



TSE: 2352

QISDA 2020 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.
Website: Qisda.com

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OVERSEAS SECURITY EXCHANGE LISTING

For further information, visit Qisda worldwide website and Login at Investor Relations
Qisda Global Depositary Shares
Luxemburg Stock Exchange
Website: Qisda.com -Investor Relations

Letter to Shareholders

Greetings to all of our Valued Shareholders,

Qisda Group's consolidated revenue for 2020 was NT\$191.7 billion. The consolidated operating income was NT\$6.6 billion. The consolidated net income was NT\$6.4 billion. The consolidated net income attributed to Qisda Corporation was NT\$5 billion. The earnings per share after tax was NT\$2.54.

In recent years, Qisda has been active in transforming its business. Together with the Group's core resources as a platform, Qisda consolidates hidden champions to be a grand fleet. Domestic publicly listed companies who identify with this concept joined us. Therefore, Qisda's consolidated revenue hitting new record highs in three consecutive years under the uncertain conditions such as fast changes in industries, lackluster demand in displays and projectors and rise in global trade conflict. In 2020. The revenue ratio of high value-added businesses reached 28%, and continues to move toward the goal of more than half. We are dedicated to expand Qisda's business under the four major operating policies.

- (1) **Optimization on current business operations:** The two major products, flat panel displays and projectors, continuously gain stable results and leading position in the market. The display business outperforms the entire industry and ranks second in the world. Qisda continues to develop high-end, high unit price, professional and medical displays. Qisda not only keeps its global leading position in OEM projectors, maintains the position as the world's leading DLP projector, but the only domestic manufacturer with DLP and LCD technical capability.
- (2) **Fast expansion in medical business:** In 2020, the revenue of two hospitals in Suzhou and Nanjing continued to grow and Suzhou Hospital received JCI certification. Hospital management was in high international standards, and the importance of protecting the health of local residents under the epidemic became more prominent. In terms of medical appliances and channel expansion, Qisda invested in Golden Spirit Co., Ltd., E-Strong Medical Technology Co., Ltd. and Frismed (Indonesia) to create a one-stop service from production to distribution of dialyzer, dialysate and disinfectant; self-design and self-manufactured portable ultrasound tablets continue to increase marketshare in the bedside care application; the market expansion in Digital Dentistry application and hearing application will satisfy the demands for global aging population and long-term care.
- (3) **Acceleration on solution development:** Qisda completed its strategic allocation in Information Technology (IT) and Operational Technology (OT). The purpose is to become a full-fledged total system integration solution services provider. The consolidated revenue of smart solutions in 2020 was NT\$25 billion. Qisda continuously satisfying the six main intelligence vertical markets to meet the needs of contactless and cloud under the epidemic situation. Qisda worked with National Cheng Kung University to build campus security center, Qisda also provided smart system of joint care to meet long-term care service needs as well as worked with chain store to build managing platform to provide holistic view for decision-making purpose.
- (4) **Strategic investment in 5G Network Business:** Qisda look to further increase in network communication in future technological life, Qisda increased holdings in Alpha Networks Inc.. Through subsidiaries such as Alpha Networks Inc., Hitron Technologies Inc., Interactive Digital Technologies Inc., to create broadband services that integrate wired and wireless networks.

Prospecting in 2021, while there are uncertainty such as trade conflicts and COVID, it also brings the long-term opportunities to enhance automation and accelerate digital transformation. Qisda will continue to focus on four major operating directions to create long-term values. The plans are listed as follows:

- (1) **Optimization on current business operations:** We will keep consolidating our global leading position in the display and projector market and continuously developing towards high-end, high-resolution and high-valued professional applications.
- (2) **Fast expansion in medical business:** BenQ Medical Center takes on the goal to be the No.1 private hospital in China. Regarding medical devices, we will prioritize the distribution channel, with focus in Asia and developing countries. Meanwhile, we will focus on self-developed products such as ultrasound, hemodialyzer and intraoral scanner. We development in three field, such us smart medical, epidemic

prevention with health, life with aesthetics, and its service. We will also expand the medical industry alliance via win-win merge & acquisition or strategic cooperation model.

- (3) **Acceleration on solution development:** The horizontal integration on internal technology and channels will continue to meet different vertical market demands. We have aggressively accelerated the integration among DFI Inc., Partner Tech Corp. in recent years to exploit synergies. We've also linked the well-known top-tier international brand of SYSAGE in IT field with the brand of ACE in OT field, such as Cisco, Citrix, DELL(EMC), IBM, Oracle, Redhat, SAP, Vmware, etc. to deliver the best smart solution for customers, and help them with digital transformation.
- (4) **Strategic investment in 5G Network business:** Provide products and services that meet customers' needs with networking, expand 5G networks business, and create seamless and fast all-round broadband services.

Qisda achieves its sustainable competitive advantages through innovation and technical development. Each year, we make effort in product innovation and development, averagely around 2%-3% of revenue. We have obtained 1,140 patents worldwide.

Qisda has dedicated to the corporate sustainable operation. The sustainable development indicators on economy, environment and society in 2020 still maintained high information transparency. Qisda not only got the "Taiwan Corporate Sustainability Reports Platinum Award" of "2020 Taiwan corporate sustainability Awards (TCSA) in Top 10" running by Taiwan Institute for Sustainability Foundation (TAISE) and got "2020 Taiwan corporate sustainability Awards (TCSA)" in two years, but also received "Growth with Innovation" and "Communication with Innovation". 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 to strive and seek 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 Susidaary 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. Initialiton 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	The Shareholders' Meeting approved proposals of brand segmentation, capital reduction for cover accumulated deficits and change of corporate name.
July, 2007	The corporate name was changed from BenQ Corporation to Qisda Corporation.
September, 2007	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 competitbve 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 Manufacturing 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 Sustainability Report Awards" and "Top 50 Corporate Sustainability 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%.
April, 2019	The first safety certification of Human-Robot Collaboration (HRC) around Taiwan
June, 2019	Awarded prize for HR Asia, Best Companies to Work For In Asia Awards
July, 2019	To establish a new joint venture company (BenQ Biotech (Shanghai) Co., Ltd) with Shanghai Kunxin Medical Technology Co., Ltd. by cash injection, after the investment, shareholding ratio is 70%.
August, 2019	The Company participates in Topview Optronics Corporation's private placement of common shares with a shareholding ratio of the Company at approximately 20%.
August, 2019	The Company participates in SYSAGE TECHNOLOGY CO., LTD's private placement of common shares with a shareholding ratio of the Company at approximately 35%.
September, 2019	Qisda's Twin Stars Factory has continued to obtain the continuous accreditation to the Green Factory from Industrial Bureau of Taiwan's Ministry of Economic Affairs.
October, 2019	The Subsidiary "Qisda Vietnam Co.,Ltd" established
November, 2019	Awarded prize for Platinum Award for Taiwan Corporate Sustainability Reports "(Electronic Information Manufacturing Industry)" of "2019 Taiwan Corporate Sustainability Awards (TCSA)" from Taiwan Institute for Sustainability Foundation (TAISE) and "Corporate Comprehensive Performance Award.
November, 2019	Qisda Chairman Peter Chen received an annual award for "EY Entrepreneur Of The Year 2019" and Excellent Business Model Entrepreneur Of The Year.
March, 2020	The Company participates in SIMULA TECHNOLOGY INC.'s private placement of common shares with a shareholding ratio of the Company at approximately 37.5%.
July, 2020	Completed the public tender offer of 19% of shares of Alpha Networks Inc..
September, 2020	Won "Best Companies to Work For in Asia" and "HR Asia Most Caring Companies Award".
November, 2020	Won "Top Ten Most Prestigious Sustainability Award", "Corporate Sustainability Report Award", "Growth through Innovation Award" and "Creativity in Communication Award of "Taiwan Corporate Sustainability Reports Platinum Award" running by Taiwan Institute for Sustainability Foundation (TAISE)
December, 2020	Qisda Chairman Peter Chen received M&A Outstanding Achievement Award and National Manager Excellence Award.

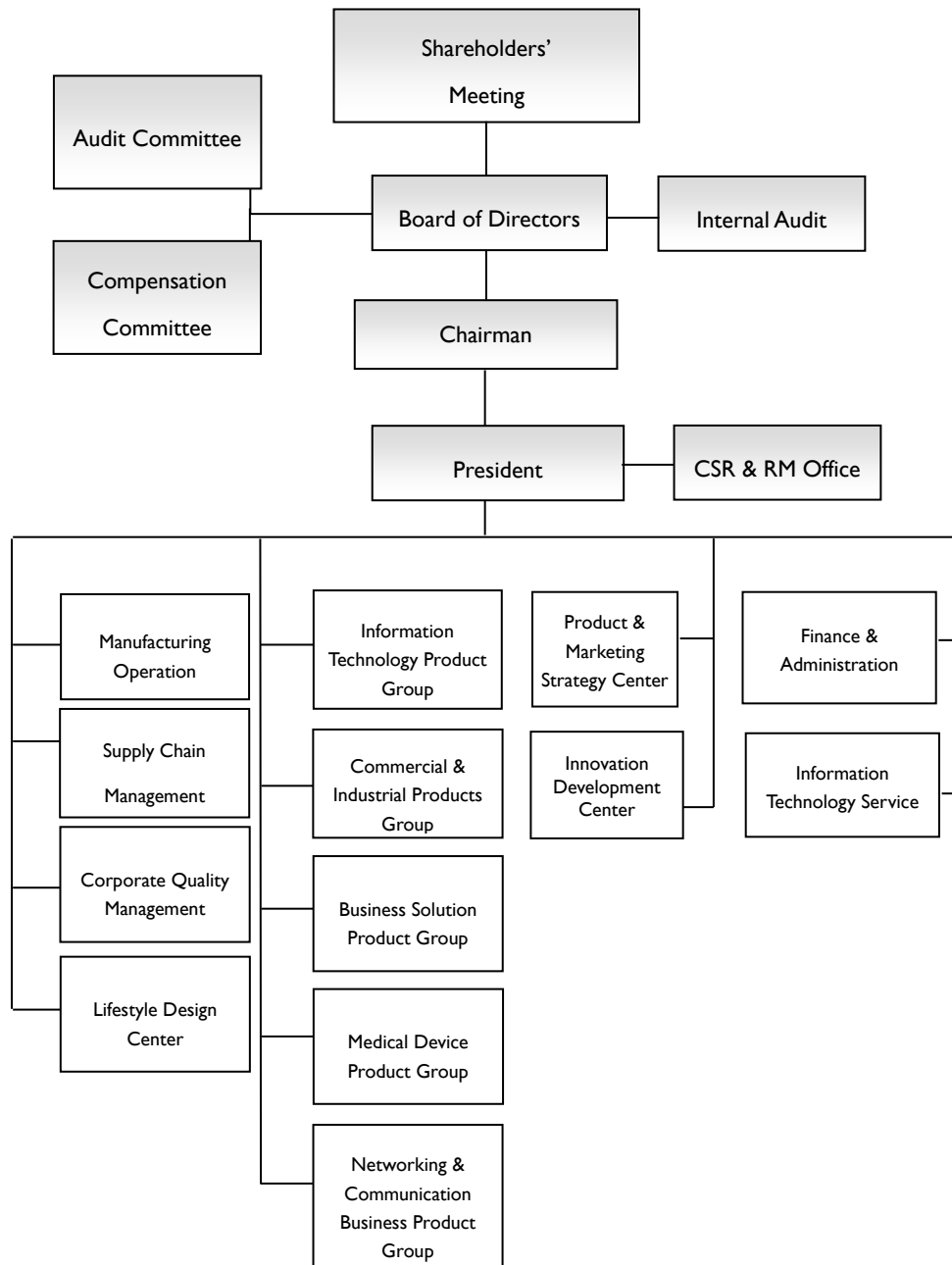
Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its company history.

Corporate Governance

I. Organization

(I) Organizational Structure

Date: April 26, 2021



(II) Business Scope for Main Department

Department	Majority Focus
IT Products Group Commercial and Industrial Products Business Group Smart Solution Business Group Medical Equipment Business Group Networking & Communication Business Product Group	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 be shipped 4. Implement quality management system to ensure product quality and meet customer needs
Supply Chains Management	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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/ Investment)	<ol style="list-style-type: none"> 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 guidance 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 12. Assist each business group to draw up investment radar charts 13. Find investment targets and strategies based on investment radar charts 14. Assist each business group to formulate investment plans 15. Plan the scope of due diligence and summarize the results
Information Technology Service	<ol style="list-style-type: none"> 1. MIS system management 2. Application and maintenance of OA equipment 3. Establishment of automatic monitoring system
CSR & RM Office	<ol style="list-style-type: none"> 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 26, 2021; 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)	Note 4
							Shares	%	Shares	%	Shares	%	Shares	%			
Honorary Chairman	Republic of China	Kuen-Yao (K.Y.) Lee	Male	2020.06.19	3	1993.02.16	9,719,540	0.49%	9,719,540	0.49%	0	0.00%	Note 1	Note 1	- MBA, Switzerland IMD - B.S., Electrical Engineering, National Taiwan University - Chairman, Qisda Corporation - Chairman, AU Optronics Corp	Chairman: BenQ Foundation Director: AU Optronics Corp. Darfon Electronics Corp. (Note2)	The reason why the chairman also serves as the president is to represent the company externally and effectively coordinating the management team to effectively implement investment and mergers and acquisitions, lead the value transformation of Qisda, quickly strengthen the medical business, accelerate on solution development, expand 5G networks business, and play a comprehensive effect.
Chairman	Republic of China	Chi-Hong (Peter) Chen	Male	2020.06.19	3	2014.01.01	309,919	0.02%	409,123	0.02%	0	0.00%	0	0.00%	- Technology Management Program, National Chengchi University - EMBA, Thunderbird American Graduate School, U.S.A. - B.S., Electrical Engineering, National Cheng Kung University - Technology Product Center EVP, BenQ Corp.	President: Qisda Corp. Director: Darfon Electronics Corp. BenQ Foundation (Note2)	
Director	Republic of China	AU Optronics Corp.	-	2020.06.19	3	2005.05.18	335,230,510	17.04%	335,230,510	17.04%	0	0.00%	0	0.00%		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. AUO Foundation Director: Qisda Corp. Darwin Precisions Corp. AU Optronics (L) Corp. AU Optronics Singapore Pte. Ltd.	
	Republic of China	Representative Shuang-Lang (Paul) Peng	Male	2020.06.19	3	2010.06.18	9,164	0.00%	9,164	0.00%	65,032	0.00%	0	0.00%	- MBA, Heriot-Watt University - Chief Executive Officer, AU Optronics Corp.		
Director	Republic of China	BenQ Foundation	-	2020.06.19	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	Senior Vice President: Qisda Corp Director: BenQ Foundation (Note3) (Note2)	
	Republic of China	Representative Han-Chou (Joe) Huang	Male	2020.06.19	3	2017.06.22	240,952	0.01%	267,009	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)	Note 4
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	Republic of China	Cheng-Ju (Allen) Fan	Male	2020.06.19	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, WKTechology Fund - President, Microsoft Taiwan - VP, Twinhead International Corp. - VP, HP Taiwan	Chairman: Yu Xuan Corp. Director: K KINGDOM INC. K K INTELLIGENT TECHNOLOGY INC. Independent Director: Wistron Information Technology and Services Corporation	At the same time, in order to strengthen the independence and supervision function of the board of directors, the board of directors of the company has three independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
Independent Director	Republic of China	Lo-Yu (Charles) Yen	Male	2020.06.19	3	2020.06.19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-Master in Accounting, National Cheng Chi University - President, DELOITTE CONSULTING CO. - CPA, Deloitte Touche Tohmatsu Limited - GM, Vincera Capital - Co-founder, AMMA Taipei Cradle Program	Director: Chinese Television System Inc. Social Enterprise Insights (Taiwan) Alibaba Entrepreneurs Fund Independent Director: Chunghwa Telecom Sinyi Realty Inc.	
Independent Director	Republic of China	Jyuo-Min Shyu	Male	2020.06.19	3	2020.06.19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	-Ph.D. in Electrical Engineering and Computer Science, University of California, Berkeley - Minister, Ministry of Science and Technology - President, Industrial Technology Research Institute - Professor, Department of Computer Science, National Tsing Hua University	Director: Iridium Medical Technology Co., Ltd. GeoThings, Inc. Modern Classic Ltd Independent director: United Microelectronics Corp.	

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. Kuen-Yao (K.Y.) 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. Kuen-Yao (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. Kuen-Yao (K.Y.) Lee about his holding shares in the name of others as of the date of April 26, 2021, Mr. Kuen-Yao (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.

Note 3: Joe Huang was appointed as director of BenQ Foundation on May 18, 2021.

Note 4: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

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%
	Quanta Computer Inc.	4.61%
	Trust Holding for Employees for AU Optronics Corp.	4.58%
	ADR of AU Optronics Corp.	4.19%
	Fubon Life Insurance Co., Ltd	3.93%
	Tong Hwei Enterprise Co., Ltd.	1.58%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.26%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	0.97%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.94%
	New Labor Pension Fund	0.79%
BenQ Foundation (Note 3)	Qisda Corporation (Note 4)	100%

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 April 19, 2020.

Note 3: Where the corporate shareholder is not a company, the aforementioned Name of corporate shareholders and Shareholding Percentage denote the names of investors or donors, and their investment or contribution ratios.

Note 4: Please refer to the list of major shareholders as stated in Chapter 4 Capital Overview of this Annual Report.

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%
	Government of Singapore	2.84%
	Liang Tzu Chen	2.14%
	Labor Pension	2.13%
	Ho, Sha Trust Property.	2.07%
	Yijiaxin Investment Co., Ltd.	1.64%
	Cathay Life Insurance Co., Ltd.	1.64%
	Nan Shan Life Insurance Co., Ltd.	1.60%
	Xinmin Investment Co., Ltd.	1.57%
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%

Note 1: Source of information for Quanta Computer Inc. is recorded as of the book closure date of Quanta Computer Inc. on April 20, 2021.

Note 2: Source of information for Department of Commerce, MOEA

Professional qualifications and independence analysis of directors

Name	Condition	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	11	12	
Kuen-Yao (K.Y.) Lee	-	-	✓				✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Chi-Hong (Peter) Chen	-	-	✓			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
AU Optronics Corp. Representative: Shuang-Lang (Paul) Peng	-	-	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓		0
BenQ Foundation Representative: Han-Chou (Joe) Huang	-	-	✓			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Cheng-Ju (Allen) Fan	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Lo-Yu (Charles) Yen	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Jyuo-Min Shyu	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note : 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 a managerial officer under (1) or any of the persons under (2) and (3).

(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 that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(6) Not a director, supervisor, or employee of other company if a majority of the company's director seats or voting shares and those of that other company are controlled by the same person. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(7) Not a director, supervisor, or employee of other company or institution if the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at that other company or institution are the same person or are spouses.

(8) 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. (Do not apply in cases where the specified company or institution holds more than 20 percent but less than 50 percent of the Company's issued shares and are the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

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

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

(12) 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 26, 2021

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)	Note 3
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			
Chairman and President	Republic of China	Peter Chen	Male	2014.01.01	409,123	0.02%	0	0.00%	Technology Management Program, National Chengchi University EMBA, Thunderbird American Graduate School, U.S.A. B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Director: Darfon Electronics Corp., BenQ Foundation (Note 2)	The reason why the chairman also serves as the president is to represent the company externally and effectively coordinating the management team to effectively implement investment and mergers and acquisitions, lead the value transformation of Qisda, quickly strengthen the medical business, accelerate on solution development, expand 5G networks business, and play a comprehensive effect.
Senior Vice President	Republic of China	Joe Huang	Male	2012.12.01	267,009	0.01%	686	0.00%	EMBA, Tsing Hua University in Beijing	BenQ Foundation (Note 3) (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	
Vice President	Republic of China	CY Ho	Male	2014.03.20	437,628	0.02%	0	0.00%	EMBA, National Taiwan University	Note 2	
Vice President	Republic of China	Harry Yang	Male	2017.03.09	53,581	0.00%	0	0.00%	M.S., Computer Science, University of Florida	Note 2	
Vice President	Republic of China	Daniel Hsueh	Male	2019.09.01	313,272	0.02%	0	0.00%	M.S., Business Management National Sun Yat-sen University	Note 2	
Vice President	Republic of China	Michael CH Lee	Male	2019.11.08	128,104	0.01%	6,000	0.00%	Ph.D., Electrical Engineering National Taiwan University	Note 2	
Vice President	Republic of China	Daven Wu	Male	2020.03.27	420,012	0.02%	0	0.00%	M.S., College of Management, Yuan Ze University	None	
Vice President	Republic of China	Jasmin Hung	Female	2021.03.23	421,396	0.02%	0	0.00%	MBA, California State University, Fullerton	Director: Darfon Electronics Corp., (Note 2)	
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	Rex Wu	Male	2009.04.01	150,000	0.01%	0	0.00%	EMBA, Pacific Western University	Note 2	

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)	Note 3
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			
Associate vice president	Republic of China	Eric Lee	Male	2009.04.01	227,209	0.01%	6,000	0.00%	MBA, Pacific Western University	Note 2	At the same time, in order to strengthen the independence and supervision function of the board of directors, the board of directors of the company has three independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
Associate vice president	Republic of China	Jack Wang	Male	2010.04.01	47,141	0.00%	0	0.00%	M.S., Business Administration National Central 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	
Associate vice president	Republic of China	Tony Chao	Male	2010.10.01	156,018	0.01%	0	0.00%	M.S., Mechanical University of Michigan	None	
Associate vice president	Republic of China	Ray Huang	Male	2011.04.01	197,248	0.01%	0	0.00%	EMBA, National Central 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	Danny Lin	Male	2012.10.01	8,389	0.00%	10,000	0.00%	Ph.D., National Kaohsiung University of Science and Technology	Note 2	
Associate vice president	Republic of China	Calvin Jeng	Male	2013.10.01	125,854	0.01%	0	0.00%	M.S., Shanghai Jiao Tong University	None	
Associate vice president	Republic of China	Tony Lin	Male	2013.10.01	4,828	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	None	
Associate vice president	Republic of China	Y.S. Cheng	Male	2014.01.01	4,440	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	Note 2	
Associate vice president	Republic of China	Aaron Ho	Male	2014.04.01	35,730	0.00%	2,006	0.00%	M.S., College of Management, Yuan Ze 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	Note 2	
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	
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 26, 2021
2. Please refer to the section "Directors, supervisors and presidents of affiliates" in annual report.
3. Joe Huang was appointed as director of BenQ Foundation on May 18, 2021.
4. Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

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

I. Compensation to Directors

December 31, 2020 Unit: NT\$ 1,000

Title	Name	Director's compensation								Ratio of sum of items A, B, C and D to profit (%) (Note 6)		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 6)		Compensation from investees other than Qisda Corp.'s subsidiaries or Parent Company (Note 9)			
		Compensation (A) (Note 2)		Pension upon Retirement (B) (Note 3)		Director's Remuneration (C) (Note 4)		Business execution Expenses (D) (Note 5)				Salary, bonuses, and special expenses (E) (Note 7)		Pension upon retirement (F) (Note 3)		Employee's remuneration (G) (Note 8)							
		The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	The company	Qisda Corp. and its subsidiaries (Note 10)	Cash	Stock	Cash	Stock		The company	Qisda Corp. and its subsidiaries (Note 10)	
Honorary Chairman	Kuen-Yao (K.Y.) Lee																						
Chairman	Chi-Hong (Peter) Chen																						
Director	AU Optronics Corp.																						
Corporate Director Representative	Representative Shuang-Lang (Paul) Peng	7,223	17,938	0	0	24,732	25,145	360	847	0.65%	0.88%	21,958	22,387	108	108	34,800	0	34,800	0	1.79%	2.03%	53,298	
Director	BenQ Foundation																						
Corporate Director Representative	Representative Han-Chou (Joe) Huang																						
Independent Director	Cheng-Ju (Allen) Fan																						
Independent Director	Lo-Yu (Charles) Yen																						
Independent Director	Jyuo-Min Shyu	4,200	4,200	0	0	18,193	18,193	270	270	0.45%	0.45%	0	0	0	0	0	0	0	0	0.45%	0.45%	0	
Independent Director	Kane K. Wang (Note 1)																						
Independent Director	Jeffrey Y.C. Shen (Note 1)																						

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

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. Independent directors are ex-officio members of the audit committee. In addition to the general remuneration paid to directors, the Company takes into account of each director's individual responsibilities, risks and investment time, and also determines different reasonable remunerations.

2. 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	Parent Company Qisda Corp. and its subsidiaries and investees (Note 10)
Less than NT 1,000,000	Shuang-Lang (Paul) Peng Han-Chou (Joe) Huang	Shuang-Lang (Paul) Peng	Shuang-Lang (Paul) Peng	
NT\$1,000,000 (included)~2,000,000 (excluded)		Han-Chou (Joe) Huang		
NT\$2,000,000 (included)~3,500,000 (excluded)	Chi-Hong (Peter) Chen Kane K. Wang Jeffrey Y.C. Shen	Kane K. Wang Jeffrey Y.C. Shen	Kane K. Wang Jeffrey Y.C. Shen	Kane K. Wang Jeffrey Y.C. Shen
NT\$3,500,000 (included)~5,000,000 (excluded)	Lo-Yu (Charles) Yen Jyuo-Min Shyu	Lo-Yu (Charles) Yen Jyuo-Min Shyu	Lo-Yu (Charles) Yen Jyuo-Min Shyu	Lo-Yu (Charles) Yen Jyuo-Min Shyu
NT\$5,000,000 (included)~10,000,000 (excluded)	AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan	AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan	AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan	AU Optronics Corp. Cheng-Ju (Allen) Fan
NT\$10,000,000 (included)~15,000,000 (excluded)	Kuen-Yao (K.Y.) Lee	Chi-Hong (Peter) Chen	Kuen-Yao (K.Y.) Lee	BenQ Foundation
NT\$15,000,000 (included)~30,000,000 (excluded)		Kuen-Yao (K.Y.) Lee	Han-Chou (Joe) Huang	Kuen-Yao (K.Y.) Lee Han-Chou (Joe) Huang
NT\$30,000,000 (included)~50,000,000 (excluded)			Chi-Hong (Peter) Chen	Shuang-Lang (Paul) Peng
NT\$50,000,000 (included)~100,000,000 (excluded)				Chi-Hong (Peter) Chen
More than NT\$100,000,000				
Total	11 Persons (including 2 Corporate Directors and 2 former Directors)	11 Persons (including 2 Corporate Directors and 2 former Directors)	11 Persons (including 2 Corporate Directors and 2 former Directors)	11 Persons (including 2 Corporate Directors and 2 former Directors)

Note 1: On June 19, 2020, the shareholders' general committee was re-elected. Lo-Yu (Charles) Yen and Jyuo-Min Shyu were elected as the Independent Directors; Independent Directors Kane K. Wang and Jeffrey Y.C. Shen stepped down.

Note 2: Refers to compensation for Directors in 2020 (including salaries, job allowance, severance pay, bonuses, and performance fees).

Note 3: Refers to pension either allocated or paid out per legal requirements in 2020.

Note 4: Refers to Directors' remunerations in 2020.

Note 5: Refers to Directors' business execution expenses in 2020 (including the difference between the salaries paid by the sub-subsidiaries and subsidies for those serving as representatives of Corporate Directors designated by the Qisda's subsidiaries, provisions of compensation, transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items)

Note 6: Profit refers to the profit for the year in the 2020 parent company only financial statements of Qisda Corp.

Note 7: Refers to compensation for Directors who also served as President, Vice President, other managers or employees in 2020 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 8: Refers to employee's remuneration (including stock and cash) paid to Directors who also served as President, Vice President, other managers, or employees in 2020 according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 23, 2021.

Note 9: 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 2020.

Note 10: All consolidated entities in the consolidated financial statements (including the company)

Note 11: 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

December 31, 2020 Unit: NT\$ 1,000

Title	Name	Salary(A) (Note 2)		Pension upon retirement (B) (Note 3)		Bonuses and special expenses etc (C)(Note 4)		Employee's remuneration (D) (Note 5)				Ratio of sum of items A, B, C and D to profit (%) (Note 6)		Compensation from investees other than Qisda Corp.'s subsidiaries or Parent Company (Note 7)
		The company	Qisda Corp. and its subsidiaries (Note 8)	The company	Qisda Corp. and its subsidiaries (Note 8)	The company	Qisda Corp. and its subsidiaries (Note 8)	The company		Qisda Corp. and its subsidiaries (Note 8)		The company	Qisda Corp. and its subsidiaries (Note 8)	
								Cash	Stock	Cash	Stock			
President	Peter Chen	33,827	34,761	858	858	34,770	34,770	68,700	0	68,700	0	2.77%	2.79%	1,244
Senior Vice President	Joe Huang													
Senior Vice President	Mark Hsiao													
Vice President	April Huang													
Vice President	CY Ho													
Vice President	Harry Yang													
Vice President	Daniel Hsueh													
Vice President	Michael CH Lee													
Vice President	Daven Wu (Note 1)													

Table of compensation ranges

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Parent Company, Qisda Corp. and its subsidiaries and investees (Note 9)
Less than NT 1,000,000		
NT\$1,000,000 (included)~2,000,000 (excluded)		
NT\$2,000,000 (included)~3,500,000 (excluded)		
NT\$3,500,000 (included)~5,000,000 (excluded)		
NT\$5,000,000 (included)~10,000,000 (excluded)	CY Ho, Daven Wu	CY Ho, Daven Wu
NT\$10,000,000 (included)~15,000,000 (excluded)	Mark Hsiao, April Huang, Harry Yang Michael CH Lee, Daniel Hsueh	Mark Hsiao, April Huang, Harry Yang Michael CH Lee, Daniel Hsueh
NT\$15,000,000 (included)~30,000,000 (excluded)	Joe Huang	Joe Huang
NT\$30,000,000(included)~50,000,000 (excluded)	Peter Chen	Peter Chen
NT\$50,000,000 (included)~100,000,000 (excluded)		
More than NT\$100,000,000		
Total	9 Persons	9 Persons

Note 1: Daven Wu was promoted to Vice President, effective March 27, 2020.

Note 2: Refers to compensation for president and vice president in 2020, including salaries, job allowance and severance pay.

Note 3: Refers to pension either allocated or paid out per legal requirements in 2020.

Note 4: Refers to compensation for president and vice president in 2020, including the difference between the salaries paid by Qisda and subsidies for those serving as representatives of Corporate Directors designated by Qisda, 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 5: Refers to remunerations for employee in 2020, according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 23, 2021.

Note 6: Profit refers to the profit for the year in the 2020 parent company only financial statements of Qisda Corp.

Note 7: 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 2020.

Note 8: All consolidated entities in the consolidated financial statements (including the company)

Note 9: 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\$ 1,000

Title (Note 1)	Name (Note 1)	Stock (Note 2)	Cash (Note 2)	Total	Ratio of total amount to the net income after taxes (%)(Note 3)
Chairman and President	Peter Chen	0	95,960	95,960	1.92%
Senior Vice President	Joe Huang				
Senior Vice President	Mark Hsiao				
Vice President	April Huang				
Vice President	CY Ho				
Vice President	Harry Yang				
Vice President	Daniel Hsueh				
Vice President	Michael CH Lee				
Vice President	Daven Wu				
Vice President	Jasmin Hung				
Associate Vice President	T.S. Wu				
Associate Vice President	Rex Wu				
Associate Vice President	Eric Lee				
Associate Vice President	Jack Wang				
Associate Vice President	T.H. Lee				
Associate Vice President	Tony Chao				
Associate Vice President	Ray Huang				
Associate Vice President	Nick Niek				
Associate Vice President	Danny Lin				
Associate Vice President	Calvin Jeng				
Associate Vice President	Tony Lin				
Associate Vice President	Y.S. Cheng				
Associate Vice President	Aaron Ho				
Associate Vice President	Joe Lee				
Associate Vice President	Alex Wu				
Accounting Manager	Billy Liu				

Note 1: Current Company managers as of the end of 2020. Information on titles of managers are accurate as of the publication date of the Annual Report.

Note 2: Refers to remunerations for employees in 2020.

Note 3: Net income after taxes refers to the net income after taxes on the 2020 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

Item	Year	
	2020	2019
Net income after taxes on the Company's Parent Company Only Financial Statements	4,988,470	3,575,055
Ratio of compensation for Directors paid by the Company	1.10%	1.45%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	1.33%	1.52%
Ratio of compensation for Managers such as Vice President or above paid by the Company	2.77%	2.37%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	2.79%	2.41%

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 9 Board of Directors meetings in 2020 with the following attendance:

Title	Name	Number of actual attendance (B)	Number of proxy attendance	Actual attendance rate (%) (B/A)	Remark
Honorary Chairman	Kuen-Yao (K.Y.) Lee	9	0	100%	Re-election
Chairman	Chi-Hong (Peter) Chen	9	0	100%	Re-election
Director	AU Optronics Corp. Representative: Shuang-Lang (Paul) Peng	9	0	100%	Re-election
Director	BenQ Foundation Representative: Han-Chou (Joe) Huang	9	0	100%	Re-election
Independent Director	Cheng-Ju (Allen) Fan	9	0	100%	Re-election
Independent Director	Lo-Yu (Charles) Yen	4	0	100%	Newly elected
Independent Director	Jyuo-Min Shyu	4	0	100%	Newly elected
Independent Director	Kane K. Wang	5	0	100%	Former
Independent Director	Jeffrey Y.C. Shen	5	0	100%	Former

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 responses by the Company shall be clearly described:

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

Dates	Terms of 2020	Discussions	Opinions by Independent Directors and Treatment by the Company
Mar. 27, 2020	First	Proposal of 2019 Statement of Internal Control System and Report on the Results of Self-appraisal Approved the amendments to the internal control system Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Approved the termination of private security offering approved by 2019 shareholders' meeting Approved Donation to BenQ Foundation NTD 5 million 2020 Professional fee for service of CPAs Approved to increase capital of Darly Venture Inc. Approved the proposal of subsidiary obtaining of common shares of Alpha Networks Inc.	1. All Independent Directors and Directors presented at the meeting agreed without objection. 2. Treatment to opinions by Independent Directors: None.
Mar. 31, 2020	Second	Approved the Company participates in Simula Technology Inc.'s private placement of common shares Approved the proposal for making loan for Darly Venture Inc. with the amount of NT\$ 200 million	
Apr. 30, 2020	Third	Approved to tender offer for common shares of Alpha Networks Inc.	
May 07, 2020	Fourth	Approved the proposal for making guarantee for Qisda Labuan with the amount of US\$ 60 million	
Jun. 10, 2020	Fifth	Approved to authorize the Board of Qisda Sdn. Bhd. to resolve the disposal of the real estates Approved the proposal of acquiring common stock of GOLDEN SPIRIT CO., LTD.	
Aug. 11, 2020	Seventh	Approved the proposal of acquiring common stock of Alpha Networks Inc.	
Nov. 11, 2020	Eighth	Approved the proposal of 2021 internal audit plan Approved the proposal for making guarantee for Qisda Labuan Approved the proposal for 2021 appointment of CPAs by the Company	
Dec. 07, 2020	Ninth	Approved to tender offer for common shares of SYSAGETHCHNOLOGY CO., LTD.	

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 27, 2020, the Honorary Chairman Kuen-Yao (K.Y.) Lee, the Chairman Chi-Hong (Peter) Chen and Shuang-Lang (Paul) Peng, the representative of the corporate director AU Optronics Corp., are acting as the directors of BenQ Foundation, and Director Han-Chou (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 and 178 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 subsidiary obtaining of common shares of Alpha Networks Inc. on March 27, 2020, the Chairman Chi-Hong (Peter) Chen did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to Chi-Hong (Peter) Chen is the Director of Alpha Networks Inc. Excluding his 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 tender offer for common shares of Alpha Networks Inc. on April 30, 2020, the Chairman Chi-Hong (Peter) Chen did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to Chi-Hong (Peter) Chen is the Director of Alpha Networks Inc. Excluding his participation, all the other Directors presented at the meeting approved such a proposal without objection.
4. During the Board of Directors discussing the proposal of making guarantee for Qisda (L) Corp. with the amount of US\$ 60 million and US\$46 million on May 7, 2020 and November 11, 2020, the Chairman Chi-Hong (Peter) Chen did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to Chi-Hong (Peter) Chen is the Director of Qisda (L). Excluding his participation, all the other Directors presented at the meeting approved such a proposal without objection.
5. During the Board of Directors discussing the proposal of authorizing the Board of Qisda Sdn. Bhd. to resolve the disposal of the real estates on June 10, 2020, the Honorary Chairman Kuen-Yao (K.Y.) Lee and the Chairman Chi-Hong (Peter) Chen did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to they have personal interests in the matter. Excluding their participation, all the other Directors presented at the meeting approved such a proposal without objection.
6. During the Board of Directors discussing the proposal of appointing the remuneration committee members on June 19, 2020, the Independent Directors Cheng-Ju (Allen) Fan, Lo-Yu (Charles) Yen and Jyuo-Min Shyu did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to they are the appointed members. Excluding their participation, all the other Directors presented at the meeting approved such a proposal without objection.
7. During the Board of Directors discussing the proposal of acquiring common shares of Alpha Networks Inc. on August 11, 2020, the Chairman Chi-Hong (Peter) Chen did not participate in the discussion and voting of such proposal according to Article 206 and 178 of the Company Act due to Chi-Hong (Peter) Chen is the Director of Alpha Networks Inc. Excluding his participation, all the other Directors presented at the meeting approved such a proposal without objection.

(III) Implementation Status of Board Evaluations

The Board of Directors approved the “The Rules for Performance Assessment of the Board of Directors” on November 7, 2018, and approved the amendment on November 11, 2020, which stipulated the requirements of commencing performance appraisal to the Board and the Board members at least once per annual period. The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2020 and reported at the Board meeting in March of 2021, the grade is excellent indicating the efficient and good operation by the Board.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Annually	January 2020 to December 2020	Board and Board members	Internal Self-Evaluation made by the Board and Board members	<ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company 2. Participation in the operation of the company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee 4. Makeup of Audit Committee and election of its members 5. Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	<ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members

(IV) 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.

(II) Operations of the Audit Committee

The Company had convened 8 Audit Committee meetings in 2020 with the following attendance:

Title	Name	Attendance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director	Cheng-Ju (Allen) Fan	8	0	100%	Re-election
Independent Director	Lo-Yu (Charles) Yen	3	0	100%	Newly elected
Independent Director	Jyuo-Min Shyu	3	0	100%	Newly elected
Independent Director	Kane K. Wang	5	0	100%	Former
Independent Director	Jeffrey Y.C. Shen	5	0	100%	Former

Other items that shall be recorded:

(I) 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 clearly described:

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

Dates	Terms of 2020	Discussions	Opinions by Independent Directors and Treatment by the Company
Mar. 27, 2020	First	Proposal of 2019 Statement of Internal Control System and Report on the Results of Self-appraisal Approved the amendments to the internal control system Approved Qisda's consolidated financial results of 2019 Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Approved the termination of private security offering approved by 2019 shareholders' meeting 2020 Professional fee for service of CPAs Approved to increase capital of Darly Venture Inc. Approved the proposal of subsidiary obtaining of common shares of Alpha Networks Inc.	1. All Audit Committee Members presented at the meeting agreed without objection. 2. Treatment to opinions by Audit Committee Members: None.
Mar. 31, 2020	Second	Approved the Company participates in Simula Technology Inc.'s private placement of common shares Approved the proposal for making loan for Darly Venture Inc. with the amount of NT\$ 200 million	
Apr. 30, 2020	Third	Approved to tender offer for common shares of Alpha Networks Inc.	
May 07, 2020	Fourth	Approved the proposal for making guarantee for Qisda Labuan with the amount of US\$ 60 million	
Jun. 10, 2020	Fifth	Approved to authorize the Board of Qisda Sdn. Bhd. to resolve the disposal of the real estates Approved the proposal of acquiring common stock of GOLDEN SPIRIT CO., LTD.	
Aug. 11, 2020	Sixth	Approved the proposal of acquiring common stock of Alpha Networks Inc.	
Nov. 11, 2020	Seventh	Approved the proposal of 2021 internal audit plan Approved the proposal for making guarantee for Qisda Labuan Approved the proposal for 2021 appointment of CPAs by the Company	
Dec. 07, 2020	Eighth	Approved to tender offer for common shares of SYSAGE THCHNOLOGY CO., LTD.	

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 implementation 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 and 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 described in details):

The Audit Committee of the Company would regularly convene internal 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 methods 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 members can assist investors to ensure the credibility and reliability of the Company's corporate governance and information transparency, further ensuring the interests of shareholders.

IV. Annual key functions and operations:

(I) Annual key functions

1. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
2. Communicate with CPA regularly over financial statement review or audit results in each quarter.
3. Review financial reports.
4. Assessment of the effectiveness of internal control system.
5. Review the hiring, dismissal, compensation and service matters concerning CPAs
6. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
7. Legal compliance.

(II) 2020 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

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

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	Summary Description	
A. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"?	V		With having the prior approval of the board of directors on May 5, 2015, relevant matters were revealed in Qisda's website. Please refer to the Company's official website or the Market Observation Post System (MOPS) for the Corporate Governance Principles stipulated by the Company.	No differences.
B. Corporate Ownership Structure and shareholders' equity establish				
a. Does the Company establish the internal operating procedures to handle the shareholders' proposals, inquiries, disputes and litigations issues as well as carry out through following procedures?	V		a. Qisda has established the channels including exclusive personnel, investor relations, corporate investor relations websites dedicated to handling the shareholders' proposals or disputes issues.	No differences.
b. Does the Company retain at all times a register of major shareholders who have controlling power, and of the	V		b. Qisda will report the changes in the shareholding according to directors, managerial personnel and major shareholders' shareholdings more than ten percent (10%)	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	Summary Description	
<p>persons with ultimate control over those major shareholders?</p> <p>c. Does the Company establish and implement the risk management and firewall mechanism between affiliated enterprises?</p> <p>d. Does the Company establish the internal guidelines prohibiting company insiders from trading securities using information not disclosed to the market?</p>	V		<p>of the shares of the Company, as well as regularly announce and file on the Market Observation Post System (MOPS) on a monthly base.</p> <p>c. Qisda's affiliated enterprises have established the specialized Finance and Sales Departments, as well as the detached factories with data-independent preservation, off-site backup and clear management responsibility. The Company will further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with, customers and suppliers, as well as implement the integrated risk assessment to reduce credit risk.</p> <p>d. Qisda has established the "Operating Procedures for Handling Material Information and Preventing Insider Trading", which covers the relevant regulations on prevention of insider trading.</p>	
<p>C. Organization and Responsibilities of the Board of Directors</p> <p>a. Does the Board of Directors formulate the diversified approaches and implement aimed at Board Member organization?</p>	V		<p>a. On May 5, 2015, Qisda passed the "Corporate Governance Principles" of which the diversified approaches have been adopted in "Enhancing the Function of Board of Directors" of Chapter 3. The nomination and selection of Board Members comply with articles of incorporation that the Company adopts the candidate nomination system. Aside from evaluating each candidate's qualifications including education and experience, the Company also refers to stakeholders' opinions as well as comply with "Rules for Director and Supervisor Elections" and "Corporate Governance Principles" in order to ensure the diversity and independency of Board Members.</p> <p>According to Qisda's "Corporate Governance Principles", the composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Age, identity, and more. 2. Professional knowledge and skills: Professional background, professional skills, industry experience, and more. <p>Concurrently an employee of the Company accounts for 28.57% and 42.86% of independent directors respectively. 2 directors are aged between 51-60 and 5 directors between 61-70 years of age. Number of Directors who concurrently serve as Company managers do not exceed one-third of all Directors has been achieved.</p> <p>The status of implementing diversification of Qisda's Board Members in 2020 is as follows:</p>	No differences.

