	Related party categories	December 31, 2018	December 31, 2017
Accounts payable	Subsidiaries:		
	QLLB	$ 20,583,191	22,000,740
	QCES	3,868,107	2,372,476
	Other subsidiaries	64,464	231,327
	Associates	6,934	11,471
		24,522,696	24,616,014
Other payables	Subsidiaries	6,738	7,076
		$ 24,529,434	**24,623,090**

(d) Compensation for key management personnel

	2018	2017
Short-term employee benefits	$ 145,575	189,529
Post-employment benefits	999	941
	$ 146,574	**190,470**

(Continued)

8. Pledged assets:

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2018	December 31, 2017
Common stock of investments accounted for using equity method	Credit lines of bank loans	$ 8,834,783	10,573,568
Land and buildings	Credit lines of bank loans	1,230,929	1,268,020
		$ 10,065,712	11,841,588

9. Significant commitments and contingencies:

In addition to those in notes 6(n) and 7, the Company had the following commitments and contingencies:

(a) Significant unrecognized commitments

	December 31, 2018	December 31, 2017
Unused letters of credit	$ 143,814	75,109

(b) Significant contingent liabilities

(i) In September 2010, some direct and indirect U.S. purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has retained counsel to handle the related matters and reached a settlement with direct U.S. purchasers. Currently, the lawsuit is still in progress.

(ii) In January 2012, some direct and indirect Canadian purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has retained counsel to handle the related matters. Currently, the lawsuit is still in progress.

10. Significant loss from disaster: None.

11. Significant subsequent events: None

(Continued)

12. Others:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	2018			2017		
	Cost of sales	**Operating expenses**	**Total**	**Cost of sales**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	391,298	2,118,086	2,509,384	469,633	2,280,580	2,750,213
Insurance	26,468	130,930	157,398	27,122	132,208	159,330
Pension	14,434	80,894	95,328	15,157	80,554	95,711
Remuneration of directors	-	47,652	47,652	-	57,900	57,900
Others	35,130	124,768	159,898	36,270	100,181	136,451
Depreciation	30,711	47,240	77,951	26,654	49,914	76,568
Amortization	600	4,239	4,839	1,629	4,891	6,520

As of December 31, 2018 and 2017, the number of the Company' employees were 1,645 and 1,673, respectively, including 6 non-employee directors for both years.

13. Additional disclosures:

(a) Information on significant transactions:

(i) Financing provided to other parties: Table 1 (attached)

(ii) Guarantees and endorsements provided to other parties: Table 2 (attached)

(iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and joint ventures): Table 3 (attached)

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed $300 million or 20% of the paid-in capital: Table 4 (attached)

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: Table 5 (attached)

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: Table 6 (attached)

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Table 7 (attached)

(ix) Transactions about derivative instruments: Refer to note 6(b)

(b) Information on investees : Table 8 (attached)

(c) Information on investments in Mainland China: Table 9 (attached)

(Continued)

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2018.

QISDA CORPORATION
Financing provided to other parties
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 1

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
1	QLLB	Qisda (Shanghai) Co., Ltd. (“QCSH”)	Other receivables from related parties	Yes	1,795,390 (USD 58,000)	1,781,470 (USD 58,000)	1,781,470 (USD 58,000)	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Qisda (Shanghai) Co., Ltd. (“QCSH”)	Other receivables from related parties	Yes	1,781,470 (USD 58,000)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Darly Venture (L) Ltd	Other receivables from related parties	Yes	230,363 (USD 7,500)	230,363 (USD 7,500)	230,363 (USD 7,500)	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	Darly Venture (L) Ltd	Other receivables from related parties	Yes	233,710 (USD 7,550)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
1	QLLB	BBHC	Other receivables from related parties	Yes	291,950 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	2,487,207	4,974,415
1	QLLB	BBHC	Other receivables from related parties	Yes	309,550 (USD 10,000)	307,150 (USD 10,000)	307,150 (USD 10,000)	LIBOR+0.85%	2	-	Operating requirements	-	-	-	2,487,207	4,974,415
2	BenQ	BQL	Other receivables from related parties	Yes	278,595 (USD 9,000)	276,435 (USD 9,000)	276,435 (USD 9,000)	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
2	BenQ	BenQ Co.,Ltd (“BQC”)	Other receivables from related parties	Yes	291,950 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
2	BenQ	QMMX	Other receivables from related parties	Yes	40,873 (USD 1,400)	-	-	-	2	-	Operating requirements	-	-	-	1,553,171	3,106,343
3	BBM	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	152,300 (USD 5,000)	-	-	-	2	-	Operating requirements	-	-	-	1,109,244	1,109,244
3	BBM	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	61,210 (USD 2,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	2	-	Operating requirements	-	-	-	1,109,244	1,109,244
4	BBHC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Other receivables from related parties	Yes	371,460 (USD 12,000)	368,580 (USD 12,000)	368,580 (USD 12,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	139,298 (USD 4,500)	138,218 (USD 4,500)	138,218 (USD 4,500)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	309,550 (USD 10,000)	307,150 (USD 10,000)	307,150 (USD 10,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	481,718 (USD 16,500)	-	-	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	Nanjing BenQ Hospital Co., Ltd.(“NMH”)	Other receivables from related parties	Yes	296,050 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248
4	BBHC	BBM	Other receivables from related parties	Yes	123,320 (USD 4,000)	122,860 (USD 4,000)	30,715 (USD 1,000)	-	2	-	Operating requirements	-	-	-	1,347,248	1,347,248

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	141,273 (CNY 30,000)	134,127 (CNY 30,000)	134,127 (CNY 30,000)	4.00%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Qisda Precision Industry (SuZhou) Co., Ltd (“QCPS”)(Note 13)	Other receivables from related parties	Yes	69,686 (CNY 15,000)	-	-	-	2	-	Operating requirements	-	-	-	3,244,732	32,447,319
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	238,346 (CNY 53,000)	236,958 (CNY 53,000)	236,958 (CNY 53,000)	4.28%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	108,309 (CNY 23,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	368,580 (USD 12,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	299,500 (USD 10,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	185,192 (CNY 40,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	223,545 (CNY 50,000)	223,545 (CNY 50,000)	223,545 (CNY 50,000)	4.28%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	235,545 (CNY 50,000)	-	-	-	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
5	QCOS	Qisda (Shanghai) Co., Ltd. (“QCSH”)(Note 13)	Other receivables from related parties	Yes	9,418 (CNY 2,000)	8,942 (CNY 2,000)	8,942 (CNY 2,000)	2.30%	2	-	Operating requirements	-	-	-	3,244,732	32,447,319
5	QCOS	Nanjing BenQ Hospital Co., Ltd.(“NMH”)(Note 13)	Other receivables from related parties	Yes	371,460 (USD 12,000)	368,580 (USD 12,000)	368,580 (USD 12,000)	3.70%	2	-	Operating requirements	-	-	-	1,550,585	1,550,585
6	QLPG	QLLB	Other receivables from related parties	Yes	166,192 (MYR 22,000)	162,631 (MYR 22,000)	162,631 (MYR 22,000)	3.20%	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
6	QLPG	QLLB	Other receivables from related parties	Yes	165,840 (MYR 22,000)	-	-	-	2	-	Operating requirements	-	-	-	6,489,464	12,978,928
7	BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	22,486 (CNY 5,000)	22,355 (CNY 5,000)	22,355 (CNY 5,000)	1.00%	2	-	Operating requirements	-	-	-	345,366	345,366
7	BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)(Note 13)	Other receivables from related parties	Yes	23,546 (CNY 5,000)	-	-	-	2	-	Operating requirements	-	-	-	345,366	345,366
8	BMS	BenQ Material (WuHu) Co., Ltd.(Note 13)	Other receivables from related parties	Yes	941,820 (CNY 200,000)	894,180 (CNY 200,000)	822,646 (CNY 184,000)	4.35%	2	-	Operating requirements	-	-	-	1,173,334	1,955,556
9	PTT	Partner Tech (Shanghai) Co., Ltd.(“PTCM”)	Other receivables from related parties	Yes	29,840 (USD 1,000)	-	-	-	2	-	Operating requirements	-	-	-	386,512	386,512
9	PTT	Partner-Tech Europe GmbH	Other receivables from related parties	Yes	29,840 (USD 1,000)	-	-	-	2	-	Operating requirements	-	-	-	386,512	386,512
10	PTTN	PTTNC	Other receivables from related parties	Yes	2,830 (CNY 633)	2,830 (CNY 633)	2,830 (CNY 633)	-	2	-	Operating requirements	-	-	-	12,340	12,340

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Finanacing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
11	GSS	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 13)	Other receivables from related parties	Yes	37,673 (CNY 8,000)	-	-	-	2	-	Operating requirements	-	-	-	44,404	44,404
12	NMHC	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	24,487 (CNY 5,200)	-	-	-	2	-	Operating requirements	-	-	-	25,632	25,632
12	NMHC	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	23,249 (CNY 5,200)	23,249 (CNY 5,200)	23,249 (CNY 5,200)	1.00%	2	-	Operating requirements	-	-	-	25,632	25,632
13	QCES	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 13)	Other receivables from related parties	Yes	61,210 (USD 2,000)	-	-	-	2	-	Operating requirements	-	-	-	537,855	537,855
13	QCES	Nanjing BenQ Hospital Co., Ltd.("NMH")(Note 13)	Other receivables from related parties	Yes	137,723 (USD 4,500)	-	-	-	2	-	Operating requirements	-	-	-	537,855	537,855

(Note 1) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QLLB shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company. The aggregate financing amount to subsidiaries not wholly owned by the Company and the individual financing amount of QLLB shall not exceed 40% and 20%, respectively, of the most recent net worth of QLLB.

(Note 2) The aggregate financing amount and the individual financing amount of BBM and BBHC to subsidiaries shall not exceed 40% of the most recent net worth of BBM and BBHC.

(Note 3) The aggregate financing amount and the individual financing amount of QLPG to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 4) The aggregate financing amount to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100% and 60%, respectively, of the most recent audited or reviewed net worth of BMS.

(Note 5) The aggregate financing amount and the individual financing amount of BenQ to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of BenQ.

(Note 6) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS and QCES shall not exceed 100% and 10%, respectively, of the most recent audited or reviewed net worth of the Company. The financing amount to the subsidiaries not wholly owned by the Company and the individual financing amount of QCOS and QCES shall not exceed 40% of the most recent net worth of QCOS and QCES.

(Note 7) The aggregate financing amount and the individual financing amount of BIC to subsidiaries shall not exceed 40% of the most recent net worth of BIC.

(Note 8) The aggregate financing amount and the individual financing amount of PTT to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of PTT.

(Note 9) The aggregate financing amount and the individual financing amount of GSS to subsidiaries shall not exceed 40% of the most recent net worth of GSS.

(Note 10) The aggregate financing amount and the individual financing amount of NMHC to subsidiaries shall not exceed 100% of the most recent net worth of NMHC.

(Note 11) The aggregate financing amount and the individual financing amount of PTTN to subsidiaries shall not exceed 40% of the most recent net worth of PTTN.

(Note 12) Purpose of Fund Financing: 1.Business transaction purpose. 2. Short-term financing purpose.

(Note 13) To decrease the interest expense of the Group, certain subsidiaries using, special purpose trust account through financial intermediaries, offer idle fund to other subsidiaries in need.

QISDA CORPORATION
Guarantees and endorsements provided to other parties
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 2

No.	Endorsements / Guarantee Provider	Counter-party of Guarantee and Endorsement: Name	Counter-party of Guarantee and Endorsement: Relationship with the Company	Limits on Amount of Guarantees and Endorsements Provided to Each Guaranteed Party	Highest Balance of Guarantees and Endorsements During the Period	Balance of Guarantees and Endorsements as of Reporting Date	Actual Usage Amount During the Period	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Gaurantee Provided by Parent Company	Gaurantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
0	The Company	QLLB	Parent/Subsidiary	6,489,464	5,555,450 (USD 182,000)	3,255,790 (USD 106,000)	2,764,350 (USD 90,000)	-	10.03%	16,223,660	Y	-	-
1	BQC	BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC_RO")	Affiliates	479,529	282,546 (CNY 60,000)	-	-	-	-	1,198,823	-	-	Y
2	PTT	Webest Solution Corp.	Parent/Subsidiary	193,256	10,000	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	193,256	59,900 (USD 2,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	193,256	29,840 (USD 1,000)	-	-	-	-	483,140	Y	-	Y
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	Y
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	193,256	61,910 (USD 2,000)	61,430 (USD 2,000)	61,430 (USD 2,000)	-	6.36%	483,140	Y	-	-
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	193,256	61,430 (USD 2,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	193,256	29,840 (USD 1,000)	-	-	-	-	483,140	Y	-	-
2	PTT	Partner Tech Africa (Pty) Ltd.	Parent/Subsidiary	193,256	30,955 (USD 1,000)	30,715 (USD 1,000)	30,715 (USD 1,000)	-	3.18%	483,140	Y	-	-
3	DIC	Data Image (Suzhou) Corporation	Parent/Subsidiary	735,090	30,830	30,715	19,437	-	3.34%	735,090	Y	-	Y

(Note 1) The aggregate endorsement/guarantee amount provided by the Company to QLLB and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 2) The aggregate endorsement/guarantee amount provided by BQC to BQC_RO and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent net worth of BQC.

(Note 3) The aggregate endorsement/guarantee amount provided by PTT to PTT's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of PTT.

(Note 4) The aggregate endorsement/guarantee amount provided by DIC to Data Image (Suzhou) Corporation and the endorsement/guarantee amount provided to individual party shall not exceed 80% of the most recent audited or reviewed net worth of DIC.