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons																																																																												
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			<table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th rowspan="2">Job Title</th> <th rowspan="2">Gender</th> <th colspan="2">Employee' s Identity</th> <th colspan="2">Age</th> <th colspan="2">Professional Knowledge and Skills</th> </tr> <tr> <th>51-60</th> <th>61-70</th> <th>Industry or Technology</th> <th>Business / Laws / Finance</th> </tr> </thead> <tbody> <tr> <td>Kuen-Yao (K.Y.) Lee</td> <td>Director</td> <td>M</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Chi-Hong (Peter) Chen</td> <td>Chairman</td> <td>M</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Shuang-Lang (Paul) Peng</td> <td>Director</td> <td>M</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Han-Chou (Joe) Huang</td> <td>Director</td> <td>M</td> <td>V</td> <td>V</td> <td></td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Cheng-Ju (Allen) Fan</td> <td>Independent Director</td> <td>M</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td></td> </tr> <tr> <td>Lo-Yu (Charles) Yen</td> <td>Independent Director</td> <td>M</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td>V</td> </tr> <tr> <td>Jyuo-Min Shyu</td> <td>Independent Director</td> <td>M</td> <td></td> <td></td> <td>V</td> <td></td> <td>V</td> <td></td> </tr> </tbody> </table> <p>In consideration of the list for Qisda's Board Members, the Directors Kuen-Yao (K.Y.) Lee and Chi-Hong (Peter) Chen are good at leadership, judgment of operation, operating management and risk management; the Director Han-Chou (Joe) Huang makes a positive contribution to public utilities; the three Independent Directors including Cheng-Ju (Allen) Fan, Lo-Yu (Charles) Yen and Jyuo-Min Shyu possess industry knowledge and view of international markets. Moreover, the Directors Shuang-Lang (Paul) Peng has always provided a long-term support to AU Optronics Corporation (AUO), in ways that benefit the Company's business operation. More detail please refer to the chapter, Professional qualifications and independence analysis of directors (PI0)</p>	Name	Job Title	Gender	Employee' s Identity		Age		Professional Knowledge and Skills		51-60	61-70	Industry or Technology	Business / Laws / Finance	Kuen-Yao (K.Y.) Lee	Director	M			V		V		Chi-Hong (Peter) Chen	Chairman	M	V	V			V		Shuang-Lang (Paul) Peng	Director	M			V		V		Han-Chou (Joe) Huang	Director	M	V	V			V		Cheng-Ju (Allen) Fan	Independent Director	M			V		V		Lo-Yu (Charles) Yen	Independent Director	M			V		V	V	Jyuo-Min Shyu	Independent Director	M			V		V		
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b. Aside from establishing the Remuneration Committee and Audit Committee, does the Company also voluntarily establish other types of functional committees?	V		<p>b. Qisda has established the Risk Management Committee. For more details on the operations, please see the chapter (P70-P71) regarding risk management of the annual report. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent directors) shall be submitted by the shareholders holding more than 1% of the total number of outstanding Shares or by the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.</p>																																																																													
c. Does the Company establish the rules for the board performance evaluation	V		<p>c. On November 7, 2018, the Board of Directors of the Company has passed the "Rules for Board Performance</p>																																																																													

Evaluation Item	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	
<p>and its assessment methods for annual performance evaluation on an annual basis, as well as report its result to the Board of Directors by applying that as a reference to remuneration of individual director and to nomination and continuous employment?</p> <p>d. Does the Company regularly evaluate and the independency of an attesting CPA?</p>	V	<p>Evaluation". The internal board performance evaluation for the current year shall be conducted at least once a year as well as be conducted by external independent institutions or panel of external experts and scholars at least once every three years.</p> <p>Qisda has completed the board evaluation by the end of 2020. And it is expected that the Company will hold a Board meeting to report the evaluation results in March, 2021.</p> <p>The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors and its members, which should cover, at a minimum, the following eight aspects:</p> <ol style="list-style-type: none"> (1) Master the company's goals and tasks; (2) Participation in the operation of the company; (3) Internal relationship management and communication (4) Improvement of the quality of the board of directors' decision making; (5) Composition and structure of the board of directors; (6) Directors' duties cognitive. (7) Election and continuing education of the directors; and (8) Internal control. <p>This performance evaluation was conducted in the way of internal questionnaire based on operation of the Board and directors' participation that enables directors to evaluate their functions over the operation of the Board. The evaluation results showed that the achievement rate is above 95%. According to results of the Board evaluation in 2020, the overall operation of the Board performed at a consistently high efficiency level. According to the provisions in Article 16 specified in the Articles of Incorporation, the Company's director compensation shall not exceed the 1% of annual profit. The directors' compensation is prescribed based on the Company's operating results and the "Remuneration Guidelines for Directors and Committee Members of Functional Committee" with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors.</p> <p>d. Qisda may, by a resolution adopted by the Audit Committee and Board of Directors, regularly hire the attesting CPA (including independence assessment) on an annual basis. The Company shall require the CPA to provide the independence statement and his / her brief biography document before meeting, ensure that the accounting firm (attesting CPAs and members of audit team) follows the request for independence.</p> <p>Independence assessment indicators of CPA :</p>	

Evaluation Item	The Operations		Summary Description	Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons																		
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D. Does the TWSE/GTSM Listed Companies allocate the adaptation and appropriate number of corporate governance personnel as well as assign the corporate governance supervisors to be responsible for matters related to corporate governance (including but not limited to required information provided to directors and supervisors performing their duties, assistance provided to directors, legal compliance of supervisors, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, and more.)?	V		<p>On August 30, 2019, Qisda may, after having a resolution adopted by the Board of Directors, hire Jasmin Hung to take part as a role of corporate governance personnel responsible for supervision and planning of corporate governance. Hung's qualifications for the position meet the provisions regarding Corporate Governance Supervisors set out in Paragraph One of Article 3-1 of Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies. The official powers performed by the corporate governance supervisors include: Providing the information required by the directors and Audit Committee and the latest regulations regarding corporate operation, providing assistance in legal Compliance of the directors and Audit Committee, regularly reporting the operations of corporate governance to Corporate Governance Committee and Board of Directors on an annual basis, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, providing assistance in assuming office to directors and Audit Committee members and continuing education.</p> <p>The operation in 2020 is updated as follows:</p> <ol style="list-style-type: none"> 1. Assist the independent directors and general directors to perform their duties, provide the required information and arrange the continuing education for directors. 2. Regularly inform the Board members dedicated to the 	No differences.																		

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons																																				
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			<p>revised regulations regarding corporate operating domain and corporate governance.</p> <p>3. Inspect the confidential levels of relevant information and provide the corporate information required by the directors to maintain the communication and smooth interaction between directors and supervisors.</p> <p>4. Review the release of announcement of material news upon the adoption of important resolutions after meetings to ensure the lawfulness and correctness as well as protect the equal information on transactions for investors.</p> <p>5. The Company has convened nine times of the Board of Directors and eight times of Audit Committee in 2020.</p> <p>6. The Company has convened the regular shareholders' meeting once in 2020.</p> <p>7. The Board members have completed at least six credits of continuing education.</p> <p>8. Qisda has helped the directors and important employees apply for liability insurance and has reported to the Board of Directors after renewal of insurance.</p> <p>9. The Company has engaged a board performance evaluation and the evaluation result showed excellence.</p> <p>10. Corporate governance training undertaken by corporate governance personnel</p> <table border="1"> <thead> <tr> <th>Organizer</th> <th>Course Name</th> <th>Date of continuing education</th> <th>Length of The curriculum</th> </tr> </thead> <tbody> <tr> <td>Securities and Futures Institute</td> <td>Legal compliance for insider equity transaction.</td> <td>2019/11/21</td> <td>3</td> </tr> <tr> <td>Taiwan Corporate Governance Association</td> <td>Brief Introduction to the Fair Trade Act, and Impact of Global Antitrust Regulations on Taiwanese Enterprises.</td> <td>2019/11/22</td> <td>3</td> </tr> <tr> <td>Accounting Research and Development Foundation.</td> <td>Comparison, Legal Responsibilities and Case Analysis of "Economic Espionage Crime" in the United States and my country's "Business Secrets Act.</td> <td>2019/11/27</td> <td>3</td> </tr> <tr> <td>Accounting Research and Development Foundation.</td> <td>Companies cooperate with accountants to check and verify: "Check Evidence" and "Employing Experts' Work".</td> <td>2020/5/28</td> <td>3</td> </tr> <tr> <td>Accounting Research and Development Foundation.</td> <td>How to Analyze Key Financial Information of Enterprises and Strengthen Crisis Warning Ability.</td> <td>2020/7/13</td> <td>6</td> </tr> <tr> <td>Taiwan Institute of Directors</td> <td>Corporate Transformation in the Era of Change.</td> <td>2020/8/18</td> <td>3</td> </tr> <tr> <td>Taiwan Institute of Directors</td> <td>Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.</td> <td>2020/11/19</td> <td>3</td> </tr> <tr> <td>Independent Director Association Taiwan</td> <td>The Board of Directors Must M&A Strategy and the Magical Way of Enterprise Transformation.</td> <td>2021/4/14</td> <td>3</td> </tr> </tbody> </table>	Organizer	Course Name	Date of continuing education	Length of The curriculum	Securities and Futures Institute	Legal compliance for insider equity transaction.	2019/11/21	3	Taiwan Corporate Governance Association	Brief Introduction to the Fair Trade Act, and Impact of Global Antitrust Regulations on Taiwanese Enterprises.	2019/11/22	3	Accounting Research and Development Foundation.	Comparison, Legal Responsibilities and Case Analysis of "Economic Espionage Crime" in the United States and my country's "Business Secrets Act.	2019/11/27	3	Accounting Research and Development Foundation.	Companies cooperate with accountants to check and verify: "Check Evidence" and "Employing Experts' Work".	2020/5/28	3	Accounting Research and Development Foundation.	How to Analyze Key Financial Information of Enterprises and Strengthen Crisis Warning Ability.	2020/7/13	6	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	2020/8/18	3	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	2020/11/19	3	Independent Director Association Taiwan	The Board of Directors Must M&A Strategy and the Magical Way of Enterprise Transformation.	2021/4/14	3	
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E. Does the Company build the channels of communication with stakeholders (including but not limited to shareholders, employees, customers, suppliers and so on.) as well as designate a stakeholder area on its website in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith?	V		Qisda has built the stakeholder mailbox on its website that is used as the channels of communication in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith. We also regularly disclose the financial and business information of financial conditions and operations on the Market Observation Post System (MOPS) and on the website established by the Company. Moreover, we will timely release announcement of material news dedicated to events that result in significant impact on stakeholders.	No differences.
F. Does the Company engage a professional shareholder services agent to handle shareholders meeting matters?	V		Qisda has appointed Taishin International Bank Stock Affairs Department that plays a role of its shareholder services agent to handle shareholders meeting matters.	No differences.
G. Information Disclosure a. Does the Company set up a website containing the information regarding financial or business operations as well as corporate governance? b. Does the Company adopt other methods of information disclosure (such as set up the English website, appoint personnel responsible for gathering and disclosing the information, establish a spokesperson system, display the Company's website during the investor conference briefing, and more.)? c. Does the Company publicly announce the annual financial reports within two months after the close of each fiscal year, as well as the financial reports in Q1, Q2 and Q3, plus the addition of monthly operating status prior to the designated deadlines in advance?	V V V		a. Qisda has established the Investor Relations in its website in Chinese and English (Qisda.com) that discloses the information regarding financial or business operations as well as corporate governance. b. Qisda has adopted various methods of information disclosure, such as set up the English website, specified personnel responsible for gathering and disclosing the information, establish a spokesperson system, regularly or unregularly hold the operations conference briefing and upload the presentation materials to the Company's website and establish investor mailbox in response to investors' questions. c. On March 23, 2021, Qisda has publicly announced the consolidated and Standalone financial reports in 2020; the financial reports in 2020 Q1, Q2 and Q3, in addition to the monthly operating status will be publicly announced on the Market Observation Post System (MOPS) prior to the designated deadlines and then upload them to the Company's website.	No differences.
H. Does the Company have other important information helping understand the operations of corporate governance as follows? a. Employee rights and caring for the employees b. Investor relations	V V		a. Promoting the ideal of building a happy and healthy workplace, Qisda plans the diverse employee benefits allowing all colleagues to experience the ideal workplace environment and wellbeing corporate culture. The Company creates various benefit plans, and the Welfare Committee consists of the Company's colleagues. For more details on employee rights, please see Labor-Management Relations (P61-P63) of Business Overview in Chapter 5. b. Qisda's specified personnel shall publicly announce with timely information on company financial conditions,	No differences.

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
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c. Supplier relationship	V		businesses and event of changes regarding insider shareholdings on the Market Observation Post System (MOPS) in accordance with the provisions to achieve the information disclosure and transparency. Moreover, the information regarding investor contact person on the Company's official website.	
d. Stakeholder rights	V		c. Qisda has established the hiring procedure for suppliers based on the future products in demand and purchase strategies. The purpose is to investigate whether a potential supplier's management system can meet the Company's requirements used as the basis for future hiring. This includes capacity, technological innovation capability, quality and service. Moreover, comply with revised "Operation Procedure for Regulations Governing the Review of Hiring Suppliers" as well as online system update in 2015, we've added three indicators (such as environment, human rights and morality as well as worker interests) to investigation items of new suppliers so as to screen the new suppliers through environmental and social items.	
e. Progress of training of directors and supervisors.	V		d. The setup of Qisda's official website provides different interaction ways of different stakeholders that is disclosed annually in the corporate social responsibility report; in addition, the Company shall report to the Board of Directors aimed at communication with stakeholders at the beginning of every year that allows the Board to understand and listen to stakeholders' opinions.	
f. Risk management policy and execution of risk measurement standards	V		e. Qisda unregularly informs the directors and supervisors of the Company and its subsidiaries to participate in continuous education on relevant professional knowledge. In addition, we have also arranged the directors to participate in courses held by Taiwan Institute of Directors dated August and November 2020 aimed at "Corporate Transformation in the Era of Change" and "Opportunities and Challenges for Corporates amidst the US China Trade Conflict" (P39).	
g. Execution of customer policy	V		f. Qisda has established the Risk Management Committee to formulate the risk management policies and regularly evaluate the Company's risk for risk mitigation. For more details on relevant information, please see Book Chapter Risk Management (P70-P71).	
			g. Qisda will get primary consideration for enhancing customer and business partner satisfaction that fulfills the promises of satisfaction on due date, cost, technology, quality, customer service, relevant regulations, overall evaluation to continuously ensure satisfying customers' needs. In order to timely respond and satisfy customers' various needs, the Company has established the Customer Service Division (CSD) to fully understand and listen to the Voice of Customer as well as help customers resolve problems.	

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h. Liability insurance purchased by the Company for directors and supervisors.	V		h. Qisda and its subsidiaries have purchased the liability insurance for directors and supervisors so that it can carefully execute the business operations as starting point for investor rights without worries.	
		V	i. Qisda has donated and established the BenQ Foundation since 2003 dedicated to enhancing the society, culture and education, increasing self / communities' relations, promoting quality of life as well as caring for disadvantaged groups. For more details on social responsibility practices, please see Status of Social Responsibility Status (P30-P35).	
<p>i. Please describe the improvement status according to the evaluation results of Corporate Governance Evaluation publicly announced by Governance Center of Taiwan Stock Exchange Corporate (TWSE) in recent years. In addition, the Company shall propose the matters and measures given priority to strengthen.</p> <p>The evaluation results of Corporate Governance Evaluation for Qisda in 2018~2020 were classified into three groups, which are the top 6% to 20%, respectively.</p> <p>Qisda has designated a stakeholder area on its website in response to important issues on corporate social responsibility concerned by stakeholders. We will continue to strengthen the items for improvement relating to the following: Protection of shareholders' rights, equal treatment of shareholders, reinforcement of the Board structure and operations, improvement of information transparency, actual implementation of the corporate social responsibility, and more.</p>				

Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. Networks Inc. to respectively see its corporate governance.

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

I. Information on the members of the Remuneration Committee

Position	Criteria	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	9	10			
Independent Director	Cheng-Ju (Allen) Fan	-	-	V	V	V	V	V	V	V	V	V	V	V	V	0	None
Independent Director	Lo-Yu (Charles) Yen	-	V	V	V	V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Jyuo-Min Shyu	V	-	-	V	V	V	V	V	V	V	V	V	V	V	1	

Note 1: Please add "✓" in the field under each criteria number if the member 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 or any of its affiliates. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons under (2) and (3).

- (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 that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) Not a director, supervisor, or employee of other company if a majority of the company's director seats or voting shares and those of that other company are controlled by the same person. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a director, supervisor, or employee of other company or institution if the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at that other company or institution are the same person or are spouses.
- (8) 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. (Do not apply in cases where the specified company or institution holds more than 20 percent but less than 50 percent of the Company's issued shares and are the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) 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 19, 2020 to June 18, 2023.

The Company had convened third (A) Remuneration Committee meetings in 2020 and up to the publication date of this annual report. with the following attendance:

Position	Name	Attendance in Person (B)	Attended by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Convener	Cheng-Ju (Allen) Fan	3	0	100%	Re-election
Committee Member	Lo-Yu (Charles) Yen	2	0	100%	Newly elected
Committee Member	Jyuo-Min Shyu	2	0	100%	Newly elected
Committee Member	Kane K.Wang	1	0	100%	Former
Committee Member	Jeffrey Y.C. Shen	1	0	100%	Former

- (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 27 2020	1. Approved the 2019 distribution of employees and directors' remuneration. 2. Proposed the 2020 compensation distributions to senior managerial officers. 3. Approved Salary and remuneration case for New Vice President.	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.
Second August 11 2020	Approved the amendments to "Compensation Policy to the Directors and Functional Committee Members"	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.
First March 23 2021	1. Approved the 2020 distribution of employees and directors' remuneration. 2. Proposed the 2021 compensation distributions to senior managerial officers. 3. Approved Salary and remuneration case for New Vice President.	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:

- I. 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) Status on Performing Social Responsibility: The systems and measures adopted by the Company aimed at environmental protection, Community Involvement, social contribution, social service, public welfare, consumer rights, human rights, safety and health as well as other social responsibility activities, and its practices.

Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
A. Does the Company conduct the risk assessment on environmental, social and corporate governance issues related to corporate operation according to materiality principle? And any establishment of relevant risk management policy or strategies?	V		A. Qisda annually conducts the risk evaluation through material issues and identification by complying with GRI Standards. The Company regularly send out questionnaires on an annual basis to know the material issues of four major aspects with which the stakeholders are mostly concerned as follows: Economy / governance, environment, society, health and safety. We not only review the meaning of material issues identified in the year for Qisda as well as the scope, but also establish the annual target control of risk management. The results of target management are disclosed from the annual target check.	No differences.
B. Does the Company establish the specified (concurrent) units to promote the corporate social responsibility while being handled by the senior management authorized by the Board of Directors as well as being reported to the Board of Directors regarding the process status?	V		B. Since 2010, Qisda has formally established the "Corporate Sustainable Development Commission" that is in charge of presentation and implementation on corporate social responsibility policies, systems or relevant management approaches as well as concrete promotion programs. The President is selected to serves as the Chairperson of the committee, and senior executives of each department are selected to serves as the members of each aspect. The chief executive is responsible for coordinating and promoting the cross department matters relating to corporate sustainable development, as well as integrating the related departments to draft and promote the goals and KPI aimed at five major aspects are as follows: eco-friendly products, green building operations, green supply chain, corporate social responsibility and financial performance. There will be quarterly presentation reports and examination of implementation performance regarding each aspect by turns. The information will be integrated to control the KPI progress through management platform that shall be regularly reported to the Board of Directors on an annual basis.	No differences
C. Environmental Issues a. Does the Company establish a suitable environmental management system according to its industrial characteristics?	V		a. Since 1997, Qisda has obtained ISO14001 environmental management system certification. The internal and external audits will be regularly implemented on an annual basis in worldwide manufacturing areas to ensure the operations of each environmental management rules. Moreover, the Company has obtained the ISO 50001 energy management system certifications and then passed the certifications in 2019 so as to improve the energy performance as well as further decrease the greenhouse gas emission.	No differences.
b. Does the Company dedicate to enhance the use efficiency of various resources and use the recycled materials with low impact on environmental load?	V		b. Qisda is dedicated to increasing the utilization efficiency of resources. In the aspect of source management, we actively implement resource recycling and sorting to substantially reduce the waste generation and crease the volume of resource recycling. The proportion of waste on resource recycling and reuse has reached to 91% in 2020. In the aspect of water resource management, there is no wastewater generated in the manufacturing process. Due	

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
<p>c. Does the Company evaluate the current and future potential risks and opportunities of the enterprises brought about by climate change and adopt response measures of climate-related issues?</p> <p>d. Does the Company tabulate the greenhouse gas emissions, water consumption and total weight of waste over the past two years and formulate policies regarding carbon reduction, greenhouse gas reduction, less water consumption or other waste management?</p>	V	V	<p>to only household sewage in each manufacturing area, the risk of no water use and water pollution is extremely low. Moreover, the wastewater reuse system is set up in the manufacturing areas of the world. The recycled household sewage is mostly used for watering the green plants planted in the factories. In the aspect of products, the self-produced products covering from research design to manufacture stage begin from eco-friendly products as a starting point by taking into consideration certain basic topics including prolonging the product life cycle, energy saving, easy recycling, low toxicity, decreasing environmental hazard, and more.</p> <p>c. According to corporate internal risk identification process, Qisda will evaluate climate change risks and opportunities derived from regulations, climate change and other weather. Through the operations of Corporate Sustainable Development Commission, the Company will individually develop the goals of strategies and management dedicated to “eco-friendly products”, “green building operations” and “green supply chain” that are managed by Key Performance Indicator (KPI).</p> <p>d. Qisda performs the annual statistics on total weight of greenhouse gas emissions, water use and waste disposal are as follows:</p> <ol style="list-style-type: none"> 1. Greenhouse gas emissions: 95,600 metric tons in 2020, 95,100 metric tons in 2019. 2. Water use: 561,000 metric tons in 2020, 496,000 metric tons in 2019. 3. Total weight of waste disposal: 35,000 metric tons in 2020, 31,000 metric tons in 2019. <p>The Company has drawn up the policies on pollution prevention and waste reduction, on-going improvement of energy saving and water saving in social responsibility and management procedures for environment, safety and health. The waste reduction project embraces the themes regarding engineering improvement and administration management.</p>
<p>D. Social Issues</p> <p>a. Does the Company follow relevant laws and regulations as well as the International Bill of Human Rights to establish related management policies and procedures?</p> <p>b. Does the Company establish and implement the rational employee benefit measures (including</p>	V	V	<p>No differences.</p> <p>a. Since 2001, Qisda has obtained ISO45001 Occupational Safety and Health Management System certification and then obtained SA 8000 Social Accountability System certification in 2006. It shows that the Company has earned the international recognition on management of employee safety and health as well as labor conditions. Moreover, according to the Company’s hiring principles, the public recruitment and selection will be performed based on actual business requests. We will put our company’s talent to better use and allocate such talent to areas where they can thrive. No matter the ethnic or national origin of the person, race, color, age, gender, sexual orientation, gender identity, expression, nationality or area, physical disabilities, pregnancy, belief, political inclination, groups’ background, family responsibility, identity of soldiers discharged from the military, genetic informatics or marital status and only it is otherwise expressly provided by the act, there shall be no unequal treatment or behaviors. And, we never hire child workers and ban forced labor.</p> <p>b. Qisda consistently applies its management philosophy based on respect for human dignity and care of employees.</p>

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
remuneration, paid vacation and other benefits...etc.)? And any reflection on the corporate business performance or achievements in the employee remuneration?			
c. Does the Company provide a safe and healthy working environment to employees? And any regular implementation on safety and health education for employees?	V		<p>In order to fully support the mental and physical health of employees and their families and build life guarantees, we specifically provide the bonuses for Taiwan's three main annual festivals, performance bonuses, operation bonus, paid vacation, group insurance, health inspections, dormitories and employees' continuing education programs. Moreover, relevant regulations on remuneration, attendance requirements and wide-ranging benefits have been established in the work rules so that our employees can concentrate their attention to put considerable effort into work.</p> <p>c. Since 2007, Qisda has introduced the Responsible Business Alliance (RBA) to the corporate management system. The management system covers several aspects such as labors, environmental protection, safety and health, as well as morality. In the aspect of safety and health, the Company continued to obtain the ISO 45001 certification to further solidify its compliance management. Moreover, we have established the sport venues and facilities in factories for employees to exercise for fitness as well as arranged the doctors in attendance. The Company regularly promotes health inspections and organizes periodic healthy activities for employees on an annual basis to support their mental and physical health.</p>
d. Does the Company build the efficient training programs of career planning ability for employees?	V		<p>d. Qisda also puts a premium on employees' training and development. Resources are continually invested in providing the specific career development blueprint. Both physical and network learning platforms are provided to create a diverse array of training courses. The internal and external resources are also drawn on to establish Qisda Academy for training employees; the performance communication procedure held once in half a year regularly helps the employees evaluate their personal development plans and communicate with supervisors on matters as needed. Meanwhile, the talent review is annually conducted to confirm the status of organization and talent, unearth the potential employees to accelerate the job rotation or promotions, or help employees strengthen the items which should be developed. Qisda effectively provides the assistance of career plans and development to our employees through the methods mentioned above.</p>
e. For customer health and safety, customer privacy, marketing and labeling regarding the Company's products and services, does the Company follow relevant laws, regulations and international guidelines? And any establishment of policies on consumer rights and interests as well as procedures for accepting consumer complaints?	V		<p>e. The health and safety for products, service marketing and content designators of Qisda can be divided into hazardous substances and product waste. The description is as follows:</p> <ol style="list-style-type: none"> 1. Hazardous substance management: The "Hazardous Chemical Substance Control List" is established according to international regulations and customers' requirements. The purpose is to ensure that the products can comply with the international regulations and meet the customers' requirements through strict control toward an effective recognition of the components and final inspection. Since 2008, Qisda has passed IECQ QC 080000 Hazardous Substance Process Management System Certification. 2. Product waste and recycling: The RD engineers are required to consider the product recycling rate and degree of difficulty for breakdown. The internal platform of breakdown and evaluation study for WEEE

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
f. Does the Company establish the supplier management policy and ask the suppliers to follow the related rules for the issues such as environmental protection, occupational safety and health or labor and human rights? And any implementation status?	V		<p>is used to calculate the product recycling rate in Mid-term design so as to ensure that the standards of recycling rate have fulfilled the WEEE requirements. Moreover, the major consideration before entering in the next design stage is the need of WEEE recycling logo and marking location or not.</p> <p>In the aspect of customer privacy, when Qisda's employees download the confidential document, the document background will show "Confidential" and the employee's name via watermark to remind the sensitivity and confidentiality of document, provide customer privacy and corporate assets various layers of protection against information disclosure; based on the fundamental principles and common legal requirements of General Data Protection Regulation (GDPR), the Company has established the personal information protection and code of conduct regarding management, which will be used as the behavior framework complied by the corporate and all employees. Such engagement in corporate operations and business practices will not violate the code of conduct. In the aspect of customer rights and complaints, Qisda regularly conducts the customer satisfaction surveys to ensure the understanding and satisfaction for the individual's needs. And, customers' complaints and reports requiring the Company to improve or help can be handled through the questionnaire. Qisda also conducts a comprehensive customer service satisfaction survey in January and July of each year. The Customer Service Department will send out the notification letters to customers' corresponding contact window and ask the customers to perform the scoring in Qisda Questionnaires Evaluation System.</p> <p>f. Qisda provides layers of inspection to evaluate the suppliers through hiring procedure for suppliers. The aspects of inspection include corporate basic information, product information, major customers and financial status, contracts related to purchasing liabilities and obligations with the Corporate as well as hazardous and harmless Substance control document. Moreover, we abide the "Qisda Supplier Social Responsibility and Procedures for Environmental Safety and Health Audit Management". The purpose is to cover the topics (including environmental protection, occupational health and safety or labor and human rights) in annual survey of key suppliers, as well as confirm the matching degree of topics and having obtained relevant certifications or not.</p>
E. Does the Company prescribe the report on nonfinancial information disclosure such as CSR report by referring to international reports to prescribe the standards or guidelines? Does the Company obtain a third-party assurance or verification for the foregoing reports?	V		<p>Since 2009, in order to ensure the quality of "Qisda Corporate Social Responsibility Report", create the GRI standard ((G3, G3.1, G4, Standards) and matching degree of AA1000AS (Account Ability 1000 Assurance Standard), the Company commissions an independent third-party assurance to verify the Report. Our reports starting from 2009 have been passed the verification of GRI G3 &G3.1 A+ &G4 Core & G4 &Standards Comprehensive as well as AA 1000AS Standard. The Reports starting from 2009 were conducted by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC). (The 2019 Report has been issued in June, 2020. And, the 2020 Report is expected to be published in June, 2021.)</p>

Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
				<p>F. For the companies establishing their own corporate social responsibility principles based on the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the operations and comparisons.</p> <p>Qisda has formally established the “Corporate Sustainable Development Commission” since 2010 that is responsible for promoting activities related to corporate sustainable development and social responsibility. Since 2007, Qisda has published the “Corporate Social Responsibility Report”. For more details on operations, please see P30-P35. In 2015, we established the “Corporate Social Responsibility Practice Principles”, and there is no material difference between the overall operations and “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”.</p>
				<p>G. Other important information that helps to understand the operations of corporate social responsibility:</p> <p>As the aforesaid operations. For more details on Qisda’s corporate sustainable development and corporate social responsibility as well as published environmental reports in recent years and content of corporate responsibility report, please go to the Corporate Social Responsibility Section of our official website Qisda.com.</p>
				<p>H. Other important information that helps to understand the operations of corporate social responsibility:</p> <p>I. Using 24" LCD Monitor (EW2430) to obtain the China’s CarbonLabel by complying with customer’s needs in 2011; the projectors (MP772ST) has obtained the dual certification of EPD and CarbonLabel from Taiwan Environmental Protection Agency. In 2013, Qisda obtained the certifications of integrated design ISO 14006 (Incorporating Ecodesign)and eco design IEC 62430 (Environmentally Conscious Design for electrical and electronic products and systems) regarding the products such as displays, projectors, smart phones, scanners, multimedia players and lights. And the lighting products (Be-Light) also won the 3rd Green Classics Product Award. In 2015, the Company further received the first prize in Environmentally Friendly Group in the Corporate Sustainability Award from Global Views Monthly.</p> <p>2. In addition to factory greening planting and greenery, plus the addition of having received the first prize in the National “2011 Plant Greening Contest” from Industrial Development Bureau, Ministry of Economic Affaris (MOEA), Qisda puts effort into green factory and clean production. In 2012, Qisda passed the clean production certification, obtained the first green factory certification in 2017, and then the continuing certification of green factory in 2019.</p> <p>3. In 2011, Qisda received the Gold Prize in Corporate Branding for Ranking of Well-Being Marriage and Fertility Index Around Taiwan held by Ministry of the Interior, Executive Yuan. The Company outshone the other corporates participating in evaluation, earning the highest honors. This shows that Qisda’s performance on being continuously promoted to build a friendly and healthy workplace has earned recognition from national awards. The Company further has been included in the 2012 Best Companies to Work For Award from Taipei City Government, received the “Relaxed Work Award” from Department of Labor and Employment in 2016, and won the “Best Companies to Work for in Asia 2019 Awards” in 2019.</p> <p>4. In 2011, Qisda obtained the “Bronze Medal Award in Manufacturing Industry for 2012 Taiwan Corporate Sustainability Report Awards” by using CSR Reports, and then “Top 50 Excellent Enterprise Awards in Manufacturing Industry for “2013 Taiwan CSR (Corporate Sustainability Reports) Awards”. The Company were also simultaneously given the “The Model of The Best Climate Leadership Awards” with excellent weather change strategies and carbon management.</p> <p>5. In 2012 and 2013, Qisda has been included in the excellent entrepreneur for “Excellent Cases of CSR Reports” from Industrial Development Bureau, Ministry of Economic Affaris (MOEA). The invited content of reports will be presented in the excellent case introduction on the topic of “Implementation of Low Carbon and Effort of Green Growth” from Industrial Development Bureau.</p> <p>6. In 2014, Qisda obtained the “Silver Award in Corporate Sustainability Reporting of Computer-Related Manufacturing for Large-Scale Enterprises” for “2014 Taiwan CSR (Corporate Sustainability Reports) Awards” by using the 2013 CSR Reports. In 2016, the Company also obtained the Gold Award in “Electronic and Information Manufacturing” of Top 50 Taiwan Corporate Sustainability Report for “2016 Taiwan Corporate Sustainability Awards (TCSA)” as well as “Climate Leadership Awards”. In 2017, Qisda has obtained the “Gold Award in Taiwan CSR (Corporate Sustainability Reports) Awards” and “Corporate Comprehensive Performance Awards - Taiwan Top 50” of “2017 Taiwan Corporate Sustainability Awards (TCSA)”. In 2018, Qisda obtained the “Gold Award in Taiwan CSR (Corporate Sustainability Reports) Awards” and “Corporate Comprehensive Performance Awards”. In 2019, Qisda further received the Platinum Award in “Electronic and Information Manufacturing” of Corporate Sustainability Report Category for “2019 Taiwan Corporate Sustainability Awards (TCSA)” and “Corporate Comprehensive Performance Awards” with the most excellent grades in recent years. Both the quality of reports and transparency have earned further recognition.</p> <p>7. Qisda’s performance on corporate social responsibility ranked twelfth in the 2015 Asia Sustainable Development Index, and then ranked fifth in 2016. In 2016, the Company was also simultaneously given the “The Model of Electronic Technology Group for Corporate Social Responsibility Awards” from Global Views Monthly.</p> <p>8. Qisda was selected as a member of the Hong Kong and South East Asia Climate Disclosure Leadership Index, HK-SE CDLI for 2015 Carbon Disclosure Project (CDP). Similarly, Qisda has received an “A-” rating at leadership level for a second straight year since 2016.</p> <p>9. In 2017, Qisda obtained the “Annual Best Business Continuity Management (BCM) Awards” from StrategicRISK. In 2018, the Company was named as a member of the Top 100 Global Technology Leaders by Thomson Reuters.</p> <p>10. In 2018, Qisda was named a member of Taiwan 30 Benchmarking Enterprises for “CSRone Sustainability Reporting Platform”. At the same time, the Company was named as a constituent of the “Taiwan Sustainability Index (TWSI)”.</p> <p>11. In 2018, Qisda was significantly introduced by the “Sustainable Industrial Development Quarterly” from Industrial Development Bureau, Ministry of Economic Affaris (MOEA) by using its “Integrated Design Management System”, in which the invited content will be presented in the category of “Sustainable Innovation” for “Corporate Sustainable Development Story Collection”.</p> <p>12. In 2019, Qisda passed the first safety certification of Human-Robot Collaboration (HRC) around Taiwan.</p>

Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
<p>13. Qisda Chairman Peter Chen has received an annual award for “EY Entrepreneur Of The Year 2019” and Excellent Business Model Entrepreneur Of The Year.</p> <p>More details of Status on Performing Social Responsibility and CSR reports, please go to the Sustainability of our official website Qisda.com, refer to our website Qisda.com area.</p>				

Note: Please refer to the 2020 Annual Reports of the Company’s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its fulfillment of social responsibilities.

(VI) Implementation of Ethical Management and Implemented Measures:

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
<p>A. Establish ethical management policies and plans</p> <p>a. Does the Company establish the ethical management policies passed by the Board of Directors and then publicly specify the policies and methodology of ethical management in regulations and document as well as the commitment in terms of management policies actively fulfilled by the Board of Directors and senior management?</p> <p>b. Does the Company establish the evaluation mechanism on higher risk of unethical behavior, regularly analyze and evaluate the business activities with higher risk of unethical behavior; as well as adopt the preventative measures at least covering the Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?</p> <p>c. Are the operational procedures, guidelines, disciplinary and appeal system of impairment included in the</p>	<p>V</p> <p>V</p> <p>V</p>		<p>a. “Treat customers, suppliers, creditors, shareholders, employees and public with integrity” serves as Qisda’s corporate mission and all employees’ responsibility. Qisda prohibits any behavior such as corruption, bribery and extortion. We ask our employees to aggressively clarify and actively improve our daily practices so as to increase our ethical integrity. Qisda has created the “Integrity Handbook” and “Ethical Corporate Management Best Practice Principles for Qisda Corporation” passed by the Board of Directors that shows the concrete norms of behavior aimed at policies or methodology of ethical management.</p> <p>b. Integrity Handbook serves as the highest code of conduct for all Qisda employees in proceeding with business activities. New employees are reminded to abide the relevant rules through education training while joining in the Company. We will strengthen the promotional efforts on code of conduct such as “Do not receive external gifts” at major holidays such as dragon-boat and mid-autumn festivals and Chinese New Year, as well as our employees’ awareness of integrity. Qisda employees must absolutely abide the related regulations in Integrity Handbook. Any employee, in case of an event in the form of corruptions and fraud occurring, may be most severely punished by the expulsion according to the Company’s “Management Guidelines for Punishment”. The serious inappropriate manners, such as practices graft and fraud, embezzlement, any person who accepts of a bribe and commission; where the conflicts occurred between the Company’s interest and business is materially affected due to external engagement in operating other enterprises; imitating the immediate supervisor’s signature or misappropriation of seals, shall be regarded as violation cases where expulsion shall be made. The Risk Management Department regularly evaluates the risk of unethical behavior on an annual basis so as to adopt the preventative measures.</p> <p>c. The code of conduct regarding “Conflicts of Interest”, “Legal Compliance” as well as “Trade Secret and Corporate Asset” are specified in Qisda’s Integrity Handbook. Once we discover</p>	<p>No differences.</p>

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
Company's prevention programs of unethical behavior thorough implementation? And any regular review of the foregoing programs for better implementation?			violation of integrity philosophy by someone or related to some matter, or regulations of integrity principles are violated, it will be delivered for the Material Disciplinary Committee consisting of cross department senior managers to review. Should the material matter related to violation of integrity principles occurred, it will be reported to the Audit Committee or the Board of Directors in accordance with the relevant laws and operating procedures. The Risk Management Auditing Office will conduct a random assessment aimed at relevant processes and operation description to avoid the possible unethical behavior occurring. In November 2015, Qisda established the "Prevention and Management Guidelines for Serious Misconduct" to enhance the corporate governance, in which the Company strengthen the management system covering from three major aspects of prevention, detection and response dedicated to serious misconduct, such as conflicts of interest, inappropriate acceptance of a bribe, and more. The Human Resources Department will deliver the reminder of ethical conduct such as "Principles for External Gifts" as e-newsletters to the email account of each employee at major holidays.	
<p>B. Implementation on ethical management</p> <p>a. Does the Company consider the ethical practices of the transaction partner as well as the clauses regarding ethical conduct contained in the agreement with the other party?</p> <p>b. Does the Company establish the designated unit set up under the Board of Directors responsible for promoting the corporate ethical management and regularly (at least once a year) reporting its ethical management policies, prevention programs of unethical behavior and implementation to the Board of Directors?</p> <p>c. Does the Company establish the policies for preventing conflicts of interest, provide the appropriate presentation channel and implement?</p> <p>d. Has the Company established the effective accounting system and internal control system for implementing the ethical management, where the relevant audit plans are devised based on evaluation results of the risk of unethical behavior by internal audit unit, or by commissioning the accountant to review the information related to prevention programs of unethical behavior?</p>	V	V	<p>a. Qisda clearly stipulates the cooperative principle of honesty and integrity in the purchase contract. Should the matter related to violation of integrity principles occurred, it allows the Company to terminate the contract or permanently stop the cooperation with the suppliers if the other party is involved in unethical conduct.</p> <p>b. The Ethical Management Task Force Team is contained in Qisda's organization. The group's members are professional personnel drawn mainly from human resources, risk management, and audit. The group is responsible for formulating rules, organizing educational training sessions, appeal channels and reviews on ethical risk as well as reporting their findings to the Board of Directors.</p> <p>c. Regarding conflicts of interest, Qisda has created the "Integrity Handbook", "Code of Ethical Conduct of the Board Directors and Executives", "Ethical Corporate Management Best Practice Principles", "Management Guidelines for Whistleblowing and Appeal Procedures", "Prevention and Management Guidelines for Serious Misconduct" and "Investigation and Management Guidelines for Serious Misconduct". The Company conducts the implementation status on norms of behavior, misconduct prevention, informing as well as investigation on each aspect.</p> <p>d. Qisda complies with legal requirements, continuously revises the internal control system as well as review and evaluate the effectiveness of internal control system implementation. The Auditing Office devises the relevant audit plans according to evaluation results of the risk of unethical behavior as well as regularly reviews the related information. The legal requirements of Auditing Office are covered in annual review items, and the relevant results and improvement status are quarterly reported to the Audit Committee and the Board of Directors. All the corporate accounting system will follow the legal requirements to establish the regulations. The attesting CPA also quarterly reviews or evaluates the Company's financial statements, issues the reports and regularly reports on evaluation results to the Audit Committee members in Audit Committee.</p>	No differences.