QISDA CORPORATION
Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars/shares, unless specified otherwise)

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,250	33,750	4.61%	33,750	-
QLLB	CPEC Huachuang Private Equity Fund (Fujian) Co. Ltd. Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	96,614	2.50%	96,614	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note)	2.50%	-	-
APV	Stock: Hi-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	310	30,380	0.89%	30,380	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	2,247	6.19%	2,247	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	31,779	3.14%	31,779	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	143	0.06%	143	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	13,248	6.17%	13,248	-
APV	Stock: CDIB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	5,000	40,003	3.33%	40,003	-
APV	Preferred Stock: D8AI Holdings Coporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	7,673	6.56%	7,673	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,932	52,162	7.13%	52,162	-
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,940	185,852	4.53%	185,852	-
Darly 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	530	25,064	2.47%	25,064	-
Darly 2	Stock: AUO Crystal Corp.	-	Financial assets at fair value through other comprehensive income-non-current	132	1,398	0.03%	1,398	-
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,633	103,210	2.51%	103,210	-
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,608	0.16%	1,608	-
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	6,624	3.09%	6,624	-
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	6,634	2.24%	6,634	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	2,326	0.53%	2,326	-
Darly C	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	220	13,922	0.34%	13,922	-
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,512	71,502	7.06%	71,502	-
PTT	Stock: We Can Financial Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	1,375	(Note)	13.75%	-	-
PTT	Preferred Stock: D8AI Holdings Coporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	10,687	2.30%	10,687	-
WEBEST	Stock: We Can Financial Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	50	(Note)	0.50%	-	-
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through profit or loss-non-current	900	24,300	3.32%	24,300	-
DFI	Fund: Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss-current	5,809	94,641	-	94,641	-
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,900	28,234	-	28,234	-
DFI	Fund: Allianz Global Investors Taiwan Money Market	-	Financial assets at fair value through profit or loss-current	17,436	218,145	-	218,145	-
DFI	Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss-non-current	USD 225	(Note)	1.58%	-	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss-current	USD 200	(Note)	-	-	-
K2	Stock: Isotope BIOTECH.,LLC.	-	Financial assets at fair value through other comprehensive income-non-current	100	500	10.00%	500	-

(Note) The impairment loss was fully recognized.

QISDA CORPORATION

Marketable securities for which the accumulated purchase or sale amount for the year exceed NT$300 million or 20% of the paid-in capital

For the year ended December 31, 2018

(Amounts in thousands of New Taiwan dollars/shares, unless specified otherwise)

Table 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance		Purchase		Disposal				Ending Balance(Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
The Company	Alpha	Investment accounted for using equity method	-	Associate	-	-	100,000	2,300,000	-	-	-	-	100,000	2,166,624
BMC	SMS	Investment accounted for using equity method	-	Affiliates	-	-	35,623	498,716	-	-	-	-	35,623	473,229

(Note) The ending balance includes shares of profits/losses of investees and other related adjustment.

QISDA CORPORATION

Disposal of real estate which exceeds NT$300 million or 20% of the paid-in capital

For the year ended December 31, 2018

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Property Name	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Status of Payment	Gains or Loss on Disposal of real estate	Counter Party	Relationship with the Counter Party	Purpose of Disposal	Price Reference	Notes
QMMX	Factory and Land in Mexico	January 25, 2018	2008~2009	155,220	311,923	Fully collected	156,703	Instuitive Surgical, S. DE R.L. DE C.V.	-	Liquidation of QMMX	According to the results of price appraisal and negotiation	-

QISDA CORPORATION

Total purchases from and sales to related parties which exceed NT$100 million or 20% of the paid-in capital

For the year ended December 31, 2018

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
The Company	BenQ	Parent/Subsidiary	(Sales)	(5,175,255)	(5)	OA90	-	-	2,548,125	9	-
The Company	QJTO	Parent/Subsidiary	(Sales)	(2,432,235)	(2)	OA120	-	-	1,014,294	4	-
The Company	QALA	Parent/Subsidiary	(Sales)	(24,321,437)	(25)	OA90	-	-	9,325,491	35	-
The Company	AU	Associate	(Sales)	(4,781,283)	(5)	OA120	-	-	1,299,838	5	-
The Company	AUL	Associate	(Sales)	(2,508,394)	(3)	OA120	-	-	977,137	4	-
The Company	PTT	Parent/Subsidiary	(Sales)	(180,014)	-	OA30	-	-	56,239	-	-
The Company	DFI	Parent/Subsidiary	(Sales)	(1,003,652)	(1)	EOM60	-	-	193,393	1	-
The Company	QLLB	Parent/Subsidiary	Purchases	89,901,865	94	OA90	-	-	(20,583,191)	(77)	-
BMC	AU	Other related party	(Sales)	(5,001,378)	(39)	OA90	(Note 1)	-	152,988	7	-
BMC	AUL	Other related party	(Sales)	(2,053,749)	(16)	OA90	(Note 1)	-	425,857	19	-
BMC	BMLB	Parent/Subsidiary	Purchases	4,969,688	39	OA90	-	-	(177,305)	(8)	-
BMC	Visco	Associate	Purchases	168,062	1	OA90	-	-	(40,544)	(2)	-
BMLB	BMS	Affiliates	Purchases	654,666	5	OA90	-	-	(202,601)	(31)	-
BMLB	BMC	Parent/Subsidiary	(Sales)	(4,969,688)	(100)	OA90	-	-	177,305	100	-
BMS	BMLB	Affiliates	(Sales)	(654,666)	(100)	OA90	-	-	202,601	100	-
QCSZ	QLLB	Affiliates	(Sales)	(75,842,938)	(91)	OA60	-	-	19,655,622	92	-
QCSZ	BQC_RO	Affiliates	(Sales)	(701,668)	(1)	OA120	-	-	29,174	-	-
QCSZ	QCES	Affiliates	(Sales)	(176,820)	-	OA120	-	-	17,085	-	-
QCSZ	QCOS	Affiliates	(Sales)	(100,037)	-	OA60	-	-	6,955	-	-
QCSZ	QCPS	Affiliates	Purchases	1,652,875	2	OA60	-	-	(206,713)	(1)	-
QCSZ	AU	Other related party	Purchases	7,732,441	9	EOM55	-	-	(1,347,828)	(6)	-
QCSZ	DFI	Affiliates	Purchases	124,191	-	EOM60	-	-	(197,011)	(1)	-
QCPS	QCSZ	Affiliates	(Sales)	(1,652,875)	(79)	OA60	-	-	206,713	75	-
QCES	QCSZ	Affiliates	Purchases	176,820	1	OA60	-	-	(17,085)	-	-
QCES	DARWIN	Other related party	Purchases	283,204	1	OA120	-	-	(95,563)	(2)	-
QCOS	QLLB	Affiliates	(Sales)	(17,489,108)	(83)	OA60	-	-	3,574,499	84	-
QCOS	BQC_RO	Affiliates	(Sales)	(2,137,293)	(10)	OA120	-	-	73,872	2	-
QCOS	AU	Other related party	Purchases	233,352	1	EOM55	-	-	(41,401)	(1)	-
QCOS	QCSZ	Affiliates	Purchases	100,037	-	OA60	-	-	(6,955)	-	-

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
QJTO	The Company	Parent/Subsidiary	Purchases	2,432,235	100	OA120	-	-	(1,014,294)	(99)	-
QLLB	The Company	Parent/Subsidiary	(Sales)	(89,901,865)	(96)	OA90	-	-	20,583,191	100	-
QLLB	QCSZ	Affiliates	Purchases	75,842,938	81	OA60	-	-	(19,655,622)	(85)	-
QLLB	QCOS	Affiliates	Purchases	17,489,108	19	OA60	-	-	(3,574,499)	(15)	-
QALA	The Company	Parent/Subsidiary	Purchases	24,321,437	100	OA90	-	-	(9,325,491)	(100)	-
BenQ	BQA	Affiliates	(Sales)	(2,876,068)	(16)	OA90	-	-	998,043	17	-
BenQ	BQE	Affiliates	(Sales)	(7,714,886)	(44)	OA90	-	-	2,381,197	40	-
BenQ	BQL	Affiliates	(Sales)	(769,649)	(4)	OA90	-	-	334,147	6	-
BenQ	BQP	Affiliates	(Sales)	(5,872,651)	(33)	OA60	-	-	1,602,899	27	-
BenQ	BQC_RO	Affiliates	(Sales)	(180,482)	(1)	OA60	-	-	21,240	-	-
BenQ	The Company	Parent/Subsidiary	Purchases	5,175,255	32	OA90	-	-	(2,548,125)	(62)	-
BenQ	AU	Other related party	Purchases	3,590,347	22	EOM55	-	-	(532,512)	(13)	-
BQA	BenQ	Affiliates	Purchases	2,876,068	100	OA90	-	-	(998,043)	(100)	-
BQA	BQCA	Affiliates	(Sales)	(651,030)	(18)	OA60	-	-	95,876	18	-
BQCA	BQA	Affiliates	Purchases	651,030	99	OA60	-	-	(95,876)	(98)	-
BQC_RO	QCOS	Affiliates	Purchases	2,137,293	49	OA120	-	-	(73,872)	(13)	-
BQC_RO	QCSZ	Affiliates	Purchases	701,668	16	OA120	-	-	(29,174)	(5)	-
BQC_RO	BenQ	Affiliates	Purchases	180,482	4	OA60	-	-	(21,240)	(4)	-
BQL	BQmx	Affiliates	(Sales)	(437,862)	(49)	OA90	-	-	254,210	35	-
BQL	Maxgen	Affiliates	(Sales)	(227,732)	(26)	OA90	-	-	448,309	62	-
BQL	BenQ	Affiliates	Purchases	769,649	94	OA90	-	-	(334,147)	(54)	-
BQmx	BQL	Affiliates	Purchases	437,862	99	OA90	-	-	(254,210)	(94)	-
Maxgen	BQL	Affiliates	Purchases	227,732	97	OA90	-	-	(448,309)	(100)	-
BQP	BQJP	Affiliates	(Sales)	(1,119,543)	(16)	OA60	-	-	295,282	17	-
BQP	BQME	Affiliates	(Sales)	(896,252)	(13)	OA60	-	-	279,276	16	-
BQP	BQAU	Affiliates	(Sales)	(588,194)	(9)	OA60	-	-	117,217	7	-
BQP	BQTH	Affiliates	(Sales)	(180,327)	(3)	OA60	-	-	104,811	6	-
BQP	BQMY	Affiliates	(Sales)	(102,101)	1	OA60	-	-	12,082	1	-
BQP	BQIN	Affiliates	(Sales)	(804,062)	(12)	OA60	-	-	402,902	23	-
BQP	BenQ	Affiliates	Purchases	5,872,651	92	OA60	-	-	(1,602,899)	(99)	-
BQJP	BQP	Affiliates	Purchases	1,119,543	98	OA60	-	-	(295,282)	(96)	-
BQME	BQP	Affiliates	Purchases	896,252	94	OA60	-	-	(279,276)	(93)	-
BQAU	BQP	Affiliates	Purchases	588,194	100	OA60	-	-	(117,217)	(98)	-
BQTH	BQP	Affiliates	Purchases	180,327	99	OA60	-	-	(104,811)	(100)	-
BQMY	BQP	Affiliates	Purchases	102,101	100	OA60	-	-	(12,082)	(96)	-
BQIN	BQP	Affiliates	Purchases	804,062	97	OA60	-	-	(402,902)	(99)	

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	
BQE	BenQ	Affiliates	Purchases	7,714,886	92	OA90	-	-	(2,381,197)	(96)	-
BQE	BQUK	Affiliates	(Sales)	(1,239,662)	(14)	OA30	-	-	218,993	14	-
BQE	BQDE	Affiliates	(Sales)	(2,088,671)	(23)	OA30	-	-	355,706	22	-
BQE	BQAT	Affiliates	(Sales)	(1,317,555)	(14)	OA45	-	-	239,131	15	-
BQE	BQSE	Affiliates	(Sales)	(865,223)	(9)	OA30	-	-	75,485	5	-
BQE	BQFR	Affiliates	(Sales)	(791,759)	(9)	OA30	-	-	302,159	19	-
BQE	BQIB	Affiliates	(Sales)	(645,880)	(7)	OA30	-	-	53,815	3	-
BQE	BQNL	Affiliates	(Sales)	(417,788)	(5)	OA30	-	-	147,623	9	-
BQE	BQCH	Affiliates	(Sales)	(276,117)	(3)	OA30	-	-	59,707	4	-
BQE	BQIT	Affiliates	(Sales)	(300,190)	(3)	OA30	-	-	52,992	3	-
BQUK	BQE	Affiliates	Purchases	1,239,662	100	OA30	-	-	(218,993)	(98)	-
BQDE	BQE	Affiliates	Purchases	2,088,671	99	OA30	-	-	(355,706)	(99)	-
BQAT	BQE	Affiliates	Purchases	1,317,555	100	OA45	-	-	(239,131)	(100)	-
BQSE	BQE	Affiliates	Purchases	865,223	99	OA30	-	-	(75,485)	(96)	-
BQFR	BQE	Affiliates	Purchases	791,759	100	OA30	-	-	(302,159)	(100)	-
BQIB	BQE	Affiliates	Purchases	645,880	100	OA30	-	-	(53,815)	(93)	-
BQNL	BQE	Affiliates	Purchases	417,788	100	OA30	-	-	(147,623)	(99)	-
BQCH	BQE	Affiliates	Purchases	276,117	100	OA30	-	-	(59,707)	(94)	-
BQIT	BQE	Affiliates	Purchases	300,190	100	OA30	-	-	(52,992)	(97)	-
PTT	PTU	Affiliates	(Sales)	(190,971)	(18)	OA90	(Note 2)	-	54,334	14	-
PTT	PTE	Affiliates	(Sales)	(331,010)	(30)	OA90	(Note 2)	-	167,817	43	-
PTT	PTUK	Affiliates	(Sales)	(123,851)	(11)	OA90	(Note 2)	-	13,731	4	-
PTT	The Company	Parent/Subsidiary	Purchases	180,014	22	OA30	(Note 2)	-	(56,239)	(46)	-
PTU	PTT	Affiliates	Purchases	190,971	93	OA90	(Note 2)	-	(54,334)	97	-
PTE	PTT	Affiliates	Purchases	331,010	69	OA90	(Note 2)	-	(167,817)	(88)	-
PTUK	PTT	Affiliates	Purchases	123,851	83	OA90	(Note 2)	-	(13,731)	(72)	-
DFI	The Company	Parent/Subsidiary	Purchases	1,003,652	22	EOM60	-	-	(193,393)	(21)	-
DFI	DFI-ITOX, LLC.	Affiliates	(Sales)	(1,383,881)	(29)	60~90 Days	-	-	284,650	27	-
DFI	DFI Co., Ltd.	Affiliates	(Sales)	(701,635)	(15)	60~90 Days	-	-	91,916	9	-
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	(382,212)	(8)	60~90 Days	-	-	18,023	2	-
DFI	Yan Ying Hao Trading (ShenZhen) Co., Ltd.	Affiliates	(Sales)	(111,730)	(2)	60~90 Days	-	-	36,816	3	-
DFI	QCSZ	Affiliates	(Sales)	(124,191)	(2)	EOM60	-	-	197,011	18	-