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
e. Does the Company regularly organize the internal and external training sessions on ethical management?	V		e. Qisda annually provides an online training session regarding overview of Integrity Handbook to all employees.	
C. The operations of corporate whistleblowing system				No differences.
a. Does the Company establish the concrete whistleblowing and rewards systems, set up the convenient reporting channel as well as assign the appropriate special personnel to process complaints dedicated to the person being accused?	V		a. Qisda's Integrity Handbook clearly stipulates that anyone who discovers the illegal event must immediately inform all levels of Executive; the reporting channels include but not limited to President's Mailbox, Integrity Mailbox and HR Mailbox. In November 2015, the Company passed the "Management Guidelines for Whistleblowing and Appeal Procedures", clearly stipulating that the internal and external whistleblowing and appeal channels include President's Mailbox, Integrity Mailbox and HR Mailbox.	
b. Does the Company establish the standard operating procedures for the investigation, as well as the follow-up measures and relevant confidentiality mechanisms that shall be adopted after investigation?	V		b. Regarding the case response of reported misconduct, Qisda has established the "Management Guidelines for Whistleblowing and Appeal Procedures" that regulates the standard operating procedures for appeal matters and relevant confidentiality mechanisms.	
c. Does the Company adopt the measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	V		c. Qisda's Integrity Handbook and relevant rules clearly stipulates that the Company will strictly keep investigation content and results confidential for whistleblowers, as well as ensure that the rights of relevant personnel will not be damaged.	
D. Strengthening the information disclosure Does the Company disclose their ethical corporate management best practice principles and the effectiveness of the promotion on the websites or on the Market Observation Post System (MOPS)?	V		The "Corporate Social Responsibility" section set up in Qisda's official website: In this section, relevant information of the corporate governance and ethical management is honestly, clearly and publicly disclosed. We have established the principles for integrity in the front page of our internal employee website in Chinese and English. The purpose is to actively remind that our employees should clarify and aggressively improve our daily practices so as to increase our ethical integrity, as well as provide the anti-corruption channels for suppliers. Moreover, the "Investor Relations" section also provides the information related to corporate governance, important resolutions reached by the Board of Directors and operational description presentation. We can know that Qisda discloses its ethical corporate management best practice principles and the effectiveness of the promotion on the Market Observation Post System (MOPS).	No differences.
E. For the companies establishing their own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe the operations and comparisons. In May 2015, Qisda established the "Qisda Ethical Corporate Management Principles" and revised it in November 2020, and there is no material difference between the overall operations and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies".				
F. Other important information that helps to understand the operations of corporate social responsibility: (For example, the Corporate reviews the presented results to facilitate the timely amendment of the ethical corporate management principles, and more.) 1. Qisda has set up the anti-corruption channels for suppliers. In case of any violation of "ethical" moral principles and integrity, the suppliers can react through integrity mailbox: Integrity@Qisda.com. The Company will handle the case in a timely manner. In addition, Qisda will strictly keep investigation content and results confidential for whistleblowers, as well as ensure that the rights of relevant personnel will not be damaged. 2. The Human Resources Department (HR) annually carries out the company-wide online training sessions regarding "Integrity and Against Corruption" on an annual basis. The content includes introduction to Integrity Handbook, summarization and practical example description. We also provide the tests after session to evaluate employees' learning results. Beyond the original Integrity Handbook in Traditional Chinese and English versions, Qisda also completed the Simplified Chinese version dedicated to overseas branch in 2010. The purpose is to propagate the Integrity Handbook as well as provide education related training sessions. 3. For various operating procedures of daily operation activities, Qisda has designed the appropriate internal control mechanism to decrease the possible corruption occurring as well as take measures to prevent its occurrence. The Company's Audit Unit regularly evaluates the management effect of internal control mechanism, collect the suggestions on various potential risks (including fraud				

Evaluation Item	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
			Summary Description
<p>and corruption) from each department head, set the appropriate audit plans for the basis of relevant check, as well as regularly report the findings to Audit Committee and the Board of Directors that allows the top management to understand the status of corporate governance in pursuit of the management goals.</p> <p>4. For more details on Qisda's ethical management, please refer to the Company's corporate sustainable development reports in recent years, or go to the Corporate Social Responsibility Section of our official website Qisda.com.</p>			

Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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 regulations

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 (P17-P45) 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 Practice, Directors and Managers Ethical Practice, 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 Subsidiaries 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 enhancing 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". On November 11, 2020, the Company approved to amend the Guidelines, and then announce the revised version in the regulation area of the Company's internal public folder so that managers and employee can be generally known.
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 2020:

Title	Name	Date Elected	Date of continuing education		Organizer	Course Name	Length of the curriculum	Compliance with regulations
			From	To				
Honorary Chairman	Kuen-Yao (K.Y.) Lee	2020/06/19	2020/8/18	2020/8/18	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/11/19	2020/11/19	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	3 hours	
Chairman and President	Chi-Hong (Peter) Chen	2020/06/19	2020/8/18	2020/8/18	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/11/19	2020/11/19	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	3 hours	
Director	Shuang-Lang (Paul) Peng	2020/06/19	2020/7/29	2020/7/29	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/10/27	2020/10/27	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	3 hours	
Director	Han-Chou (Joe) Huang	2020/06/19	2020/8/18	2020/8/18	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/11/19	2020/11/19	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	3 hours	
Independent Director	Cheng-Ju (Allen) Fan	2020/06/19	2020/9/18	2020/9/18	Taiwan Corporate Governance Association	Analysis of the top ten Global Risks	3 hours	Yes
			2020/9/18	2020/9/18	Taiwan Corporate Governance Association	Latest practical development of Inside Trading and the way to control and respond	3 hours	
Independent Director	Lo-Yu (Charles) Yen	2020/06/19	2020/8/18	2020/8/18	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/11/19	2020/11/19	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	3 hours	
Independent Director	Jyuo-Min Shyu	2020/06/19	2020/8/18	2020/8/18	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	3 hours	Yes
			2020/9/22	2020/9/22	Taiwan Stock Exchange Corporation	The forum of "Corporate Governance 3.0-Sustainable Development"	3 hours	
Accounting Manager	Billy Liu	2019/09/01	2020/7/30	2020/7/30	Accounting Research and Development Foundation.	The latest analysis of IFRS Q&A	3 hours	Yes
			2020/8/14	2020/8/14	Accounting Research and Development Foundation.	Corporate Governance Practices: The way to control and respond of Listed companies set up Independent Director and Audit Committee in accordance with the law	3 hours	
			2020/11/30	2020/11/30	Accounting Research and Development Foundation.	The analysis of policy and internal control management practices of "Assisting companies to improve their ability to prepare financial reports"	3 hours	

(X) Status of Implementation of Internal Control System

I. Statement of internal control system

Qisda Corporation
Statement of Internal Control System

Date: March 23 2021

Based on the findings of a self-assessment, Qisda Corporation (Qisda) states the following with regard to its internal control system during the year 2020:

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, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Qisda's annual report for the year 2020 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 23, 2021, 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 2020	Resolutions
Mar. 27, 2020	1 st Board Meeting	<ol style="list-style-type: none"> 1. Approved the proposal of 2019 financial statements 2. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement 3. Approved the proposal of the convene date of 2020 Shareholders' Meeting and meeting agenda 4. Approved the termination of private security offering approved by 2019 shareholders' meeting 5. Approved the proposal of donation of NT\$ 5 million to BenQ Foundation 6. Approved to increase capital of Darly Venture Inc.
Mar. 31, 2020	2 nd Board Meeting	<ol style="list-style-type: none"> 1. Approved the Company participates in Simula Technology Inc.'s private placement of common shares
Apr. 30, 2020	3 rd Board Meeting	<ol style="list-style-type: none"> 1. Approved to tender offer for common shares of Alpha Networks Inc.
May 07, 2020	4 th Board Meeting	<ol style="list-style-type: none"> 1. Approved the proposal of cash dividends distribution of 2019 earnings 2. Approved the proposal of financial statement of Q1, 2020 3. Proposal fo making guarantee for Qisda (L) Corp. with the amount of US\$ 60 million
Jun. 10, 2020	5 th Board Meeting	<ol style="list-style-type: none"> 1. Approved to authorize the Board of Qisda Sdn. Bhd. to resolve the disposal of the real estates
Jun. 19, 2020	Shareholders' Meeting	<ol style="list-style-type: none"> 1. Elected seven directors (including three independent directors) Status: The new position holder are Kuen-Yao (K.Y.) Lee, Chi-Hong (Peter) Chen, Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp., Han-Chou (Joe) Huang, Representative of BenQ Foundation, Cheng-Ju (Allen) Fan (Independent director), Lo-Yu (Charles) Yen (Independent director), Jyuo-Min Shyu (Independent director). The term is from Jun. 19, 2020 to Jun. 18, 2023. 2. Recognized the proposal of 2019 financial statements and business report Status: Proposal recognized 3. Recognized the proposal of 2019 distribution of surplus Status: Proposal recognized 4. Approved the amendment to Articles of Incorporation Status: Proposal approved 5. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Status: Proposal approved which authorized the Board to deal with the fundraising. The Company didn't issue any fundraising until the printed date. 6. Approved to lift non-competition restrictions on newly-elected directors and their representatives Status: Proposal approved
Jun. 19, 2020	6 th Board Meeting	<ol style="list-style-type: none"> 1. Elected the Chairman of the Board 2. Appointed the members of Remuneration Committee
Aug. 11, 2020	7 th Board Meeting	<ol style="list-style-type: none"> 1. Approved the proposal of financial statement of Q2, 2020 2. Approved the proposal of acquiring common stock of Alpha Networks Inc.
Nov. 11, 2020	8 th Board Meeting	<ol style="list-style-type: none"> 1. Approved the proposal of financial statement of Q3, 2020
Dec. 7, 2020	9 th Board Meeting	<ol style="list-style-type: none"> 1. Approved to tender offer for common shares of SYSAGE THCHNOLOGY CO., LTD.

Date	Meeting of 2021	Resolutions
Mar. 23, 2021	1 st Board Meeting	<ol style="list-style-type: none"> 1. Approved the proposal of 2020 financial statements 2. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement 3. Approved the proposal of the convene date of 2021 Shareholders' Meeting and meeting agenda 4. Approved the termination of private security offering approved by 2020 shareholders' meeting 5. Approved the proposal of donation of NT\$ 6 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 Chang, Hwei-Chen	8,413	0	0	0	300	300	2020.1.1~2020.12.31	

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 10% compared with the previous year: None

V. Information on replacement of CPAs

(I) Regarding former CPA

Replacement date	January 01, 2021		
Reason and explanation for replacement	The CPAs are changed from Tang, Tzu-Chieh and Chang, Hwei-Chen to Chang, Hwei-Chen and Shih, Wei-Ming because of the internal adjustment from the accounting firm.		
Explain why the appointor or CPA terminated or refused to accept the appointment	Partie	CPA	Appointor
	Status	Not applicable	
	Appointment terminated		
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, Hwei-Chen and Shih, Wei-Ming
Date of Appointment	January 01, 2021
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: Not applicable

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 26, 2021		2020	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Honorary Chairman	Kuen-Yao (K.Y.) Lee	0	0	0	0
Chairman	Chi-Hong (Peter) Chen	99,204	0	0	0
Director	AU Optronics Corp.	0	0	0	0
Representative of Corporate Director	Shuang-Lang (Paul) Peng	0	0	0	0
Director	BenQ Foundation	0	0	0	0
Representative of Corporate Director	Han-Chou (Joe) Huang	26,057	0	0	0
President	Peter Chen	99,204	0	0	0
Vice President	Joe Huang	26,057	0	0	0
Vice President	Mark Hsiao	0	0	0	0
Vice President	CY Ho	19,002	0	0	0
Vice President	Harry Yang	21,581	0	0	0
Vice President	Daniel Hsueh	9,832	0	0	0
Vice President	Michael CH Lee	0	0	0	0
Vice President	Daven Wu	16,447	0	0	0
Vice President	Jasmin Hung	14,531	0	0	0
Associate Vice President	T.S. Wu	0	0	0	0
Associate Vice President	Rex Wu	0	0	0	0
Associate Vice President	Eric Lee	6,385	0	0	0
Associate Vice President	Jack Wang	6,094	0	0	0
Associate Vice President	T.H. Lee	0	0	0	0
Associate Vice President	Tony Chao	4,494	0	0	0
Associate Vice President	Ray Huang	3,448	0	0	0
Associate Vice President	Nick Niek	0	0	0	0
Associate Vice President	Danny Lin	8,389	0	0	0
Associate Vice President	Calvin Jeng	4,498	0	0	0
Associate Vice President	Tony Lin	4,828	0	0	0
Associate Vice President	Y.S. Cheng	4,198	0	0	0
Associate Vice President	Aaron Ho	3,448	0	0	0
Associate Vice President	Joe Lee	0	0	0	0
Associate Vice President	Alex Wu	0	0	0	0
Major shareholder	AU Optronics Corp.	0	0	0	0
Independent director	Cheng-Ju (Allen) Fan	0	0	0	0
Independent director	Lo-Yu (Charles) Yen	0	0	0	0
Independent director	Jyuo-Min Shyu	0	0	0	0
Finance Supervisor	Jasmin Hung	14,531	0	0	0
Accounting Supervisor	Billy Liu	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 26, 2021

Name (Note1)	Shares held		Shares held by spouse or underage children		Total shares held 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%	Konly Venture Corp.	Subsidiary
AU Optronics Corp. Representative : Shuang-Lang (Paul) Peng	9,164	0.00%	65,032	0.00%	0	0.00%	Note 3	
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
Konly Venture Corp.	50,145,113	2.55%	0	0.00%	0	0.00%	AU Optronics Corp.	Parent Company
Konly Venture Corp. Representative : Shuang-Lang (Paul) Peng	9,164	0.00%	65,032	0.00%	0	0.00%	Note 3	
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
UBS Europe SE	22,017,891	1.12%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	20,794,059	1.06%	0	0.00%	0	0.00%	None	None
Polunin Developing Countries Fund, LLC	19,967,762	1.02%	0	0.00%	0	0.00%	None	None
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	19,702,620	1.00%	0	0.00%	0	0.00%	None	None
Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	18,581,342	0.94%	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	17,916,660	0.91%	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.

Note 3: The chairman of AU Optronics Corp. also serves as the chairman of Konly Venture Corp.

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, 2020

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	6.99%	20,380,815	0.21%	683,979,435	7.20%
Darfon Electronics Corp.,	58,004,667	20.72%	17,443,943	6.23%	75,448,610	26.95%
QS CONTROL CORP.	6,000,000	20.00%	-	-	6,000,000	20.00%
VISCO VISION INC.	-	-	13,698,037	25.03%	13,698,037	25.03%
CENEFOM CORP.	-	-	1,095,000	12.12%	1,095,000	12.12%
TAIKE BIOTECH CO., LTD.	-	-	525,000	20.00%	525,000	20.00%
MLK BIOSCIENCE CO., LTD.	-	-	217,030	20.00%	217,030	20.00%
TDX Medical Technology (Jiangsu)Co.,Ltd	-	-	-	40.00%	-	40.00%
DMC Components International, LLC	-	-	300,000	30.00%	300,000	30.00%
Nanjing Silvertown Health & Development Co., Ltd	-	-	-	30.00%	-	30.00%
Guigang Donghui Hospital Co.,Ltd	-	-	-	14.13%	-	14.13%
UNISAGE DIGITAL CO., LTD.	-	-	224,633	38.01%	224,633	38.01%
GRANDSYS INC.	-	-	5,643,373	23.58%	5,643,373	23.58%
ADVANCEDTEK INTERNATIONAL CORP.	-	-	1,152,800	34.09%	1,152,800	34.09%
MCURICH INC.	-	-	645,000	30.07%	645,000	30.07%

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 Capital

April 26, 2021; Unit: NTD

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	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 cash 35,000			-	-
1986.12	10	14,000	140,000	14,000	140,000	Capital increase by retained earnings 70,000			-	-
1989.12	30	17,000	170,000	17,000	170,000	Capital increase by cash 30,000	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 surplus 17,850 Capital increase by retained earnings 84,150	1992.05.07	Ministry of economic affairs certificate no. 106307	-	-
1992.11	10	50,000	500,000	42,000	420,000	Capital increase by capital surplus 17,952 Capital increase by retained earnings 130,048	1992.11.27	Ministry of economic affairs certificate no. 125134	-	-
1993.02	25	60,000	600,000	60,000	600,000	Capital increase by cash 180,000	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 earnings 195,000	1994.03.22	Moeaic certificate no.1392	-	-
1994.09	10	150,000	1,500,000	114,350	1,143,500	Capital increase by retained earnings 348,500	1994.09.22	Moeaic certificate no.5835	-	-
1995.07	10	250,000	2,500,000	190,000	1,900,000	Capital increase by retained earnings 756,500	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 cash 600,000	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 earnings 1,215,000	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 stock 45,806	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 surplus 376,081 Capital increase by retained earnings 621,121	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 stock 429,871	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 stock 20,620	1998.03.20	Ministry of economic affairs certificate no.105297	-	-

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
1998.06	10	1,100,000	11,000,000	660,062	6,600,624	Capital increase by capital surplus 520,850 Capital increase by retained earnings 871,275	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 stock 27,551	1998.09.25	Ministry of economic affairs certificate no.130051	-	-
1999.08	10	1,250,000	12,500,000	767,390	7,673,902	Capital increase by capital surplus 331,409 Capital increase by retained earnings 714,318	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 stock 207,854	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 cash 1,000,000	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 stock 57,670	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 surplus 446,971 Capital increase by retained earnings 1,440,914	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 surplus 541,366 Capital increase by retained earnings 2,442,201	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 stock 172,300	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 surplus 279,663 Capital increase by retained earnings 1,616,568 Corporate bond conversion to common stock 676,552	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 stock 254,547	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 earnings 3,861,102	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 stock 167,000	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 stock 13,436	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 stock 112,140 Cancellation of treasury stocks 300,000	2004.03.22	Ministry of economic affairs certificate no.09301046140	-	-

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
2004.07	10	3,000,000	30,000,000	2,314,899	23,148,990	Corporate bond conversion to common stock 11,780 Capital increase by retained earnings 2,517,591 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 stock 1,151	2004.10.21	Ministry of economic affairs certificate no.09301198210	-	-
2005.04	10	3,000,000	30,000,000	2,315,509	23,155,091	Corporate bond conversion to common stock 4,950	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 earnings 1,513,754 Corporate bond conversion to common stock 11,136	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 stock 6,739	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 cash 1,500,000	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 stock 13,062	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 stock 49,015	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 stocks 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 cash 2,261,420	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 earnings 1,631,476	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 earnings 385,644	2011.08.17	Ministry of economic affairs certificate no. 10001190150	-	-

(II) Shares Type and Shares Outstanding

April 26, 2021

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 26, 2021

Shareholder structure	Government institutions	Financial institutions	Other corporations	Individual	Foreign institutions and foreigners	Subtotal
Quantity						
Number of persons	5	64	287	129,938	514	130,808
Number of shares held	8,083,140	121,670,555	523,337,882	820,143,939	493,546,442	1,966,781,958
Shareholding Percentage (%)	0.41%	6.19%	26.61%	41.70%	25.09%	100.00%

(IV) Distribution of Equity Ownership

April 26, 2021

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 ~ 999	52,402	10,993,199	0.56%
1,000 ~ 5,000	55,984	119,067,780	6.05%
5,001 ~ 10,000	10,510	80,075,670	4.07%
10,001 ~ 15,000	3,699	45,552,636	2.32%
15,001 ~ 20,000	2,077	37,866,719	1.93%
20,001 ~ 30,000	1,974	49,552,520	2.52%
30,001 ~ 40,000	991	35,038,962	1.78%
40,001 ~ 50,000	635	29,137,936	1.48%
50,001 ~ 100,000	1,257	89,810,558	4.57%
100,001 ~ 200,000	616	86,770,907	4.41%
200,001 ~ 400,000	292	81,175,290	4.13%
400,001 ~ 600,000	117	57,108,906	2.90%
600,001 ~ 800,000	53	36,168,657	1.84%
800,001 ~ 1,000,000	35	31,601,747	1.61%
1,000,001 or more	166	1,176,860,471	59.84%
Total	130,808	1,966,781,958	100.00%

(V) List of Major Shareholders

April 26, 2021

Shareholder's Name	Number of shares held	Shareholding Percentage (%)
AU Optronics Corp.	335,230,510	17.04%
Acer Incorporated	81,712,690	4.15%
Konly Venture Corp.	50,145,113	2.55%
DARFON ELECTRONICS CORP.	36,559,000	1.86%
UBS Europe SE	22,017,891	1.12%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	20,794,059	1.06%
Polunin Developing Countries Fund, LLC	19,967,762	1.02%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	19,702,620	1.00%
Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	18,581,342	0.94%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	17,916,660	0.91%

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

Unit: NTD

Item		Fiscal Year	As of March 31, 2021 (Note 6)	2020	2019
Market Price Per Share (Note 1)	Highest		34.60	29.80	23.25
	Lowest		25.70	13.40	18.40
	Average		29.68	21.01	20.81
Net Worth Per Share (Note 2)	Before Distribution		(Note 7)	18.32	17.26
	After Distribution		-	(Note 9)	16.51
Earnings Per Share (EPS)	Weighted Average Shares Number (thousand Shares)		1,966,782	1,966,782	1,966,782
	Earnings per share	Before retrospective	(Note 7)	2.54	1.82
		After retrospective		-	2.54
Dividends Per Share	Cash dividends		-	(Note 9)	0.75
	Dividends (Shares)	Dividend from retained earnings	-	(Note 9)	-
		Dividend from capital reserve	-	(Note 9)	-
	Cumulative unpaid dividend		-	-	-
Return on Investment	Price/Earnings Ratio (Note 3)		(Note 7)	8.27	11.43
	Price/Dividend Ratio (Note 4)		-	(Note 9)	27.75
	Cash Dividend Yield (Note 5)		-	(Note 9)	3.60%

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 26, 2021 hence the closing date of its content on March 31, 2021.

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 May 11, 2021 BOD Meeting.

(VII) Dividend Policy and Execution Status

1. Article 17 of the Articles of Incorporation of the Company regulates the dividend policy as follows:

- (1) 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) On March 23, 2021, the Board of Directors has made resolutions to add the wordings below to the Article 17 of the Articles of Incorporation of the Company, and will propose to 2021 Annual General Meeting.
"When the Company has a profit at the end of each fiscal year and the retained earnings available for distribution of the current year reaches 2% of the paid in capital of the Company, no less than 10% of the retained earnings available for distribution of the current year shall be distributed as dividend."

2. The dividend distribution proposal by the Shareholders' Meeting:

As of the publication date of the annual report, the Board of Directors of the Company has not resolved the 2020 earnings distribution proposal. The Board of Directors meeting will be held no later than 40 days before the annual general meeting to make a resolution. The relevant information will be announced on the Company's website and Market Observation Post System (Mops) at that time, and report to 2021 Annual General Meeting.

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 2021 financial forecast information and thus does not apply.

(X) Compensation for employees and Directors**I. 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 23, 2021, the Board of Directors has made resolutions to determine the amount distributed to employees' remuneration in cash shall be NT\$ 429,668,000 and NT\$ 42,925,000 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. Distribution of Remuneration of Employees and Directors of the Previous Annual Period:

- (1) The amount distributed to employees' remuneration in cash was NT\$ 322,920,000 and NT\$ 31,463,000 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.

(XI) 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 processf)

- (I) Handling of preferred shares: None
- (II) Information regarding preferred shares with attached warrant: None.

IV. Implementation of Overseas Depository Receipts

April 26, 2021

Issue Date	1999.07.07/2002.01.22/2002.01.30/2003.07.10/2005.12.19		
Item			
Issuance and trading place	Luxembourg Stock Exchange		
Total Issued Amount	US\$1,433,094,000		
Unit Issue Price (Note 1)	US\$23.22 · US\$6.15 · US\$4.68		
Total number of issued (units) (Note 2)	80,359,340 Units		
The source of securities represented	As the Common Shareholder of Qisda		
The amount of securities represented	400,370,965 shares		
The rights and obligations of holders of depository receipts	<p>1. The holder of the depository receipts may exercise its depository receipts to recognize the voting rights of shares.</p> <p>2. If Qisda issues stock dividends or other rights in the future, the Depository Institution may issue the deposit certificate with the equivalent amount based on the original shareholding ratio of the holder of the depository certificate, or increase shares of common stock recognized by each unit of the depository receipt.</p> <p>3. The holder of the depository receipt may request the Depository Institution to redeem and deliver the shares of Qisda's common stock recognized by the depository receipt; or request the Depository Institution to redeem and sell the shares of Qisda's common stock recognized by the depository receipt.</p>		
Trustee	Citibank N .A.		
Depository	Citibank N .A. New York Branch		
Custodian	Citibank N .A. Taipei Branch		
Outstanding amount (Note 3)	285,149 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 Depository Institution, the expenses for the duration of all overseas depository receipts shall be borne by the Company.		
Important Agreements for Depository and Custody Contracts	None		
MarketPrice Perunit (US\$)	2020	Max.	US\$ 5.17
		Min.	US\$ 2.22
		Avg.	US\$ 3.25
	As of April 26, 2021,	Max.	US\$ 6.01
		Min.	US\$ 4.65
		Avg.	US\$ 5.45

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 issued volume 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 26, 2021

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 acquisition 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 acquisition 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: NT\$ 1,000

Main products	Revenue in 2020	%
Electronic product	182,057,869	95%
Others	9,643,834	5%
Total	191,701,702	100%

(II) Production volume for the past two years

Unit: NT\$ 1,000

Main products	Year	2020			2019		
		Production Capacity (Note)	Production Quantity	Production Value	Production Capacity (Note)	Production Quantity	Production Value
Electronic product		-	-	135,398,704	-	-	120,848,137
Others		-	-	-	-	-	-

(III) Sales volume for the past two years

Unit: NT\$ 1,000

Main products	Year	2020				2019			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value
Electronic product		-	26,392,657	-	155,665,212	-	13,989,511	-	146,099,678
Others		-	-	-	9,643,834	-	-	-	9,664,926

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 past two years

Unit: NT\$ 1,000

Item	2020				2019			
	Company	Amount	As % of Net Procurement	Relationship with Qisda	Company	Amount	As % of Net Procurement	Relationship with Qisda
1	Company A	30,325,215	18%	-	Company A	31,717,737	22%	-
2	Other	134,549,698	82%	-	Other	114,986,509	78%	-
Total	Net Procurement	164,874,913	100%	-	Net Procurement	146,704,246	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: NT\$ 1,000

Item	2020				2019			
	Company	Amount	As % of Net Revenue	Relationship with Qisda	Company	Amount	As % of Net Revenue	Relationship with Qisda
1	Company A	40,323,489	21%	-	Company A	44,439,530	26%	-
2	Other	151,378,213	79%	-	Other	125,314,585	74%	-
Total	Net Revenue	191,701,702	100%	-	Net Revenue	169,754,115	100%	-

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

(V) Operations Overview

a. Our Businesses

I. Business Scope

(1) Business Overview

LCD Products: Qisda maintains the 2nd largest DMS (Design and Manufacturing Services) manufacturer in the industry. Qisda will continue to focus on fortifying relationship with customers, developing new product features and engaging in value-added vertical integration activities such as panel module design and assembly as well as in-house mechanical parts manufacture. Furthermore, Qisda continued with its active research and development of new functions for professional and integrated design display solutions in order to gain a larger share of the professional monitor market.

Projector Products: Qisda group projector business maintained the leading position worldwide in 2020. Qisda is the only manufacturer in Taiwan that is capable of both DLP and LCD projector mass production and shipment. On the other hand, BenQ remained the world's 2nd largest projector brand and the No.1 DLP projector brand in 2020. Compared with 2019, the global projector market volume decreased; nevertheless BenQ still maintained a 10% market share.

Medical Services: Nanjing BenQ Hospital (NBH) is the only third-class general hospital in Nanjing Jianyeh District. Under the impact of COVID-19, NBH still maintained more than 1,000,000 annual patient visits in 2020 and made great progress in provincially & municipally recognized clinical division. Currently, there is one nationally recognized, two provincially recognized and ten municipally recognized clinical division in NMH. Based on current foundation, NBH keeps developing intensive care, nephrology, neck & head surgery, pancreas surgery, high-end obstetrics, pediatrics and postnatal care services to fulfill specific demands. Meanwhile, Suzhou BenQ Hospital (SBH), which opened in May 2013, also maintained more than 600,000 annual patient visits and passed the JCI certification in 2020. SBH has dedicated to medical diagnosis & treatment / cardiovascular disease / oncology /emergency treatment and high-end health examination services.

(2) Product Scope

LCD Products: 17"/18.5"/19"/19.5"/21.5"/23"/23.x"/24"/24.5"/27"/31.5"/32"/34"/35"/37.5"/49"/55"/65" consumer and commercial LCD monitors, wide-screen and professional LCD monitors, medical monitors, and smart monitors.

Projector Products: A wide range of projectors for large venue, 4k/2k home, office and educational applications.

Medical Service: General medical diagnosis / treatment, high-end health examination, medical aesthetics and postnatal care services.

2. Industry Overview

(1) Current Status and Development of Industry

LCD Products: As indicated by market research reports, the quantity of LCD monitor market grew at an annual rate of 2.7% in 2020. The market forecast for LCD monitors in 2021 is expected to have slight growth because pandemic (COVID-19) continues spreading in the majority of countries worldwide, the demand of work from home and distant learning keep on rising. Though the demand massively grows, the supply of some materials confronts shortage issue, especially for panel and IC components. Therefore, the critical challenge is how to maintain stable supply in panel, get more allocation from IC suppliers as well as proper planning and dynamic adjustment in production and shipping plan. In order to enhance the competitive edge, Qisda will devote our focus and resource and take advantage of good relationship in supply chain to cater customer's demand and expectation.

Projector Products: According to industry analysis reports, the total number of projector shipment worldwide excluding PICO was 4.5 million units in 2020, with a flat or minor increased expectation for 2021. The volume ratio for high brightness, high resolution and solid state lighting source projectors will continue to increase in the future. Also the growth in large venue, home and personal/mobile scenarios enables the sales volume of projectors with 1080p, 4k and 3D/HDR features to grow rapidly. Educational and office applications are supposed to decline due to the expansion of flat panel displays.

Medical Services: The medical market in China is expected to grow rapidly in parallel with the country's swift economic development and increase of medical insurance coverage. Plus, the country's governmental policies encourage the establishment of non-governmental medical institutes and such policies will further accelerate the expansion of market size of non-governmental hospitals.

(2) Connection of Upstream, Midstream and Downstream Industries

LCD Products: Upstream business partners consist mainly of LCD panel manufacturing and module assembling plants, including key components such as LCD panels, LED backlight modules and control chipsets. Midstream and downstream partners include system integrators and brand customers, which represent a mature and competitive market. Qisda has developed and maintained strong and long-term relationship with all of its upstream strategic suppliers and downstream brand customers.

Projector Products: Upstream partners consist of a line of optoelectronic device makers, including panel chipset, lens and specialized lamp/ SSL manufacturers. Midstream and downstream partners include projector manufacturers and brand customers. An intimate yet intricate relationship exists amid upstream, midstream and downstream partners as alliance and competition intertwines among business competitors.

Medical Services: With 23 clinical professors, NBH is the fourth clinical school of the Nanjing Medical University and the teach school of Southeast University and Nanjing University of Chinese Medicine. NBH is also one of the civil pediatric doctor standardization training bases and hemopurification training bases in the Jiangsu Province, where over 400 students were trained annually. NBH established a cooperation and transfer procedure with top-level medical centers in Jianyeh, Yuhuatai, Pukou and Luhe District of Nanjing City. Meanwhile, NBH also developed medical cooperation with secondary-level medical centers in nearby cities such as Yangzhou, Huaian and in the same province and Ma An Shan, Chuzhou and Hefei in the Anhui Province. The SBH is also an affiliate hospital of Nanjing Medical University. In 2018, the hospital became the pediatric doctor standardization bases of Suzhou First Affiliated Hospital and also train nurses for 6 nursing school nearby. The hospital established a cooperation and transfer procedure town-level medical institutions in Gaoxin, Wuzon, and Xiangcheng District, Suzhou.

(3) Trends in Industrial Development and Competition Status

LCD Products: To survive in the mature LCD monitor market, in addition to increasing cost competitiveness and offering flexible delivery, Qisda aims to work closely with brand customers to develop gaming monitors and those with ultra-high resolution, cloud connectivity, wireless application, ultra slim ID, curved and other customized and specialty application products to fulfill diverse demands of the niche market. Besides, through vertical integration of panel module design and assembly, system integrators can elevate their value in the supply chain and increase the ability of differentiation in product design.

Projector Products: The projector market has expanded as improvements applied to commercial projectors accelerated due to the advent of the latest technologies. In addition to an economical price tag, projectors have become smaller and lighter while the brightness and resolution have been vastly enhanced. It is estimated that the demand for projectors may increase globally with the expansion of high-resolution and high-brightness projectors for meeting rooms and multi-media home entertainment projectors for home theaters. Meanwhile, due to the popularity of personal mobile devices and variety of wireless data applications, the growth of personal and home multimedia markets over the entertainment ones is becoming a foreseeable trend in the future.

Medical Services: The Chinese government has permitted private and foreign capitals to invest in the medical service industry. In 2015, the State Council of China issued "Master plan for developing national medical service system" and "The opinion for reforming public hospital" Indicates the government should inhibit the growth of public hospital and encourage private hospital. Taiwan investors, such as the Formosa Plastic group, Want Want group and BenQ group as well as the Medical Fund Across the Taiwan Straits all invested large general hospitals in China. Its predictable that new investors from Taiwan will also seek opportunities there in near future.

3. Technology and R&D Overview

(1) Developing Successful Technology or Products

LCD Products: Mini-LED backlight, multiple-K zone HDR, OLED 4K HDR, Thunderbolt 3-enabled feature displays ; 4-side borderless, privacy-enabled, portable screen, and Eyesafe-certified monitors ; G-Sync R4/super high refresh rate and Night Vision enabled gaming display ; color management (photographer and video post-production usages) monitors.

Gaming Mouse: Proposed improvement on all ZOWIE mice base on the insight to competitive gaming players, as to establish the professional brand positioning and impression to target customer.

Projector Products: High brightness interchangeable lens large venue projectors, high brightness LASER 4K UHD e-cinema projectors, 4K UHD home entertainment projectors, 4K UHD business projectors.

Medical Services: Nanjing BenQ Hospital have already established one nationally recognized clinical division (the thoracic surgery division), two provincially recognized clinical divisions (radiology division and urology division) and ten municipally recognized clinical divisions otorhinolaryngological, ICU, neurology, dermatology, surgical, nephrology, Cardiovascular medicine, orthopedics, rehabilitation and anesthesiology divisions. Suzhou BenQ Hospital have already obtained the certification of national Chest Pain Center, Apoplexy Center and Atrial Fibrillation Center.

SBH also focus on developing orthopedic, obstetrics / gynecology / pediatrics, rehabilitation, digestive medicine, cardiovascular medicine. In 2020, SBH passed the JCI certification.

(2) Annual Major Actions on R&D and Technology in the Future

LCD Products: Webcam/Zoom & Teams certification, QD-OLED monitors, super high brightness and multiple-K zone HDR, quantum-dot coupled with cadmium-free wide color gamut, 8K high-resolution, USB4/HDMI 2.1/DP 2.0/Thunderbolt 4 application, 1,000R curved monitors, high refresh rate/quick response time, next generation G-sync/FreeSync professional gaming monitors, full range of color adjustment solutions and display software solutions.

Projector Products: LASER high brightness interchangeable lens large venue projectors, LED 4K UHD home entertainment projectors, LASER ultra-short-throw 4K UHD home entertainment projectors.

Medical Services: The BenQ Hospitals have implemented the “patient-centric and complete medical care” concept to promote the medical care systems currently being adopted in Taiwan, which includes the attending physician system, nursing duty system, medical counseling/tracking system and pharmacist system. The Nanjing BenQ Hospital plans to establish several specific medical centers including nephrology, neck & head oncology, thoracic, pancreas surgery, neurosurgery rehabilitation and cardiovascular centers. The Suzhou BenQ Hospital plans to establish 5 specific medical centers including Chest Pain , severe illness, oncology, obstetrics/gynecology/pediatrics and health management centers. With the support from Suzhou Health and Family Commission, the Suzhou BenQ Hospital also established the Famous Doctor Studio to provide high quality medical service to citizens.

4. Long-Term and Short-Term Business Development Plan

(1) Short-Term Plans:

LCD Products:

- Solidify the leading position and provide high-end products.
- Provide all sizes of LCD displays and promote large-size, high-performance and LED backlight models while actively engaging in monitor-related application researches as ways to maintain Qisda’s position as one of the top three manufacturers worldwide.
- Increase add-on value in value chains through vertical integration, such as panel module assembly, backlight module design, in-house stamping and in-house plastic injection.
- Through professional players and deep cultivating experience in the Gaming market, understand the needs of various types of Gaming players, continue to provide display products that can meet the needs of players and be ahead of competitors, and consolidate the position of the first brand of Gaming displays.
- In addition to continuing cooperate within the group, it also establishes strategic partnerships with other panel and system vendors.

Projector Products:

- Solidify the leading position and provide one-stop services featuring hardware and software integrated solutions.
- In addition to increasing market share, it is also expected to provide customers with complete solutions related to software and hardware.
- Continue developing DLP and LCD projector technologies in order to maintain technological advantage and superiority within the industry.
- Cultivate the home projector market utilizing comprehensive product lines. Keep developing solutions for high resolution and high brightness. Improve the quality of wireless transmission.

Medical Services:

- Solidify the capability of each division as a general hospital and develop specialized divisions. Develop province- and city-level divisions.
- Leading in the BenQ group IT technology to develop smart medical business. Combine the advantages of Taiwan & China to develop Characteristic medical services.
- Develop the capabilities of medical services for specific demands like postnatal care and medical aesthetic services.

- Increase the proportion of medical care, and develop self-financed projects such as postpartum care homes and medical cosmetology

(2) Long-Term Plans:

LCD Products:

- Enhance product customization capabilities and eliminate inefficient activities within the value chain through the synchronization of design and production process of backlight module and displays, thus offering diversified and value-added products.
- Continue cooperating with AU Optronics Corp. Meanwhile, form strategic alliances with other major panel suppliers.
- Expand professional monitor offerings to industrial design, professional CAD/CAM usage, video post-production, color management and medical application markets.
- Optimize hardware and software integrated solutions to provide better user experience in order to create value-added services and increase customers' brand loyalty.
- Through sharing the experience of professional photographers and combining professional software and hardware marketing demands, build a professional image of professional color monitors in the photography community, and become an ideal choice for the target group.

Projector Products:

- Expand and enhance product diversifications for mainstream product lines.
- Accelerate the development of high-end and SSL models to complete product offering.

Medical Services:

- Strengthen cooperation with medical schools and enhance personnel training.
- Enter into the hospital management business by utilizing experiences in the BenQ Hospitals and skills of the team.

b. Market and Sales Overview

I. Market Analysis

(1) Main Sales Areas

LCD Products: Worldwide

Projector Products: Worldwide

Medical Services: Nanjing and Suzhou in China

(2) Market Share (Key Performance Indicator)

LCD Products: Being one of the top two LCD monitor manufacturers worldwide that occupies the leading position in the industry, Qisda held an approximately 16.4% of market share in 2020. 23"-plus monitors occupy 77.4% in product portfolio, which is better than industry average.

Projector Products: With market share at approximately 18%, Qisda group is the worldwide No. 2 projector company in 2020.

Medical Services: Nanjing BENQ Hospital is the only tertiary general hospital in Nanjing Jianye District; Suzhou BenQ Medical Center is the largest tertiary general hospital in Suzhou National Hi-Tech District (SND).

(3) Future Market Supply and Demand and Future Growth, Competitive Niche and Advantages and Disadvantages of the Company's Vision of Development and Response Measures

LCD Products:

A. Advantages:

As the industry consolidates, big players are likely to remain large. Furthermore, the demand of large-size and borderless features has been increasing as well as the demand of professional and gaming monitors.

B. Disadvantages:

Severe price competition in a matured market as cost and price become extremely important to brand customers and consumers. Moreover, next-generation array/cell lines go into massive production gradually in the upcoming years. If the demand of end product does not rise accordingly. This will cause the situation of panel over-supply seems to be inevitable.

C. Response Measures:

- Provide displays with all panel sizes and promote large-size, high-performance and LED backlight

monitors where Qisda is believed to possess distinct advantage over competitors.

b. Cultivate and maintain strategic partnerships with top-tier panel vendors to ensure smooth supply of critical parts.

c. Increase add-on value within the value chain through vertical integration, such as integrating the design/assembly process for panel module and backlight module and increasing the ratio of in-house stamping and in-house plastic injection.

d. Product differentiation: Continue with the development of value-added products to increase profitability, avoid price wars and satisfy the demand for multiple displays per room/family.

Projector Products:

A. Advantages:

In addition to the benefit from economies of scale, leading technologies allow Qisda's projectors to remain competitive on a global scale and market share is expected to continue its growth.

B. Disadvantages:

Shorter projector product lifecycle and market price disruption caused by growing number of competitors and similar products.

C. Response Measures:

- a. Increase operational efficiency in order to control inventory and fulfill customer needs.
- b. Strengthen product lineup by increasing the ratio of products with high gross profits.
- c. Deeply understand consumer needs and accelerate product development lead-time.
- d. Improve price margin by enhancing high end product portfolio.

Medical Services:

A. Advantages:

During 2009~2019, the compound annual growth rate of total medical expenditure in China was 14.1%, which is higher than GDP growth rate. Meanwhile, the medical expenditure to GDP ratio was only 6.64% in 2019, which was relatively low comparing to 10% level of advanced countries. The high entry barrier of medical service sector and our hospital management experience also makes it impossible for competitors to catch up instantly.

B. Disadvantages:

72% of the medical beds in China are provided by state-owned hospitals, and doctors usually hesitate about joining private-owned hospitals. This forms an obstacle in personnel recruitment and development.

C. Response Measures:

China government encourages the investment of hospitals by private capitals. In the future, private-owned hospitals will gradually benefit from policies that were only favorable to their state-owned counterparts in the past. With highly advanced hospital management skills and an experienced team backed by the strength of vertical integration within the BenQ group, undoubtedly the BenQ Hospitals will become the leader in the field of medical industry in China.

2. Important Applications and Manufacturing Processes of Main Products

(1) Important Applications of Major Products

LCD Products: Visual display of computer and video/audio device outputs.

Projector Products: Portable and multi-user capacity; specifically, conferences, meetings and trainings for commercial and educational institutions, as well as provide theater-quality videos for home theaters and gaming consoles.

Medical Services: Not applicable.

(2) Manufacturing Processes:

LCD Products: Incoming inspection → Assembly → Presetting → Burn-In Test → Function Test → Exterior inspection → Packaging → Inventory → Shipment.

Projector Products: Incoming inspection → Optical system assembly → Module assembly → Burn-in → Final test → Packaging → Inventory → Shipment.

Medical Services: Not applicable.

3. Supply Status of Main Materials

LCD Products: Continue cooperating with AU Optronics Corp. to develop superior vertical integration as well as maintaining close partnerships with Taiwan, China & Korea panel vendors in order to ensure smooth supply of panels at lower costs.

Projector Products: The stable supply of key components, such as DMD and LCD panels, are crucial to projector business as suppliers are limited to TI, Epson and Sony. Lamp/SSL suppliers are in a similar state due to the industry's high entry barrier. Qisda has maintained close relationship with suppliers to ensure smooth supply of key components.

Medical Services: Not applicable.

Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage and SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its Overview of Operations.

II. Employee Information

Year		As of March 31, 2021 (Note I)	2020	2019
Total number of employees	Direct employee	11,577	15,579	11,788
	Indirect employee	11,643	10,848	8,418
	Total	23,220	26,427	20,206
Average age		34.50	33.50	32.47
Average duration of service (years)		6.33	5.87	5.48
Educational distribution ratio (%)	Director of Philosophy	0.7%	0.6%	0.5%
	Master's Degree	16.4%	14.5%	14.9%
	Bachelor's Degree	50.2%	45.2%	43.5%
	Senior high school	28.5%	37.3%	39.5%
	Senior high school below	4.1%	2.4%	1.6%

Note I: As of April 26, 2021 (the Printed Date) and for the concerns of accuracy, the last date of available information is March 31, 2021.

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):

- 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.
- 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.)
- Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage and SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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 themselves. 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, Employee Stock Ownership Trust, 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.

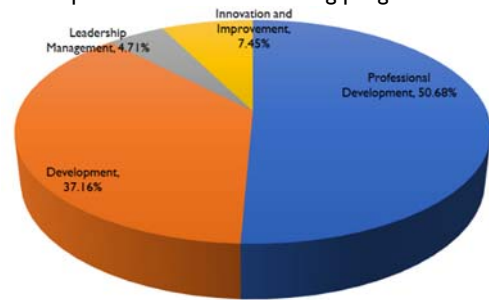
The Company's training is based on Qisda Academy and the courses are divided into four major Academies according to function and participant types, namely the Development Academy, the Leadership Management Academy, the Professional Development Academy and the Innovation and Improvement Academy, which 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 4,591 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 2020 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 new labor pension plan was implemented in accordance with the law, and allocate pension 6% by monthly.

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 deed shall 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
- We extend our business partners based on the code of integrity

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: Stipulates 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 to continue to achieve such goal.

6. Current important labor agreement and implementation:

The Company provides various 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 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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 occurrences. 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 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its labor disputes.