			Transaction Detail				Transactions with Terms Different from Others		Notes/Accounts Receivable or (Payable)		
Company Name	Related Party	Nature of Relationship	Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/ Accounts Receivable or (Payable)	Note
DFI-ITOX,LLC.	DFI	Affiliates	Purchases	1,383,881	94	60~90 Days	-	-	(284,650)	(99)	-
DFI Co., Ltd.	DFI	Affiliates	Purchases	701,635	95	60~90 Days	-	-	(91,916)	(95)	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	382,212	100	60~90 Days	-	-	(18,023)	(100)	-
Yan Ying Hao Trading (ShenZhen) Co., Ltd.	DFI	Affiliates	Purchases	111,730	94	60~90 Days	-	-	(36,816)	(97)	-

(Note 1) The selling prices of BMC to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 2) The selling prices of PTT to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

QISDA CORPORATION
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2018
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 7

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	BenQ	Parent/Subsidiary	2,548,125	1.97	433,799	-	1,082,751	-
The Company	QJTO	Parent/Subsidiary	1,014,294	2.54	20,611	-	390,338	-
The Company	QALA	Parent/Subsidiary	9,325,491	2.98	1,592,311	-	882,060	-
The Company	QCSZ	Parent/Subsidiary	843,445	(Note 1)	-	-	771,306	-
The Company	QCOS	Parent/Subsidiary	360,739	(Note 1)	56,699	-	354,644	-
The Company	AU	Associate	1,299,838	3.87	1,299,838	-	1,299,838	-
The Company	AUL	Associate	977,137	2.44	-	-	-	-
The Company	DFI	Parent/Subsidiary	193,393	6.62	-	-	169,871	-
BMC	AU	Other related party	152,988	7.27	-	-	78,037	-
BMC	AUL	Other related party	425,857	3.56	-	-	198,849	-
BMLB	BMC	Affiliates	177,305	28.79	-	-	144,376	-
BMS	BMLB	Affiliates	202,601	3.09	-	-	144,373	-
QCSZ	QLLB	Affiliates	19,655,622	4.14	5,535,217	-	5,535,217	-
QCPS	QCSZ	Affiliates	206,713	9.21	-	-	-	-
QCOS	QLLB	Affiliates	3,574,499	4.38	-	-	-	-
QCES	The Company	Parent/Subsidiary	3,868,107	(Note 1)	-	-	-	-
QLLB	The Company	Parent/Subsidiary	20,583,191	4.22	15,619,696	-	15,561,890	-
BenQ	BQA	Affiliates	998,043	3.04	84,965	-	396,928	-
BenQ	BQE	Affiliates	2,381,197	3.03	797,369	-	1,599,485	-
BenQ	BQL	Affiliates	334,147	1.48	334,147	-	130,573	-
BenQ	BQP	Affiliates	1,602,899	3.48	818,519	-	1,024,467	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
BenQ	QCSZ	Affiliates	358,673	(Note 1)	28,320	-	358,673	-
BQL	BQmx	Affiliates	254,210	1.78	127,705	-	80,107	-
BQL	Maxgen	Affiliates	448,309	0.54	397,964	-	46,329	-
BQP	BQJP	Affiliates	295,282	3.77	149,673	-	231,998	-
BQP	BQME	Affiliates	279,276	3.25	162,526	-	144,598	-
BQP	BQAU	Affiliates	117,217	5.65	62,753	-	87,246	-
BQP	BQIN	Affiliates	402,902	2.36	319,827	-	111,201	-
BQP	BQTH	Affiliates	104,811	1.94	162,526	-	22,416	-
BQE	BQUK	Affiliates	218,993	5.91	142,859	-	-	-
BQE	BQDE	Affiliates	355,706	6.19	215,003	-	-	-
BQE	BQAT	Affiliates	239,131	5.86	84,413	-	-	-
BQE	BQFR	Affiliates	302,159	2.58	254,156	-	-	-
BQE	BQNL	Affiliates	147,623	2.77	102,370	-	-	-
PTT	PTE	Affiliates	167,817	2.20	103,951	-	49,826	-
DFI	DFI-ITOX, LLC.	Affiliates	284,650	5.47	32,521	-	245,720	-
DFI	QCSZ	Affiliates	197,011	0.89	9,816	-	174,204	-

(Note 1) The sales from repurchasing after processing have been eliminated; therefore, calculation of turnover rate is not applicable.

QISDA CORPORATION
Information of Investees (Excluding Information on investments in Mainland China)
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 8

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	8,085,543	8,085,543	663,599	6.90%	13,921,968	10,160,598	700,370	Associate
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,005	20.72%	1,846,261	1,520,258	314,975	Associate
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	507,883	507,883	43,659	13.61%	561,531	328,579	44,733	Parent/Subsidiary
The Company	QMMX	Mexico	Manufacture of computer peripheral products	79,449	369,565	385	87.68%	(12,595)	135,152	118,501	Parent/Subsidiary
The Company	BenQ	Taiwan	Manufacture and sales of brand-name electronic	7,160,050	7,160,050	408,641	100.00%	7,765,804	1,485,045	1,485,993	Parent/Subsidiary
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	35,146	14,573	14,573	Parent/Subsidiary
The Company	QJTO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	37,145	(10,254)	(10,254)	Parent/Subsidiary
The Company	QLPG	Malaysia	Leasing and management services	578,128	578,128	50,000	100.00%	339,435	(46)	(46)	Parent/Subsidiary
The Company	QLLB	Malaysia	Investment and holding activity	3,687,539	3,687,539	114,250	100.00%	12,023,183	687,784	590,263	Parent/Subsidiary
The Company	APV	Taiwan	Investment and holding activity	170,016	170,016	113,258	100.00%	1,817,999	68,569	68,569	Parent/Subsidiary
The Company	Darly	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	60,691	14,318	14,318	Parent/Subsidiary
The Company	BBHC	Cayman	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	649,417	159,028	30,792	Parent/Subsidiary
The Company	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	1,475,978	1,475,978	43,577	58.04%	1,378,698	30,144	(79,534)	Parent/Subsidiary
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	259,990	259,990	25,999	92.85%	168,965	(31,659)	(28,305)	Parent/Subsidiary
The Company	QTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	999	9	9	Parent/Subsidiary
The Company	Q.S.Control Corp.	Taiwan	Manufacture and sales of medical consumables and equipments	63,000	63,000	6,000	20.00%	49,437	11,037	2,208	Associate
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	3,325,361	605,337	192,143	Parent/Subsidiary
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	2,300,000	-	100,000	18.40%	2,166,624	(88,009)	(11,946)	Associate
The Company	K2	Taiwan	Sale of medical consumable and equipment	121,134	-	3,880	29.85%	123,227	9,324	2,089	Parent/Subsidiary
The Company	DIC	Taiwan	Manufacture and sales of marine display modules	260,000	-	20,000	28.82%	259,912	(3,911)	(1,172)	Parent/Subsidiary
QALA	QMMX	Mexico	Manufacture of computer peripheral products	10,811	50,287	54	12.32%	(1,770)	135,152	-	Affiliates
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,140,340	35,082	100.00%	1,698,252	(80,669)	-	Affiliates
BMC	SMS	Taiwan	Manufacture and sale of medical consumable and equipment	498,716	-	35,623	89.06%	473,229	(101,464)	-	Affiliates
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	180,523	180,523	9,984	18.58%	129,024	199,370	-	Associate
BMC	Cenefom Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	29,127	29,127	2,190	15.48%	14,481	(17,543)	-	Associate
APV	Darly C	Taiwan	Investment management consulting	77,933	10,266	12,011	45.11%	145,564	(2,013)	-	Affiliates
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	221,786	221,786	15,182	4.74%	195,337	328,579	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	83,092	66,682	-	Affiliates
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	342,595	159,028	-	Affiliates
APV	BES	Taiwan	Energy service	50,250	50,250	4,100	41.00%	11,483	(8,161)	-	Affiliates
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	156,923	30,144	-	Affiliates
APV	BDT	Taiwan	Manufacture and sales of medical consumables and equipments	10	10	1	0.01%	7	(31,659)	-	Affiliates
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	10	20,105	-	Affiliates
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	152,563	605,337	-	Affiliates
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	262,111	-	11,187	2.06%	247,787	(88,009)	-	Associate
Darly C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	6,722	(8,161)	-	Affiliates
Darly C	Green Island Co., Ltd.	Taiwan	Cultural and Art Industry	2,000	2,000	(Note 1)	33.33%	324	-	-	Associate
Darly C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	-	12,710	2.34%	257,171	(88,009)	-	Associate
Darly	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	23,549	29,836	-	Affiliates
Darly	BBHC	Cayman	Investment and holding activity	526,134	526,134	15,798	6.45%	216,490	159,028	-	Affiliates
BenQ	BQA	USA	Sales of brand-name electronic products in North America markets	114,553	114,553	200	100.00%	(115,771)	(105,668)	-	Affiliates
BenQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	87,027	4,350	100.00%	(30,450)	(78,687)	-	Affiliates
BenQ	BQHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	2,390,551	822,613	-	Affiliates
BenQ	BQE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	1,030,331	163,112	-	Affiliates
BenQ	BQP	Taiwan	Sales of brand-name electronic products in Asia	950,000	950,000	20,000	100.00%	152,331	79,670	-	Affiliates
BenQ	Darly 2	Taiwan	Investment and holding activity	2,061,132	1,911,132	(Note 1)	100.00%	2,337,844	116,664	-	Affiliates
BenQ	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	70,635	29,836	-	Affiliates
BenQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	361,856	361,856	21,723	7.76%	691,284	1,520,258	-	Associate
BenQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	946,731	946,731	80,848	25.21%	1,040,203	328,579	-	Affiliates
BenQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	274,076	159,028	-	Affiliates
BenQ	ZGC	Taiwan	Assembly and sales of gaming electronic products	235,069	235,069	19,353	43.43%	441,842	66,682	-	Affiliates
BenQ	MQE	The Netherlands	Maintenance of brand-name electronic monitors and projectors in European markets	74,659	74,659	82	100.00%	71,481	863	-	Affiliates
BenQ	ZGC	Taiwan	Assembly and sales of gaming electronic products	109,410	109,410	6,265	90.18%	94,497	7,434	-	Affiliates
BenQ	BQHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	32,944	4,000	100.00%	130,138	40,509	-	Affiliates
BenQ	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	21	-	-	0.31%	22	224	-	Affiliates
BQP	BenQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	10,606	(19,420)	-	Affiliates
BQP	BenQ (M.E.) FZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	(15,013)	823	-	Affiliates
BQP	BenQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	79,365	7,110	-	Affiliates
BQP	BenQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(21,749)	(1,990)	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
BQP	BenQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	54,791	6,087	-	Affiliates
BQP	BenQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,642	(7,317)	-	Affiliates
BQP	BenQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(38,195)	480	-	Affiliates
BQP	BenQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	7,965	15,211	-	Affiliates
BQP	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	-	6	99.69%	6,998	224	-	Affiliates
BQA	BenQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	18,686	(1,054)	-	Affiliates
BQL	BenQ Mexico S. de R.L. de C.V.	Mexico	Sales of brand-name electronic products	77,591	77,591	3	100.00%	31,692	1,366	-	Affiliates
BQL	Joytech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(119,400)	(43,810)	-	Affiliates
BQL	Vivitech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(119,400)	(43,810)	-	Affiliates
Joytech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(119,400)	(87,621)	-	Affiliates
Vivitech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(119,400)	(87,621)	-	Affiliates
BQmx	BenQ Service de Mexico S. de R.L. de C.V.	Mexico	Providing administration and management services to affiliates	87	87	3	100.00%	2,973	800	-	Affiliates
GSH	GST	Taiwan	R&D and sales of computer information system	64,898	64,898	5,756	99.94%	49,421	20,105	-	Affiliates
Darly 2	Darly C	Taiwan	Investment management consulting	89,179	6,846	14,614	54.89%	177,114	(2,013)	-	Affiliates
Darly 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	891,220	159,028	-	Affiliates
Darly 2	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	31,200	50.00%	94,180	29,836	-	Affiliates
Darly 2	BMTC	Taiwan	Manufacture and sales of medical consumables and equipment	27,337	27,337	1,590	3.57%	37,227	66,682	-	Affiliates
Darly 2	BES	Taiwan	Energy service	22,250	22,250	1,800	18.00%	5,042	(8,161)	-	Affiliates
Darly 2	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	49,426	49,426	1,648	2.19%	43,059	30,144	-	Affiliates
Darly 2	ZGC	Taiwan	Assembly and sales of gaming electronic products	10	10	1	0.02%	16	7,434	-	Affiliates
Darly 2	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	596,382	596,382	9,175	8.01%	610,570	605,337	-	Affiliates
Darly 2	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	15,885	-	795	0.15%	14,867	(88,009)	-	Associate
Darly 2	K2	Taiwan	Sale of medical consumable and equipment	44,997	-	1,003	7.71%	45,717	9,324	-	Affiliates
Darly 2	DIC	Taiwan	Manufacture and sales of marine display modules	48,000	-	3,000	4.32%	48,070	(3,911)	-	Affiliates
BQE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	25,042	9,696	-	Affiliates
BQE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	183,040	23,866	-	Affiliates
BQE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	(44,128)	3,613	-	Affiliates
BQE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	47,116	11,241	-	Affiliates
BQE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	49,247	4,079	-	Affiliates
BQE	BenQ Italy S.R.L	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	27,553	3,670	-	Affiliates
BQE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(136,072)	7,487	-	Affiliates
BQE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	69,149	8,989	-	Affiliates
BQE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	13,662	3,161	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
BMTC	ASIACONNECT	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	26,296	140	-	Affiliates
BMTC	HIGHVIEW	Samoa	Investment and holding activity	36,211	36,211	1,062	100.00%	8,214	225	-	Affiliates
BMTC	LILY	Taiwan	Manufacture and sales of medical consumables and equipment	185,000	185,000	10,000	100.00%	245,707	22,112	-	Affiliates
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and equipment	88,000	88,000	8,800	88.00%	55,220	2,583	-	Affiliates
BMTC	BHS	Taiwan	Investment and holding activity	100,000	100,000	10,000	100.00%	112,174	11,813	-	Affiliates
BHS	NBHIT	Taiwan	Sales of medical consumables and equipment	70,200	70,200	2,184	52.00%	80,062	25,384	-	Affiliates
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	18,287	(5,823)	-	Affiliates
PTT	P&J Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	276,492	308,166	7,051	100.00%	195,677	(26,353)	-	Affiliates
PTT	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	43,834	43,834	886	88.60%	31,168	3,095	-	Affiliates
PTT	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	109,828	-	0.216	100.00%	173,360	914		Affiliates
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(Note 1)	50.02%	97,956	(7,856)	-	Affiliates
PTT	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	62,595	0.099	99.00%	50,578	(26,196)	-	Affiliates
PTT	Epoint Systems Pte. Ltd.	Singapore	R&D and sales of software	27,449	-	100	50.10%	33,320	(1,242)	-	Affiliates
PTT	PTTN	Taiwan	R&D and sales of software	20,500	-	2,050	50.62%	26,070	2,122		Affiliates
PTT	Partner Tech Africa (Pty) Ltd.	South Africa	Sales, import and export of electronic products	22,451	-	0.108	54.00%	27,942	(5,400)	-	Affiliates
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	58.18%	372	(1,186)	-	Affiliates
PTE	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	4,760	3,095	-	Affiliates
PTE	Sloga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(Note 1)	90.00%	(15,584)	(668)	-	Affiliates
PTE	Retail Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(Note 1)	68.00%	1,625	5,582	-	Affiliates
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	0.3	100.00%	(57,863)	(14,515)	-	Affiliates
WEBEST	YOUPOS	Taiwan	R&D and sales of software	6,500	6,500	500	27.03%	2,468	488	-	Associate
WEBEST	PTTN	Taiwan	R&D and sales of software	10	-	1	0.02%	10	2,122		Affiliates
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	0.001	0.005%	-	(1,186)	-	Affiliates
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	-	0.001	1.00%	438	(26,196)		Affiliates
P&J	P&S Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	181,158	181,158	6,060	100.00%	178,249	(38,046)	-	Affiliates
P&J	Partner Tech Africa (Pty) Ltd.	South Africa	Sales, import and export of electronic products	12,157	12,157	0.092	46.00%	27,752	(5,400)	-	Affiliates
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	44,014	(27,907)	-	Affiliates
DFI	DFI-ITOX, LLC.	USA	Sales of industrial motherboards	254,716	254,716	1,209	100.00%	320,890	26,865	-	Affiliates
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	161,400	4,187	-	Affiliates
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	269,752	44,159	-	Affiliates
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	36,427	9,698	-	Affiliates
DFI	Dual-Tech International Co., Ltd.	Hong Kong	Manufacture of industrial motherboards	20,223	20,221	4,500	100.00%	19,432	450	-	Affiliates
K2	K2 Medical (Thailand) Co., LTD	Thailand	Sale of medical consumable and equipment	2,884	-	-	49.00%	2,775	(266)	-	Affiliates
DIC	Data Image (Mauritius)	Mauritius	Investment and holding activity	518,381	509,417	20,215	100.00%	183,672	37,062	-	Affiliates
DIC	DMC Components International, LLC	USA	Agency	24,304	24,304	300	30.00%	12,832	(69)	-	Associate