VI. Material Contracts

- (I) 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. 26, 2021				
Contract Type	Party	Contract Term	Content	Restrictions
Financing	Syndicated Crediting Banks	Dec. 14, 2020 – Dec. 14, 2025	Syndicated crediting of NT\$ 8.4 billion	None
Financing	Syndicated Crediting Banks	Aug. 29, 2019 – Aug. 29, 2024	Syndicated crediting of NT\$ 8.64 billion	Pledge to land/factory
Financing	Syndicated Crediting Banks	Nov. 23, 2017 – Nov. 23, 2022	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

Note : Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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)				
		2020	2019	2018	2017	2016
Current Assets		102,323,769	78,332,746	66,193,691	59,533,552	52,268,180
Property, plant and equipment		30,188,228	23,915,978	21,013,038	19,991,519	18,860,162
Intangible assets		9,118,895	5,069,111	4,994,663	5,004,450	202,892
Other Assets (Note 2)		29,181,057	28,708,658	27,605,891	24,409,895	23,980,976
Total Assets		170,811,949	136,026,493	119,807,283	108,939,416	95,312,210
Current Liabilities	Before distribution	82,829,234	65,707,236	61,335,721	56,338,130	50,629,405
	After distribution	(Note 3)	67,182,322	63,007,486	58,993,286	53,225,557
Non-current liabilities		29,019,495	22,283,663	18,611,916	15,056,800	11,737,474
Total Liabilities	Before distribution	111,848,729	87,990,899	79,947,637	71,394,930	62,366,879
	After distribution	(Note 3)	89,465,985	81,619,402	74,050,086	64,963,031
Equity attributable to shareholders of Qisda Corp.		36,025,501	33,943,959	32,447,319	30,958,910	29,510,046
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		1,879,501	2,220,653	2,146,076	2,173,633	2,177,332
Retained Earnings	Before distribution	15,742,825	12,663,994	10,801,845	9,501,437	6,806,202
	After distribution	(Note 3)	11,188,908	9,130,080	6,846,281	4,210,050
Other equity		(1,264,645)	(608,508)	(168,422)	(383,980)	858,692
Treasury stock		-	-	-	-	-
Non-controlling interests		22,937,719	14,091,635	7,412,327	6,585,576	3,435,285
Total Equity	Before distribution	58,963,220	48,035,594	39,859,646	37,544,486	32,945,331
	After distribution	(Note 3)	46,560,508	38,187,881	34,889,330	30,349,179

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 2021 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 May 11, 2021 BOD Meeting.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note)				
		2020	2019	2018	2017	2016
Revenue		191,701,702	169,754,115	155,783,161	136,862,492	129,553,540
Gross profit		26,826,789	23,049,869	19,242,976	16,333,047	16,202,907
Profit from operations		6,612,854	6,228,087	4,576,159	3,401,908	4,487,276
Non-operating income and expenses		1,599,782	(283,096)	1,036,952	3,017,284	356,505
Profit before income tax		8,212,636	5,944,991	5,613,111	6,419,192	4,843,781
Profit from continuing operations for the year		6,366,561	4,409,644	4,450,654	5,656,370	4,067,771
Losses from discontinued operations		-	-	-	-	-
Profit for the year		6,366,561	4,409,644	4,450,654	5,656,370	4,067,771
Other comprehensive income (loss), net of taxes		(328,194)	(517,025)	151,082	(1,277,000)	(1,179,750)
Total comprehensive income (loss) for the year		6,038,367	3,892,619	4,601,736	4,379,370	2,888,021
Profit attributable to shareholders of Qisda Corp.		4,988,479	3,575,055	4,035,064	5,291,387	4,342,267
Profit attributable to non-controlling interests		1,378,082	834,589	415,590	364,983	(274,496)
Total comprehensive income (loss) attributable to shareholders of Qisda Corp.		4,630,462	3,139,647	4,250,635	4,048,715	3,321,600
Total comprehensive income (loss) attributable to non-controlling interests		1,407,905	752,972	351,101	330,655	(433,579)
Earnings Per Share (EPS)		2.54	1.82	2.05	2.69	2.21

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 2021 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)				
		2020	2019	2018	2017	2016
Current Assets		28,557,901	32,079,579	32,671,090	30,776,890	29,263,103
Property, plant and equipment		1,513,839	1,519,417	1,481,977	1,493,157	1,501,273
Intangible assets		12,327	10,851	6,595	7,931	11,451
Other Assets (Note 2)		60,263,409	50,663,747	47,123,616	43,886,421	37,178,816
Total Assets		90,347,476	84,273,594	81,283,278	76,164,399	67,954,643
Current Liabilities	Before distribution	35,261,644	37,703,173	37,030,310	37,519,648	32,948,424
	After distribution (Note 3)		39,178,259	38,702,075	40,174,804	35,544,576
Non-current liabilities		19,060,331	12,626,462	11,805,649	7,685,841	5,496,173
Total Liabilities	Before distribution	54,321,975	50,329,635	48,835,959	45,205,489	38,444,597
	After distribution (Note 3)		51,804,721	50,507,724	47,860,645	41,040,749
Equity attributable to shareholders of Qisda Corp.		36,025,501	33,943,959	32,447,319	30,958,910	29,510,046
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		1,879,501	2,220,653	2,146,076	2,173,633	2,177,332
Retained Earnings	Before distribution	15,742,825	12,663,994	10,801,845	9,501,437	6,806,202
	After distribution (Note 3)		11,188,908	9,130,080	6,846,281	4,210,050
Other equity		(1,264,645)	(608,508)	(168,422)	(383,980)	858,692
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	36,025,501	33,943,959	32,447,319	30,958,910	29,510,046
	After distribution (Note 3)		32,468,873	30,775,554	28,303,754	26,913,894

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 2021 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 May 11, 2021 BOD Meeting

Condensed Parent Company Only Comprehensive Income

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note 1)				
		2020	2019	2018	2017	2016
Revenue		92,411,291	98,496,920	99,033,057	88,869,603	83,560,114
Gross profit		5,089,536	5,547,128	4,747,704	3,853,596	6,113,825
Profit from operations		981,411	1,795,302	1,143,231	169,072	2,715,889
Non-operating income and expenses		4,269,521	2,045,583	3,161,365	5,355,445	1,813,527
Profit before income tax		5,250,932	3,840,885	4,304,596	5,524,517	4,529,416
Profit from continuing operations for the year		4,988,479	3,575,055	4,035,064	5,291,387	4,342,267
Losses from discontinued operations		-	-	-	-	-
Profit for the year		4,988,479	3,575,055	4,035,064	5,291,387	4,342,267
Other comprehensive income (loss), net of taxes		(358,017)	(435,408)	215,571	(1,242,672)	(1,020,667)
Total comprehensive income (loss) for the year		4,630,462	3,139,647	4,250,635	4,048,715	3,321,600
Profit attributable to shareholders of Qisda Corp.		4,988,479	3,575,055	4,035,064	5,291,387	4,342,267
Profit attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of Qisda Corp.		4,630,462	3,139,647	4,250,635	4,048,715	3,321,600
Total comprehensive income (loss) attributable to non-controlling interests		-	-	-	-	-
Earnings Per Share (EPS)		2.54	1.82	2.05	2.69	2.21

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 2021 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	2020	2019	2018	2017	2016
CPA	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh
	Chang, Huei-Chen	Chang, Huei-Chen	Shih, Wei-Ming	Shih, Wei-Ming	Shih, Wei-Ming
Opinion and content	Unqualified opinion	Unqualified 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)				
			2020	2019	2018	2017	2016
Financial structure	Ratio of debts to assets (%)		65	65	67	66	65
	Ratio of long-term capital to property, plant and equipment (%)		291	294	278	263	237
Solvency	Current ratio (%)		124	119	108	106	103
	Quick ratio (%)		79	76	66	69	69
	Interest coverage ratio		11.83	6.88	7.61	10.72	9.02
Operating ability	Receivables turnover rate (times)		5.65	5.71	5.54	5.12	5.14
	Average collection days for receivables		65	64	66	71	71
	Inventory turnover rate (times)		5.23	5.54	6.04	6.47	6.78
	Payable turnover rate (times)		4.62	4.77	4.83	4.56	4.33
	Average days for sales		70	66	60	56	54
	Property, plant and equipment turnover rate (times)		7.09	7.56	7.60	7.05	6.75
	Total asset turnover rate (times)		1.25	1.33	1.36	1.34	1.32
Profitability	Return on assets (%)		5	4	4	6	5
	Return on equity (%)		12	10	12	16	13
	Ratio of profit before income tax to paid-in capital (%)		42	30	29	33	25
	Profit margin (%)		3	3	3	4	3
	Earnings per share (NT\$)		2.54	1.82	2.05	2.69	2.21
Cash flow	Cash flow ratio (%)		18	13	15	1	16
	Cash flow adequacy ratio (%)		88	93	53	54	65
	Cash flow reinvestment ratio (%)		18	13	16	(6)	15
Leveraging	Operating leverage		5	4	5	6	4
	Financial leverage		1	1	1	1	1

Reasons for changes in financial ratios in the most recent two years:

1. The increase in interest coverage ratio was mainly due to the increase in profit before tax and excluded interest in 2020.
2. The increase in return on assets and return on equity was mainly due to the increase in operating profit in 2020.
3. The increase in ratio of profit before income tax to paid-in capital was mainly due to the increase in profit before tax in 2020.
4. The increase in cash flow ratio and adequacy ratio was mainly due to the increase in net cash flow from operating activities.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2021 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)				
		2020	2019	2018	2017	2016
Financial structure	Ratio of debts to assets (%)	60	60	60	59	57
	Ratio of long-term capital to property, plant and equipment (%)	3,639	3,065	2,986	2,588	2,332
Solvency	Current ratio (%)	81	85	88	82	89
	Quick ratio (%)	68	71	77	73	81
	Interest coverage ratio	15.50	9.85	12.87	24.53	25.67
Operating ability	Receivables turnover rate (times)	3.79	3.74	3.78	3.59	3.47
	Average collection days for receivables	96	98	97	102	105
	Inventory turnover rate (times)	18.25	19.70	24.58	28.51	27.4
	Payable turnover rate (times)	3.37	3.46	3.53	3.13	2.98
	Average days for sales	20	19	15	13	13
	Property, plant and equipment turnover rate (times)	60.93	65.63	66.57	59.36	55.10
	Total asset turnover rate (times)	1.06	1.19	1.26	1.23	1.23
Profitability	Return on assets (%)	6	5	5	8	7
	Return on equity (%)	14	11	13	18	15
	Ratio of profit before income tax to paid-in capital (%)	27	20	22	28	23
	Profit margin (%)	5	4	4	6	5
	Earnings per share (NT\$)	2.54	1.82	2.05	2.69	2.21
Cash flow	Cash flow ratio (%)	9.45	13.55	1.81	(3.87)	22.71
	Cash flow adequacy ratio (%)	106	113	74	82	160
	Cash flow reinvestment ratio (%)	1	8	(2)	(11)	15
Leveraging	Operating leverage	5	3	4	24	1
	Financial leverage	2	1	1	-	1

Reasons for changes in financial ratios in the most recent two annual periods:

- The increase in Interest coverage ratio was mainly due to the increase in profit before tax and excluded interest in 2020.
- The increase in return on assets and return on equity was mainly due to the increase in operating profit in 2020.
- The increase in ratio of profit before income tax to paid-in capital was mainly due to the increase in profit before tax in 2020.
- The decrease in cash flow ratio and cash flow reinvestment ratio was mainly due to the decrease in net cash inflow from operating activities because of payment for material in 2020.
- The increase in operating leverage and financial leverage was mainly due to decreased in operating profit in 2020.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2021 financial data has not been attested or reviewed by CPAs.

Below are calculations:

1. Financial structure

- Ratio of debts to asset = Total liabilities / Total assets
- Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment

2. Solvency

- Current ratio = Current assets / Current liabilities.
- Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
- Interest coverage ratio = Net income before income tax and interest expense / Interest expenses over this period.

3. Operating ability

- 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).
- Average collection days for receivables = 365/Receivables turnover rate.
- Inventory turnover rate = Cost of goods sold/ Average inventory.
- 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).
- Average days for sales = 365 / Inventory turnover rate.
- Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
- Total asset turnover rate = Net sales / Average total assets

4. Profitability

- Return on assets = [Net income after taxes + interest expense x (1 - tax rate)] / Average total assets
- Return on equity = Net income after taxes / Average total equity
- Profit margin = Net income after taxes / Net sales
- Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow

- Cash flow ratio = Net cash flow of operating activities / Current liabilities.
- 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.
- 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

- Operating leverage = (Net operating revenue - variable operating cost and expenses) / Operating profit.
- Financial leverage = Operating profit / (Operating profit - interest expenses).

III. The Audit Committee's Review Report

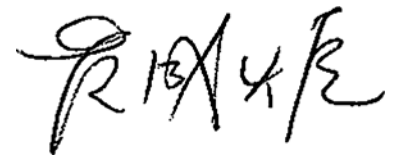
The Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2020. Tang, Tzu-Chieh and Chang, Hwei-Chen Certified Public Accountants of KPMG, have audited the Financial Statements. The 2020 Financial Statements, Business Report, Independent and Auditors Report 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.

Chair of the Audit Committee

Cheng-Ju (Allen) Fan

March 23, 2021



The Audit Committee's Review Report

As of the publication date of the annual report, the Board of Directors of the Company has not resolved the 2020 earnings distribution proposal. The relevant information will be announced on the Company's website and Market Observation Post System (Mops) at that time.

- IV. Consolidated Financial Statements with Independent Auditors' Report of the most recent year: please refer to Appendix 1 (Pages 91).
- V. Parent Company only Financial Statements with Independent Auditors' Report for the most recent year: Please refer to Appendix 2 (Pages 254).
- 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	2020	2019	Difference	
				Amount	%
Current assets		102,323,769	78,332,746	23,991,023	31%
Investment accounted for using equity method		16,308,434	17,778,476	(1,470,042)	-8%
Property, plant and equipment		30,188,228	23,915,978	6,272,250	26%
Investment property		3,561,030	3,404,112	156,918	5%
Intangible assets		9,118,895	5,069,111	4,049,784	80%
Other non-current assets		9,311,593	7,526,070	1,785,523	24%
Total assets		170,811,949	136,026,493	34,785,456	26%
Current liabilities		82,829,234	65,707,236	17,121,998	26%
Long-term debt		22,366,798	16,674,667	5,692,131	34%
Other non-current liabilities		6,652,697	5,608,996	1,043,701	19%
Total liabilities		111,848,729	87,990,899	23,857,830	27%
Common stock		19,667,820	19,667,820	0	0%
Capital surplus		1,879,501	2,220,653	(341,152)	-15%
Retained earnings		15,742,825	12,663,994	3,078,831	24%
Other equity		(1,264,645)	(608,508)	(656,137)	108%
Equity attributable to shareholders of Qisda Corp.		36,025,501	33,943,959	2,081,542	6%
Non-controlling interests		22,937,719	14,091,635	8,846,084	63%
Total equity		58,963,220	48,035,594	10,927,626	23%

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

1. The increase in Intangible assets was mainly due to mergers and acquisitions of Alpha Networks Inc. \ SIMULA TECHNOLOGY INC. and GOLDEN SPIRIT CO., LTD., increase goodwill, customer relations, patent rights, trademark rights.
2. The increase in total assets was mainly due to mergers and acquisitions of Alpha Networks Inc. \ SIMULA TECHNOLOGY INC. and GOLDEN SPIRIT CO., LTD..
3. The increase in total liabilities was mainly due to mergers and acquisitions of Alpha Networks Inc. \ SIMULA TECHNOLOGY INC. and GOLDEN SPIRIT CO., LTD..
4. The decrease in other equity was mainly due to fluctuations of exchange rate, leading to foreign currency translation differences from foreign operations.
5. The increase in non-controlling interests was mainly due to mergers and acquisitions of Alpha Networks Inc..

II. Financial performance

Financial performance analysis

Unit: NT\$ 1,000

Item	Year	2020	2019	Increase (decrease) amount	Change in proportion
Cost of sales		164,874,913	146,704,246	18,170,667	12%
Gross profit		26,826,789	23,049,869	3,776,920	16%
Operating expenses		20,213,935	16,821,782	3,392,153	20%
Profit from operations		6,612,854	6,228,087	384,767	6%
Non-operating income and expenses		1,599,782	(283,096)	1,882,878	665%
Profit before income tax for the year		8,212,636	5,944,991	2,267,645	38%
Income tax expense		1,846,075	1,535,347	310,728	20%
Profit for the year		6,366,561	4,409,644	1,956,917	44%

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

1. The increase in Operating expenses was due to mergers and acquisitions of Alpha Networks Inc. \ SIMULA TECHNOLOGY INC. and GOLDEN SPIRIT CO., LTD..
2. The decrease in non-operating income and expenses was due to the decrease in the share of profits of associates and joint ventures in 2020.
3. The increase in income tax expenses was due to mergers and acquisitions of Alpha Networks Inc. \ SIMULA TECHNOLOGY INC. and GOLDEN SPIRIT CO., LTD..

III. Cash flow

(I) Change in consolidated cash flow in 2020

Unit: NT\$1,000

Cash balance at the beginning of 2020	2020 Net cash flow	Cash balance at the end of 2020
10,780,507	11,759,911	22,540,418

(II) Analysis of changes in consolidated cash flow in 2020

Unit: NT\$1,000

Item	2020	2019	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	14,568,749	8,475,301	6,093,448	72%
Net cash flows used in investing activities	(1,277,116)	(6,252,618)	4,975,502	80%
Net cash flows used in financing activities	(2,135,400)	(890,287)	(1,245,113)	-140%

- (1) The operating activities was mainly due to the increase in profit before tax and the change in operating activity funds, so the net cash outflow from operating activities increase compared with 2019.
- (2) The investment activities was mainly due to the decrease in time deposits over three months compared with 2019, so the net cash outflow from investing activities decrease compared with 2019.
- (3) The financing activities was mainly due to the increase in purchasing subsidiary equity from non-controlling interests, so the net cash outflow from financing activities increase compared with 2019.

(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

On consolidated statements, the company and subsidiaries purchased approximately NT\$4.7 billion in real property, plant and equipment in 2020, accounting for 2.5% of net sales, and had no significant impact on the company's financial business.

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\$499,569,000 in 2020. 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 utilized 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

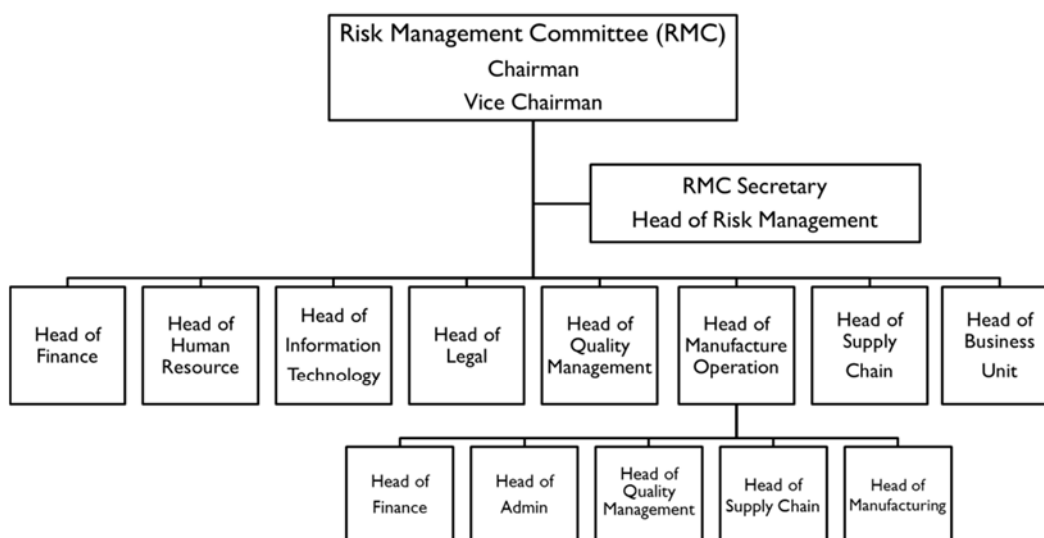
- a. To ensure the Company's sustainable operation, the Risk Management Committee has been established to regularly identify, assess, process, report and monitor the risks that may adversely affect the Company's operating goals.
- b. Identify and control risks prior to occurrence of actual incidents, 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 2020 and 2019 will be reduced or increased by NT\$ 440,553,000 and NT\$ 369,769,000 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, 2020					
	Foreign currency	Exchange rate	TWD	Change in magnitude	Effect on profit or loss
<u>Financial assets</u>					
USD	\$ 1,553,657	28.3500	44,046,176	1%	440,462
EUR	82,529	34.9560	2,884,884	1%	28,849
CNY	1,601,226	4.3216	6,919,858	1%	69,199
JPY	3,109,307	0.2749	854,748	1%	8,547
<u>Financial Liabilities</u>					
USD	1,749,975	28.3500	49,611,791	1%	496,118
EUR	41,796	34.9560	1,461,021	1%	14,610
CNY	1,615,273	4.3216	6,980,564	1%	69,806
JPY	7,424,353	0.2749	2,040,955	1%	20,410
December 31, 2019					
	Foreign currency	Exchange rate	TWD	Change in magnitude	Effect on profit or loss
<u>Financial assets</u>					
USD	\$ 1,365,752	30.1060	41,117,330	1%	411,173
EUR	63,958	33.8690	2,166,194	1%	21,662
CNY	1,148,125	4.3132	4,952,093	1%	49,521
JPY	2,493,138	0.2771	690,849	1%	6,908
<u>Financial Liabilities</u>					
USD	1,294,869	30.1060	38,983,326	1%	389,833
EUR	43,363	33.8690	1,468,661	1%	14,687
CNY	1,396,051	4.3132	6,021,447	1%	60,214
JPY	5,674,061	0.2771	1,572,282	1%	15,723

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, 2020 and 2019 were \$(117,444,000) and \$(21,214,000), 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 2020 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 swap 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 recipients of the Company's and its subsidiaries' loaned funds and guarantee/endorsement are only our subsidiaries.

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

In 2021, the Company is planning to invest more than NT\$ 6.2 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: Certification of Webcam/Zoom & Teams \ HDR \ Quantum Dot \ 8K Ultra HD \ USB4/HDMI 2.1/DP 2.0/Thunderbolt 4 monitor \ Curved display (1,000R); High update rate and display refresher rate on next generation of G-sync 3/FreeSync 2 professional gaming display ; full color adjustment solution and display software and hardware solutions.
2. Projector products: laser lighting source high-lumen interchangeable lens projector for large-scale exhibition \ Portable high-quality projector with LED lighting source for business / education \ laser lighting source ultra short-focus 4K UHD high-quality projection for education / household \ micro projector with LED lighting source and smart display high-efficiency \ development of the second-generation projection imaging machine for oral scanning medical applications.

(IV) The impact of important policies and legal regulations changes at domestic 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 status 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 Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC., Alpha Networks Inc., Hitron Technologies Inc. and Interactive Digital Technologies Inc. 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, accelerate solution development and Strategic investment in 5G Network business. 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 a questionnaire survey on important stakeholders every year to understand the stakeholders' expectations and concerns about the company, as an important reference for the company's continuous operation strategy, and responds and explains the operation in the annual corporate social responsibility report Status to ensure information transparency and effective communication.
2. 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.
3. The Company is also actively committed to environmental protection and safety and hygiene management, and has obtained the certification of ISO 14001 Environmental Management System and ISO 45001 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 diversified, 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 tracks customer 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 total 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 involving 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.

- I. 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. As for the class action lawsuit filed against the indirect consumer part, the company has won the final judgment in February 2020, and other cases have also been settled by the plaintiff.
 - 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. Litigation 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 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. As for the class action lawsuit filed against the indirect consumer part, the company has won the final judgment in February 2020, and other cases have also been settled by the plaintiff.
 - (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) 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. In April 2019, the Central District Court of Israel in Lod approved the settlement. In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. AUO does not believe service has been properly made, but in order to protect its rights, AUO has retained counsel to handle the related matter, and at this stage, the final outcome of these matters

is uncertain. AUO has been reviewing the merits of this lawsuit on an on-going basis. In September 2018, AUUS received a complaint filed 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.

As of February 3, 2021, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. 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.

(ii) 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 "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval in 2010. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents have proceeded to file an administrative action for invalidating the environmental assessment again. The matter is still under review by the court. 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 intentional 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, enhance 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. Countermeasures 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.

6. Security management of information asset equipment

The company protects the confidentiality, availability, and consistency of information assets by establishing a set of information assets classification and inventory mechanism, and effectively identifies the company's key systems and equipment, strengthens and strengthens the physical security management of the information room, including personnel access control, Add surveillance image system and item entry and exit management to protect the safety of company information system equipment.

7. Management of external service vendors

In order to protect the company's own rights and information security, the company establishes a prior risk assessment mechanism for external manufacturers and requires them to sign a confidentiality agreement (NDA) in the process of signing service contracts with external manufacturers to protect the company's confidential information and avoid Was misused or exposed.

8. Information security management system certification

In response to the current information security technology risks, the company has introduced an information security management system to comprehensively improve information security protection and has obtained ISO 27001 information security international standard certification at August 2020.

In addition to investing in software and hardware investment in information security protection, the company also vigorously promotes the integration of information security management systems with international standards. It is expected to further improve the information security protection mechanism and continuously improve various information security management and maintenance operations to achieve It meets the information security management objectives of "confidentiality", "integrity" and "availability", and is expected to effectively reduce the impact of possible information security incidents and enhance corporate image and competitiveness.

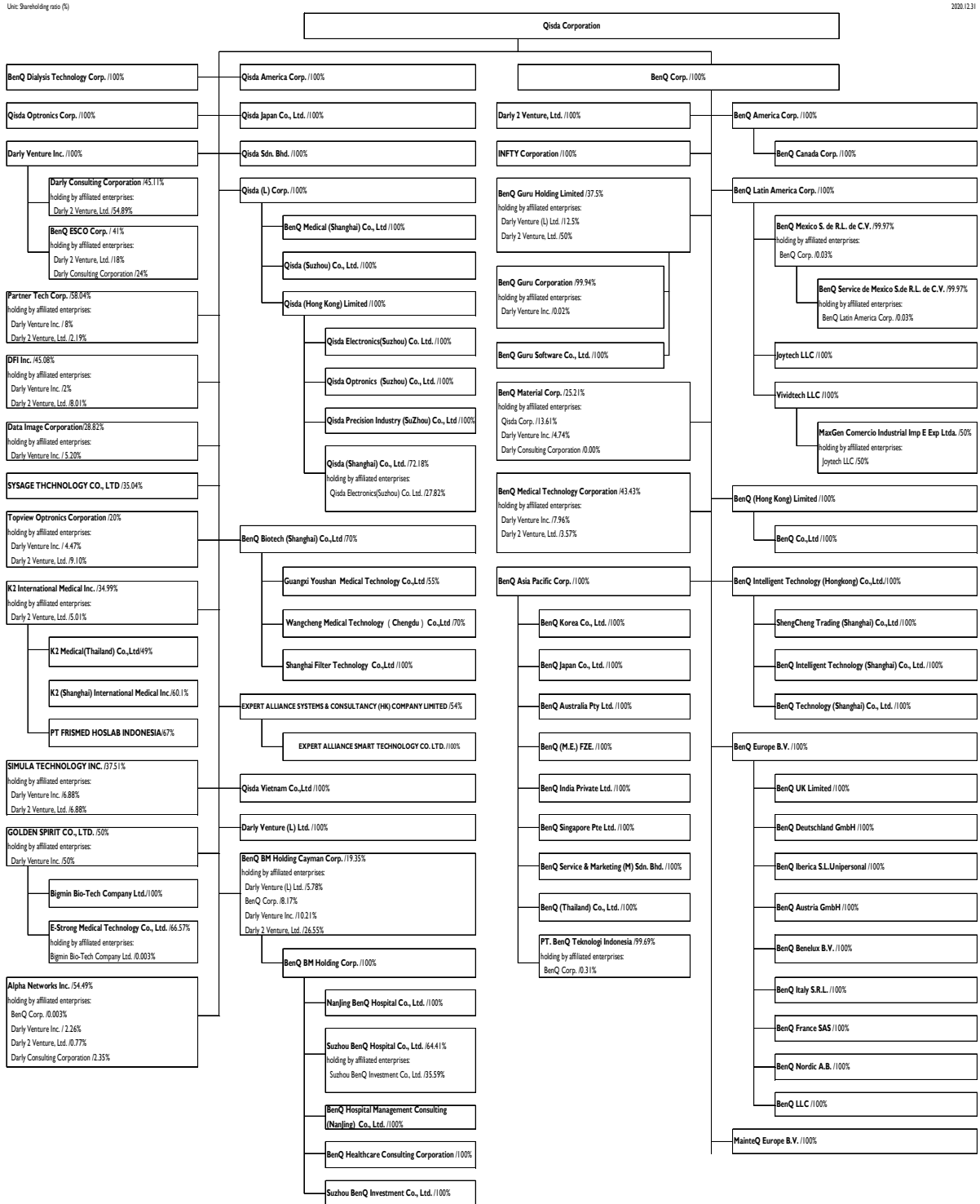
Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI , Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its analysis and assessment to other risks.

VIII. Other material matters: None.

Special Notes

I. Information about affiliates

(I) Organization chart of affiliates



Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively to respectively see its Organization chart of affiliates

(II) Basic information of affiliates

December 31, 2020; NT\$1,000

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
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
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
PARTNER TECH CORP.	PTT	1990.02.21	10F., No. 233-1, 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	10F., No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NTD	1,146,889	Manufacturing, processing and trading of industrial computer boards and computer components
DATA IMAGE CORPORATION	DIC	1997.11.22	30F., No.93, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	NTD	693,996	Design, manufacture and sale of marine display optoelectronic modules
TOPVIEW OPTRONICS CORP.	TOC	2010.10.07	10F., Dacheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	NTD	287,500	Production and sales of Security monitor, and import and export trade
SYSAGE THCHNOLOGY CO., LTD	SYSAGE	1998.04.16	10F., No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,883,573	Operating communications and Internet hardware and software equipment
SIMULA TECHNOLOGY INC.	SIMULA	2003.12.15	13 ~ 14F., No.1351, 14F., No.1353, Zhong-Zheng Rd., Taoyuan Dist., Taoyuan City 33071, Taiwan	NTD	799,729	Electronic Parts/Components
GOLDEN SPIRIT CO., LTD.	GSC	2001.08.31	No. 232, Dazhong 2nd Rd., Zuoying Dist., Kaohsiung City 813505, Taiwan	NTD	200,000	Trading in medical equipment
Bigmin Bio-Tech Company Ltd.	BMB	1991.11.13	No. 232, Dazhong 2nd Rd., Zuoying Dist., Kaohsiung City 813505, Taiwan	NTD	15,000	Trading in medical equipment
E-STRONG MEDICAL TECHNOLOGY CO., LTD.	ESM	2013.09.11	No. 27, Nongyuan Rd., Changzhi Township, Pingtung County 908126, Taiwan	NTD	333,500	Trading in medical equipment
Alpha Networks Inc.	Alpha	2003.09.04	No. 8, Li-shing 7 Road, Hsinchu Science Park Hsinchu, Taiwan	NTD	5,417,185	Communications and Internet
K2 INTERNATIONAL MEDICAL INC.	K2	2006.07.04	9F., No. 18, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	200,000	Trading in medical equipment
K2 MEDICAL(THAILAND)CO.,LTD	K2th	2018.10.26	77/87 Thonburi Road, Klongtan Sub-District, Klongsan District, Bangkok Metropolis	THB	40,000	Medical equipment trading
K2 (Shanghai) International Medical Inc.	K2sh	2007.08.31	Building 2, No. 787, Manufacturing Bureau Road, Huangpu District, Shanghai	USD	1,250	Medical equipment trading
PT FRISMED HOSLAB INDONESIA	K2ID	2000.06.28	RUKO BIDX BLOK G NO. 30-31 JL. PAHLAWAN SERIBU BSD CITY, KEL. LENGKONG GUDANG KEC. SERPONG	IDR	110,000	Trading in medical equipment

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
EXPERT ALLIANCE SYSTEMS & CONSULTANCY (HK) COMPANY LIMITED	EASCHK	2011.03.29	Room 1101-1102, 11th Floor, Times Center, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	HKD	30,000	Manufacturing of computer peripheral products and provide smart service
EXPERT ALLIANCE SMART TECHNOLOGY CO. LTD.	EASTMO	2018.12.14	Block A, 14th Floor, China Fortune Commercial Middle, 26-54B, Bristol Road, Macau	MOP	100	Manufacturing of computer peripheral products and provide smart service
BenQ corporation	BenQ	2000.03.13	No. 16, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	5,396,615	Brand product manufacturing and sales
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 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
Darly Venture Inc.	APV	1996.05.02	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,641,969	Holding company
Darly2 Venture, Inc.	Darly2	2000.01.19	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	2,250,000	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
BENQ ESCO CORP.	ESCO	2013.01.25	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	100,000	Energy technology service
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 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 Healthcare Consulting Corporation	BHCC	2009.02.05	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	22,763	Management consultant
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
Qisda Sdn. Bhd.	QLPG	1989.11.15	2686 Jalan Todak, Seberang Jaya 13700 Prai Penang, Malaysia	MYR	50,274	Leasing and management services
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
BenQ Medical (Shanghai) Co., Ltd	BMSH	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 (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 1 Jubilee Street, Hong Kong	HKD	10	Holding company
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

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
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
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
BenQ Biotech (Shanghai) Co., Ltd	BBC	2019.08.19	No. 613, 713 Taihua Road, Pudong New District, Shanghai	CNY	100,000	Manufacturing and trading of medical equipment
Guangxi Youshan Medical Technology Co., Ltd	Youshan	2020.01.19	Room 1316, 13/F TOWER 1, Datang headquarters, No. 21, Pingle Road, Nanning Area of China (Guangxi) Pilot Free Trade Zone, China	CNY	6,000	Trading in medical equipment
Wangcheng Medical Technology (Chengdu) Co., Ltd	Wangcheng	2020.11.25	Room 1-401, Building 17, Chengdu Cross-Strait Technology Industry Development Park Wenjiang District, Chengdu, Sichuan Province, China	CNY	2,000	Trading in medical equipment
Shanghai Filter Technology Co., Ltd	Filter	2020.12.24	Building 4, No. 613, 713 Taihua Road, Pudong New District, Shanghai, China	CNY	140,000	R&D, manufacturing and sales of synthetic materials and rubber products
Qisda Vietnam Co., Ltd	QVH	2019.10.23	Lot CNI2, Dong Van 4 Industrial Park, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam.	USD	35,000	Manufacturing of liquid crystal display
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
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
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	262,463	Holding company
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
BenQ Hospital Management Consulting (Nanjing) Co., LTD.	NMHC	2005.11.14	No. 71 Hexi street, Jianye District, Nanjing, China	USD	1,000	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
BenQ Guru Holding Limited	GSH	2005.12.08	Unit A2, 10/F, Block A, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Hongkong	HKD	62,400	Holding company
BenQ Guru Software Co., Ltd.	GSS	1998.07.21	Building B, No. 181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	USD	13,200	R&D and trading of computer information systems
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 Canada Corp.	BQca	2003.09.29	3-1750 The Queensway, Suite 1265, Toronto, on M9C 5H5 Canada	CAD	1	Electronic product trading
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

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
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
BenQ Service de Mexico S. de R. L. de C.V.	BQsm	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
Joytech LLC.	Joytech	2009.11.20	8200 NW 33rd street, Suite 301, Miami FL 33122, USA.	USD	1	Holding company
Vividtech LLC.	Vividtech	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 7 andar CEP 01414-001 Sao Paulo, SP Brazil	BRL	503	Electronic product trading
BenQ (Hong Kong) Limited	BQHK	1991.10.31	Unit A-2, 10/F, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	HKD	466,200	Holding company
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 Intelligent Technology (Hongkong) Co., Ltd.	BQHK_HLD	2017.07.05	Unit A-2, 10/F, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	USD	4,000	Electronic product trading in HK
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	3,000	Trading in electronic products in China
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
BenQ Europe B.V.	BQE	1994.09.26	Meerenakkerweg 1-12, 1-17, 1-19 and 1-23, Eindhoven, the Netherlands	EUR	12,523	Electronic product trading in Europe
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 fl), 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 1-12, 1-17, 1-19 and 1-23, Eindhoven, the Netherlands	EUR	18	Electronic product trading
BenQ Italy S.R.L.	BQit	2002.02.14	Viale Ercole Marelli 165, 5th Floor, 20099 Sesto San Giovanni, Italy	EUR	300	Electronic product trading
BenQ France SAS	BQfr	2004.04.08	Centre d'affaires La Boursidiere RN 186, 92350 Le Plessis Robinson France	EUR	50	Electronic product trading
BenQ Nordic A.B.	BQse	2005.12.06	Norgegatan 1, 164 32 Kista, 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
MainteQ Europe B.V.	MQE	2002.04.05	EKKersrijt 4130, 5692 DC Son, The Netherlands	EUR	818	Display and projector repair service in Europe

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
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	7F1, 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
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, Klongtongsai, Klongsarn, Bangkok 10600 ,Thailand	THB	60,000	Electronic product trading
PT. BENQ TEKNOLOGI INDONESIA	BQid	2017.11.06	Wisma 77 Tower 2 Lantai 5 Zone 1, Jalan Letjen S.Parman Kavling 77, Slipi Sub-district, Palmerah Subdistrict, West Jakarta	IDR	3,250,000	Electronic product trading

Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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 private brand products.

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

Medical Services: Hospitals that provide medical services.

Network communication: Engaged in the commissioned design, research and development, manufacturing and sales of broadband, wireless network products and computer network systems and their components.

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

April 26, 2021; Unit: in thousand shares; NT\$ 1,000; %

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BMT	Director General manager	BenQ Corp.Representative: Peter Chen, JY Hu, Michael Kuan, Harry Yang Li,Jen-Fang(Independent director), Chang,Chin-Tung(Independent director), Huang,Chin-Fa(Independent director) Michael Kuan	24,491,956	54.96%
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 director), Chen,Chiu-Ming(Independent director), Lu,Yu-Yang (Independent director) Ray Liu	139,690,207	43.56%
PTT	Director General manager	Qisda Corp. Representative: Peter Chen, Pete Wang, Michael CH Lee Wu Hung Lin Victor Tsan (Independent director), Calvin Wang (Independent director), Ryan Shen (Independent director) Pete Wang	51,231,888	68.23%
DFI	Director General manager	Qisda Corp. Representative: Peter Chen, Michael CH Lee, Steven Tsai Leei,Min-Shan Chou,Kuang-Jen(Independent director), Chu,Chih-Hao(Independent director), Yeh,Te-Chang(Independent director) Steven Tsai	63,078,873	55.09%
DIC	Director General manager	Qisda Corp. Representative: Joe Huang, Joe Lee, Jasmin Hung, Deng,Fu-ji, Daniel Hsueh Yu, Su-Ping Yeh, Hui-Hsin (Independent director), Ma,Xiao-Kang (Independent director), He,Wen-Xian (Independent director) Chan,Wei-Hsiang	26,612,305	38.35%
TOC	Director	Qisda Corp. Representative: Zhou,Le-Ling, Cai,Wen-Jing, Joe Huang, Liang,Kun-De,Billy Liou Li,Hong-Ming, Su,Ying-Qing (Independent director), Cai,Xin- Zhang (Independent director), Lin,Kai-Bin (Independent director)	9,651,000	33.57%
SYSAGE	Director	Qisda Corp. Representative: Michael CH Lee, Jasmin Hung, Joshua Tzeng, Steven Tsai, Guo,Shu-Er Wang,Wen-Cong (Independent director), Wang,Jin-Lai (Independent director), Lai,Shan-Gui (Independent director)	66,000,000	35.04%
SIMULA	Director	Qisda Corp. Representative: Joe Huang(Note2), LucilleYu, Calvin Jeng, Jasmin Hung Chen,Jin-ji (Independent director), Dan,Tang-E (Independent director), Yeh, Hui-Hsin (Independent director)	41,000,000	51.27%
GSC	Director Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang Qisda Corp. Representative: Billy Liou	20,000,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BMB	Director Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang Qisda Corp. Representative: Billy Liou	1,500,000	100.00%
ESM	Director Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang, Billy Liou NEW IMAGE MEDICAL CO., LTD. Representative: Wu,Sheng-Zhong Bigmin Bio-Tech Company Ltd. Representative: Jimmy Hsu	22,200,500	66.57%
Alpha	Director	Qisda Corp. Representative: April Huang, Peter Chen, Lin,Yu-Chin, Jasmin Hung Li,Shu-Hsing (Independent director), Chiang,Cheng-Jung (Independent director), Hsieh,Ming-Der (Independent director)	324,312,126	58.87%
K2	Director Supervisor General manager	Qisda Corp. Representative: Chen,Ming-Cheng, Harry Yang, Jasmin Hung, Spark Huang Chen,Hsiu-Wen, Lin,Yuan-Hao, Chen,Chung-I Darly2 Venture, Inc. Representative: Billy Liou Chen,Chung-I	8,000,000	40.00%
K2th	Director General manager	Harry Yang, Ong-Art-Chalinrat, Yeh,Kung-Wu Ong-Art-Chalinrat	392	19.60%
K2sh	Director Supervisor General manager	Chen,Chung-I Chen,Ming-Cheng Yuan,Yao-Hua	751,250	24.04%
K2ID	Director General manager	Chen,Chung-I, Fang,Shi-Jia, FREDHO HALIM Chen,Ming-Cheng, Zhao Si-Yi, SUZANTY ARIANY	737,000	26.80%
EASCHK	Director	Michael CH Lee, Claire Tien, Yu,Xiao-Hui, Chen, Feng-Yang, Chen,Zhen-Liang	Contribution amount HKD30,000,100	54.00%
EASTMO	Director	Michael CH Lee, Claire Tien, Yu,Xiao-Hui	Contribution amount MOPI00,000	54.00%
BenQ	Director Supervisor General manager	Qisda Corp. Representative: K.Y. Lee, Peter Chen, Conway Lee, Jasmin Hung Qisda Corp. Representative: Billy Liou Conway Lee	539,661,479	100.00%
BQP	Director Supervisor General manager	BenQ Corp.Representative: Conway Lee, Jeffrey Liang, Scott Yen BenQ Corp.Representative: Ping Shen Jeffrey Liang	20,000,000	100.00%
BDT	Director Supervisor	Qisda Corp. Representative: Harry Yang, Spark Huang, Billy Liou Qisda Corp. Representative: Aaron Chen	28,000,000	100.00%
QTOS	Director Supervisor	Qisda Corp. Representative: Joe Huang, Jasmin Hung(Note2), Daniel Hsueh Qisda Corp. Representative: Billy Liou(Note2)	100,000	100.00%
APV	Director Supervisor	Qisda Corp. Representative: Jasmin Hung, Peter Chen, Michael LS Wang Qisda Corp. Representative: Billy Liou	164,196,893	100.00%
Darly2	Director Supervisor	BenQ Corp. Representative: Jasmin Hung, Peter Chen, Michael LS Wang BenQ Corp. Representative: Billy Liou	255,000,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
DarlyC	Director Supervisor	Darly2 Venture, Inc. Representative: Jasmin Hung, Peter Chen, Michael LS Wang Darly Venture Inc. Representative: Billy Liou	26,832,611	100.00%
ESCO	Director Supervisor General manager	Darly Venture Inc. Representative: Michael CH Lee, Zheng,Jia-Liang, Billy Liou Darly2 Venture, Inc. : Aaron Chen Zheng,Jia-Liang	8,300,000	83.00%
INF	Director Supervisor	BenQ Corp.Representative: Conway Lee, Peter Huang, Enoch Huang Darly2 Venture, Inc. : Ping Shen	6,946,880	100.00%
GST	Director Supervisor	BenQ Guru Holding Limited Representative: Michael CH Lee, Joshua Tzeng, Billy Liou Darly Venture Inc. Representative: Aaron Chen	5,757,428	99.96%
BHCC	Director Supervisor	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Ron Chiang, Jasmin Hung BenQ BM Holding Corp. Representative: Billy Liou	2,276,330	70.05%
QALA	Director General manager	Joe Huang, Daniel Hsueh, Ellin Lee Joe Huang	1,000,000	100.00%
QJTO	Director Supervisor	CY Ho, Chen,Pei-Tzu, Jimmy Hsu Billy Liou	Contribution amount JPY10,000,000	100.00%
QLPG	Director	Jasmin Hung, SS Lim, Mavis Lin	MYR 50,274,200	100.00%
QLLB	Director	Jasmin Hung, Peter Chen, Billy Liou	114,250,000	100.00%
BMSH	Director Supervisor General manager	Qisda (L)Corp. Representative: Harry Yang, Francis Xiao, Rackie Kuo Qisda (L)Corp. Representative: Mercer Peng Francis Xiao	Contribution amount USD1,360,000	100.00%
QCSZ	Director Supervisor General manager	Qisda (L)Corp. Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (L)Corp. Representative: Billy Liou Mark Hsiao	Contribution amount USD74,000,000	100.00%
QCHK	Director	Jasmin Hung, Peter Chen, Billy Liou	10,000	100.00%
QCES	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD11,800,000	100.00%
QCOS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD12,460,000	100.00%
QCPS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD5,000,000	100.00%
QCSH	Director Supervisor General manager	Qisda Electronics (Suzhou) Co. Ltd. Representative : Mark Hsiao Qisda (Hong Kong) Limited Representative: Eric Lee, Mercer Peng Qisda (Hong Kong) Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD66,500,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BBC	Director Supervisor	Qisda Corp. Representative: Harry Yang, Mark Hsiao, Jasmin Hung Shanghai Kunxin Medical Technology Co., Ltd. Representative: Xia, Lie-Bo Qisda Corp. Representative: Michael Lee Shanghai Kunxin Medical Technology Co., Ltd. Representative: He, Hong-Xing	Contribution amount CNY70,000,000	70.00%
Youshan	Director Supervisor	BenQ Biotech (Shanghai) Co.,Ltd Representative: Li,Xiao-Ming, Wen,Hu Guangxi Youshan Investment Co., Ltd Representative: Huang,Tian Yue BenQ Biotech (Shanghai) Co.,Ltd Representative: Lei,Xin-Hua	Contribution amount CNY3,300,000	38.50%
Wangcheng	Director Supervisor	Xu,Yong BenQ Biotech (Shanghai) Co.,Ltd Representative: Lei,Xin-Hua, Wen,Hu BenQ Biotech (Shanghai) Co.,Ltd Representative: Fan,Shi-Hai	Contribution amount CNY1,400,000	49.00%
Filter	Director Supervisor	BenQ Biotech (Shanghai) Co.,Ltd Representative: Mark Hsiao, Xia,Lie-Bo, Harry Yang, Jasmin Hung Michael Lee, He,Hong-Xing	Contribution amount CNY1,000,000	100.00%
QVH	Director Supervisor	Qisda Corp. Representative: Mark Hsiao, Rex Wu, Mercer Peng, T T Huang Qisda Corp. Representative: Billy Liou	Contribution amount USD35,000,000	100.00%
Darly	Director	Jasmin Hung, Peter Chen, Michael LS Wang	6,000,000	100.00%
BBHC	Director	K.Y. Lee, Peter Chen, Jasmin Hung, Mark Hsiao, Michael Tseng, Louise Wang, Yang,Hung-Jen, Wang,Lin, Kuo,Chi-Chih	171,581,837	70.05%
BBM	Director	K.Y. Lee, Peter Chen, Jasmin Hung, Mark Hsiao, Michael Tseng, Louise Wang, Yang,Hung-Jen, Wang,Lin, Kuo,Chi-Chih	262,463,251	70.05%
NMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih, Yu,Zhen-Kun BenQ BM Holding Corp. Representative: Mavis Lin Mark Hsiao	Contribution amount USD 172,014,984	70.05%
SMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih, Zhou,Xiao-Qing BenQ BM Holding Corp. Representative: Mavis Lin Mark Hsiao	Contribution amount CNY 601,975,000	70.05%
NMHC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih BenQ BM Holding Corp. Representative: Mavis Lin Mark Hsiao	Contribution amount USD 1,000,000	70.05%
BIC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Jasmin Hung, Louise Wang, Ron Chiang BenQ BM Holding Corp. Representative: Mavis Lin Mark Hsiao	Contribution amount USD30,000,000	70.05%
GSH	Director	Michael CH Lee, Joshua Tzeng, Rackie Kuo	62,400,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
GSS	Director Supervisor General manager	BenQ Guru Holding Limited Representative: Michael CH Lee, Joshua Tzeng, Billy Liou BenQ Guru Holding Limited Representative: Aaron Chen Huang,Chih-Kuang	Contribution amount USD13,200,000	100.00%
BQA	Director	Conway Lee, Ellin Lee, Lars Yoder	200,000	100.00%
BQca	Director	Lars Yoder, Ellin Lee, Richard Winter	1,000	100.00%
BQL	Director	Conway Lee, Anson W Yang, Israel Bedolla	4,350,000	100.00%
BQmx	Director	Israel Bedolla, Anson W Yang, Conway Lee	3,000	100.00%
BQsm	Director	Israel Bedolla, Anson W Yang, Conway Lee	3,000	100.00%
Joytech	Director	Israel Bedolla, Anson W Yang, Ellin Lee	500	100.00%
Vividtech	Director	Israel Bedolla, Anson W Yang, Ellin Lee	500	100.00%
MaxGen	Director	Marcelo Café	1,000	100.00%
BQHK	Director	Jasmin Hung, Rackie Kuo, Danny Lin	466,200,002	100.00%
BQC	Director Supervisor	Ben Q (Hong Kong) Limited Representative: Jasmin Hung, Rackie Kuo, Danny Lin Ben Q (Hong Kong) Limited Representative: Aaron Chen(Note2)	Contribution amount USD80,000,000	100.00%
BQHK_HLD	Director	Conway Lee, Michael Tseng, Rackie Kuo	Contribution amount USD4,000,000	100.00%
BQsha_EC2	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Michael Tseng, David Huang, Rackie Kuo BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Ping Shen David Huang	Contribution amount USD100,000	100.00%
BQC_RO	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Conway Lee, Michael Tseng, Rackie Kuo BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Ping Shen Michael Tseng	Contribution amount USD3,000,000	100.00%
BQls	Director Supervisor General manager	Ben Q (Hong Kong) Limited Representative: Conway Lee, Michael Tseng, Rackie Kuo Ben Q (Hong Kong) Limited Representative: Ping Shen Michael Tseng	Contribution amount USD200,000	100.00%
BQE	Director	Conway Lee, Steve Chu, Joy Chang	5,009,076	100.00%
BQuk	Director Secretary	Conway Lee, Steve Chu, Royce James Lye Joy Chang	300	100.00%
BQde	Director	Steve Chu, Joy Chang, Oliver Barz	100	100.00%
BQib	Director	Steve Chu, Joy Chang(Note2)	150	100.00%
BQat	Director	Steve Chu, Joy Chang, Mihai Borze	35	100.00%
BQnl	Director	Conway Lee, Steve Chu, Joy Chang	182	100.00%
BQit	Director	Steve Chu, Joy Chang, Mihai Borze	50,000	100.00%
BQfr	Director	Steve Chu, Joy Chang, Bruno Morel	1	100.00%
BQse	Director	Steve Chu, Joy Chang, Bo Joalim Carl Cramer	1	100.00%
BQru	Director	Steve Chu, Joy Chang, Youri Studenikin	1	100.00%
MQE	Director	Conway Lee, Joy Chang, EL Tan	81,800	100.00%
BQkr	Director Supervisor	Jeffrey Liang, Scott Yen, Peter So Ping Shen	10,000	100.00%
BQjp	Director Supervisor	Jeffrey Liang, Scott Yen, Masashi Kikuchi Ping Shen	200	100.00%
BQau	Director	Jeffrey Liang, Scott Yen, Martin Moelle	2,191,092	100.00%
BQme	Director	Jeffrey Liang, Scott Yen, Manish Bakshi	1	100.00%
BQin	Director	Jeffrey Liang, Scott Yen, Rajeev.Singh	440,295,980	100.00%
BQsg	Director	Jeffrey Liang, Scott Yen, HASLINA BINTE ABU BAKAR	500,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BQmy	Director	Jeffrey Liang, Scott Yen, Brian HY Lee (Lee Hing Yew)	100,000	100.00%
BQth	Director	Jeffrey Liang, Scott Yen, Thanyarak Nasomyon	11,999,998	100.00%
BQid	Director Supervisor General manager	Jeffrey Liang, Andryanto C Wijaya Scott Yen Andryanto C Wijaya	6,500	100.00%

Note1: Qisad Grop combined holding shares and Shareholding ratio.

Note2: As of April 30, 2021

Note3: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW Optronics Corp., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its Directors, supervisors, and presidents of affiliates.

(VI) Overview of affiliates' operations:

December 31, 2020; 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	546,160	342,424	45,566	296,858	0	(23,137)	(6,634)	
QALA	32,800	6,413,850	6,370,335	43,516	22,640,630	13,265	5,888	
QJTO	3,784	878,968	826,358	52,610	2,219,696	5,550	2,028	
BDT	280,000	137,480	21,833	115,647	58,896	(33,045)	(33,629)	(1.2)
QTOS	1,000	1,011	0	1,011	0	0	10	0.1
Darly L	165,000	290,122	141,908	148,214	0	(58)	4,548	
APV	1,641,969	2,561,998	1,730	2,560,268	0	(428)	118,653	0.72
QVH	1,073,549	2,160,874	1,328,809	832,065	377,650	(128,941)	(147,028)	
QLLB	3,460,633	15,003,415	1,176,172	13,827,243	0	(274)	1,566,663	
QCSZ	2,241,460	32,920,183	23,259,992	9,660,191	76,397,392	1,123,110	1,031,051	
QCHK	0	3,574,305	0	3,574,305	0	(28)	567,839	
BMSH	43,776	53,665	17,517	36,148	52,528	(1,896)	(1,104)	
QCSH	2,014,285	297,621	1,669,609	(1,371,988)	0	(22,308)	(12,391)	
QCES	357,422	7,517,200	6,108,786	1,408,414	22,283,243	232,913	144,986	
QCOS	377,413	7,765,602	4,015,971	3,749,631	14,413,748	414,560	398,569	
QCPS	151,450	821,156	429,508	391,648	1,751,610	45,534	36,210	
ESCO	100,000	64,680	45,667	19,014	87,371	(8,469)	(2,098)	(0.21)
BenQ	5,396,615	18,627,230	9,333,726	9,293,503	16,836,188	(42,203)	1,387,254	2.57
BQHK	1,819,024	2,860,024	27,844	2,832,180	0	(47)	215,593	
BQE	485,684	3,763,927	3,055,236	708,691	7,895,264	100,575	138,824	
BQP	200,000	2,801,001	2,511,887	289,114	6,397,212	160,365	152,292	7.61
BQA	60,580	1,986,157	1,276,575	709,582	4,636,434	70,697	94,304	
BQL	127,414	611,049	679,434	(68,385)	596,111	1,442	(122,492)	
MQE	35,139	83,734	11,119	72,615	68,320	3,951	2,958	
Darly 2	2,250,000	3,105,719	27,135	3,078,584	0	(629)	110,625	0.49
BQHK_HLD	118,143	838,035	50,734	787,301	136,668	8,401	381,071	
INF	69,469	89,413	11,171	78,242	263,834	8,799	4,092	0.59
GSH	242,320	176,788	620	176,168	0	(27)	2,152	
BQid	6,923	47,402	38,116	9,286	47,074	9,919	11,310	
BQkr	1,713	26,375	19,618	6,757	1,052	(4,198)	(1,543)	
BQjp	2,582	572,912	488,047	84,865	1,694,527	49,220	167	
BQau	65,042	293,036	223,225	69,810	579,868	21,080	9,115	
BQme	8,809	512,663	486,865	25,797	1,231,491	27,543	27,229	
BQin	225,287	674,473	645,111	29,362	738,858	5,143	8,684	
BQsg	11,425	29,120	45,401	(16,281)	44,955	4,010	4,261	
BQmy	106,550	38,889	31,028	7,861	81,718	1,000	1,084	
BQth	56,030	59,228	111,963	(52,735)	167,759	(5,869)	(4,314)	
BQC	2,766,770	3,049,828	210,936	2,838,891	510,326	283,709	215,792	
BQls	12,703	209,225	167,661	41,564	57,800	24,623	16,778	
BQsha_EC2	2,942	58,894	39,904	18,990	236,137	31,009	23,330	
BQC RO	90,106	1,882,125	1,159,686	722,439	4,280,224	350,133	333,951	
GSS	495,651	145,276	66,359	78,918	133,279	(13,420)	(9,818)	
GST	57,600	83,778	12,186	71,591	113,196	10,413	12,004	2.08
BQca	30	260,902	254,269	6,632	942,709	6,226	8,038	
BQmx	7	281,697	242,754	38,943	377,661	3,975	(4,081)	
Joytech	4,422	(139,807)	0	(139,807)	0	0	(58,320)	
Vivitech	4,422	(139,807)	0	(139,807)	0	0	(58,320)	
MaxGen	8,159	333,754	613,736	(279,982)	200,290	5,412	(116,991)	

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)
BQsm	6	11,132	7,703	3,430	0	290	(48)	
BQuk	14,003	327,613	277,233	50,380	1,437,192	16,875	12,534	
BQde	23,535	756,019	611,686	144,333	2,007,487	15,248	(4,301)	
BQib	5,884	295,256	205,179	90,077	826,099	46,668	35,394	
BQat	1,373	164,285	106,018	58,267	921,249	2,033	2,048	
BQnl	714	136,154	171,145	(34,992)	489,276	5,178	5,180	
BQit	11,768	286,098	252,964	33,134	427,698	4,805	4,270	
BQfr	1,961	344,652	470,105	(125,453)	827,207	9,017	6,857	
BQse	439	118,374	36,379	81,995	613,379	8,958	6,725	
BQru	48	15,312	2,080	13,232	31	258	1,901	
DarlyC	268,326	387,462	17,167	370,295	0	(749)	14,579	0.54
BBHC	7,405,278	3,898,484	3,106	3,895,379	0	(18,194)	100,322	
BBM	8,038,278	3,879,638	41,127	3,838,511	0	(48,942)	129,133	
NMH	5,298,666	6,236,866	3,752,349	2,484,517	5,051,123	293,476	246,217	
SMH	2,929,594	3,891,261	3,033,200	858,061	2,534,766	62,592	(40,815)	
NMHC	38,825	24,243	249	23,994	24	(654)	(426)	
BHCC	22,763	44,821	15,241	29,580	42,018	(12,665)	(15,060)	(6.62)
BIC	974,419	845,941	11,079	834,862	0	(4)	153	
BBC	435,170	839,247	52,632	786,615	153,172	(80,582)	(68,075)	
Youshan	25,306	44,430	17,712	26,718	35,594	916	906	
Wangcheng	8,643	8,643	0	8,643	0	0	0	
Filter	0	0	0	0	0	0	0	
BMTC	445,660	1,794,920	677,798	1,117,122	1,400,850	97,476	84,120	1.39
BMC	3,206,745	11,059,451	6,736,676	4,322,775	15,049,948	547,371	395,973	1.23
PTT	750,856	2,017,958	1,015,425	1,002,533	2,755,516	60,570	35,300	0.07
DFI	1,146,889	8,084,003	3,050,365	5,033,639	8,349,522	648,125	477,833	3.54
K2	200,000	778,161	204,976	573,185	687,786	25,361	44,252	2.95
K2TH	38,339	76,735	37,737	38,998	54,304	1,373	1,399	
K2SH	39,415	158,162	97,354	60,809	300,294	18,252	15,268	
K2ID	5,000	303,939	4,620	299,320	118,650	27,661	34,846	
DIC	693,996	2,156,014	1,028,279	1,127,735	2,836,726	262,662	179,070	2.58
EASCHK	117,507	119,801	3,379	116,423	312,828	3,455	3,162	
EASTMO	381	10,559	2,268	8,292	15,134	(153)	(157)	
TOC	287,500	1,926,320	866,343	1,059,977	1,573,907	83,601	62,703	2.23
SYSAGE	1,883,573	8,147,415	3,601,069	4,546,346	13,512,521	649,970	576,099	2.91
SIMULA	799,729	1,947,922	428,258	1,519,664	1,029,856	110,232	76,304	1.10
GSC	200,000	506,487	238,906	267,580	221,509	16,484	23,252	1.53
BMB	15,000	54,822	27,756	27,066	86,687	9,256	8,564	5.71
ESM	333,500	581,659	288,006	293,653	164,824	5,200	2,026	0.07
ALPHA	5,417,185	27,005,583	14,267,251	12,738,331	32,170,649	897,607	725,103	1.03

Note: Please refer to the 2020 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW Optronics Corp., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. 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 2, 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.

QISDA CORPORATION AND SUBSIDIARIES
Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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, 2020 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 of the Republic of China. 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
Date: March 23, 2021

Independent Auditors' Report

The Board of Directors of Qisda Corporation:

Opinion

We have audited the consolidated financial statements of Qisda Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, 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 audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, 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, 2020 are stated as follows:

1. Revenue recognition

Please refer to notes 4(r) and 6(y) 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 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 accuracy 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 the completeness of the revenue and related sales returns and allowances.

2. Valuation of inventories

Please refer to notes 4(h), 5 and 6(f) 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. Business combination

Please refer to notes 4(w) and 6(i) for the accounting policy on business combination, and "Business Combination" for the related disclosures, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

The Group acquired 19.02% ownership of Alpha Networks Inc. through public tender offer in July 2020, resulting in the Group's ownership interest in Alpha Networks Inc. to increase from 23.84% to 42.86%; therefore, it is assessed that the Group obtained control over it. To adopt the accounting treatment of business combination, the management needs to determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of business combination 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 purchase price allocation report with valuation of intangible assets conducted by an external expert engaged by the management; and auditing the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also confirmed that correct accounting treatment has been applied and appropriate disclosures with respect to the acquisition has been made.

4. 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 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\$11,354,280 thousand and NT\$9,195,065 thousand, respectively, constituting 6.65% and 6.76%, respectively, of the consolidated total assets as of December 31, 2020 and 2019, and the total operating revenues amounting to NT\$10,841,023 thousand and NT\$9,600,253 thousand, respectively, constituting 5.66% and 5.66%, respectively, of the consolidated total operating revenues for the years ended December 31, 2020 and 2019.

Qisda Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matter section.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 23, 2021

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' audit 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' audit 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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (note 6(a))	\$ 22,540,418	13	10,780,507	8	2100			
1110 Financial assets at fair value through profit or loss – current (notes 6(b) and (p))	389,043	-	665,037	1	2120			
1120 Financial assets at fair value through other comprehensive income – current (note 6(c))	96,281	-	134,479	-	2130			
1170 Notes and accounts receivable, net (notes 6(d) and (y) and 8)	33,221,557	19	28,904,355	21	2170			
1181 Notes and accounts receivable from related parties (notes 6(d) and (y) and 7)	3,280,369	2	2,395,806	2	2180			
1200 Other receivables (notes 6(d) and (e) and 7)	675,888	-	584,859	-	2200			
1210 Other receivables from related parties (notes 6(e) and 7)	302,399	-	284,450	-	2220			
130X Inventories (notes 6(f) and 8)	35,139,333	21	27,890,837	21	2260			
1470 Other current assets	3,076,818	2	1,776,711	1	2300			
1476 Other financial assets – current (notes 6(a) and 8)	2,709,546	2	4,915,705	4	2321			
1461 Non-current assets held for sale (note 6(g))	892,117	1	-	-	2322			
Total current assets	<u>102,323,769</u>	<u>60</u>	<u>78,332,746</u>	<u>58</u>	2282			
Non-current assets:					2250			
1510 Financial assets at fair value through profit or loss – non-current (note 6(b))	173,731	-	120,399	-				
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(c))	1,381,399	1	1,222,603	1	2503			
1550 Investments accounted for using the equity method (notes 6(h) and 8)	16,308,434	10	17,778,476	13	2540			
1600 Property, plant and equipment (notes 6(i) and 8)	30,188,228	18	23,915,978	18	2580			
1755 Right-of-use assets (notes 6(k) and 8)	4,706,556	3	3,502,536	2	2582			
1760 Investment property (notes 6(l) and 8)	3,561,030	2	3,404,112	2	2550			
1780 Intangible assets (notes 6(i) and (m))	9,118,895	5	5,069,111	4	2570			
1840 Deferred income tax assets (note 6(u))	1,727,832	1	1,607,147	1	2670			
1900 Other non-current assets (note 6(i))	358,923	-	817,349	1				
Other financial assets – non-current (note 8)	963,152	-	256,036	-				
Total non-current assets	<u>68,488,180</u>	<u>40</u>	<u>57,693,747</u>	<u>42</u>				
Equity								
Equity attributable to shareholders of the Company (note 6(v)):								
Common stock	3110		3110					
Capital surplus	3260		3260					
Retained earnings	3300		3300					
Other equity	3400		3400					
Non-controlling interests (notes 6(i) and (v))	36XX		36XX					
Total equity attributable to shareholders of the Company								
Non-controlling interests (notes 6(i) and (v))								
Total equity								
Total liabilities and equity	<u>\$ 170,811,949</u>	<u>100</u>	<u>136,026,493</u>	<u>100</u>				
Liabilities and Equity								
Current liabilities:								
Short-term borrowings (notes 6(n) and 8)	\$ 21,131,930	12	19,902,070	15				
Financial liabilities at fair value through profit or loss – current (note 6(b))	139,661	-	50,046	-				
Contract liabilities – current (note 6(y))	1,862,107	1	1,559,356	1				
Notes and accounts payable	38,398,784	23	29,010,933	21				
Accounts payable to related parties (note 7)	2,127,536	1	1,836,690	2				
Other payables (notes 6(i) and (z))	13,331,307	8	9,875,371	7				
Other payables to related parties (note 7)	16,151	-	17,388	-				
Liabilities related to non-current assets held for sale (note 6(g))	358,207	-	-	-				
Other current liabilities (note 6(o))	796,592	1	389,032	-				
Refund liabilities – current	2,340,052	1	1,818,468	2				
Current portion of bonds payable (note 6(p))	526,507	-	-	-				
Current portion of long-term debt (notes 6(o) and 8)	536,537	-	400,143	-				
Lease liabilities – current (note 6(q))	368,303	-	321,418	-				
Lease liabilities to related parties – current (notes 6(q) and 7)	86,737	-	85,237	-				
Provisions – current (note 6(r))	808,823	1	441,084	-				
Total current liabilities	<u>82,829,234</u>	<u>48</u>	<u>65,707,236</u>	<u>48</u>				
Non-current liabilities:								
Financial liabilities at fair value through profit or loss – non-current (note 6(b))	78,123	-	95,860	-				
Long-term debt (notes 6(o) and 8)	22,566,798	13	16,674,667	12				
Lease liabilities – non-current (note 6(q))	1,473,817	1	1,420,402	1				
Lease liabilities to related parties – non-current (notes 6(q) and 7)	91,779	-	186,050	-				
Provisions – non-current (note 6(r))	687,601	-	609,373	1				
Deferred income tax liabilities (note 6(u))	1,674,510	1	976,539	1				
Other non-current liabilities (notes 6(i) and (t))	2,646,867	2	2,320,772	2				
Total non-current liabilities	<u>29,019,495</u>	<u>17</u>	<u>22,283,663</u>	<u>17</u>				
Total liabilities	<u>111,848,729</u>	<u>65</u>	<u>87,990,899</u>	<u>65</u>				
Equity attributable to shareholders of the Company (note 6(v)):								
Common stock	19,667,820	12	19,667,820	14				
Capital surplus	1,879,501	1	2,220,653	2				
Retained earnings	15,742,825	9	12,663,994	9				
Other equity	(1,264,645)	(1)	(608,508)	-				
Total equity attributable to shareholders of the Company	<u>36,025,501</u>	<u>21</u>	<u>33,943,959</u>	<u>25</u>				
Non-controlling interests (notes 6(i) and (v))	22,937,719	14	14,091,635	10				
Other equity	58,963,220	35	48,035,594	35				
Total equity	<u>\$ 170,811,949</u>	<u>100</u>	<u>136,026,493</u>	<u>100</u>				

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, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Operating revenues (notes 6(s) and (y), 7 and 14)	\$ 191,701,702	100	169,754,115	100
5000 Operating costs (notes 6(f), (j), (k), (l), (m), (q), (r), (s), (t) and (z), 7 and 12)	<u>(164,874,913)</u>	<u>(86)</u>	<u>(146,704,246)</u>	<u>(86)</u>
Gross profit	<u>26,826,789</u>	<u>14</u>	<u>23,049,869</u>	<u>14</u>
Operating expenses (notes 6(d), (j), (k), (l), (m), (q), (t), (w) and (z), 7 and 12):				
6100 Selling expenses	(10,666,420)	(6)	(9,413,953)	(6)
6200 Administrative expenses	(4,682,842)	(2)	(3,476,106)	(2)
6300 Research and development expenses	(4,920,678)	(3)	(3,896,408)	(2)
6450 Reversal of impairment loss (expected credit loss)	56,005	-	(35,315)	-
Total operating expenses	<u>(20,213,935)</u>	<u>(11)</u>	<u>(16,821,782)</u>	<u>(10)</u>
Operating income	<u>6,612,854</u>	<u>3</u>	<u>6,228,087</u>	<u>4</u>
Non-operating income and loss:				
7100 Interest income (note 6(aa))	292,609	-	288,657	-
7010 Other income (notes 6(o), and(aa))	183,320	-	215,570	-
7020 Other gains and losses – net (notes (h), (i), (m), (q), (s), (aa), (ab) and (ac) and 7)	1,382,283	1	1,224,188	1
7050 Finance costs (notes 6(q) and (aa) and 7)	(757,999)	-	(1,011,241)	(1)
7060 Share of profits (losses) of associates and joint ventures (note 6(h))	499,569	-	(1,000,270)	-
Total non-operating income and loss	<u>1,599,782</u>	<u>1</u>	<u>(283,096)</u>	<u>-</u>
Income before income tax	<u>8,212,636</u>	<u>4</u>	<u>5,944,991</u>	<u>4</u>
7950 Less: Income tax expense (note 6(u))	<u>(1,846,075)</u>	<u>(1)</u>	<u>(1,535,347)</u>	<u>(1)</u>
Net income	<u>6,366,561</u>	<u>3</u>	<u>4,409,644</u>	<u>3</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
8310 Remeasurements of defined benefit plans (notes 6(t) and (v))	(51,838)	-	(29,194)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(v) and (ab))	176,109	-	322,863	-
8320 Share of other comprehensive income of associates (notes 6(h) and (v))	287,056	-	63,955	-
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	<u>411,327</u>	<u>-</u>	<u>357,624</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
8360 Exchange differences on translation of foreign operations (note 6(v))	(652,622)	-	(643,639)	(1)
8370 Share of other comprehensive income of associates and joint ventures (notes 6(h) and (v))	(86,899)	-	(231,010)	-
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	<u>(739,521)</u>	<u>-</u>	<u>(874,649)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>(328,194)</u>	<u>-</u>	<u>(517,025)</u>	<u>(1)</u>
Total comprehensive income for the year	<u>\$ 6,038,367</u>	<u>3</u>	<u>3,892,619</u>	<u>2</u>
Net income attributable to:				
8610 Shareholders of the Company	\$ 4,988,479	2	3,575,055	2
8620 Non-controlling interests	<u>1,378,082</u>	<u>1</u>	<u>834,589</u>	<u>1</u>
	<u>\$ 6,366,561</u>	<u>3</u>	<u>4,409,644</u>	<u>3</u>
Total comprehensive income attributable to:				
8710 Shareholders of the Company	\$ 4,630,462	2	3,139,647	2
8720 Non-controlling interests	<u>1,407,905</u>	<u>1</u>	<u>752,972</u>	<u>-</u>
	<u>\$ 6,038,367</u>	<u>3</u>	<u>3,892,619</u>	<u>2</u>
Earnings per share (in New Taiwan dollars) (note 6(x)):				
9750 Basic earnings per share	\$ <u>2.54</u>		\$ <u>1.82</u>	
9850 Diluted earnings per share	\$ <u>2.51</u>		\$ <u>1.80</u>	

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, 2020 and 2019
(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	Remeasurements of defined benefit plans	Total other equity interest	Total equity of the Company	Non-controlling interests	Total equity
Balance at January 1, 2019	19,667,820	2,146,076	1,422,973	383,979	8,994,893	10,801,845	128,329	-	(343,741)	(168,422)	32,447,319	7,412,327	39,859,646
Effects of retrospective application	-	-	-	-	(45,819)	(45,819)	-	-	-	-	(45,819)	(13,868)	(59,687)
Restated balance at January 1, 2019	19,667,820	2,146,076	1,422,973	383,979	8,949,074	10,756,026	128,329	-	(343,741)	(168,422)	32,401,500	7,398,459	39,799,959
Net income in 2019	-	-	-	-	3,575,055	3,575,055	-	-	-	-	3,575,055	834,589	4,409,644
Other comprehensive income in 2019	-	-	-	-	-	-	(785,841)	-	(17,307)	(435,408)	(435,408)	(81,617)	(517,025)
Total comprehensive income in 2019	-	-	-	-	3,575,055	3,575,055	(785,841)	-	(17,307)	(435,408)	3,139,647	752,972	3,892,619
Appropriation of earnings:													
Legal reserve	-	-	403,506	-	(403,506)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	(215,557)	-	215,557	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(1,671,765)	(1,671,765)	-	-	-	-	(1,671,765)	-	(1,671,765)
Changes in equity of associates and joint ventures accounted for using the equity method	-	61,100	-	-	-	-	-	-	-	-	61,100	1,631	62,731
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	4,678	4,678	-	(4,678)	-	-	-	-	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(481,403)	(481,403)
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	10,242	-	-	-	-	-	-	-	-	10,242	(265,028)	(254,786)
Changes in ownership interests in subsidiary	-	3,235	-	-	-	-	-	-	-	-	3,235	(3,235)	-
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	-	5,247	5,247
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	6,573,651	6,573,651
Balance at December 31, 2019	19,667,820	2,220,653	1,826,479	168,422	10,669,093	12,663,994	(657,512)	410,052	(361,048)	(608,508)	33,943,959	14,091,635	48,035,594
Net income in 2020	-	-	-	-	4,988,479	4,988,479	(756,355)	-	(61,059)	(358,017)	4,988,479	1,378,082	6,366,561
Other comprehensive income in 2020	-	-	-	-	4,988,479	4,988,479	(756,355)	459,327	(61,059)	(358,017)	4,988,479	29,823	5,281,302
Total comprehensive income in 2020	-	-	-	-	4,988,479	4,988,479	(756,355)	459,327	(61,059)	(358,017)	4,630,462	1,407,905	6,038,367
Appropriation of earnings:													
Legal reserve	-	-	357,505	-	(357,505)	-	-	-	-	-	-	-	-
Special reserve	-	-	(440,086)	-	440,086	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(1,475,086)	(1,475,086)	-	-	-	-	(1,475,086)	-	(1,475,086)
Changes in equity of associates and joint ventures accounted for using the equity method	-	(124,813)	-	-	-	-	-	-	-	-	(124,813)	3,279	(121,534)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(953,794)	(953,794)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	163,598	163,598
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(168,911)	-	-	(732,682)	(732,682)	-	-	-	-	(901,593)	(2,331,395)	(3,232,988)
Changes in ownership interests in subsidiaries	-	(47,428)	-	-	-	-	-	-	-	-	(47,428)	9,381	(38,047)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	-	10,499,682	10,499,682
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	298,120	298,120	-	(298,120)	-	-	-	-	-
Balance at December 31, 2020	19,667,820	1,879,501	2,185,984	608,508	12,950,333	15,742,825	(1,413,867)	571,329	(422,107)	(1,264,645)	36,025,501	22,937,719	58,963,220

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Income before income tax	\$ 8,212,636	5,944,991
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	3,231,959	2,849,596
Amortization	643,665	437,162
Expected credit loss (reversal of impairment loss)	(56,005)	35,315
Interest expense	757,999	1,011,241
Interest income	(292,609)	(288,657)
Dividend income	(71,863)	(55,060)
Share-based compensation cost	9,381	5,247
Share of losses (profits) of associates and joint ventures	(499,569)	1,000,270
Loss on disposal of property, plant and equipment	138	16,478
Gain on disposal of non-current assets held for sale	-	(1,775)
Gain on disposal of investments	(690,884)	(440,789)
Gain on bargain purchase	-	(26,175)
Impairment loss on non-financial assets	6,585	-
Total adjustments to reconcile profit	<u>3,038,797</u>	<u>4,542,853</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(74,056)	(922)
Decrease in notes and accounts receivable	1,516,316	49,251
Decrease (increase) in notes and accounts receivable from related parties	(884,563)	701,655
Decrease (increase) in other receivable	(68,086)	12,118
Increase in other receivable from related parties	(17,949)	(16,954)
Decrease in inventories	329,998	1,606,880
Decrease (increase) in other current assets	(353,054)	610,357
Increase in other non-current assets	(113,240)	(460,049)
Net changes in operating assets	<u>335,366</u>	<u>2,502,336</u>
Changes in operating liabilities:		
Increase in financial liabilities at fair value through profit or loss	62,902	2,071
Increase (decrease) in notes and accounts payable	2,820,049	(2,232,928)
Increase (decrease) in accounts payable to related parties	283,246	(423,805)
Increase (decrease) in other payable to related parties	(1,237)	3,994
Increase in provisions	241,706	18,319
Decrease in contract liabilities	(167,797)	(226,513)
Increase (decrease) in other payables and other current liabilities	856,091	(504,618)
Decrease in other non-current liabilities	(62,441)	(48,012)
Net changes in operating liabilities	<u>4,032,519</u>	<u>(3,411,492)</u>
Total changes in operating assets and liabilities	<u>4,367,885</u>	<u>(909,156)</u>
Total adjustments	<u>7,406,682</u>	<u>3,633,697</u>
Cash provided by operations	15,619,318	9,578,688
Interest received	277,138	272,616
Dividends received	367,769	765,669
Interest paid	(833,269)	(948,558)
Income taxes paid	(862,207)	(1,193,114)
Net cash provided by operating activities	<u>14,568,749</u>	<u>8,475,301</u>

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	\$ (61,500)	(265,241)
Proceeds from disposal of financial assets at fair value through other comprehensive income	259,792	14,117
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	49,878	-
Purchase of financial assets at fair value through profit or loss	(579,752)	(1,285,000)
Proceeds from disposal of financial assets at fair value through profit or loss	953,451	1,154,900
Purchase of investments accounted for using the equity method	(635,525)	-
Proceeds from disposal of investments accounted for using the equity method	20,000	396,967
Cash decrease in disposal groups classified as held for sale	(107,704)	-
Proceeds from disposal of non-current assets held for sale	-	6,131
Additions to property, plant and equipment	(4,722,802)	(2,533,632)
Proceeds from disposal of property, plant and equipment	137,680	27,016
Additions to intangible assets	(232,477)	(121,414)
Additions to investment property	(6,148)	(98)
Decrease (increase) in other financial assets	1,695,224	(4,600,235)
Acquisition of subsidiaries, net of cash received from	1,952,767	953,871
Net cash flows used in investing activities	(1,277,116)	(6,252,618)
Cash flows from financing activities:		
Increase in short-term borrowings	5,549,460	15,207,301
Decrease in short-term borrowings	(7,384,732)	(12,241,274)
Decrease in short-term notes and bills payable	-	(130,000)
Increase in long-term debt	16,566,501	18,274,062
Repayments of long-term debt	(10,878,626)	(20,541,109)
Increase in guarantee deposits received	15,579	1,288,059
Payment of lease liabilities	(505,312)	(450,383)
Cash dividends distributed to shareholders	(1,475,086)	(1,671,765)
Cash dividends paid to non-controlling interests	(953,794)	(481,403)
Acquisition of subsidiary's interests from non-controlling interests	(3,232,988)	(330,850)
Proceeds from disposal of subsidiary's interests (without losing control)	-	77,734
Capital injection from non-controlling interests	163,598	109,341
Net cash used in financing activities	(2,135,400)	(890,287)
Effects of foreign exchange rate changes	603,678	(170,546)
Net increase in cash and cash equivalents	11,759,911	1,161,850
Cash and cash equivalents at beginning of year	10,780,507	9,618,657
Cash and cash equivalents at end of year	\$ 22,540,418	10,780,507

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, 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; providing medical services; as well as the research, development, design, manufacturing and sale of broadband products, wireless network products and computer network system equipment.

2. Authorization of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2021.

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”).

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19 – Related Rent Concessions”

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the standards by helping companies determine whether, in the balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4. Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been 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; and
- 3) Net 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(t).

(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.