(Note 1) There was no shares as the company is a limited liability company.

QISDA CORPORATION
Information on investments in Mainland China
For the year ended December 31, 2018
(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)

Table 9

A. Qisda Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Manufacture of monitors and communication devices	2,272,910 (USD 74,000)	(Note 1)	2,180,765 (USD 71,000)	-	-	2,180,765 (USD 71,000)	433,595	100.00%	433,595 (Note 2)	8,641,972	-
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Manufacture of monitors	362,437 (USD 11,800)	(Note 1)	362,437 (USD 11,800)	-	-	362,437 (USD 11,800)	97,140	100.00%	97,140 (Note 4)	1,344,637	-
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Manufacture of projectors	382,709 (USD 12,460)	(Note 1)	382,709 (USD 12,460)	-	-	382,709 (USD 12,460)	192,886	100.00%	192,886 (Note 4)	3,876,463	-
Nanjing BenQ Hospital Co., Ltd. (“NMH”)	Hospital	4,669,141 (USD 152,015)	(Note 1)	4,834,418 (USD 157,396)	-	-	4,834,418 (USD 157,396)	248,367	70.72%	175,645 (Note 2)	1,399,230	-
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Hospital	2,691,371 (CNY 601,975)	(Note 1)	2,733,512 (USD 88,996)	-	-	2,733,512 (USD 88,996)	(40,007)	70.72%	(28,293) (Note 2)	508,924	-
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	Medical management consulting	30,715 (USD 1,000)	(Note 1)	30,715 (USD 1,000)	-	-	30,715 (USD 1,000)	179	70.72%	127 (Note 3)	18,127	-
Qisda (Shanghai) Co., Ltd. (“QCSH”)	Manufacture of monitors	2,042,548 (USD 66,500)	(Note 1)	1,474,320 (USD 48,000)	-	-	1,474,320 (USD 48,000) (Note 5)	(25,911)	100.00%	(25,911) (Note 3)	(1,461,823)	-
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	R&D and sales of computer information systems	405,438 (USD 13,200)	(Note 1)	297,936 (USD 9,700)	-	-	297,936 (USD 9,700) (Note 6)	9,781	100.00%	9,781 (Note 3)	111,009	-
BenQ Co., Ltd. (“BQC”)	Lease of real estate	2,457,200 (USD 80,000)	(Note 1)	2,457,200 (USD 80,000)	-	-	2,457,200 (USD 80,000)	815,239	100.00%	815,239 (Note 2)	2,397,645	-
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Sales of brand-name electronic products	30,715 (USD 1,000)	(Note 1)	6,143 (USD 200)	-	-	6,143 (USD 200) (Note 7)	3,528	100.00%	3,528 (Note 3)	9,302	-
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Manufacture of plastic parts	153,575 (USD 5,000)	(Note 1)	145,896 (USD 4,750)	-	-	145,896 (USD 4,750)	33,400	100.00%	33,400 (Note 3)	367,595	-