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.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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:

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
The Company	Qisda Sdn. Bhd. ("QLPG")	Leasing and management services	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 Dialysis Technology Corp. ("BDT")	Manufacture and sales of medical consumables and equipment	100.00 %	92.86 %	
The Company	Qisda Optronics Corp. ("QTOS")	Manufacture of computer peripheral products	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 %	-
The Company	Qisda Vietnam Co., Ltd ("QVH")	Manufacture of monitors	100.00 %	100.00 %	-
The Company	Qisda (L) Corp. ("QLLB")	Investment and holding activity	100.00 %	100.00 %	-
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 ("BMSH")	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 %	-

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2020</u>	<u>December 31, 2019</u>	
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 %	-
The Company	BenQ Corp. (“BenQ”)	Manufacture and sales of brand name electronic products	100.00 %	100.00 %	-
BenQ	BenQ (Hong Kong) Limited (“BQHK”)	Investment and holding activity	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 %	-
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	BenQ INFITY Lab Ltd. (“INF”)	Assembly and sales of gaming electronic products	100.00 %	100.00 %	-
BenQ/Darly/ Darly 2	BenQ Guru Holding Limited (“GSH”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ/BQP	PT BenQ Teknologi Indonesia (“BQid”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
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 %	-

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
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 %	100.00 %	-
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	Vividtech LLC. (“Vividtech”)	Investment and holding activity	100.00 %	100.00 %	-
Joytech/ Vividtech	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. (“BQsm”)	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 %	-

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
BQE	BenQ LLC. (“BQru”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
APV/Darly 2	Darly Consulting Corporation (“Darly C”)	Investment management consulting	100.00 %	100.00 %	-
The Company/ BenQ/Darly/ APV/ Darly2	BenQ BM Holding Cayman Corp. (“BBHC”)	Investment and holding activity	70.05 %	70.05 %	-
BBHC	BenQ BM Holding Corp. (“BBM”)	Investment and holding activity	70.05 %	70.05 %	-
BBM	Nanjing BenQ Hospital Co., Ltd. (“NMH”)	Hospital	70.05 %	70.05 %	-
BBM/BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Hospital	70.05 %	70.05 %	-
BBM	BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	Medical management consulting	70.05 %	70.05 %	-
BBM	BenQ Healthcare Consulting Corporation (“BHCC”)	Medical management consulting	70.05 %	70.05 %	-
BBM	Suzhou BenQ Investment Co., Ltd. (“BIC”)	Investment and holding activity	70.05 %	70.05 %	-
The Company	BenQ Biotech (Shanghai) Co., Ltd (“BBC”)	Manufacture and sales of medical consumables and equipment	70.00 %	70.00 %	Note 6
BBC	Guangxi Youshan Medical Technology Co.,Ltd. (“Youshan”)	Medical services	38.50 %	-	Notes 2 and 7
BBC	Wangcheng Medical Technology (Chengdu) Co., Ltd (“Wangcheng”)	Medical services	49.00 %	-	Notes 2 and 4
BBC	Shanghai Filter Technology Co.,Ltd(“ Filter”)	Medical services	70.00 %	-	Note 4
BenQ/APV/ Darly 2	BenQ Medical Technology Corp. (“BMTC”)	Manufacture and sales of medical consumables and equipment	54.96 %	54.96 %	-
BMTC	Highview Investments Limited (“Highview”)	Investment and holding activity	54.96 %	54.96 %	-
BMTC	Asiacconnect International Company (“Asiacconnect”)	Sales of medical consumables and equipment	54.82 %	54.82 %	-
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 Healthcare Corporation (“BHS”) (Formerly BenQ Hearing Solution Corporation)	Sales of medical consumables and equipment	54.96 %	54.96 %	-

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
BMTC	EASTECH CO., LTD. ("EASTECH")	Sales of medical consumables and equipment	38.47 %	-	Notes 2 and 7
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 %	Note 2
The Company/ BenQ/APV/ Darly C	BenQ Material Corp. ("BMC")	R&D, manufacture and sales of optoelectronics film	43.56 %	43.56 %	Note 3
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	43.56 %	43.56 %	Note 3
BMLB	BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics film	43.56 %	43.56 %	Note 3
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Sales of medical consumables	43.56 %	43.56 %	Note 3
BMLB	BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics film	43.56 %	43.56 %	Note 3
BMLB	BenQ Materials Medical Supplies (Suzhou) Co., Ltd ("BMM")	Manufacture and sales of medical consumables	43.56 %	43.56 %	Notes 3 and 5
SMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	43.56 %	43.56 %	Note 3
The Company/ APV/ Darly2	Partner Tech Corp. ("PTT")	Manufacture, sales and import and export of POS terminals and peripherals	68.23 %	68.23 %	-
PTT	P&J Investment Holding Co., Ltd. (B.V.I) ("P&J")	Investment and holding activity	68.23 %	68.23 %	-
PTT/PTE	Partner Tech UK Corp., Ltd. ("PTUK")	Sales, import and export of electronic products	64.34 %	64.34 %	-
PTT	Webest Solution Corporation ("WEBEST")	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT	Mace Digital Corporation ("PTMG")	Software development and Sales of product	35.74 %	-	Notes 2 and 4

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2020</u>	<u>December 31, 2019</u>	
PTT/WEBEST	Partner Tech Middle East FZCO (“PTME”)	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT	Partner-Tech Europe GmbH (“PTE”)	Sales, import and export of electronic products	34.13 %	34.13 %	Note 2
PTT/WEBEST	Partner Tech North Africa (“PTNA”)	Sales, import and export of electronic products	39.70 %	39.70 %	Note 2
PTT	Epoint Systems Pte. Ltd. (“PTSE”)	Software development and Sales of product	34.18 %	34.18 %	Note 2
PTE	Sloga Team D.o.o (“Sloga”)	Sales, import and export of electronic products	30.72 %	30.72 %	Note 2
PTE	Retail Solution & System S.L. (“RSS”)	Sales, import and export of electronic products	23.21 %	23.21 %	Note 2
PTME	E-POS International LLC (“E-POS”)	Sales, import and export of electronic products	68.23 %	68.23 %	Note 9
P&J	P&S Investment Holding Co., Ltd. (B.V.I.) (“P&S”)	Investment and holding activity	68.23 %	68.23 %	-
P&S	Partner Tech USA Inc. (“PTU”)	Sales, import and export of electronic products	68.23 %	68.23 %	-
P&S	Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT/WEBEST	La Fresh information Co., Ltd. (“PTTN”)	Software development and Sales of product	34.55 %	34.55 %	Note 2
PTT	Corex (Pty) Ltd. (“PCX”)	Sales, import and export of electronic products	68.23 %	68.23 %	Note 8
The Company/ APV/ Darly2	DFI Inc. (“DFI”)	Manufacture and sales of industrial motherboards and component	55.09 %	55.09 %	-
DFI	DFI AMERICA, LLC	Sales, import and export of electronic products	55.09 %	55.09 %	-
DFI	DFI Co., Ltd.	Sales, import and export of electronic products	55.09 %	55.09 %	-
DFI	Yan Tong Technology Ltd.	Investment and holding activity	55.09 %	55.09 %	-
DFI	Diamond Flower Information (NL) B.V.	Sales of industrial motherboards	55.09 %	55.09 %	-

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Yan Tong Technology Ltd.	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacture and sale of industrial motherboards and component	55.09 %	55.09 %	-
Yan Tong Technology Ltd.	Yan Ying Hao Trading (ShenZhen) Co., Ltd	Wholesale, import and export of industrial motherboards and component	55.09 %	55.09 %	-
DFI	Aewin Technologies Co., Ltd. (“AEWIN”)	Manufacture and sale of industrial motherboards and component	28.01 %	27.95 %	Notes 2 and 6
AEWIN	WISE WAY	Investment and holding activity	28.01 %	27.95 %	Notes 2 and 6
AEWIN	AEWIN TECH INC.	Wholesale of computer peripheral products and software	28.01 %	27.95 %	Notes 2 and 6
WISE WAY	BRIGHT PROFIT	Investment and holding activity	28.01 %	27.95 %	Notes 2 and 6
BRIGHT PROFIT	Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	28.01 %	27.95 %	Notes 2 and 6
Aewin Beijing Technologies Co., Ltd.	Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	28.01 %	27.95 %	Notes 2 and 6
DFI	Ace Pillar Co., Ltd. (“ACE”)	Sales of automation mechanical transmission system and component	18.49 %	14.66 %	Notes 1 and 6
ACE	Cyber South Management Ltd. (Cyber South , Samoa)	Investment and holding activity	18.49 %	14.66 %	Notes 1 and 6
ACE/Proton	Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	18.49 %	14.66 %	Notes 1 and 6
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Sales of automation mechanical transmission system and component	18.49 %	14.66 %	Notes 1 and 6
Cyber South	Proton Inc. (Proton)	Investment and holding activity	18.49 %	14.66 %	Notes 1 and 6
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Investment and holding activity	18.49 %	14.66 %	Notes 1 and 6
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	18.49 %	14.66 %	Notes 1 and 6

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Cyber South	Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	18.49 %	14.66 %	Notes 1 and 6
Cyber South	Xuchang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	18.49 %	14.66 %	Notes 1 and 6
Ace Tek	Advancedtek ACE (TJ) Inc.	Electronic system integration	18.49 %	14.66 %	Notes 1 and 6
The Company/ Darly2	K2 International Medical Inc. ("K2")	Sales of medical consumables and equipment	40.00 %	37.56 %	Note 1
K2	K2 Medical (Thailand) Co., Ltd.	Sales of medical consumables	19.60 %	18.40 %	Note 1
K2	K2 (Shanghai) International Medical Inc.	Sales of medical consumables	24.04 %	22.57 %	Notes 1 and 6
K2	PT. Frismed Hoslab Indonesia	Sales of medical consumables	26.80 %	-	Notes 1 and 7
The Company/ APV/Darly2	Data Image Corporation ("DIC")	Manufacture and sales of marine display modules	38.35 %	35.29 %	Note 1
DIC	Data Image (Mauritius) Corporation ("DMC")	Investment and holding activity	38.35 %	35.29 %	Note 1
DMC	Data Image (Suzhou) Corporation	Manufacture and sales of LCD	38.35 %	35.29 %	Note 1
The Company	Expert Alliance Systems & Consultancy (HK) Company Limited ("EASC")	Sales of brand-name electronic products and smart services	54.00 %	54.00 %	Note 6
EASC	Expert Alliance Smart Technology Co. Ltd.	Sales of brand-name electronic products and smart services	54.00 %	54.00 %	Note 6
The Company/ APV/ Darly2	Topview Optronics Corporation ("Topview")	Manufacture, sales and import and export of video surveillance cameras	33.56 %	33.43 %	Notes 1 and 6
Topview	Messoa Technologies Inc. ("Messoa")	Sales, and import and export of video surveillance cameras	13.69 %	13.63 %	Notes 1 and 6
Messoa	Messoa Technologies Inc. (USA)	Sales, and import and export of video surveillance cameras and maintenance services	13.69 %	13.63 %	Notes 1 and 6
The Company	Sysage Technology Co., Ltd. ("Sysage")	The agent sales and trading of network software and information and communication hardware and software.	35.04 %	35.04 %	Notes 1 and 6

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2020	December 31, 2019	
Sysage/NEO TREND	Global Intelligence Network Co., Ltd. (“Ginnet”)	Sales of network and information and communication hardware and software.	27.84 %	21.77 %	Notes 1 and 6
Sysage/NEO TREND	Epic Cloud Information Integration Corporation	Software and data processing services	33.29 %	24.53 %	Notes 1 and 6
Sysage	Neo Trend Tech Corporation (“NEO TREND”)	Telecommunications engineering	35.04 %	-	Notes 1 and 4
Sysage/Ginnet	Dawning Technology Inc. (“Dawningtech”)	Sales of network and information hardware and software.	14.55 %	13.70 %	Notes 1 and 6
The Company/APV/ Darly2	Simula Technology Inc. (“Simula”)	Manufacture and sales of electronic material	51.27 %	-	Note 7
Simula	Aspire Asia Inc.	Investment and holding activity	51.27 %	-	Note 7
Simula	Simula Technology Corp.	Sales in North America	51.27 %	-	Note 7
Simula /Aspire Asia Inc.	Simula Company Limited	Investment and holding activity	51.27 %	-	Note 7
Aspire Asia Inc.	Aspire Electronics Corp.	Investment and holding activity	48.76 %	-	Notes 1 and 7
Aspire Electronics Corp.	Opti Cloud Technologies, Inc.	Development of High-speed optical transmission cable and module product technology	26.24 %	-	Notes 1 and 7
Simula Company Limited	Simula Technology (ShenZhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	51.27 %	-	Note 7
The Company/APV	Golden Spirit Co., Ltd. (“GSC”)	Sale of alcohol and medical disinfectant	100.00 %	-	Note 7
GSC	Bigmin Bio-Tech Company Ltd.	Sale of alcohol and medical disinfectant	100.00 %	-	Note 7
GSC	E-Strong Medical Technology Co., Ltd. (“ESM”)	Manufacture of alcohol and dialysate	66.57 %	-	Note 7
The Company /APV/ Darly2/ Darly C	Alpha Networks Inc. (“Alpha”)	Manufacture and sales of broadband products, wireless network products and computer network system equipment	59.87 %	Note 6(h)	Note 7
Alpha	Alpha Holdings Inc. (“Alpha Holdings”)	Investment holding	59.87 %	-	Note 7
Alpha	Alpha Solutions Co., Ltd. (“Alpha Solutions”)	Sale of network equipment, components and technical services	59.87 %	-	Note 7

QISDA CORPORATION AND SUBSIDIARIES
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<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Alpha	Alpha Networks Inc. (“Alpha USA”)	Sale, marketing and procurement service in USA	59.87 %	-	Note 7
Alpha	Alpha Technical Services Inc. (“ATS”)	Post-sale service	59.87 %	-	Note 7
Alpha	Alpha Networks (Hong Kong) Limited (“Alpha HK”)	Investment holding	59.87 %	-	Note 7
Alpha	Enrich Investment Corporation (“Enrich Investment”)	Investment holding	59.87 %	-	Note 7
Alpha	D-Link Asia Investment Pte,Ltd. (“D-Link Asia”)	Investment in manufacturing business	59.87 %	-	Note 7
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (“Alpha Dongguan”)	Production and sale of network products	59.87 %	-	Note 7
D-Link Asia	Alpha Networks (Chengdu) Co., Ltd. (“Alpha Chengdu”)	Research and development of network products	59.87 %	-	Note 7
Alpha Dongguan	Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	59.87 %	-	Note 7
Alpha HK	Alpha Networks (Changshu) Co., Ltd. (“Alpha Changshu”)	Production and sale of network products	59.87 %	-	Note 7
Enrich Investment	Transnet Corporation (“Transnet”)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	59.87 %	-	Note 7
Alpha	Hitron Technologies Inc. (“Hitron Technologies”)	Marketing on system integration and production and sales of telecommunication products	37.26 %	-	Notes 2 and 7
Hitron Technologies	Hitron Technologies (Samoa) Inc (“Hitron Samoa”)	International trade	37.26 %	-	Notes 2 and 7
Hitron Technologies	Hitron Technologies Europe Holding B.V. (“Hitron Europe”)	International trade	37.26 %	-	Notes 2 and 7
Hitron Technologies	Hitron Technologies (Americas) Inc. (“Hitron Americas”)	International trade	37.26 %	-	Notes 2 and 7
Hitron Technologies	Innoauto Technologies Inc. (“Innoauto Technologies”)	Investment and automotive electronics products	37.26 %	-	Notes 2 and 7
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (“Hitron Vietnam”)	Production and sale of broadband telecommunications products	37.26 %	-	Notes 2 and 7
Hitron Samoa	Hitron Technologies (SIP) Inc. (“Hitron Suzhou”)	Production and sale of broadband telecommunications products	37.26 %	-	Notes 2 and 7

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Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Hitron Samoa	Jietech Trading (Suzhou) Inc. (“Jietech Suzhou”)	Sale of broadband network products and related services	37.26 %	-	Notes 2 and 7
Hitron Technologies/ Enrich Investment	Interactive Digital Technologies Inc. (“Interactive Digital”)	Telecommunication and broadband network system services	20.59 %	-	Notes 2 and 7
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (“Hwa Chi Technologies”)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	20.59 %	-	Notes 1 and 7

Note 1: Although the Group did not own more than half of the voting rights of the entities, the Group owns more than half of their total number of directors; therefore, it is determined that the Group has control over these entities. Hence, the entities have been included in the Group’s consolidated entities.

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 owned 43.56% of the voting rights and is the single largest shareholder of BMC. Since the remaining 56.44% ownership was not concentrated within specific shareholders and there was no indication that all other shareholders exercise their votes collectively, the Group can obtain more than half of the voting rights at BMC’s shareholders' meeting and has substantial control over BMC and its subsidiaries, who have been included in the Group’s consolidated entities.

Note 4: Filter, Wangcheng , PTMG and NEO TREND were newly established in 2020.

Note 5: BMM was newly established in 2019.

Note 6: In 2019, the Group obtained control over the entities. Therefore, the entities have been included in the Group’s consolidated entities.

Note 7: In 2020, the Group obtained control over the entities. Therefore, the entities have been included in the Group’s consolidated entities.

Note 8: PTA was merged into PCX due to the organizational restructuring in 2019. PCX is the surviving company. PTA is the dissolved company.

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.

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

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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. At the end of each reporting period (“ the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(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.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is 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 the 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 intended to be 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.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 issuing 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

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). A regular way purchases or sales of financial assets is recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

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

- 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.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

- 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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to 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).

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as 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.

These assets are subsequently measured at fair value. Net gains and losses, 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 (“ECL”) 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 at an amount equal to lifetime ECL, except for the following financial assets which are measured using 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.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECL.

QISDA CORPORATION AND SUBSIDIARIES
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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 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 when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written 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

The Group derecognizes a financial asset when the contractual rights of the cash inflow from the assets are terminated, when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) 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 and the definitions of a financial liability and an equity instrument. 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.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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.

4) 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.

(iii) 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.

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(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 gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors' interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting policies 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 will 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 has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to note 4(j) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

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(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 and accumulated impairment losses. 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. 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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. 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.

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

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(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) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the consolidated balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

(o) Intangible assets

(i) Goodwill

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

(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: acquired software: 1 to 5 years; trademarks: 7 to 10 years; customer relationship: 5 to 13 years; patents: 5 to 7 years.

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

(p) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(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.

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

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.

(i) 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 term. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability 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(r).

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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.

(ii) Rendering of services

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

(iii) 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.

(s) Government grants and government assistance

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions associated with the grant and that the grant will be received.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group without future related costs.

Government assistance in the form of a guarantee from the government for loans from financial institutions is recognized at fair value using the market interest rate. The difference between the fair value of the loan and the amount received is recorded as deferred income and recognized in non-operating income—other income on a systematic basis over the period of the loan.

(t) 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.

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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.

(u) 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.

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 shares for a cash injection is the date when the Group informs the exercise price and the shares to which employees can subscribe.

(v) Income taxes

Income taxes comprise 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 taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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:

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- (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 related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (w) 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.

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Non-controlling interests in an acquiree 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 cannot 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.

(x) 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.

(y) 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.

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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 significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment as to whether the Group has substantial control or significant influence over its investees

The Group holds 6.99% of the voting rights and is the single largest shareholder of AU Optronics Corp ("AU"). Although the remaining 93.01% of AU's shares are not concentrated within specific shareholders, the Group is unable to obtain more than half of the total number of directors or of the voting rights of AU at its shareholders' meeting. Therefore, it is determined that the Group has no control over AU, but has significant influence over the associate as the chairman of the Company was elected as the director and participates in the decision-making on the board. The equity-method was used to account for the investments in AU.

The Group holds 25.73% of the voting rights and is the single largest shareholder of Darfon Electronics Corp ("DFN"). Although the remaining 74.27% of DFN's shares are not concentrated within specific shareholders, and the Group is unable to obtain more than half of the total number of directors or of the voting rights of DFN at its shareholders' meeting. Therefore, it is determined that the Group has no control over DFN, but has significant influence over the associate. The equity-method was used to account for the investments in DFN.

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. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(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.

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6. Significant account disclosures

(a) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 108,574	149,247
Demand deposits and checking accounts	15,114,756	10,086,540
Time deposits with original maturities less than three months	<u>7,317,088</u>	<u>544,720</u>
	<u>\$ 22,540,418</u>	<u>10,780,507</u>

As of December 31, 2020 and 2019, the time deposits with original maturities of more than three months amounted to \$2,655,274 and \$4,884,039, respectively, which were classified as other financial assets – current.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets measured at fair value through profit or loss – current:		
Foreign currency forward contracts	\$ 96,940	44,469
Foreign exchange swaps	14,612	15,518
Listed stocks	68,894	-
Open-end mutual funds	208,054	605,050
Derivative instrument – call and put option of convertible bonds	<u>543</u>	<u>-</u>
	<u>\$ 389,043</u>	<u>665,037</u>
Financial assets measured at fair value through profit or loss – non-current:		
Privately held equity securities	\$ 157,694	104,362
Put option	10,504	10,504
Contingent consideration arising from business combinations	<u>5,533</u>	<u>5,533</u>
	<u>\$ 173,731</u>	<u>120,399</u>
Financial liabilities at fair value through profit or loss – current:		
Foreign currency forward contracts	\$ (109,648)	(44,817)
Foreign exchange swaps	(25,370)	(1,302)
Contingent consideration arising from business combinations	<u>(4,643)</u>	<u>(3,927)</u>
	<u>\$ (139,661)</u>	<u>(50,046)</u>

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	December 31, 2020	December 31, 2019
Financial liabilities at fair value through profit or loss— non-current:		
Contingent consideration arising from business combinations	\$ (78,123)	(95,860)

The above contingent consideration is arising from the acquisitions of EASC, PTSE, PTTN, PTE, and PCX in the previous years. The discounted cash flow model is used to estimate the contingent consideration based on the future profitability of each subsidiary under the terms of the acquisition agreement.

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 its 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, 2020	
		Contract amount (in thousands)	Maturity period
USD	Buy/ EUR Sell	EUR 51,071	2021/01~2021/06
JPY	Buy/ USD Sell	USD 50,386	2021/01~2021/03
USD	Buy/ CAD Sell	CAD 9,000	2021/01~2021/06
USD	Buy/ INR Sell	USD 20,000	2021/01~2021/03
TWD	Buy/ USD Sell	USD 70,393	2021/01~2021/04
TWD	Buy/ EUR Sell	EUR 7,130	2021/02~2021/03
EUR	Buy/ GBP Sell	GBP 5,000	2021/03
EUR	Buy/ USD Sell	USD 3,590	2021/01~2021/03
USD	Buy/ BRL Sell	USD 18,000	2021/01~2021/03
USD	Buy/ JPY Sell	JPY 800,000	2021/03
USD	Buy/ MXN Sell	USD 7,500	2021/02
USD	Buy/ CNY Sell	USD 22,156	2021/01~2021/03
USD	Buy/ CNY Sell	CNY 39,244	2021/01
CNY	Buy/ USD Sell	USD 90,600	2021/01~2021/03
MYR	Buy/ USD Sell	MYR 14,000	2021/03
SEK	Buy/ EUR Sell	EUR 2,000	2021/03
USD	Buy/ THB Sell	USD 3,000	2021/03
USD	Buy/ TWD Sell	USD 25,318	2021/01~2021/03
USD	Buy/ GBP Sell	GBP 261	2021/01
USD	Buy/ ZAR Sell	USD 1,500	2021/01
USD	Buy/ ZAR Sell	ZAR 44,203	2021/01
USD	Buy/ AUD Sell	AUD 2,000	2021/03

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December 31, 2019

		Contract amount	Maturity period
		(in thousands)	
USD	Buy/ EUR Sell	EUR 44,706	2020/01~2020/03
JPY	Buy/ USD Sell	USD 33,000	2020/01~2020/03
USD	Buy/ CAD Sell	CAD 6,000	2020/02~2020/03
USD	Buy/ INR Sell	USD 18,000	2020/01~2020/03
TWD	Buy/ USD Sell	USD 9,000	2020/01
EUR	Buy/ GBP Sell	GBP 5,000	2020/03
USD	Buy/ BRL Sell	USD 14,000	2020/02
USD	Buy/ JPY Sell	JPY 800,000	2020/02~2020/03
USD	Buy/ MXN Sell	USD 7,500	2020/01~2020/03
USD	Buy/ CNY Sell	USD 41,404	2020/01~2020/03
JPY	Buy/ USD Sell	JPY 138,683	2020/01
USD	Buy/ AUD Sell	AUD 2,000	2020/02
CNY	Buy/ USD Sell	USD 85,600	2020/01~2020/03
MYR	Buy/ USD Sell	MYR 21,000	2020/02
SEK	Buy/ EUR Sell	EUR 2,000	2020/02
USD	Buy/ THB Sell	USD 3,000	2020/02
USD	Buy/ TWD Sell	USD 19,387	2020/01~2020/04
USD	Buy/ GBP Sell	GBP 326	2020/01
USD	Buy/ ZAR Sell	USD 2,510	2020/01~2020/02
USD	Buy/ ZAR Sell	ZAR 7,056	2020/01

(ii) Foreign exchange swaps

December 31, 2020

		Contract amount	Maturity period
		(in thousands)	
Swap in USD/Swap out TWD		USD 63,000	2021/01~2021/03
Swap in USD/Swap out AUD		AUD 3,000	2021/03
Swap in USD/Swap out JPY		JPY 400,000	2021/03
Swap in TWD/Swap out USD		USD 102,560	2021/01

December 31, 2019

		Contract amount	Maturity period
		(in thousands)	
Swap in USD/Swap out TWD		USD 12,000	2020/02
Swap in USD/Swap out AUD		AUD 3,000	2020/02
Swap in USD/Swap out JPY		JPY 400,000	2020/02
Swap in TWD/Swap out USD		USD 104,100	2020/01

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

	December 31, 2020	December 31, 2019
Equity investments measured at fair value through other comprehensive income:		
Domestic listed stocks	\$ 296,043	424,924
Domestic emerging stocks	761,132	587,415
Privately held stocks	<u>420,505</u>	<u>344,743</u>
	<u>\$ 1,477,680</u>	<u>1,357,082</u>
Current	\$ 96,281	134,479
Non-current	<u>1,381,399</u>	<u>1,222,603</u>
	<u>\$ 1,477,680</u>	<u>1,357,082</u>

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.

In 2020 and 2019, the Group sold part of its investments in financial assets measured at fair value through other comprehensive income for \$259,792 and \$14,117, respectively, and recognized a gain on disposal of \$42,128 and \$4,678, respectively, which are already included in other comprehensive income, and have been transferred from other equity to retained earnings.

(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes and accounts receivable	\$ 33,508,623	29,255,853
Notes and accounts receivable from related parties	<u>3,280,369</u>	<u>2,395,806</u>
	36,788,992	31,651,659
Less: loss allowance	<u>(287,066)</u>	<u>(351,498)</u>
	<u>\$ 36,501,926</u>	<u>31,300,161</u>

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including related parties) was as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 35,007,668	0.08%	29,305
Past due 1-90 days	1,423,063	1.38%	19,669
Past due 91-180 days	140,253	48.05%	67,395
Past due over 181 days	218,008	78.30%	170,697
	\$ 36,788,992		287,066

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	\$ 30,155,699	0.09%	28,188
Past due 1-90 days	1,202,387	3.15%	37,891
Past due 91-180 days	108,388	92.48%	100,234
Past due over 181 days	185,185	100.00%	185,185
	\$ 31,651,659		351,498

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

	2020	2019
Balance at January 1	\$ 351,498	198,527
Impairment losses (reversal of impairment loss)	(56,005)	35,315
Write-off	(57,109)	(62,760)
Effect of exchange rate changes	3,504	(7,523)
Acquisition through business combination	62,004	187,939
Transferred to other receivables	(15,955)	-
Reclassified to disposal group held for sale	(871)	-
Balance at December 31	\$ 287,066	351,498

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) 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. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivables. Details of these contracts at each reporting date were as follows:

December 31, 2020							
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral	
CTBC Bank	\$ 2,982,268	-	2,952,341	29,927		Promissory note	51,030
Taishin International Bank	3,638,461	-	3,638,461	-		None	-
Taipei Fubon Bank	573,865	-	469,322	104,543		None	-
Mega International Commercial Bank	423,739	-	379,786	43,953		Promissory note	150,000
E.SUN Commercial Bank	156,469	-	140,616	15,853		None	-
KGI Commercial Bank	233,957	-	208,894	25,063		None	-
Crefo Factoring Nord GmbH	31,526	-	26,003	5,523		None	-
	<u>\$ 8,040,285</u>	<u>-</u>	<u>7,815,423</u>	<u>224,862</u>	0.6%~3.5%		<u>201,030</u>

December 31, 2019							
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral	
CTBC Bank	\$ 525,102	-	472,368	52,734		Promissory note	54,191
Mega International Commercial Bank	986,275	27	887,620	98,655		Promissory note	250,000
Taishin International Bank	5,168,640	-	5,168,640	-		None	-
Taipei Fubon Bank	336,546	-	269,237	67,309		None	-
E.SUN Commercial Bank	81,568	-	73,411	8,157		None	-
Crefo Factoring Nord GmbH	48,969	-	42,893	6,076		None	-
	<u>\$ 7,147,100</u>	<u>27</u>	<u>6,914,169</u>	<u>232,931</u>	1.42%~3.5%		<u>304,191</u>

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.

- (e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables—the factored accounts receivable, net of advance amount	\$ 224,862	232,931
Other receivables—others	479,318	381,973
	704,180	614,904
Less: loss allowance	(28,292)	(30,045)
	675,888	584,859
Other receivables from related parties	302,399	284,450
	<u>\$ 978,287</u>	<u>869,309</u>

QISDA CORPORATION AND SUBSIDIARIES
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As of December 31, 2020 and 2019, except for other receivables amounting to \$28,292 and \$30,045, respectively, wherein the loss allowances are fully provided, no loss allowance was provided for the remaining receivables after the management's assessment.

(f) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 11,353,769	4,657,167
Work in process	2,343,595	1,719,899
Finished goods	15,336,859	16,521,671
Inventories in transit	<u>6,105,110</u>	<u>4,992,100</u>
	<u>\$ 35,139,333</u>	<u>27,890,837</u>

For the years ended December 31, 2020 and 2019, the cost of inventories sold amounted to \$159,371,907 and \$141,474,634, respectively.

For the years ended December 31, 2020 and 2019, the write-downs of inventories to net realizable value amounted to \$371,235, and \$176,792, 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.

(g) Non-current assets or disposal groups classified as held for sale

- (i) The disposal of the shareholdings of Dawningtech, one of Sysage's subsidiaries, had been conducted through a sales and purchase agreement entered into by Sysage, Dawningtech, and Ginnet, another subsidiary of Sysage, in January 2021 based on a resolution approved during the board meeting of Sysage held on November 5, 2020. Thereafter, the assets and liabilities of Dawningtech amounting to \$770,609 and \$358,207, respectively, were recognized as non current assets or disposal groups classified as held-for-sale as of December 31, 2020 as follows:

<u>Non-current assets or disposal groups classified as held for sale</u>	<u>December 31, 2020</u>
Cash and cash equivalents	\$ 107,704
Notes and accounts receivable, net	423,595
Inventories	177,319
Prepayments	1,546
Other current assets	5,773
Property, plant and equipment	9,315
Right-of-use assets	33,630
Deferred income tax assets	8,683
Other non-current assets	<u>3,044</u>
	<u>\$ 770,609</u>

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Liabilities directly related to non-current assets or disposal groups classified as held for sale	December 31, 2020
Short-term borrowings	\$ 43,022
Financial liabilities at fair value through profit or loss—current	330
Contract liabilities	3,050
Accounts and notes payable	230,008
Other payables	51,564
Lease liabilities (current and non-current)	22,609
Advance receipts	6,907
Other current liabilities	582
Other non-current liabilities	135
	\$ 358,207

In addition, no impairment loss was recognized after measuring at the lower of carrying amount and fair value less costs to sale.

- (ii) In June 2020, the Board of directors of QLPG approved a resolution to dispose its land and building located at Penang, Malaysia to the Group's associate, Visco Technology Sdn. Bhd., who then entered into an agreement with QLPG for the disposal process. The above transaction has yet to be approved by the Malaysian government. The land and building are expected to be disposed within one year upon approval, at the estimated selling price of MYR 92,000 thousand. The details were as follows:

	December 31, 2020	December 31, 2019
Land and building held for sale	\$ 121,508	-

- (h) Investments accounted for using the equity method

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

	December 31, 2020	December 31, 2019
Associates	\$ 16,278,479	17,752,801
Joint ventures	29,955	25,675
	\$ 16,308,434	17,778,476

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investments in associates

<u>Name of Associates</u>	<u>Main Business and Relationship</u>	<u>Location</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
			<u>Percentage of voting rights</u>	<u>Carrying amount</u>	<u>Percentage of voting rights</u>	<u>Carrying amount</u>
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Group's strategic partners	Taiwan	6.99 %	\$ 12,701,500	6.99 %	12,272,814
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Group's strategic partners	Taiwan	25.73 %	2,364,486	25.73 %	2,233,147
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	notes 4(b) and 6(i)	-	22.98 %	2,564,115
Others			-	1,212,493	-	682,725
				<u>\$ 16,278,479</u>		<u>17,752,801</u>

The equity-method was used to account for investments in AU of which the Group holds less than 20% of the voting rights but has significant influence over AU as the chairman of the Company was elected as director and participates in the decision-making on the board.

From March to June 2020, the Group increased its investment in Alpha for \$86,463, and the Group's ownership interest in Alpha increased to 23.84%. Referring to note 6(i), the Group acquired additional 19.02% ownership of Alpha for \$3,092,150 through public tender offer, and the Group obtained control over Alpha and its subsidiaries, and included them in the Group's consolidated entities. Please refer to note 6(i).

From April to May 2020, Nanjing BenQ Hospital Co., Ltd. invested the amount of \$423,670 in Guigang Donghui Medical Investment Co., Ltd. and acquired 18.35% of its ownership. The equity-method was used to account for investments as the NMH was elected as director and participates in the decision-making on the board and has significant influence over it.

In 2020, Sysage increased its investment in Grandsys Inc. for \$79,300. Hence, its investment was reclassified from financial assets at fair value through profit or loss to investments accounted for using the equity method as Sysage has significant influence over it.

In 2020, Sysage invested in AdvancedTEK International Corp. for \$30,091 and acquired 19.19% of its ownership. The equity-method was used to account for investments as the Sysage is the single largest shareholder and has significant influence over it.

In August 2020, BMC sold part of its investment in Visco Vision for \$14,955, and recognized a gain on disposal of \$11,975. However, the Group still has significant influence over it.

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From March to June 2019, the Group sold part of its investment in DFN for \$396,967, and recognized a gain on disposal of \$143,838. However, the Group still has significant influence over DFN.

In March 2019, NSHD issued new shares to align with strategic partners and the Group did not subscribe for these new shares, resulting in a decrease of the Group's ownership interest in NSHD to 30%. Since the Group lost control of NSHD, the investment was reclassified as investments accounted for using the equity method. Please refer to note 6(i).

For the years ended December 31, 2020 and 2019, the Group's shares of profits (losses) of associates amounted to \$495,418 and \$(998,823), respectively.

The fair value of the investment in associates which are publicly traded was as follows:

	December 31, 2020	December 31, 2019
AU	\$ 9,290,386	6,669,170
DFN	3,122,110	3,172,525
Alpha	-	2,936,544

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, 2020	December 31, 2019
Current assets	\$ 168,317,673	143,200,211
Non-current assets	238,952,622	254,437,380
Current liabilities	(98,338,179)	(90,528,089)
Non-current liabilities	<u>(115,141,751)</u>	<u>(119,132,753)</u>
Equity	<u>\$ 193,790,365</u>	<u>187,976,749</u>
Equity attributable to non-controlling interests of AU	<u>\$ 10,985,674</u>	<u>11,304,909</u>
Equity attributable to shareholders of AU	<u>\$ 182,804,691</u>	<u>176,671,840</u>
	2020	2019
Net sales	<u>\$ 270,955,381</u>	<u>268,791,694</u>
Net income (loss)	\$ 2,907,427	(21,599,416)
Other comprehensive income	2,862,980	(1,411,771)
Total comprehensive income	<u>\$ 5,770,407</u>	<u>(23,011,187)</u>
Total comprehensive income attributable to non-controlling interests of AU	<u>\$ (319,234)</u>	<u>(2,818,733)</u>
Total comprehensive income attributable to shareholders of AU	<u>\$ 6,089,641</u>	<u>(20,192,454)</u>

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Notes to the Consolidated Financial Statements

	<u>2020</u>	<u>2019</u>
The Group's share of equity of associates at January 1	\$ 12,348,373	13,997,527
Total comprehensive income attributable to the Group	425,666	(1,395,394)
Capital surplus attributable to the Group	3,020	78,039
Dividend received from associates	-	(331,799)
Cumulative effect of investment income recognized under treasury stock method	<u>(75,559)</u>	<u>(75,559)</u>
The carrying amount of investments in the associates	<u>\$ 12,701,500</u>	<u>12,272,814</u>

2) The summarized financial information of DFN:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 14,983,083	13,073,263
Non-current assets	9,286,423	7,814,501
Current liabilities	(11,672,915)	(9,721,813)
Non-current liabilities	<u>(2,017,529)</u>	<u>(1,398,360)</u>
Equity	<u>\$ 10,579,062</u>	<u>9,767,591</u>
Equity attributable to non-controlling interests of DFN	<u>\$ 1,389,996</u>	<u>1,087,054</u>
Equity attributable to shareholders of DFN	<u>\$ 9,191,066</u>	<u>8,680,537</u>
	<u>2020</u>	<u>2019</u>
Net sales	<u>\$ 22,349,528</u>	<u>19,137,173</u>
Net income	\$ 953,347	969,393
Other comprehensive income	124,103	(133,115)
Total comprehensive income	<u>\$ 1,077,450</u>	<u>836,278</u>
Total comprehensive income attributable to non-controlling interests of DFN	<u>\$ 42,255</u>	<u>62,057</u>
Total comprehensive income attributable to shareholders of DFN	<u>\$ 1,035,195</u>	<u>774,221</u>
	<u>2020</u>	<u>2019</u>
The Group's share of equity of associates at January 1	\$ 2,233,147	2,537,545
Total comprehensive income attributable to the Group	266,288	211,982
Capital surplus attributable to the Group	30,700	(6,270)
Dividend received from associates	(165,649)	(252,074)
Disposal	<u>-</u>	<u>(258,036)</u>
The carrying amount of investments in the associates	<u>\$ 2,364,486</u>	<u>2,233,147</u>

QISDA CORPORATION AND SUBSIDIARIES
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- 3) The summarized financial information of Alpha:

	December 31, 2019	
Current assets	\$	19,148,501
Non-current assets		5,851,867
Current liabilities		(9,584,608)
Non-current liabilities		<u>(1,368,466)</u>
Equity	\$	<u>14,047,294</u>
Equity attributable to non-controlling interests of Alpha	\$	<u>4,066,496</u>
Equity attributable to shareholders of Alpha	\$	<u>9,980,798</u>
	January 1, 2020 to July 22, 2020	2019
Net sales	\$ <u>15,729,959</u>	<u>15,825,808</u>
Net income	\$ 194,799	238,903
Other comprehensive income	<u>(58,557)</u>	<u>(122,759)</u>
Total comprehensive income	<u>136,242</u>	<u>116,144</u>
Total comprehensive income attributable to non-controlling interests of Alpha	<u>53,105</u>	<u>-</u>
Total comprehensive income attributable to shareholders of Alpha	<u>83,137</u>	<u>116,144</u>
	2020	2019
The Group's share of equity of associates at January 1	\$ 2,564,115	2,686,449
Purchase of investments	86,463	-
Total comprehensive income attributable to the Group	10,443	7,304
Capital surplus attributable to the Group	(161,064)	(847)
Dividend received from associates	(56,841)	(124,739)
Adjustment on initial application of IFRS 16	-	(4,052)
Reclassification to consolidated entities	<u>(2,443,116)</u>	<u>-</u>
The carrying amount of investments in the associates	<u>\$ -</u>	<u>2,564,115</u>

- 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.

QISDA CORPORATION AND SUBSIDIARIES
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	December 31, 2020	December 31, 2019
The aggregate carrying amount of associates that were not individually material	\$ 1,212,493	682,725
	2020	2019
Attributable to the Group:		
Net income	\$ 5,729	49,660
Other comprehensive income	(12,680)	(38,488)
Total comprehensive income	\$ (6,951)	11,172

(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, 2020	December 31, 2019
The aggregate carrying amount of joint ventures that were not individually material	\$ 29,955	25,675
	2020	2019
Attributable to the Group:		
Net income (loss)	\$ 4,151	(1,447)
Other comprehensive income	129	(942)
Total comprehensive income	\$ 4,280	(2,389)

(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.

(i) Business combination

(i) Acquisition of subsidiaries — Golden Spirit Co., Ltd and its subsidiaries

1) The cost of acquisition

On June 19, 2020, the Company invested the amount of \$254,000 and acquired the entire shareholdings of Golden Spirit Co., Ltd. ("GSC"), in which the Company obtained control over it. Thereafter, GSC and its subsidiaries have been included in the Group's consolidated entities. GSC is engaged in the trading and manufacturing of alcohol and medical disinfectant. The acquisition of GSC enables the Group to accelerate the product deployment in the dialysis business, and expand the business of medical and epidemic prevention products.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On June 19, 2020 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:

Cash	\$	254,000
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	\$	42,989
Notes and accounts receivable, net		56,664
Inventories		54,988
Other current assets		45,510
Other financial assets – current		4,288
Financial assets at fair value through other comprehensive income – non-current		2,960
Property, plant and equipment		541,559
Right-of-use assets		45,633
Intangible assets – trademarks		60,000
Intangible assets – computer software		1,921
Intangible assets – others		1,235
Other non-current assets		27,873
Other financial assets – non-current		21,432
Short-term borrowings		(203,902)
Notes and accounts payable		(19,826)
Accounts payable to related parties		(3,805)
Other payable		(30,927)
Other current liabilities		(27,572)
Current portion of long-term debt		(37,148)
Long-term debt		(191,885)
Deferred income tax liabilities		(12,000)
Lease liabilities		(48,331)
Other non-current liabilities		(8,267)
Non-controlling interests		(87,034)
		236,355
Goodwill	\$	17,645

The fair value of the abovementioned assets and liabilities 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.

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3) Intangible assets

Goodwill arising from the acquisition of GSC is due to the profitability, future market development 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.

Intangible assets—trademarks 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, 2020, GSC and its subsidiaries had contributed the revenue of \$316,303 and the net income of \$23,878 to the Group. If this acquisition had occurred on January 1, 2020, the management estimates that consolidated revenue would have been \$191,938,450, and consolidated income after income tax would have been \$6,382,286. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2020.

(ii) Acquisition of subsidiaries – Simula Technology Inc. and its subsidiaries

1) The cost of acquisition

On April 1, 2020, the Company subscribed 30,000 thousand shares of Simula Technology Inc. (“Simula”) at a price of \$600,000 through private offering and acquired 37.5% of its ownership. In addition, the Group acquired 13.77% of Simula's ownership in public market for \$411,840. After these investments in Simula, the Group obtained 51.27% of Simula's ownership and owned more the half of Simula’s total number of directors. Therefore, the Company obtained control over Simula. Thereafter, Simula and its subsidiaries have been included in the Group's consolidated entities. Simula is engaged in electronic components manufacturing, electronic material wholesale, product design and international trade. The acquisition of Simula enables the Group to jointly develop vehicle networking, medical and health equipment, and AIoT solutions, and assist the Group to develop upstream and downstream key components of supply chain.

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2) Identifiable net assets acquired in a business combination

On April 1, 2020,(the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:

Cash	\$	1,011,840
Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of Simula's identifiable net assets)		807,562

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	1,016,057
Financial assets at fair value through profit or loss — current		18
Notes and accounts receivable, net		197,657
Other receivable		7,472
Inventories		111,483
Other current assets		14,264
Financial assets at fair value through other comprehensive income — non-current		4,880
Investments accounted for using equity method		4,140
Property, plant and equipment		354,283
Right-of-use assets		36,011
Intangible assets — customer relationships		154,526
Intangible assets — expertise		124,792
Intangible assets — computer software		4,641
Deferred income tax assets		4,918
Other non-current assets		14,553
Financial liabilities at fair value through profit or loss — current		(114)
Contract liabilities — current		(4,016)
Notes and accounts payable		(101,289)
Other payable		(167,133)
Other current liabilities		(1,603)
Lease liabilities		(36,515)
Deferred income tax liabilities		(63,502)
Other non-current liabilities		(477)
Non-controlling interests		(17,827)
		<u>1,657,219</u>
Goodwill	\$	<u><u>162,183</u></u>

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Intangible assets

Goodwill arising from the acquisition of Simula and its subsidiaries is due to the control premium, the synergies of the business combination, future market development 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.

The above intangible assets—customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 12.75 years; the expertise is amortized on a straight-line basis over the estimated future economic useful life of 5 years.

4) Pro forma information

From the acquisition date to December 31, 2020, Simula and its subsidiaries had contributed the revenue of \$835,319 and the net income of \$78,893 to the Group. If this acquisition had occurred on January 1, 2020, the management estimates that consolidated revenue would have been \$191,896,239, and consolidated income after income tax would have been \$6,363,972. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2020.

(iii) Acquisition of subsidiaries – Alpha Networks Inc. and its subsidiaries

1) The cost of acquisition

On July 23, 2020, the Group invested the amount of \$3,092,150 and acquired 19.02% of Alpha Networks Inc. (“Alpha”) through public tender offer, resulting in the Group's ownership interest in Alpha to increase from 23.84% to 42.86%. Thereafter, the Group obtained control over Alpha. Hence, Alpha and its subsidiaries have since been included in the Group's consolidated entities. Alpha and its subsidiaries are engaged in research, development, design ,manufacture and sales of broadband products, wireless network products, as well as computer network system equipment, and their related components. The acquisition of Alpha enables the Group to seize the business opportunity of rapid 5G development by integrating and strengthening the Group's strong technological and manufacturing skills, as well as Alpha's capability on network equipment industry in order to expand its market share and customers base to increase international competitiveness.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On July 23, 2020, (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash		\$ 3,092,150
Add: the fair value of the acquirer's previously held equity interest in the acquiree		3,200,885
Less: Dividends receivable from acquisitions		(45,461)
Add: non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Alpha's identifiable net assets)		6,274,387
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	\$ 5,179,564	
Financial assets at fair value through profit or loss — current	85,472	
Notes and accounts receivable, net	5,839,060	
Inventories	7,529,865	
Other financial asset—current	10,874	
Other current asset	887,344	
Financial assets at fair value through other comprehensive income non-current	206,469	
Property, plant and equipment	4,578,437	
Right-of-use asset	1,217,679	
Deferred income tax assets	208,561	
Intangible assets — goodwill	578,901	
Intangible assets — patent	782,741	
Intangible assets — trademark	229,755	
Intangible assets — customer relationships	392,233	
Intangible assets — expertise	221,870	
Intangible assets — computer software	55,412	
Other financial asset—non-current	159,587	
Short-term borrowings	(2,899,290)	
Financial liabilities at fair value through profit or loss — current	(9,192)	
Notes and accounts payable	(6,658,208)	
Accounts payable to related parties	(3,795)	
Contract liabilities	(469,582)	
Other payable	(2,382,643)	
Provision	(204,261)	
Bonds payable	(576,724)	
Lease liabilities	(202,240)	
Deferred income tax liabilities	(496,526)	
Other non-current liabilities	(293,960)	
	<u>(2,986,676)</u>	<u>10,980,727</u>
Goodwill		<u>\$ 1,541,234</u>

(Continued)

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's previously held 23.84% ownership of Alpha is remeasured to fair value at the acquisition date, and recognized a gain on disposal of \$676,978 in other gains and losses – net.

3) Intangible assets

Goodwill arising from the acquisition of Alpha and its subsidiaries is due to their profitabilities, future market development, 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.

The abovementioned intangible assets are amortized on a straight-line basis over the estimated future economic useful life. The amortization period is as follows:

Patent: 5 years; trademark: 9.44 years; customer relationships: 8.44 to 11.44 years; expertise: 6.44 years.

4) Pro forma information

From the acquisition date to December 31, 2020, Alpha and its subsidiaries had contributed the revenue of \$16,440,690 and the net income of \$530,303 to the Group. If this acquisition had occurred on January 1, 2020, the management estimates that consolidated revenue would have been \$207,431,661, and consolidated income after income tax would have been \$6,561,360. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2020.

(iv) Acquisition of subsidiaries – BenQ Biotech (Shanghai) Co., Ltd (“BBC”)

1) The cost of acquisition

On October 8, 2019, the Group acquired 70% of ownership of BenQ Biotech (Shanghai) Co., Ltd (“BBC”) at a price of \$739,789, and obtained control over BBC. BBC is engaged in manufacturing and sale of hemodialysis machines. The acquisition of BBC enables the Group to obtain an experienced workforce from the original shareholder, Shanghai Kunxin Medical Technology Co., Ltd., to integrate the existing hemodialysis business, to produce the competitive products and expand its marketing channel in China.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On October 8, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash	\$ 739,789
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of BBC's identifiable net assets)	261,102
Less: identifiable net assets acquired at fair value:	
Cash and cash equivalents	870,340
Goodwill	\$ 130,551

3) Intangible assets

Goodwill arising from the acquisition of BBC is due to the control premium, the synergies of the business combination, future market development 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, 2019, BBC had contributed the revenue of \$0 and the net loss of \$(8,906) to the Group. If this acquisition had occurred on January 1, 2019, the management estimates that consolidated revenue would have been \$169,754,115, and consolidated income after income tax would have been \$4,409,644. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019.