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
BenQ Medical (Shanghai) Co., Ltd ("BDTcn")	Sale of medical consumable and equipment	41,772 (USD 1,360)	(Note 9)	-	-	-	-	2,374	100.00%	2,374 (Note 3)	38,725	-
ShengCheng Trading(Shanghai) Co.,LTD ("BQsha_EC2")	Sales of brand-name electronic products	3,072 (USD 100)	(Note 10)	-	-	-	-	(5)	100.00%	(5) (Note 3)	(10,233)	-
Suzhou BenQ Investment Co., Ltd. ("BIC")	Investment and holding activity	921,450 (USD 30,000)	(Note 8)	-	-	-	-	186	70.72%	132 (Note 3)	610,606	-
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC_RO")	Sales and maintenance of electronic products in China market	92,145 (USD 3,000)	(Note 1)	-	92,145 (USD 3,000)	-	92,145 (USD 3,000)	53,913	100.00%	53,913 (Note 2)	140,150	-
Nanjing Silvertown Health & Development Co., Ltd ("NSHD")	Medical services	134,127 (CNY 30,000)	(Note 1)	-	-	-	(Note 11)	-	70.72%	- (Note 3)	-	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.
(Note 3) Investment income or loss was recognized based on the unaudited financial statements of the company.
(Note 4) Investment income or loss was recognized based on the audited financial statements issued by the auditors of the company.
(Note 5) The amount of QCES reinvestments US$18,500 thousand were excluded.
(Note 6) The amount of GRHK reinvestments US$3,500 thousand were excluded.
(Note 7) The amount of QCES reinvestments US$800 thousand were excluded.
(Note 8) The investment was from the operating capital of BBM.
(Note 9) The reinvestments were from the distribution of dividends of QLLB.
(Note 10) The reinvestments were from the distribution of dividends of BQHK.
(Note 11) NSHD is established by NMH's asset division.
(Note 12) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
14,998,196 (USD 488,302)	16,522,567 (USD 537,932)	(Note 13)

(Note 13) Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:

Please refer to section "Information on Significant Transactions"for detail description.

B. BenQ Material Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Manufacture of optoelectronics	890,735 (USD29,000)	(Note 1)	890,735 (USD29,000)	-	-	890,735 (USD 29,000)	45,689	100.00%	45,689 (Note 2)	1,955,556 (Note 6)	-
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	Sales of optoelectronics and medical consumables	49,180 (CNY11,000)	(Note 3)	-	-	-	-	956	100.00%	956 (Note 2)	46,138 (Note 6)	-
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics	357,672 (CNY80,000)	(Note 1)	178,836 (CNY 40,000)	-	-	178,836 (CNY 40,000) (Note 5)	(157,819)	100.00%	(157,819) (Note 2)	(278,170) (Note 6)	-
Suzhou Sigma Medical Supplies Co., Ltd. (“SMSZ”)	Manufacture and sales of medical consumables and equipment	48,898 (USD1,592)	(Note 4)	48,898 (USD1,592)	-	-	48,898 (USD1,592)	(31,727)	89.06%	(6,323) (Note 2)	49,184 (Note 6)	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	1,069,571 (USD29,000 and CNY40,000)	1,118,527 (USD29,000 and CNY50,950)	(Note 8)
SMS	48,898 (USD1,592)	48,898 (USD1,592)	258,157

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of BMC.
(Note 3) The reinvestments were from the distribution of dividends of BMLB.
(Note 4) Direct investment in Mainland China.
(Note 5) The amount of BMLB reinvestments CNY$10,950 thousand were excluded.
(Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.
(Note 7) Since BenQ Material Corporation has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:

Please refer to section “Information on Significant Transactions”for detail description.

C. BenQ Medical Technology Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	30,715 (USD 1,000)	(Note 1)	30,715 (USD 1,000)	-	-	30,715 (USD 1,000)	247	100.00%	247	9,509 (Note 3)	-
LILY Medical (Suzhou) Co., Ltd. (ALS)	Sales of medical consumables and equipment	6,450 (USD 210)	(Note 2)	6,450 (USD 210)	-	-	6,450 (USD 210)	(9)	100.00%	(9)	3,307 (Note 3)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	89,418 (CNY 20,000)	(Note 2)	17,883 (CNY 4,000)	17,883 (CNY 4,000)	-	35,766 (CNY 8,000)	(2,460)	40.00%	(984)	28,064	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Direct investment in Mainland China.
(Note 3) There was no shares as the investee company is a limited liability company.
(Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715 and CNY$1=NT$4.4709.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	66,481 (USD 1,000 and CNY 8,000)	86,831 (USD 2,827)	622,045
LILY	6,450 (USD 210)	6,450 (USD 210)	111,012

3. Significant transactions with investee companies in Mainland China:

Please refer to section "Information on Significant Transactions"for detail description.

D. Partner Tech Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2018 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Partner Tech (Shanghai) Co., Ltd. ("PTCM")	Sales, import and export of electronic products	153,575 (USD 5,000)	(Note 1)	153,575 (USD 5,000)	-	-	153,575 (USD 5,000)	(10,139)	100.00%	(10,139) (Note 2)	134,208	-
Partner Trading (Shanghai) Co., Ltd.("PTCS")	Sales, import and export of electronic products	-	(Note 1)	30,715 (USD 1,000)	-	30,715 (USD 1,000)	-	-	-	-	-	-
Xiamen Xinchuan Software Technology Co., Ltd. ("PTTNC")	Sales, import and export of electronic products	1,106 (USD 36)	(Note 1)	1,106 (USD 36)	-	-	1,106 (USD 36)	2,337	100.00%	2,337 (Note 2)	812	-

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.
(Note 3) Investment income or loss was recognized based on the unaudited financial statements .
(Note 4) PTCS was liquilidated in 2018.
(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.715.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	153,575 (USD 5,000)	212,118 (USD 6,906)	579,768
PTTN	1,106 (USD 36)	1,106 (USD 36)	18,510

3. Significant transactions with investee companies in Mainland China:

Please refer to section "Information on Significant Transactions"for detail description.

E. DFI Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Yan Tong Infotech (Dongguan) Co., Ltd ("DYTI")	Manufacture and sales of industrial motherboards and component	76,788	(Note 1)	-	-	-	-	518	100.00%	518	56,985	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd("DYTH")	Wholesale, import and export of industrial motherboards and component	15,358	(Note 1)	-	-	-	-	(731)	100.00%	(731)	13,608	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
- (Note 5)	64,041(USD 2,085) (Notes 4、7 and 8)	1,930,073 (Note 6)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of DFI.

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1＝NT\$30.715.

(Note 4) The reinvestments and authorized amount of DFI's subsidiaries is excluded from DFI's accumulated investment amounts and the investment amounts authorized by Investment Commission, MOEA.

(Note 5) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of DFI.

(Note 6) The investment amount of Dongguan Ri Tong Trading Co., Ltd. that has been liquidated was approved by Investment Commission, MOEA in August 2014 and had been deducted in the investment amount.

(Note 7) The earnings that has been remitted to DFI by DYTI was approved by the Investment Commission of the MOEA in February 2017 and had been deducted in the investment amount.

3. Significant transactions with investee companies in Mainland China:

Please refer to section "Information on Significant Transactions"for detail description.

F. Data Image Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	534,081 (USD16,300)	(Note 1)	511,884 (USD15,654)	-	-	511,884 (USD15,654)	37,907 (CNY8,341)	100.00%	37,907	181,420	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	551,317 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of DIC.
(Note 3) Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.

3. Significant transactions with investee companies in Mainland China:

Please refer to section “Information on Significant Transactions”for detail description.

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