(v) Acquisition of subsidiaries—Ace Pillar Co., Ltd. and its subsidiaries

1) The cost of acquisition

On October 1, 2019, the Group's subsidiary, DFI, subscribed 23,000 thousand common shares of Ace Pillar Co., Ltd. ("ACE") at a price of \$460,000 through private offering, and acquired 20.49% of its ownership, wherein the Group owned more than half of its total number of directors. Therefore, the Group obtained control over ACE. ACE and its subsidiaries have been included in the Group's consolidated entities. ACE and its subsidiaries are engaged in manufacturing and sale of automation control and mechanical transmission system and component, maintenance services and mechatronics. The acquisition of ACE and its subsidiaries is to integrate ACE's advantages of factory automation channel, as well as the market share of DFI's embedded platform business in factory automation, and the Group's investment in the information and communication technology industry to enhance the Group's value and market share of digital transformation service in information technology and operating technology ("IT+OT").

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On October 1, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:

Cash	\$	460,000
Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of ACE's identifiable net assets)		1,755,291

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	842,908
Notes and accounts receivable, net		940,613
Inventories		644,290
Other current assets		46,079
Other financial assets — current		83,388
Financial assets at fair value through other comprehensive income — non-current		20,214
Property, plant and equipment		585,562
Right-of-use assets		70,689
Intangible assets — customer relationships		79,208
Deferred income tax assets		13,143
Other non-current assets		8,267
Other financial assets — non-current		16,646
Short-term borrowings		(368,504)
Short-term notes and bills payable		(50,000)
Contract liabilities — current		(59,542)
Notes and accounts payable		(489,617)
Lease liabilities — current		(19,116)
Other current liabilities		(36,656)
Deferred income tax liabilities		(101,154)
Lease liabilities — non-current		(18,782)
		<u>2,207,636</u>
Goodwill	\$	<u><u>7,655</u></u>

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Intangible assets

Goodwill arising from the acquisition of ACE and its subsidiaries is due to the control premium, the synergies of the business combination, future market development 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.

The intangible assets—customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 11 years.

4) Pro forma information

From the acquisition date to December 31, 2019, ACE and its subsidiaries had contributed the revenue of \$672,743 and the net loss of \$(41,789) to the Group. If this acquisition had occurred on January 1, 2019, the management estimates that consolidated revenue would have been \$171,997,127, and consolidated income after income tax would have been \$4,377,616. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019.

(vi) Acquisition of subsidiaries – Sysage Technology Co., Ltd and its subsidiaries

1) The cost of acquisition

On August 15, 2019, the Group invested the amount of \$1,815,000 in Sysage Technology Co., Ltd (“Sysage”), and acquired 35.04% of its ownership, wherein the Group owned more than half of its total number of directors. Therefore, the Group obtained control over Sysage. Sysage and its subsidiaries have been included in the Group’s consolidated entities. Sysage is engaged in agent sales and trading of communication and internet hardware and software, workstations and servers, and application integration tools software. The acquisition of Sysage enables the Group to penetrate into network and system integration solution market, and to seize the business opportunities of cloud computing, artificial intelligence and internet of things (IoT) integrations.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On August 15, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash	\$ 1,815,000
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Sysage's identifiable net assets)	3,113,913

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	1,983,472	
Financial assets at fair value through profit or loss — current		126,870	
Notes and accounts receivable, net		2,387,056	
Inventories		3,083,928	
Other current assets		192,108	
Financial assets at fair value through profit or loss — non-current		105,342	
Investments accounted for using the equity method		2,712	
Property, plant and equipment		1,789,025	
Right-of-use assets		197,724	
Deferred income tax assets		48,609	
Other non-current assets		89,685	
Short-term borrowings		(1,305,000)	
Short-term notes and bills payable		(80,000)	
Contract liabilities — current		(838,853)	
Notes and accounts payable		(1,661,410)	
Other payables		(361,499)	
Other current liabilities		(45,108)	
Current portion of long-term debt		(16,216)	
Lease liabilities — current		(25,606)	
Long-term debt		(316,756)	
Lease liabilities — non-current		(172,606)	
Deferred income tax liabilities		(67,051)	
Other non-current liabilities		(66,961)	
Non-controlling interest		<u>(255,880)</u>	<u>4,793,585</u>
Goodwill			<u>\$ <u>135,328</u></u>

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Intangible assets

Goodwill arising from the acquisition of Sysage and its subsidiaries is due to their profitability, future market development 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, 2019, Sysage and its subsidiaries had contributed the revenue of \$4,561,486 and the net income of \$162,544 to the Group. If this acquisition had occurred on January 1, 2019, the management estimates that consolidated revenue would have been \$177,499,629, and consolidated income after income tax would have been \$4,661,931. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019.

(vii) Acquisition of subsidiaries – Topview Optronics Corporation and its subsidiaries

1) The cost of acquisition

On August 15, 2019, the Group invested the amount of \$351,665 in Topview Optronics Corporation (“Topview”), and acquired 32.99% of its ownership, wherein the Group owned more than half of its total number of directors. Therefore, the Group obtained control over Topview. Topview and its subsidiaries have been included in the Group’s consolidated entities. Topview is engaged in the manufacturing and sale of video surveillance cameras. The acquisition of Topview enables the Group to optimize the existing business and expand the operation scale through the strategic alliance.

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired in a business combination

On August 15, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Account	Amount
Cash and cash equivalents	\$ 561,124
Financial assets at fair value through profit or loss — current	251
Notes and accounts receivable, net	344,216
Inventories	226,020
Other current assets	31,436
Property, plant and equipment	877,791
Right-of-use assets	3,189
Investment property	128,849
Intangible assets — others	5,150
Deferred income tax assets	8,418
Other non-current assets	200
Short-term borrowings	(335,933)
Notes and accounts payable	(237,592)
Other payables	(70,475)
Other current liabilities	(37,185)
Current portion of long-term debt	(28,986)
Long-term debt	(311,585)
Lease liabilities — non-current	(2,301)
Provisions — non-current	(1,381)
Other non-current liabilities	(24,704)
Non-controlling interest	<u>(12,834)</u>
Fair value of identifiable net assets	<u>\$ 1,123,668</u>

3) Gain on bargain purchase

Gain on bargain purchase arising from the acquisition was as follows:

Consideration transferred—cash	351,665
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Topview's identifiable net assets)	752,970
Less: identifiable net assets acquired at fair value	<u>(1,123,668)</u>
Gain on bargain purchase	<u>\$ (19,033)</u>

QISDA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Pro forma information

From the acquisition date to December 31, 2019, Topview and its subsidiaries had contributed the revenue of \$529,787 and the net income of \$22,614 to the Group. If this acquisition had occurred on January 1, 2019, the management estimates that consolidated revenue would have been \$170,523,735, and consolidated income after income tax would have been \$4,448,788. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019.

(viii) Acquisition of subsidiaries—Aewin Technologies Co., Ltd. and its subsidiaries

1) The cost of acquisition

On March 4, 2019, the Group's subsidiary, DFI, invested the amount of \$555,000 in Aewin Technologies Co., Ltd. ("AEWIN"), and acquired 51.26% of its ownership, and obtained control over AEWIN. Therefore, AEWIN and its subsidiaries have been included in the Group's consolidated entities. AEWIN and its subsidiaries are engaged in designing, manufacturing and sale of industrial motherboards and components. The acquisition of AEWIN enables the Group to penetrate into the network security market and integrate the resources of both parties to seize the future development opportunities of the network security market.

2) Identifiable net assets acquired in a business combination

On March 4, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Account	Amount
Cash and cash equivalents	\$ 606,453
Notes and accounts receivable, net	225,484
Inventories	368,758
Other current assets	26,414
Property, plant and equipment	435,295
Right-of-use assets	43,780
Intangible assets—customer relationships	50,285
Intangible assets—computer software	342
Deferred income tax assets	25,573
Other non-current assets	4,424
Other financial assets—non-current	5,767
Short-term borrowings	(140,000)
Contract liabilities—current	(10,686)
Notes and accounts payable	(257,188)
Lease liabilities—current	(22,506)
Current portion of long-term debt	(14,000)
Other current liabilities	(2,391)
Lease liabilities—non-current	(24,295)
Deferred income tax liabilities	(10,116)
Long-term debt	(218,500)
Fair value of identifiable net assets	<u><u>\$ 1,092,893</u></u>

QISDA CORPORATION AND SUBSIDIARIES
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3) Gain on bargain purchase

Gain on bargain purchase arising from the acquisition was as follows:

Consideration transferred—cash	555,000
Add: Non-controlling interest (measured at non-controlling interest’s proportionate share of the fair value of AEWIN’s identifiable net assets)	532,676
Less: identifiable net assets acquired at fair value	<u>(1,092,893)</u>
Gain on bargain purchase	<u>\$ (5,217)</u>

4) Intangible assets

The above customer relationships are amortized on a straight-line basis over the estimated future economic useful life of 4 years.

5) Pro forma information

From the acquisition date to December 31, 2019, AEWIN and its subsidiaries had contributed the revenue of \$1,342,676 and the net income of \$51,785 to the Group. If this acquisition had occurred on January 1, 2019, the management estimates that consolidated revenue would have been \$169,964,241, and consolidated income after income tax would have been \$4,421,197. In determining these amounts, the management assumed that the acquisition occurred on January 1, 2019.

(ix) Change in ownership interest in subsidiaries without losing control

During May 2020, the Group increased its investments in BDT for \$20,005, and the Group’s ownership interest in BDT increased to 100%.

In 2020, APV and Darly2 increased its investments in Topview for \$1,761. In addition, APV increased its investments in Topview for \$5,851 from October to December 2019, and the Group’s ownership interest in Topview increased to 33.56%.

In 2020, APV and Darly2 increased its investments in DIC for \$52,430. In addition, APV increased its investments in DIC for \$35,884 from October to December 2019, and the Group’s ownership interest in DIC increased to 38.35%.

In 2020, DFI increased its investments in ACE for \$163,099. In addition, DFI increased its investments in ACE for \$170,623 from October to December 2019, and the Group’s ownership interest in ACE increased to 18.49%.

In 2020, DFI increased its investments in AEWIN for \$1,464, and the Group’s ownership interest in AEWIN increased to 28.01%.

From August to December 2020, the Group increased its investments in Alpha for \$2,722,857 and the Group’s ownership interest in Alpha increased to 59.87%.

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In 2020, the Group increased its investments in Interactive Digital for \$189,967 and the Group's ownership interest in Interactive Digital increased to 20.59%.

In 2020, the Group increased its investments in E-Strong Medical Technology Co., Ltd. for \$39,672 and the Group's ownership interest in E-Strong Medical Technology Co., Ltd. increased to 66.57%.

From November to December 2020, the Group increased its investments in Ginnet and Epic Cloud Information Integration Corporation for \$41,733 and the Group's ownership interest in Ginnet and Epic Cloud Information Integration Corporation increased to 27.84% and 33.29%, respectively.

In September 2020, the Group participated in the subscription of issuance of common stock for cash of K2, and the Group's ownership interest in K2 increased to 40%.

In October 2019, BenQ increased its investments in INF for \$8,561, and the Group's ownership interest in INF increased to 100%.

In September 2019, Sysage increased its investments in Dawningtech for \$50,062. Besides, in September 2019, Dawningtech issued new shares and Sysage did not subscribe for these new shares. As of December 31, 2019, the Group's ownership interest in Dawningtech is 14.55%.

In the second quarter of 2019, BMC increased its investments in SMS for \$38,889. Additionally, in order to integrate the resources within the Group and improve the operating efficiency, BMC's Board of Directors approved a resolution on May 6, 2019, to acquire the remaining shares of SMS at a consideration of \$14 per share in cash on June 17, 2019, in accordance with the provisions of Article 30 of Business Mergers And Acquisitions Act (As of December 31, 2019, BMC has paid \$20,725 in cash, and the outstanding amount of \$1,670 is recorded as other payables.). After the acquisition, the Group's ownership interest in SMS increased to 43.56%.

In May 2019, Darly disposed of 1,640 thousand shares of BBHC's common stock for \$77,734, but did not result in the loss of the Group's control over BBHC. The difference between consideration and carrying amount of BBHC was recognized as capital surplus.

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:

	<u>2020</u>	<u>2019</u>
Capital surplus— arising from changes in ownership interests in subsidiaries	\$ (47,428)	3,235
Capital surplus— difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(168,911)	10,242
Retained earnings	<u>(732,682)</u>	<u>-</u>
	<u>\$ (949,021)</u>	<u>13,477</u>

QISDA CORPORATION AND SUBSIDIARIES
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(x) Loss of control in subsidiary

Prior to March 2019, NSHD was a subsidiary of the Group. In March 2019, NSHD issued new shares to align with strategic partners and the Group did not subscribe for these new shares. Since the Group's ownership interest in NSHD was reduced to 30%, the Group lost control over it. Therefore, the remaining 30% of NSHD's equity is remeasured at fair value of \$459,386, resulting in gain on disposal of investments of \$289,667. In addition, in order to ensure NSHD's future development towards old age care business, after this capital increase, the other shareholder who holds 70% of NSHD's equity will provide a deposit of CNY300,000 thousand to NMH to guarantee that NSHD's development direction and progress can be carried out in accordance with the agreement (i.e. after the capital increase, NSHD will complete no less than 80% of the NSHD silver age business project within five years.) If the other shareholder can achieve the required progress, the NHM shall refund the deposit without interest as the required progress was reached. If the other shareholder fails to develop the agreed business items or the progress requirements cannot be reached within five years, the aforementioned deposit will be owned by NHM and will not be refunded. In May 2019, NHM received a deposit of CNY300,000 thousand from the other shareholder, which was recorded as other non-current liabilities.

The carrying amount of assets and liabilities of NSHD on the date of disposal was as follows:

Cash and cash equivalents	\$	741
Property, plant and equipment		244,928
Right-of-use assets		169,719
Other payables		<u>(245,669)</u>
Carrying amount of net assets	\$	<u>169,719</u>

(xi) Subsidiaries that have material non-controlling interest:

Subsidiaries that have material non-controlling interest were as follows:

<u>Subsidiaries</u>	<u>Principal place of business /Registration country</u>	<u>The Percentage of ownership and voting rights held by non- controlling interests</u>	
		<u>December 31, 2020</u>	<u>December 31, 2019</u>
BMC	Taiwan	56.44 %	56.44 %
BBHC	Cayman Islands	29.95 %	29.95 %
DFI	Taiwan	44.91 %	44.91 %
Sysage	Taiwan	64.96 %	64.96 %
Alpha	Taiwan	40.13 %	-

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:

QISDA CORPORATION AND SUBSIDIARIES
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- 1) The summarized financial information of BMC:

	December 31, 2020	December 31, 2019
Current assets	\$ 5,552,093	4,572,402
Non-current assets	5,507,358	5,755,519
Current liabilities	(4,970,859)	(3,977,707)
Non-current liabilities	(1,765,817)	(2,219,246)
Net assets	<u>\$ 4,322,775</u>	<u>4,130,968</u>
The carrying amount of non-controlling interests	<u>\$ 2,439,936</u>	<u>2,331,673</u>
	2020	2019
Net sales	<u>\$ 15,049,948</u>	<u>13,942,969</u>
Net income	\$ 395,973	256,740
Other comprehensive income	(49,638)	(39,087)
Total comprehensive income	<u>\$ 346,335</u>	<u>217,653</u>
Net income attributable to non-controlling interests	<u>\$ 223,494</u>	<u>144,737</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 195,477</u>	<u>122,713</u>
Cash flow from operating activities	\$ 1,103,302	1,131,775
Cash flow from investing activities	(662,230)	(718,148)
Cash flow from financing activities	(522,306)	(402,348)
Effects of foreign exchange rate changes	33,223	15,962
Net increase (decrease) in cash and cash equivalents	<u>\$ (48,011)</u>	<u>27,241</u>
Cash dividends paid to non-controlling interests	<u>\$ 90,493</u>	<u>108,591</u>

- 2) The summarized financial information of BBHC:

	December 31, 2020	December 31, 2019
Current assets	\$ 2,399,340	2,053,670
Non-current assets	8,055,836	7,853,118
Current liabilities	(3,952,233)	(3,076,371)
Non-current liabilities	(2,607,564)	(3,028,298)
Net assets	<u>\$ 3,895,379</u>	<u>3,802,119</u>
The carrying amount of non-controlling interests	<u>\$ 1,184,330</u>	<u>1,150,500</u>

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	<u>2020</u>	<u>2019</u>
Net sales	\$ <u>7,585,912</u>	<u>7,974,083</u>
Net income	\$ 100,321	575,152
Other comprehensive income	<u>214,055</u>	<u>(68,162)</u>
Total comprehensive income	\$ <u>314,376</u>	<u>506,990</u>
Net income attributable to non-controlling interests	\$ <u>30,046</u>	<u>170,275</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>24,449</u>	<u>125,724</u>
	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	\$ (35,676)	1,037,534
Cash flow from investing activities	(349,794)	(349,917)
Cash flow from financing activities	86,611	(657,982)
Effects of foreign exchange rate changes	<u>(7,114)</u>	<u>247</u>
Net increase (decrease) in cash and cash equivalents	\$ <u>(305,973)</u>	<u>29,882</u>
Cash dividends paid to non-controlling interests	\$ <u>-</u>	<u>-</u>

3) The summarized financial information of DFI:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current assets	\$ 5,546,713	6,017,867
Non-current assets	5,554,031	5,606,163
Current liabilities	(2,771,923)	(3,029,053)
Non-current liabilities	<u>(536,101)</u>	<u>(512,191)</u>
Net assets	\$ <u>7,792,720</u>	<u>8,082,786</u>
The carrying amount of non-controlling interests	\$ <u>3,992,047</u>	<u>4,081,632</u>
	<u>2020</u>	<u>2019</u>
Net sales	\$ <u>8,349,522</u>	<u>7,031,784</u>
Net income	\$ 330,651	478,078
Other comprehensive income	<u>(27,971)</u>	<u>(8,548)</u>
Total comprehensive income	\$ <u>302,680</u>	<u>469,530</u>
Net income attributable to non-controlling interests	\$ <u>186,394</u>	<u>211,408</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>171,059</u>	<u>204,364</u>

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	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	\$ 502,634	1,603,948
Cash flow from investing activities	29,916	427,231
Cash flow from financing activities	(634,275)	(974,581)
Effects of foreign exchange rate changes	<u>(21,373)</u>	<u>(24,724)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (123,098)</u>	<u>1,031,874</u>
Cash dividends paid to non-controlling interests	<u>\$ 257,050</u>	<u>271,445</u>
4) The summarized financial information of Sysage:		
	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current assets	\$ 6,541,097	6,436,838
Non-current assets	2,507,804	2,346,931
Current liabilities	(3,146,894)	(2,784,583)
Non-current liabilities	<u>(576,073)</u>	<u>(605,338)</u>
Net assets	<u>\$ 5,325,934</u>	<u>5,393,848</u>
The carrying amount of non-controlling interests	<u>\$ 3,468,194</u>	<u>3,528,119</u>
		<u>August 15,</u> <u>2019 to</u> <u>December 31,</u>
	<u>2020</u>	<u>2019</u>
Net sales	<u>\$ 13,512,521</u>	<u>4,561,486</u>
Net income	\$ 568,895	159,843
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 568,895</u>	<u>159,843</u>
Net income attributable to non-controlling interests	<u>\$ 379,046</u>	<u>94,515</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 379,046</u>	<u>94,515</u>
Cash flow from operating activities	\$ 605,078	42,286
Cash flow from investing activities	(274,063)	(10,035)
Cash flow from financing activities	<u>(295,578)</u>	<u>(1,320,421)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 35,437</u>	<u>(1,288,170)</u>
Cash dividends paid to non-controlling interests	<u>\$ 367,072</u>	<u>-</u>

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5) The summarized financial information of Alpha:

	December 31, 2020
Current assets	\$ 20,706,337
Non-current assets	9,951,500
Current liabilities	(13,715,201)
Non-current liabilities	(952,481)
Net assets	<u>\$ 15,990,155</u>
The carrying amount of non-controlling interests	<u>\$ 7,628,139</u>
July 23, 2020 to December 31, 2020	
Net sales	<u>\$ 16,440,690</u>
Net income	\$ 465,742
Other comprehensive income	187,329
Total comprehensive income	<u>\$ 653,071</u>
Net income attributable to non-controlling interests	<u>\$ 289,404</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 379,326</u>
Cash flow from operating activities	
	\$ 266,552
Cash flow from investing activities	(1,200,866)
Cash flow from financing activities	403,874
Net decrease in cash and cash equivalents	<u>\$ (530,440)</u>
Cash dividends paid to non-controlling interests	<u>\$ -</u>

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(j) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2020	\$ 5,682,857	21,306,465	15,914,940	4,615,020	345,142	47,864,424
Additions	6,586	1,040,122	1,467,671	1,101,214	1,101,703	4,717,296
Acquisition through business combination	988,074	4,456,724	2,806,125	1,183,627	561,539	9,996,089
Disposals	-	(24,344)	(871,120)	(225,892)	-	(1,121,356)
Reclassification to non-current assets held for sale	(163,057)	(307,511)	-	(13,574)	-	(484,142)
Reclassification to investment property	(9,763)	(3,976)	-	-	-	(13,739)
Other reclassification and effect of exchange rate changes	(66,809)	298,906	107,681	(816,091)	(898,749)	(1,375,062)
Balance at December 31, 2020	<u>\$ 6,437,888</u>	<u>26,766,386</u>	<u>19,425,297</u>	<u>5,844,304</u>	<u>1,109,635</u>	<u>59,583,510</u>
Balance at January 1, 2019	\$ 3,684,024	20,334,023	14,638,057	4,078,467	334,132	43,068,703
Additions	28	196,842	1,167,701	1,030,977	106,457	2,502,005
Acquisition through business combination	2,003,787	1,375,722	253,066	283,483	226,300	4,142,358
Disposals	-	(45,459)	(398,623)	(140,430)	-	(584,512)
Derecognition of subsidiaries	-	-	-	-	(244,928)	(244,928)
Reclassification to non-current assets held for sale	(3,687)	(1,224)	-	-	-	(4,911)
Reclassification to investment property	-	(96,976)	-	-	-	(96,976)
Other reclassification and effect of exchange rate changes	(1,295)	(456,463)	254,739	(637,477)	(76,819)	(917,315)
Balance at December 31, 2019	<u>\$ 5,682,857</u>	<u>21,306,465</u>	<u>15,914,940</u>	<u>4,615,020</u>	<u>345,142</u>	<u>47,864,424</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2020	\$ -	9,586,415	11,229,958	3,132,073	-	23,948,446
Depreciation	-	833,809	1,260,998	442,557	-	2,537,364
Acquisition through business combination	-	1,917,784	1,985,724	605,491	-	4,508,999
Disposals	-	(24,042)	(750,357)	(209,139)	-	(983,538)
Reclassification to non-current assets held for sale	-	(351,287)	-	(4,259)	-	(355,546)
Reclassification to investment property	-	(709)	-	-	-	(709)
Other reclassification and effect of exchange rate changes	-	(87,525)	(164,432)	(7,777)	-	(259,734)
Balance at December 31, 2020	<u>\$ -</u>	<u>11,874,445</u>	<u>13,561,891</u>	<u>3,958,946</u>	<u>-</u>	<u>29,395,282</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance at January 1, 2019	\$ -	8,840,198	10,413,357	2,802,110	-	22,055,665
Depreciation	-	755,080	1,114,397	367,282	-	2,236,759
Acquisition through business combination	-	248,301	190,195	176,189	-	614,685
Disposals	-	(43,593)	(368,104)	(129,322)	-	(541,019)
Reclassification to non-current assets held for sale	-	(689)	-	-	-	(689)
Reclassification to investment property	-	(16,101)	-	-	-	(16,101)
Other reclassification and effect of exchange rate changes	-	(196,781)	(119,887)	(84,186)	-	(400,854)
Balance at December 31, 2019	<u>\$ -</u>	<u>9,586,415</u>	<u>11,229,958</u>	<u>3,132,073</u>	<u>-</u>	<u>23,948,446</u>
Carrying amount:						
Balance at December 31, 2020	<u>\$ 6,437,888</u>	<u>14,891,941</u>	<u>5,863,406</u>	<u>1,885,358</u>	<u>1,109,635</u>	<u>30,188,228</u>
Balance at December 31, 2019	<u>\$ 5,682,857</u>	<u>11,720,050</u>	<u>4,684,982</u>	<u>1,482,947</u>	<u>345,142</u>	<u>23,915,978</u>

(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) 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.

(k) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipments</u>	<u>Total</u>
Cost:				
Balance at January 1, 2020	\$ 2,285,678	2,973,814	36,861	5,296,353
Additions	-	235,732	9,954	245,686
Acquisition through business combination	1,282,610	151,056	9,555	1,443,221
Reclassification to non-current assets held for sale	-	(40,501)	-	(40,501)
Reclassification to investment property	-	(403,147)	-	(403,147)
Disposals	-	(166,344)	(7,635)	(173,979)
Reclassification from other non-current assets	598,198	-	-	598,198
Other reclassification and effect of exchange rate changes	(78,659)	(31,147)	(10,964)	(120,770)
Balance at December 31, 2020	<u>\$ 4,087,827</u>	<u>2,719,463</u>	<u>37,771</u>	<u>6,845,061</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipments</u>	<u>Total</u>
Balance at January 1, 2019	\$ 2,517,306	2,466,762	24,323	5,008,391
Additions	-	176,935	10,957	187,892
Acquisition through business combination	17,558	361,364	1,495	380,417
Derecognition of subsidiaries	(237,924)	-	-	(237,924)
Disposals	-	(5,631)	-	(5,631)
Other reclassification and effect of exchange rate changes	<u>(11,262)</u>	<u>(25,616)</u>	<u>86</u>	<u>(36,792)</u>
Balance at December 31, 2019	<u>\$ 2,285,678</u>	<u>2,973,814</u>	<u>36,861</u>	<u>5,296,353</u>
Accumulated depreciation:				
Balance at January 1, 2020	\$ 723,385	1,050,396	20,036	1,793,817
Depreciation	65,471	412,819	11,441	489,731
Acquisition through business combination	69,607	69,312	2,318	141,237
Reclassification to non-current assets held for sale	-	(6,871)	-	(6,871)
Reclassification to investment property	-	(99,162)	-	(99,162)
Disposals	-	(166,344)	(7,635)	(173,979)
Other reclassification and effect of exchange rate changes	<u>(44,066)</u>	<u>43,883</u>	<u>(6,085)</u>	<u>(6,268)</u>
Balance at December 31, 2020	<u>\$ 814,397</u>	<u>1,304,033</u>	<u>20,075</u>	<u>2,138,505</u>
Balance at January 1, 2019	\$ 770,268	605,733	10,950	1,386,951
Depreciation	46,364	407,370	9,718	463,452
Acquisition through business combination	-	77,699	546	78,245
Derecognition of subsidiaries	(68,205)	-	-	(68,205)
Disposals	-	(5,631)	-	(5,631)
Effect of exchange rate changes	<u>(25,042)</u>	<u>(34,775)</u>	<u>(1,178)</u>	<u>(60,995)</u>
Balance at December 31, 2019	<u>\$ 723,385</u>	<u>1,050,396</u>	<u>20,036</u>	<u>1,793,817</u>
Carrying amount:				
Balance at December 31, 2020	<u>\$ 3,273,430</u>	<u>1,415,430</u>	<u>17,696</u>	<u>4,706,556</u>
Balance at December 31, 2019	<u>\$ 1,562,293</u>	<u>1,923,418</u>	<u>16,825</u>	<u>3,502,536</u>

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(l) Investment property

	<u>Buildings</u>	<u>Land use rights</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 3,805,911	795,078	4,600,989
Additions	6,148	-	6,148
Reclassification from property, plant and equipment	3,976	9,763	13,739
Reclassification from right-of-use assets	403,147	-	403,147
Disposals	(1,700)	-	(1,700)
Effect of exchange rates changes	18,875	(474)	18,401
Balance at December 31, 2020	<u>\$ 4,236,357</u>	<u>804,367</u>	<u>5,040,724</u>
Balance at January 1, 2019	\$ 3,694,434	-	3,694,434
Effects of initial application of IFRS 16	-	823,712	823,712
Acquisition through business combination	147,918	-	147,918
Additions	98	-	98
Reclassification from property, plant and equipment	96,976	-	96,976
Effect of exchange rate changes	(133,515)	(28,634)	(162,149)
Balance at December 31, 2019	<u>\$ 3,805,911</u>	<u>795,078</u>	<u>4,600,989</u>
Accumulated depreciation:			
Balance at January 1, 2020	\$ 991,741	205,136	1,196,877
Depreciation	189,113	15,751	204,864
Reclassification from property, plant and equipment	709	-	709
Reclassification from right-of-use assets	99,162	-	99,162
Disposals	(1,700)	-	(1,700)
Effect of exchange rate changes	(20,748)	530	(20,218)
Balance at December 31, 2020	<u>\$ 1,258,277</u>	<u>221,417</u>	<u>1,479,694</u>
Balance at January 1, 2019	\$ 859,959	-	859,959
Effects of initial application of IFRS 16	-	196,088	196,088
Depreciation	132,821	16,564	149,385
Acquisition through business combination	19,069	-	19,069
Reclassification from property, plant and equipment	16,101	-	16,101
Effect of exchange rate changes	(36,209)	(7,516)	(43,725)
Balance at December 31, 2019	<u>\$ 991,741</u>	<u>205,136</u>	<u>1,196,877</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ 2,978,080</u>	<u>582,950</u>	<u>3,561,030</u>
Balance at December 31, 2019	<u>\$ 2,814,170</u>	<u>589,942</u>	<u>3,404,112</u>
Fair value:			
Balance at December 31, 2020			<u>\$ 13,783,071</u>
Balance at December 31, 2019			<u>\$ 13,170,095</u>

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Investment property comprises a number of commercial properties and factories that are leased to third parties. The fair value of the investment property is determined by referring to the market price of similar real estate transaction in the same area by management or considering the discounted value of the cash flow that the Group expects to receive sub-lease rent. The inputs, which are used in the fair value measurement, were classified to level 3.

Refer to note 8 for a description of the Group's investment property pledged as collateral for bank loans.

(m) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Others</u>	<u>Total</u>
Costs:							
Balance at January 1, 2020	\$ 2,980,359	597,622	73,732	1,203,307	1,370,023	183,013	6,408,056
Addition	-	180,975	-	-	-	51,502	232,477
Acquisition through business combination	2,359,134	246,322	783,055	303,164	607,208	470,266	4,769,149
Disposal	-	(13,108)	-	-	-	(33,216)	(46,324)
Reclassification and effect of exchange rate changes	(58,197)	9,000	(2,917)	(282)	79,406	(25,466)	1,544
Balance at December 31, 2020	<u>\$ 5,281,296</u>	<u>1,020,811</u>	<u>853,870</u>	<u>1,506,189</u>	<u>2,056,637</u>	<u>646,099</u>	<u>11,364,902</u>
Balance at January 1, 2019	\$ 2,663,300	503,650	55,745	1,203,347	1,316,190	170,196	5,912,428
Addition	-	101,671	-	1,328	-	18,415	121,414
Acquisition through business combination	324,383	9,088	19,000	-	50,285	13,028	415,784
Disposal	-	(5,946)	-	-	-	(7,178)	(13,124)
Reclassification and effect of exchange rate changes	(7,324)	(10,841)	(1,013)	(1,368)	3,548	(11,448)	(28,446)
Balance at December 31, 2019	<u>\$ 2,980,359</u>	<u>597,622</u>	<u>73,732</u>	<u>1,203,307</u>	<u>1,370,023</u>	<u>183,013</u>	<u>6,408,056</u>
Accumulated amortization and impairment loss:							
Balance at January 1, 2020	\$ 3,792	489,590	52,602	307,805	349,384	135,772	1,338,945
Amortization	-	139,117	72,797	136,696	195,927	76,432	620,969
Disposal	-	(13,108)	-	-	-	(33,216)	(46,324)
Impairment loss	6,585	-	-	-	-	-	6,585
Acquisition through business combination	-	184,348	314	13,409	25,728	122,369	346,168
Reclassification and effect of exchange rate changes	(233)	2,783	(1,997)	(48)	1,239	(22,080)	(20,336)
Balance at December 31, 2020	<u>\$ 10,144</u>	<u>802,730</u>	<u>123,716</u>	<u>457,862</u>	<u>572,278</u>	<u>279,277</u>	<u>2,246,007</u>
Balance at January 1, 2019	\$ 3,791	407,700	26,324	184,658	185,556	109,736	917,765
Amortization	-	96,536	7,904	123,931	162,052	31,702	422,125
Acquisition through business combination	-	8,746	19,000	-	-	7,878	35,624
Disposal	-	(5,946)	-	-	-	(1,928)	(7,874)
Reclassification and effect of exchange rate changes	1	(17,446)	(626)	(784)	1,776	(11,616)	(28,695)
Balance at December 31, 2019	<u>\$ 3,792</u>	<u>489,590</u>	<u>52,602</u>	<u>307,805</u>	<u>349,384</u>	<u>135,772</u>	<u>1,338,945</u>
Carrying amount:							
Balance at December 31, 2020	<u>\$ 5,271,152</u>	<u>218,081</u>	<u>730,154</u>	<u>1,048,327</u>	<u>1,484,359</u>	<u>366,822</u>	<u>9,118,895</u>
Balance at December 31, 2019	<u>\$ 2,976,567</u>	<u>108,032</u>	<u>21,130</u>	<u>895,502</u>	<u>1,020,639</u>	<u>47,241</u>	<u>5,069,111</u>

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(i) Amortization

The amortization of intangible assets is included in the following line items of the statement of comprehensive income:

	<u>2020</u>	<u>2019</u>
Cost of sales	\$ <u>74,139</u>	<u>70,203</u>
Operating expenses	\$ <u>546,830</u>	<u>351,922</u>

(ii) 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, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Alpha (including Hitron Technologies and Interactive Digital)	\$ 2,120,135	-
DFI	1,622,575	1,670,735
PTT	924,757	941,147
Other CGUs without significant goodwill	<u>603,685</u>	<u>364,685</u>
	<u>\$ 5,271,152</u>	<u>2,976,567</u>

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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Alpha (including Hitron Technologies and Interactive Digital) :		
Revenue growth rate	4%~15%	
Discount rates	16.98%	
DFI :		
Revenue growth rate	16%~24%	10%~53%
Discount rates	17.17%	16.58%

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	December 31, 2020	December 31, 2019
PTT :		
Revenue growth rate	-5%~6%	6%~8%
Discount rates	13.92%	15.38%

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 3.74% growth rate.

2) The estimation of discount rate is based on the weighted average cost of capital.

(n) Short-term borrowings

(i) The details of short-term borrowings were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 20,847,734	19,199,407
Secured bank loans	284,196	571,397
Letters of credits	-	131,266
	\$ 21,131,930	19,902,070
Unused credit facilities	\$ 56,994,411	39,259,678
Interest rate	0.18%~4.2%	0.40%~6.09%

(ii) Refer to note 8 for a description of the Group's assets pledged as collateral to secure the bank loans.

(o) Long-term debt

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ 17,840,802	11,070,585
Secured bank loans	5,062,533	6,004,225
Less: current portion of long-term debt	(536,537)	(400,143)
Long-term debt	\$ 22,366,798	16,674,667
Unused credit facilities	\$ 19,213,412	12,402,874
Interest rate	1.05%~4.60%	0.55%~4.90%
Maturity year	2021~ 2030	2020~ 2030

(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.

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(ii) Low interest rate loan from government assistance

In early 2020, the Group obtained the low interest rate loans from the bank in accordance with "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The preferential interest rate is 0.63%~0.8128%. As of December 31, 2020, the related loan amount was \$2,660,917. The estimated fair value of the loan was \$2,616,887 using the prevailing market interest rate of 1.05%~1.30%. The difference of \$44,030 was regarded as government grant and was recognized as deferred income. In 2020, the deferred income of \$7,016 was transferred and recognized in other income.

(iii) 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 2020 and 2019, the Company's and QLLB's and BMC's financial ratio was in compliance with the syndicated loan agreement.

(p) Bonds payable

The details on Interactive Digital's unsecured convertible corporate bonds were as follows:

	December 31, 2020
Total convertible corporate bonds issued	\$ 600,000
Unamortized bond discount	(17,393)
Cumulative converted amount	<u>(56,100)</u>
Current portion of bonds payable	<u>\$ 526,507</u>
Embedded derivative – call and put options, included in financial assets at fair value through profit or loss	<u>\$ 543</u>

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In response to future operational needs, Interactive Digital purchased office buildings and warehouses, wherein the Financial Supervisory Commission of the Republic of China approved its issuance of unsecured convertible corporate bonds on November 6, 2019 under the following conditions:

Total amount issued	\$600,000
Issued date	November 22, 2019
Coupon rate	0%
Maturity date	November 22, 2022
Final Redemption	Other than converting as Interactive Digital's ordinary share, or exercising put option, or early redeeming or repurchasing the bonds from securities dealers to write off, Interactive Digital will repay the convertible bond in cash at par value upon maturity.
Redemption at the option of Digital Interactive	1.If the closing price of the Interactive Digital's ordinary share exceeds 30% of the conversion price for 30 consecutive trading days from 3 months after the issuance of the bonds to 40th day before maturity, Digital Interactive will be able to redeem the outstanding bonds at par value. 2.If the balance of the outstanding bonds is lower than \$60,000 from 3 months after the issuance of the bonds to 40th day before maturity, Digital Interactive will be able to redeem the outstanding bonds at par value.
Repurchase at the option of bondholder	If the bond has been issued for 2 years, the bondholder may request Interactive Digital to repurchase the bond at par value, plus interest, within 40th day before maturity. The interest rate for the bond issued for 2 years was 0.5% at par value.
Conversion period	The bondholder may request the stock transfer agency of Interactive Digital to convert the bond to ordinary shares during the 3 months period after issuance until maturity date, except during the period in which the transfer is suspended by laws.
Conversion price	The conversion price was set at \$ 78.5 (dollars) at the time of issuance. As of December 31, 2019, the conversion price was \$ 78.5 (dollars). Starting from July 27, 2020, the conversion price had been adjusted to \$72.5 (dollars).

Interactive Digital, a subsidiary of Alpha, issued the above convertible corporate bonds, wherein the conversion options were separated from the liabilities, and the equity and liabilities components were recognized separately as follows:

<u>Items</u>	<u>Amount</u>
Total amount of convertible corporate bonds issued	\$ 600,000
Fair value of embedded non-equity derivative issued	(2,040)
Cost of issuing	(5,000)
Fair value of bonds payable issued	<u>(569,041)</u>
Equity component – conversion options	<u>\$ 23,919</u>

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After the separation of the above-mentioned embedded derivatives, the effective interest rate of Interactive Digital's unsecured convertible corporate bonds was 1.7%.

(q) Lease liabilities

	December 31, 2020	December 31, 2019
Current:		
Related parties	\$ 86,737	85,237
Non-related parties	368,303	321,418
	\$ 455,040	406,655
Non-current:		
Related parties	\$ 91,779	186,050
Non-related parties	1,473,817	1,420,402
	\$ 1,565,596	1,606,452

Please refer to note 6(ac) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	2020	2019
Expenses relating to short-term leases	\$ 82,978	78,263
Income from sub-leasing right-of-use assets	\$ 46,079	46,147
Interest on lease liabilities	\$ 40,763	44,822

The amounts recognized in the statement of cash flows for the Group were as follows:

	2020	2019
Total cash outflow for leases	\$ 629,053	573,468

(i) Real estate leases

The Group leases buildings for its office, store and factory. The leases typically run for 3 to 10 years. The Group has to negotiate the new leased term and recognize relevant right-of-use assets and lease liabilities when the lease expires. Some of the leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases transportation equipment, with lease terms of 1 to 5 years. In addition, the Group leases some plants, dormitory, and transportation equipment with contract terms within one year. These leases are short-term and the Group has elected to applied exemption and not to recognize right-of-use assets and lease liabilities.

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(r) Provisions

	<u>Warranties</u>	<u>Restructuring</u>	<u>Total</u>
Balance at January 1, 2020	\$ 1,049,457	1,000	1,050,457
Liabilities assumed in a business combination	204,261	-	204,261
Provisions made	587,301	-	587,301
Amount utilized	(306,006)	(1,000)	(307,006)
Amount reversed	(26,943)	-	(26,943)
Effect of exchange rate changes	(11,646)	-	(11,646)
Balance at December 31, 2020	<u>\$ 1,496,424</u>	<u>-</u>	<u>1,496,424</u>
Current	<u>\$ 808,823</u>	<u>-</u>	<u>808,823</u>
Non-current	<u>\$ 687,601</u>	<u>-</u>	<u>687,601</u>
Balance at January 1, 2019	\$ 1,029,757	1,000	1,030,757
Provisions made	571,189	-	571,189
Amount utilized	(490,695)	-	(490,695)
Amount reversed	(50,921)	-	(50,921)
Effect of exchange rate changes	(9,873)	-	(9,873)
Balance at December 31, 2019	<u>\$ 1,049,457</u>	<u>1,000</u>	<u>1,050,457</u>
Current	<u>\$ 440,084</u>	<u>1,000</u>	<u>441,084</u>
Non-current	<u>\$ 609,373</u>	<u>-</u>	<u>609,373</u>

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.

(s) Operating lease—the Group acts as a lessor

(i) 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not later than 1 year	\$ 318,784	514,417
Later than 1 year but not later than 5 years	424,205	362,246
Later than 5 years	96,131	33,824
	<u>\$ 839,120</u>	<u>910,487</u>

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In 2020 and 2019, the rental income from investment property (classified under net sales) amounted to \$550,439 and \$698,220, respectively. Related operating expenses (classified under cost of sales) were as follows:

	2020	2019
Arising from investment property that generated rental income	\$ 172,638	230,795
Arising from investment property that did not generate rental income	46,097	16,683
	\$ 218,735	247,478

The Group also leased its land and buildings to others under operating leases. In 2020 and 2019, the resulting rental income from land and buildings amounted to \$149,504 and \$146,573, respectively, and was recognized under non-operating income and loss – other gains and losses – net.

(t) 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, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 1,376,877	957,053
Fair value of plan assets	(676,249)	(566,175)
	700,628	390,878
Effects of the asset ceiling	-	-
Net defined benefit liabilities (reported under other non-current liabilities)	\$ 700,628	390,878
	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 222,147	210,306
Fair value of plan assets	(273,980)	(270,026)
	(51,833)	(59,720)
Effects of the asset ceiling	-	-
Net defined benefit assets (reported under other non-current assets)	\$ (51,833)	(59,720)

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.

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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, 2020 and 2019, the Group’s labor pension fund account balance at Bank of Taiwan amounted to \$950,229 and \$836,201, 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 2020 and 2019, the movements in present value of defined benefit obligations of the Group were as follows:

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 1,167,359	1,112,610
Current service costs and interest expense	17,780	18,029
Liabilities assumed in a business combination	387,077	35,161
Gain on curtailment	-	(733)
Remeasurement on the net defined benefit liabilities (assets):		
— Actuarial losses (gains) arising from experience adjustments	(46,397)	18,575
— Actuarial losses (gains) arising from changes in financial assumptions	126,753	37,275
Benefits paid by the plan	(50,776)	(49,674)
Benefits paid by employer	(2,772)	(3,884)
Defined benefit obligations at December 31	<u>\$ 1,599,024</u>	<u>1,167,359</u>

3) Movements of fair value of plan assets

In 2020 and 2019, the movements of the fair value of plan assets of the Group were as follows:

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 836,201	787,958
Interest income	9,609	10,999
Assets acquired through business combination	97,796	32,169
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial gains (losses)	28,518	26,656
Contributions by the employer	28,881	28,093
Benefits paid by the plan	(50,776)	(49,674)
Fair value of plan assets at December 31	<u>\$ 950,229</u>	<u>836,201</u>

(Continued)

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4) Changes in the effect of the asset ceiling

In 2020 and 2019, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

In 2020 and 2019, the expenses recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 3,207	2,860
Net interest expense on the net defined benefit liability (asset)	4,964	4,170
Gain on curtailment	-	(733)
	<u>\$ 8,171</u>	<u>6,297</u>
Cost of sales	\$ 1,827	902
Selling expenses	1,420	1,030
Administrative expenses	1,327	1,042
Research and development expenses	3,597	3,323
	<u>\$ 8,171</u>	<u>6,297</u>

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.34%~0.75%	0.75%~1.25%
Future salary increases rate	1.00%~3.00%	1.625%~3.00%

The Group expects to make contribution of \$45,168 to the defined benefit plans in the year following December 31, 2020.

The weighted average duration of the defined benefit plans is ranged from 9.4 years to 20.0 years.

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7) 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, 2020 and 2019.

	Increase (decrease) in present value of defined benefit obligations	
	0.25% Increase	0.25% Decrease
December 31, 2020		
Discount rate	(49,734)	51,779
Future salary change	49,573	(47,904)
December 31, 2019		
Discount rate	(36,794)	38,362
Future salary change	37,126	(35,835)

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, 2020 and 2019, the Group recognized pension expenses of \$619,725 and \$772,270, respectively, in relation to the defined contribution plans.

(u) Income taxes

(i) In 2020 and 2019, the components of income tax expense were as follows:

	2020	2019
Current income tax expense	\$ 1,634,061	1,079,516
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	(279,631)	1,191,862
Changes in unrecognized deductible temporary differences	369,213	(218,733)
Changes in unrecognized tax losses	122,432	(517,298)
	212,014	455,831
Income tax expense	\$ 1,846,075	1,535,347

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In 2020 and 2019, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	\$ <u>8,212,636</u>	<u>5,944,991</u>
Income tax using the Company's statutory tax rate	\$ 1,642,527	1,188,998
Effect of different tax rates in foreign jurisdictions	163,066	105,908
Investment income recorded under equity method	(99,914)	200,054
Tax effect of expenses that are not deductible for tax purposes	24,862	90,991
Changes in unrecognized tax losses	122,432	(517,298)
Changes in unrecognized temporary differences	369,213	(218,733)
Surtax on undistributed earnings	67,267	119,023
Investment tax credits	(217,664)	-
Others	<u>(225,714)</u>	<u>566,404</u>
Income tax expense	\$ <u>1,846,075</u>	<u>1,535,347</u>

(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, 2020 and 2019, and management considers 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Loss associated with investments in subsidiaries	\$ 261,408	212,076
Deductible temporary differences	2,062,816	1,675,943
Tax losses	<u>551,742</u>	<u>429,310</u>
	\$ <u>2,875,966</u>	<u>2,317,329</u>

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Unrecognized deferred income tax liabilities:

	December 31, 2020	December 31, 2019
Net profits associated with investments in subsidiaries	\$ 1,958,125	1,891,133

As of December 31, 2020, the unrecognized tax losses and the respective expiry years were as follows:

Unrecognized tax losses	Tax effects of tax losses	Year of expiry
\$ 405,128	117,043	2021
201,719	46,311	2022
231,759	55,323	2023
358,716	96,140	2024
288,402	73,390	2025
88,980	21,590	2026
128,216	31,085	2027
195,300	46,978	2028
175,576	43,074	2029
92,245	20,808	2030
\$ 2,166,041	551,742	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2020 and 2019 were as follows:

Deferred income tax assets:

	Balance at January 1, 2020	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2020
Provision for inventory obsolescence	\$ 242,338	20,770	9,464	272,572
Unrealized accrued expenses	137,825	99,013	-	236,838
Unrealized inter-company profits	124,266	2,474	-	126,740
Allowance for sales discounts	227,036	26,885	-	253,921
Valuation loss on financial instruments	6,849	11,318	-	18,167
Deferred revenue	49,842	(13,358)	-	36,484
Warranty provision	45,633	(12,359)	68,432	101,706
Operating loss carryforwards	388,356	(245,456)	15,857	158,757
Others	385,002	17,693	119,952	522,647
	\$ 1,607,147	(93,020)	213,705	1,727,832

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	Balance at January 1, 2019	Recognized in profit or loss	Acquisition through business combination	Balance at December 31, 2019
Provision for inventory obsolescence	\$ 204,787	(11,893)	49,444	242,338
Unrealized accrued expenses	173,492	(35,667)	-	137,825
Unrealized inter-company profits	117,279	6,987	-	124,266
Allowance for sales discounts	214,910	12,126	-	227,036
Valuation loss on financial instruments	5,615	1,234	-	6,849
Deferred revenue	24,594	25,248	-	49,842
Warranty provision	38,897	6,736	-	45,633
Operating loss carryforwards	730,822	(342,466)	-	388,356
Others	319,366	19,337	46,299	385,002
	\$ 1,829,762	(318,358)	95,743	1,607,147

Deferred income tax liabilities:

	Balance at January 1, 2020	Recognized in profit or loss	Assumed in business combination	Balance at December 31, 2020
Unrealized foreign exchange gain	\$ (21,507)	(5,043)	-	(26,550)
Intangible assets acquired through business combination	(520,045)	58,918	(519,879)	(981,006)
Others	(434,987)	(172,869)	(59,098)	(666,954)
	\$ (976,539)	(118,994)	(578,977)	(1,674,510)

	Balance at January 1, 2019	Recognized in profit or loss	Assumed in business combination	Balance at December 31, 2019
Unrealized foreign exchange gain	\$ (11,450)	(10,057)	-	(21,507)
Intangible assets acquired through business combination	(365,737)	(4,982)	(149,326)	(520,045)
Others	(301,445)	(122,434)	(11,108)	(434,987)
	\$ (678,632)	(137,473)	(160,434)	(976,539)

- (iii) The Company's income tax returns for the years through 2018 have been examined and approved by the R.O.C. income tax authorities.

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(v) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, 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, 2020 and 2019, the Company had issued 285 thousand units and 351 thousand units, respectively, 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, 2020	December 31, 2019
Changes in equity of associates accounted for using the equity method	\$ 97,612	222,425
Changes in ownership interests in subsidiaries	1,781,889	1,829,317
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	168,911
	\$ 1,879,501	2,220,653

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. The abovementioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and should be reported to the Company's shareholders in its meeting.

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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

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. According to the Company Act and the Company's articles of incorporation, the abovementioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and should be reported to the Company's shareholders in its meeting.

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 2019 earnings was approved by the Company's Board of Directors on May 7, 2020. The appropriation of 2018 earnings was approved by the stockholders at the meetings on June 21, 2019. The resolved appropriation of the dividend per share were as follows:

	2019		2018	
	Dividends per share	Amount	Dividends per share	Amount
	(in dollars)		(in dollars)	
Dividends per share:				
Cash dividends	\$ 0.75	1,475,086	0.85	1,671,765

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(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (657,512)	128,329
Foreign exchange differences arising from translation of foreign operations	(669,456)	(554,831)
Shares of foreign currency translation differences of associates and joint ventures	<u>(86,899)</u>	<u>(231,010)</u>
Balance at December 31	<u>\$ (1,413,867)</u>	<u>(657,512)</u>

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 410,052	46,990
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	180,344	311,152
Disposal of financial assets measured at fair value through other comprehensive income	(298,120)	(4,678)
Share of other comprehensive income of associates	<u>279,053</u>	<u>56,588</u>
Balance at December 31	<u>\$ 571,329</u>	<u>410,052</u>

3) Remeasurement of defined benefit plans:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ (361,048)	(343,741)
Remeasurement of the defined benefit plans	(69,062)	(24,674)
Shares of remeasurement of the defined benefit plans of the associates accounted for using the equity method	<u>8,003</u>	<u>7,367</u>
Balance at December 31	<u>\$ (422,107)</u>	<u>(361,048)</u>

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(v) Non-controlling interests

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 14,091,635	7,412,327
Effects of retrospective application	<u>-</u>	<u>(13,868)</u>
Restated balance at January 1	14,091,635	7,398,459
Equity attributable to non-controlling interests		
Net income	1,378,082	834,589
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(2,331,395)	(265,028)
Stock option compensation cost of subsidiary	9,381	5,247
Remeasurements of defined benefit plans	17,224	(4,520)
Changes in ownership interest in subsidiaries	47,428	(3,235)
Foreign currency translation differences	16,834	(88,808)
Changes in equity of associates and joint ventures accounted for using the equity method	3,279	1,631
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	(4,235)	11,711
Distribution of cash dividend by subsidiaries	(953,794)	(481,403)
Capital injection from non-controlling interests	163,598	109,341
Changes in non-controlling interests	<u>10,499,682</u>	<u>6,573,651</u>
	<u>\$ 22,937,719</u>	<u>14,091,635</u>

(w) Share-based payment

- (i) As of December 31, 2020 and 2019, the Group had the following employee stock option plans (“ESOPs”):

	<u>Equity-settled</u>	
	<u>BBHC</u>	<u>BBHC</u>
	<u>ESOP</u>	<u>ESOP</u>
Grant date	2019/7/31	2013/12/30
Number of shares granted	4,000,000 units, each unit eligible to subscribe for 1 common shares	1,000,000 units, each unit eligible to subscribe for 1 common share
Contract term	5 years	10 years
Qualified employees	Eligible employees of BBHC	Eligible employees of BBHC
Vesting conditions	listing and 2 years of service subsequent to grant date	3~6 years of service subsequent to grant date

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(ii) Movements in the number of options outstanding:

BBHC's ESOPs	2020		2019	
	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	4,340	1.00	340
Granted	-	-	1.00	4,000
Outstanding, end of year	1.00	4,340	1.00	4,340
Exercisable, end of year	1.00	340	1.00	340

Information on outstanding ESOPs for each reporting date was as follows:

	December 31, 2020		December 31, 2019	
	Weighted- average remaining contractual years	Weighted- average exercise price (in dollars)	Weighted- average remaining contractual years	Weighted- average exercise price (in dollars)
BBHC (2019/7/31)	3.75	1(in US dollars)	4.75	1(in US dollars)
BBHC (2013/12/30)	3	1(in US dollars)	4	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:

	2019/7/31	2013/12/30
Weighted-average fair value of stock option (US\$/share)	\$0.77	\$1.16
Exercise price (US\$/share)	\$1.00	\$1.00
Expected volatility (%)	38.82%~39.31%	51.40%
Expected life (in years)	5 years	10 years
Expected dividend (%)	-	-
Risk-free interest rate (%)	2.98%~3.00%	4.59%

(iii) The compensation costs recognized for the ESOPs in 2020 and 2019 were \$9,381 and \$5,247, respectively.

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(x) 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:

	<u>2020</u>	<u>2019</u>
Profit attributable to shareholders of the Company	\$ <u>4,988,479</u>	<u>3,575,055</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>1,966,782</u>	<u>1,966,782</u>
Basic earnings per share (in dollars)	\$ <u>2.54</u>	<u>1.82</u>

(ii) Diluted earnings per share

	<u>2020</u>	<u>2019</u>
Profit attributable to shareholders of the Company	\$ <u>4,988,479</u>	<u>3,575,055</u>
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Employee bonuses	<u>19,965</u>	<u>18,758</u>
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	<u>1,986,747</u>	<u>1,985,540</u>
Diluted earnings per share (in dollars)	\$ <u>2.51</u>	<u>1.80</u>

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2020</u>					
	<u>DMS</u>	<u>Brand</u>	<u>Material</u>	<u>Networks</u>	<u>Medical</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 58,898,798	33,778,553	14,958,366	3,117,501	7,580,930	118,334,148
Europe	9,697,995	10,948,926	28,341	1,990,873	-	22,666,135
America	29,770,759	7,363,329	34,954	11,236,729	-	48,405,771
Others	<u>784,276</u>	<u>1,403,454</u>	<u>12,331</u>	<u>95,587</u>	<u>-</u>	<u>2,295,648</u>
	<u>\$ 99,151,828</u>	<u>53,494,262</u>	<u>15,033,992</u>	<u>16,440,690</u>	<u>7,580,930</u>	<u>191,701,702</u>
Major products/services lines:						
Electronic products	\$ 98,444,604	52,209,264	14,963,310	16,440,690	-	182,057,868
Medical services	-	-	-	-	7,580,930	7,580,930
Others	<u>707,224</u>	<u>1,284,998</u>	<u>70,682</u>	<u>-</u>	<u>-</u>	<u>2,062,904</u>
	<u>\$ 99,151,828</u>	<u>53,494,262</u>	<u>15,033,992</u>	<u>16,440,690</u>	<u>7,580,930</u>	<u>191,701,702</u>

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	2019				
	DMS	Brand	Material	Medical	Total
Primary geographical markets:					
Asia	\$ 49,181,768	23,483,074	13,895,552	7,968,857	94,529,251
Europe	19,362,696	11,319,412	11,448	-	30,693,556
America	34,774,741	7,382,175	15,378	-	42,172,294
Others	880,187	1,467,196	11,631	-	2,359,014
	<u>\$104,199,392</u>	<u>43,651,857</u>	<u>13,934,009</u>	<u>7,968,857</u>	<u>169,754,115</u>
Major products/services lines:					
Electronic products	\$ 103,487,002	42,718,017	13,884,170	-	160,089,189
Medical services	-	-	-	7,968,857	7,968,857
Others	712,390	933,840	49,839	-	1,696,069
	<u>\$104,199,392</u>	<u>43,651,857</u>	<u>13,934,009</u>	<u>7,968,857</u>	<u>169,754,115</u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	\$ 36,788,992	31,651,659	28,308,199
Less: loss allowance	(287,066)	(351,498)	(198,527)
	<u>\$ 36,501,926</u>	<u>31,300,161</u>	<u>28,109,672</u>
Contract liabilities	<u>\$ 1,862,107</u>	<u>1,559,356</u>	<u>876,788</u>

For details on notes and accounts receivable and related loss allowance, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that were included in the contract liability balance at January 1, 2020 and 2019, were \$1,559,356 and \$876,788, respectively.

(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, 2020 and 2019, the Company estimated its remuneration to employees amounting to \$429,669 and \$322,920, respectively, and the remuneration to directors amounting to \$42,925 and \$31,463, 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.

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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) Interest income

	2020	2019
Interest income from bank deposits	\$ 292,609	288,657

(ii) Other income

	2020	2019
Government grants income	\$ 111,457	160,510
Dividend income	71,863	55,060
	\$ 183,320	215,570

(iii) Other gains and losses—net

	2020	2019
Loss on disposal of property, plant and equipment	\$ (138)	(16,478)
Gain on disposal of investments (notes 6(h) and (i))	690,884	440,789
Foreign currency exchange gains (losses)	(117,444)	(21,214)
Gains (loss) on financial instruments at fair value through profit or loss	(2,458)	64,007
Gain on disposal of non-current assets held for sale	-	1,775
Impairment losses on non-financial assets	(6,585)	-
Rental income	149,504	146,573
Gain on bargain purchase	-	26,175
Gain on reversal of other payables	459,493	397,889
Others	209,027	184,672
	\$ 1,382,283	1,224,188

(iv) Finance costs

	2020	2019
Interest expense of bank loans	\$ 717,236	966,419
Interest expense on lease liabilities	40,763	44,822
	\$ 757,999	1,011,241

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(ab) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss (including current and non-current)	\$ <u>562,774</u>	<u>785,436</u>
Financial assets at fair value through other comprehensive income(including current and non- current)	<u>1,477,680</u>	<u>1,357,082</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents	22,540,418	10,780,507
Notes and accounts receivable and other receivables (including related parties)	37,480,213	32,169,470
Other financial assets (including current and non- current)	<u>3,672,698</u>	<u>5,171,741</u>
Subtotal	<u>63,693,329</u>	<u>48,121,718</u>
Total	<u><u>\$ 65,733,783</u></u>	<u><u>50,264,236</u></u>

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities at fair value through profit or loss:		
Held-for-trading	\$ 135,018	46,119
Contingent consideration arising from business combinations	<u>82,766</u>	<u>99,787</u>
Subtotal	<u>217,784</u>	<u>145,906</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings	21,131,930	19,902,070
Notes and accounts payable and other payables (including related parties)	52,557,688	40,204,828
Lease liabilities (including current portion and related parties)	2,020,636	2,013,107
Long-term debt (including current portion)	22,903,335	17,074,810
Bonds payable (including current portion)	526,507	-
Other non-current liabilities — guarantee deposits	<u>1,621,811</u>	<u>1,606,232</u>
Subtotal	<u>100,761,907</u>	<u>80,801,047</u>
Total	<u><u>\$ 100,979,691</u></u>	<u><u>80,946,953</u></u>

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- (ii) Fair value information - financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

- (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).

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	December 31, 2020			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	96,940	-	96,940
Foreign exchange swaps	-	14,612	-	14,612
Open-end mutual funds	208,054	-	-	208,054
Listed stocks	68,894	-	-	68,894
Embedded derivative– call and put options	-	543	-	543
Privately held equity securities	-	-	157,694	157,694
Put option	-	-	10,504	10,504
Contingent consideration arising from business combinations	-	-	5,533	5,533
Subtotal	<u>276,948</u>	<u>112,095</u>	<u>173,731</u>	<u>562,774</u>
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	296,043	-	-	296,043
Domestic emerging stock	-	761,132	-	761,132
Privately held equity securities	-	-	420,505	420,505
Subtotal	<u>296,043</u>	<u>761,132</u>	<u>420,505</u>	<u>1,477,680</u>
Total	<u>\$ 572,991</u>	<u>873,227</u>	<u>594,236</u>	<u>2,040,454</u>
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	(109,648)	-	(109,648)
Foreign exchange swaps	-	(25,370)	-	(25,370)
Contingent consideration arising from business combinations	-	(2,248)	(80,518)	(82,766)
Total	<u>\$ -</u>	<u>(137,266)</u>	<u>(80,518)</u>	<u>(217,784)</u>

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	December 31, 2019			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	44,469	-	44,469
Foreign exchange swaps	-	15,518	-	15,518
Open-end mutual funds	605,050	-	-	605,050
Privately held equity securities	-	-	104,362	104,362
Put option	-	-	10,504	10,504
Contingent consideration arising from business combinations	-	-	5,533	5,533
Subtotal	<u>605,050</u>	<u>59,987</u>	<u>120,399</u>	<u>785,436</u>
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	424,924	-	-	424,924
Domestic emerging stock	-	587,415	-	587,415
Privately held equity securities	-	-	344,743	344,743
Subtotal	<u>424,924</u>	<u>587,415</u>	<u>344,743</u>	<u>1,357,082</u>
Total	<u>\$ 1,029,974</u>	<u>647,402</u>	<u>465,142</u>	<u>2,142,518</u>
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	(44,817)	-	(44,817)
Foreign exchange swaps	-	(1,302)	-	(1,302)
Contingent consideration arising from business combinations	-	(12,560)	(87,227)	(99,787)
Total	<u>\$ -</u>	<u>(58,679)</u>	<u>(87,227)</u>	<u>(145,906)</u>

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.

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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 estimate 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 techniques generally accepted by market participants. The fair value of foreign currency forward contracts and foreign exchange swaps is usually determined by the forward exchange rate. Call and put options are measured based on appropriate option pricing model.

3) Transfers between levels of the fair value hierarchy

In 2020, the financial assets measured at fair value through other comprehensive income (privately held stock—Visco Vision Inc.) were transferred from Level 3 to Level 2 because Visco Vision Inc. became an emerging stock company on Taipei Exchange starting from August 14, 2020.

In 2019, the financial assets measured at fair value through other comprehensive income (domestic emerging stock—Crystalvue Medical Corporation) were transferred from Level 2 to Level 1 because Crystalvue Medical Corporation became a listed company on Taipei Exchange starting from December 25, 2019.

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4) Movement in financial assets included in Level 3 of fair value hierarchy

Financial assets at fair value through profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 120,399	-
Acquisition through business combination	-	121,379
Additions	40,752	-
Disposal	(627)	(395)
Recognized in profit or loss	24,620	(585)
Reclassification to investments accounted for using equity method	<u>(11,413)</u>	<u>-</u>
Balance at December 31	<u>\$ 173,731</u>	<u>120,399</u>

Financial assets at fair value through other comprehensive income were as follows:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 344,743	187,954
Acquisition through business combination	29,085	-
Additions	61,500	186,276
Disposal	(500)	(8,463)
Reclassification	(3,627)	-
Proceeds from capital reduction	(49,878)	-
Recognized in other comprehensive income	<u>39,182</u>	<u>(21,024)</u>
Balance at December 31	<u>\$ 420,505</u>	<u>344,743</u>

Financial liabilities at fair value through profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 87,227	87,242
Recognized in profit or loss	<u>(6,709)</u>	<u>(15)</u>
Balance at December 31	<u>\$ 80,518</u>	<u>87,227</u>

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The above-mentioned total gains or losses were included in “other gains and losses – net” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. The gains or losses attributable to the assets and liabilities held on December 31, 2020 and 2019 were as follows:

	2020	2019
Total gains or losses:		
Recognized in profit or loss (included in other gains and losses – net)	\$ 31,329	(570)
Recognized in other comprehensive income (included in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	39,182	(21,024)

(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, 2020 and 2019, the Group’s maximum exposure to credit risk amounted to \$65,733,783 and \$50,264,236, respectively.

The Group maintains cash and enters into derivative transactions with various reputable financial institutions; therefore, the exposure related to potential default by those counterparties is not considered significant.

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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, 2020 and 2019, the Group had unused credit facilities of \$76,207,823 and \$51,662,552, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 21,170,029	20,146,732	1,023,297	-	-	-
Financial liabilities at fair value through profit or loss—contingent consideration (including current portion)	82,766	2,248	2,395	2,096	76,027	-
Lease liabilities (including current portion and related parties)	2,093,994	240,971	233,250	372,429	738,413	508,931
Long-term debt (including current portion)	23,880,844	250,870	580,142	5,633,250	16,550,607	865,975
Bonds payable	526,507	526,507	-	-	-	-
Notes and accounts payable (including related parties)	40,526,320	40,526,320	-	-	-	-
Other payables (including related parties)	12,031,368	12,031,368	-	-	-	-
Guarantee deposits	1,621,811	-	-	-	1,621,811	-
	<u>\$ 101,933,639</u>	<u>73,725,016</u>	<u>1,839,084</u>	<u>6,007,775</u>	<u>18,986,858</u>	<u>1,374,906</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 11,996,316	11,996,316	-	-	-	-
Inflow	(11,983,608)	(11,983,608)	-	-	-	-
Foreign exchange swaps:						
Outflow	4,879,885	4,879,885	-	-	-	-
Inflow	(4,869,127)	(4,869,127)	-	-	-	-
	<u>\$ 23,466</u>	<u>23,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2019						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 19,959,486	19,414,198	545,288	-	-	-
Financial liabilities at fair value through profit or loss—contingent consideration (including current portion)	99,787	1,830	2,097	19,409	76,451	-
Lease liabilities (including current portion and related parties)	2,177,970	231,574	224,412	421,944	796,941	503,099
Long-term debt (including current portion)	17,921,250	131,943	467,019	1,456,779	15,061,374	804,135
Notes and accounts payable (including related parties)	30,847,623	30,847,623	-	-	-	-
Other payables (including related parties)	9,357,205	9,357,205	-	-	-	-
Guarantee deposits	1,606,232	-	-	-	1,606,232	-
	<u>\$ 81,969,553</u>	<u>59,984,373</u>	<u>1,238,816</u>	<u>1,898,132</u>	<u>17,540,998</u>	<u>1,307,234</u>

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	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	9,429,921	9,429,921	-	-	-	-
Inflow	(9,429,573)	(9,429,573)	-	-	-	-
Foreign exchange swaps:						
Outflow	3,655,207	3,655,207	-	-	-	-
Inflow	(3,669,423)	(3,669,423)	-	-	-	-
	<u>\$ (13,868)</u>	<u>(13,868)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

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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, 2020						
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)	
<u>Financial assets</u>						
USD	\$ 1,553,657	28.3500	44,046,176	%	440,462	
EUR	82,529	34.9560	2,884,884	%	28,849	
CNY	1,601,226	4.3216	6,919,858	%	69,199	
JPY	3,109,307	0.2749	854,748	%	8,547	
<u>Financial liabilities</u>						
USD	1,749,975	28.3500	49,611,791	%	496,118	
EUR	41,796	34.9560	1,461,021	%	14,610	
CNY	1,615,273	4.3216	6,980,564	%	69,806	
JPY	7,424,353	0.2749	2,040,955	%	20,410	
December 31, 2019						
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)	
<u>Financial assets</u>						
USD	\$ 1,365,752	30.1060	41,117,330	%	411,173	
EUR	63,958	33.8690	2,166,194	%	21,662	
CNY	1,148,125	4.3132	4,952,093	%	49,521	
JPY	2,493,138	0.2771	690,849	%	6,908	
<u>Financial liabilities</u>						
USD	1,294,869	30.1060	38,983,326	%	389,833	
EUR	43,363	33.8690	1,468,661	%	14,687	
CNY	1,396,051	4.3132	6,021,447	%	60,214	
JPY	5,674,061	0.2771	1,572,282	%	15,723	

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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, 2020 and 2019 were \$(117,444) and \$(21,214), 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, 2020 and 2019 would have been \$440,353 and \$369,769, 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 (accounted for as financial assets at fair value through profit or loss) at each reporting date, the profit before tax for the years ended December 31, 2020 and 2019, would have increased or decreased by \$3,445 and \$0, respectively.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments (accounted for as financial assets at fair value through other comprehensive income) at each reporting date, the other comprehensive income for the years ended December 31, 2020 and 2019, would have increased or decreased by \$52,859 and \$50,617, respectively.

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(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, 2020	December 31, 2019
Total liabilities	<u>\$ 111,848,729</u>	<u>87,990,899</u>
Total equity	<u>\$ 58,963,220</u>	<u>48,035,594</u>
Liability-to-equity ratio	<u>189.69 %</u>	<u>183.18 %</u>

(ae) Investing and financing activities not affecting current cash flow

- (i) Please refer to note 6(k) for a description of acquisition of right-of-use assets through leases in 2020 and 2019.
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes			December 31, 2020
			Acquisition through business combination	Additions	Effect of foreign exchange rate	
Short-term borrowings	\$ 19,902,070	(1,835,272)	3,107,947	-	(42,815)	21,131,930
Long-term debt (including current portion)	17,074,810	5,687,875	229,033	-	(88,383)	22,903,335
Bonds payable (including current portion)	-	-	576,724	-	(50,217)	526,507
Lease liabilities	2,013,107	(505,312)	289,764	245,686	(22,609)	2,020,636
Guarantee deposits	1,606,232	15,579	-	-	-	1,621,811
	<u>\$ 40,596,219</u>	<u>3,362,870</u>	<u>4,203,468</u>	<u>245,686</u>	<u>(204,024)</u>	<u>48,204,219</u>

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	January 1, 2019	Cash flows	Non-cash changes			December 31, 2019
			Acquisition through business combination	Additions	Effect of foreign exchange rate	
Short-term borrowings	\$ 14,786,555	2,966,027	2,149,437	-	51	19,902,070
Short-term notes and bills payable	-	(130,000)	130,000	-	-	-
Long-term debt	18,574,984	(2,267,047)	906,043	-	(139,170)	17,074,810
Lease liabilities	1,990,386	(450,383)	285,212	187,892	-	2,013,107
Guarantee deposits	318,173	1,288,059	-	-	-	1,606,232
	<u>\$ 35,670,098</u>	<u>1,406,656</u>	<u>3,470,692</u>	<u>187,892</u>	<u>(139,119)</u>	<u>40,596,219</u>

7. Related-party transactions:

- (a) Related party name and categories

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
Nanjing Silvertown Health & Development Co., Ltd (“NSHD”)	The Group's associates (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
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
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

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Alpha Networks Inc. (“Alpha”)	Prior to July 2020, Alpha was an associate of the Group. However, starting July 23, 2020, Alpha has been included in the Group’s consolidated entities
DMC Components International, LLC. (“DMC”)	The Group's associates
BenQ Foundation	Substantive related party

(note 1) Prior to March 2019, NSHD was a subsidiary of the Group. However, starting March 2019, NSHD became an associate of the Group.

(b) Significant related-party transactions

(i) Revenue

	<u>2020</u>	<u>2019</u>
Associates:		
AU	\$ 9,226,840	8,503,372
AUL	-	100
AUSZ	3,275,301	3,795,120
Other associates	<u>1,413,246</u>	<u>1,254,894</u>
	<u>\$ 13,915,387</u>	<u>13,553,486</u>

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

	<u>2020</u>	<u>2019</u>
Associates:		
AU	\$ 11,911,622	10,834,564
Other associates	<u>662,793</u>	<u>632,145</u>
	<u>\$ 12,574,415</u>	<u>11,466,709</u>

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 Group leased factory and office from AU, and the rent is paid monthly with reference to the nearby office rental rates. In 2020 and 2019, the related interest expense on lease liabilities amounted to \$4,243 and \$5,624, respectively. As of December 31, 2020 and 2019, the balance of the lease liabilities amounted to \$178,516 and \$271,287, respectively. Please refer to the note 6(q).

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The Group leased its plant and office to associates. In 2020 and 2019, the rental income were as follows:

	2020	2019
Associates	\$ 27,144	23,337

(iv) Donation

In 2020 and 2019, the Group made a donation to a substantive related party (BenQ Foundation) both for \$9,200.

(v) Receivables

The receivables from related parties due to the abovementioned sales, disposal of assets due to spin-off, and payment on behalf of associates were as follows:

Account	Related-party categories	December 31, 2020	December 31, 2019
Accounts receivable	Associates:		
	AU	\$ 2,089,736	1,192,968
	AUSZ	942,534	1,047,944
	Other associates	248,099	154,894
		3,280,369	2,395,806
Other receivables	Associates:		
	NSHD	287,690	267,217
	Other associates	14,709	17,233
		302,399	284,450
		\$ 3,582,768	2,680,256

(vi) Payables

The payables to related parties due to the abovementioned purchases and advance payments by associates were as follows:

Account	Related party categories	December 31, 2020	December 31, 2019
Accounts payable	Associates:		
	AU	\$ 1,941,157	1,669,641
	Other associates	186,379	167,049
		2,127,536	1,836,690
Other payables	Associates	16,151	17,388
		\$ 2,143,687	1,854,078

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(c) Compensation for key management personnel

	2020	2019
Short-term employee benefits	\$ 161,810	153,783
Post-employment benefits	864	741
	\$ 162,674	154,524

8. Pledged assets:

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2020	December 31, 2019
Other financial assets – current (time deposits)	Credit lines of bank loans and guarantee for tax clearance certificate and performance guarantee	\$ 63,853	90,321
Other financial assets – non- current (special deposit account)	Restrictions on utilization of repatriated offshore funds	518,390	-
Other financial assets – non- current	Guarantee for construction project, guarantee to lawsuits, and guarantee for land lease	151,984	-
Common stock of investments accounted for using the equity method	Credit lines of bank loans	5,933,504	4,808,527
Land and buildings	Credit lines of bank loans	4,175,702	4,432,369
Investment property	Credit lines of bank loans	125,882	155,478
Right-of-use assets (land use rights)	Credit lines of bank loans	923,503	930,378
Refundable deposits	Credit lines of bank loans	-	517
Accounts receivable	Credit lines of bank loans	106,501	168,782
Inventories	Credit lines of bank loans	-	129,844
Machinery	Credit lines of bank loans	80,742	-
		\$ 12,080,061	10,716,216

9. Significant commitments and contingencies:

(a) Significant unrecognized commitments

	December 31, 2020	December 31, 2019
Unused letters of credit	\$ 1,097,310	1,069,265

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(b) Significant contingent liabilities

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:

- (a) On December 7, 2020, the Company's Board of directors approved a resolution to acquire 38,000 thousand shares of Sysage through public tender offer at a price of \$45 (dollars) per share. The public tender offer period was from December 9, 2020 to March 18, 2021. On March 19, 2021, the Company had paid the amount of \$1,387,856 for the acquisition consideration, with the actual number of acquisition of 30,841 thousand shares.
- (b) The disposal of the shareholdings of Dawningtech, one of Sysage's subsidiaries, had been conducted through a sales and purchase agreement entered into by Sysage, Dawningtech, and Ginnet, another subsidiary of Sysage, at a contract price of \$266,595, in January 2021 based on a resolution approved during the board meeting of Sysage held on November 5, 2020. All statutory registration procedures had been completed as of issuance date of this financial report and the contract price has been fully received.
- (c) In order to penetrate into the commercial computer docking station market, and strengthen Simula's positioning from a connector supplier to a high value added connector interconnection system solution expert, as well as improve the growth momentum of revenue and profitability of Simula, the Board of directors of Simula approved a resolution on February 5, 2021 to invest approximately \$999,000 to acquire 60% ownership of Action Star Technology Co., Ltd. This investment is expected to be implemented after being approved at the special meeting of shareholders of Simula on April 9, 2021.
- (d) On March 17, 2021, the board of directors of BBM approved a resolution to dispose its 15% ownership in NSHD at the selling price of CNY 300,000 thousand, which will result in the gain on disposal of approximately CNY 224,412 thousand (approximately \$970,000).

12. Others:

	2020			2019		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	8,387,115	9,653,427	18,040,542	7,338,142	7,422,954	14,761,096
Insurance	592,973	772,294	1,365,267	610,913	678,412	1,289,325
Pension	290,681	337,215	627,896	458,167	320,400	778,567
Others	684,452	601,805	1,286,257	583,912	549,937	1,133,849
Depreciation	2,151,811	1,080,148	3,231,959	1,958,867	890,729	2,849,596
Amortization	76,849	566,816	643,665	72,704	364,458	437,162

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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.: Table 5 (attached)
 - (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: Table 6 (attached)
 - (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: Table 7 (attached)
 - (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: Table 8 (attached)
 - (ix) Transactions about derivative instruments: Refer to note 6(b)
 - (x) Business relationships and significant intercompany transactions: Table 9 (attached)
- (b) Information on investees : Table 10 (attached)
- (c) Information on investment in Mainland China: Table 11 (attached)
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
AU Optronics Corp.		335,230,510	17.04 %

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14. Segment information:

(a) General information

The Group had four reportable segments previously, however starting July 2020, the Group obtained control over Alpha and its subsidiaries. Therefore, the fifth segment “Networks” has been included in the Group’s reportable segments. These segments 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 five 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.
- (v) Networks: Engaging in the design, research, manufacturing, and sale of broadband products, wireless network products and computer network system equipment.

(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:

	2020							
	DMS	Brand	Material	Medical	Networks	Others	Eliminations	Total
External revenue	\$ 99,151,828	53,494,262	15,033,992	7,580,930	16,440,690	-	-	191,701,702
Intra-group revenue	<u>10,822,944</u>	<u>510,044</u>	<u>15,956</u>	<u>4,982</u>	-	-	<u>(11,353,926)</u>	-
Total segment revenue	<u>\$109,974,772</u>	<u>54,004,306</u>	<u>15,049,948</u>	<u>7,585,912</u>	<u>16,440,690</u>	-	<u>(11,353,926)</u>	<u>191,701,702</u>
Segment profit (loss)	<u>\$ 2,704,454</u>	<u>2,418,328</u>	<u>547,373</u>	<u>275,608</u>	<u>549,753</u>	<u>(489)</u>	<u>117,827</u>	<u>6,612,854</u>

	2019							
	DMS	Brand	Material	Medical	Others	Eliminations	Total	
External revenue	\$ 104,199,392	43,651,857	13,934,009	7,968,857	-	-	169,754,115	
Intra-group revenue	<u>11,704,128</u>	<u>385,155</u>	<u>8,961</u>	<u>5,225</u>	-	<u>(12,103,469)</u>	-	
Total segment revenue	<u>\$ 115,903,520</u>	<u>44,037,012</u>	<u>13,942,970</u>	<u>7,974,082</u>	-	<u>(12,103,469)</u>	<u>169,754,115</u>	
Segment profit (loss)	<u>\$ 3,465,952</u>	<u>1,895,246</u>	<u>353,857</u>	<u>392,094</u>	<u>(443)</u>	<u>121,381</u>	<u>6,228,087</u>	

(c) Product information

Revenues from external customers are detailed below:

<u>Products and services</u>	<u>2020</u>	<u>2019</u>
Sales of electronic products	\$ 182,057,868	160,089,189
Medical services	7,580,930	7,968,857
Others	<u>2,062,904</u>	<u>1,696,069</u>
	<u>\$ 191,701,702</u>	<u>169,754,115</u>

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(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:

<u>Region</u>	<u>2020</u>	<u>2019</u>
Taiwan	\$ 47,924,363	33,759,115
Americas	46,361,002	40,237,141
Mainland China	36,954,443	36,492,323
Japan	11,307,691	11,034,255
Others	<u>49,154,203</u>	<u>48,231,281</u>
	<u>\$ 191,701,702</u>	<u>169,754,115</u>

Non-current assets:

<u>Region</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Taiwan	\$ 24,619,992	19,356,172
Mainland China	15,338,449	16,226,209
Others	<u>7,923,357</u>	<u>1,066,985</u>
	<u>\$ 47,881,798</u>	<u>36,649,366</u>

Non-current assets include property, plant and equipment, right-of-use assets, 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 2020 and 2019 were as follows:

	<u>2020</u>
Customer A	<u>\$ 40,323,489</u>
	<u>2019</u>
Customer A	<u>\$ 44,439,530</u>

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Financing provided to other parties

For the year ended December 31, 2020

(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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
0	The Company	Dairy Venture (L) Ltd	Other receivables from related parties	yes	200,000 (NTD 200,000)	200,000 (NTD 200,000)	-	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
0	The Company	QLLB	Other receivables from related parties	yes	909,900 (USD 30,000)	-	-	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
1	QLLB	Qisda (Shanghai) Co., Ltd. ("QCSH")	Other receivables from related parties	yes	3,425,016 (USD 116,000)	1,644,300 (USD 58,000)	1,644,300 (USD 58,000)	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
2	BenQ	Dairy 2	Other receivables from related parties	yes	200,000 (NTD 200,000)	200,000 (NTD 200,000)	-	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	Dairy C	Other receivables from related parties	yes	300,000 (NTD 300,000)	300,000 (NTD 300,000)	-	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	BOL	Other receivables from related parties	yes	517,500 (USD 18,000)	255,150 (USD 9,000)	255,150 (USD 9,000)	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	Dairy Venture (L) Ltd	Other receivables from related parties	yes	287,500 (USD 10,000)	141,750 (USD 5,000)	141,750 (USD 5,000)	0.75%	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
3	BBM	Nanjing BenQ Hospital Co., Ltd. ("NMH")	Other receivables from related parties	yes	45,495 (USD 1,500)	-	-	-	2	-	Operating requirements	-	-	-	1,535,405	1,535,405
3	BBM	Suzhou BenQ Hospital Co., Ltd. ("SMH")	Other receivables from related parties	yes	363,960 (USD 12,000)	14,175 (USD 500)	14,175 (USD 500)	-	2	-	Operating requirements	-	-	-	1,535,405	1,535,405
4	QCOS	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 23)	Other receivables from related parties	yes	406,809 (CNY 50,000 and USD 6,500)	216,080 (CNY 50,000)	216,080 (CNY 50,000)	3.00-4.288%	2	-	Operating requirements	-	-	-	1,499,852	1,499,852
4	QCOS	Qisda (Shanghai) Co., Ltd. ("QCSH")(Note 23)	Other receivables from related parties	yes	17,345 (CNY 4,000)	17,286 (CNY 4,000)	17,286 (CNY 4,000)	2.30%	2	-	Operating requirements	-	-	-	3,602,550	36,025,501
5	QLPG	QLLB	Other receivables from related parties	yes	309,214 (MYR 44,000)	105,890 (MYR 15,000)	105,890 (MYR 15,000)	3.20%	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
6	BIC	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 23)	Other receivables from related parties	yes	21,682 (CNY 5,000)	21,608 (CNY 5,000)	21,608 (CNY 5,000)	1.00%	2	-	Operating requirements	-	-	-	333,945	333,945
7	BMS	BenQ Materials (Wuhu) Co., Ltd.(Note 23)	Other receivables from related parties	yes	1,149,120 (CNY 265,000)	1,145,224 (CNY 265,000)	893,275 (CNY 206,700)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
7	BMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")(Note 23)	Other receivables from related parties	yes	86,726 (CNY 20,000)	86,432 (CNY 20,000)	38,894 (CNY 9,000)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
7	BMS	BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMIM")(Note 23)	Other receivables from related parties	yes	130,089 (CNY 30,000)	129,648 (CNY 30,000)	30,251 (CNY 7,000)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
8	NMHC	Nanjing BenQ Hospital Co., Ltd. ("NMH")(Note 23)	Other receivables from related parties	yes	22,549 (CNY 5,200)	22,472 (CNY 5,200)	22,472 (CNY 5,200)	1.00%	2	-	Operating requirements	-	-	-	23,994	23,994
9	NMH	Suzhou BenQ Hospital Co., Ltd. ("SMH")(Note 23)	Other receivables from related parties	yes	118,814 (CNY 27,500)	-	-	-	2	-	Operating requirements	-	-	-	993,807	993,807

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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
10	PTT	Corex (Pty) Ltd.	Other receivables from related parties	yes	121,016 (USD 4,000)	113,400 (USD 4,000)	113,400 (USD 4,000)	3.50%-8.85%	2	-	Operating requirements	-	-	-	364,230	364,230
11	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	298,662	230,602	145,552	1.15%-4.35%	2	-	Operating requirements	-	-	-	394,083	788,166
12	Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	15,895	15,593	15,593	1.15%	2	-	Operating requirements	-	-	-	569,330	569,330
12	Cyber South	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	85,431	-	-	-	2	-	Operating requirements	-	-	-	569,330	569,330
13	Proton Inc.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	314,715	-	-	-	2	-	Operating requirements	-	-	-	455,706	455,706
13	Proton Inc.	Ace Pillar Co., Ltd.	Other receivables from related parties	yes	22,152	-	-	-	2	-	Operating requirements	-	-	-	455,706	455,706
14	Grace Transmission (Tianjin) Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	13,009 (CNY 3,000)	12,965 (CNY 3,000)	12,965 (CNY 3,000)	1.80%	2	-	Operating requirements	-	-	-	38,197	38,197
14	Grace Transmission (Tianjin) Co., Ltd.	Advancedtek Ace (TJ) Inc.	Other receivables from related parties	yes	10,369 (CNY 2,400)	2,593 (CNY 600)	2,593 (CNY 600)	1.80%	2	-	Operating requirements	-	-	-	38,197	38,197
15	Hong Kong Ace Pillar Enterprise Company Limited	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	17,345 (CNY 4,000)	17,286 (CNY 4,000)	17,286 (CNY 4,000)	1.80%	2	-	Operating requirements	-	-	-	41,198	41,198
16	Aewin Technologies Co., Ltd	Aewin Beijing Technologies Co., Ltd	Other receivables from related parties	yes	90,762 (USD 3,000)	85,050 (USD 3,000)	18,144 (USD 640)	-	2	-	Operating requirements	-	-	-	229,629	459,258
17	Alpha HK	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	1,504,602 (USD 51,000)	921,375 (USD 32,500)	921,375 (USD 32,500)	-	2	-	Operating requirements	-	-	-	6,563,526	6,563,526
18	Mirae Networks (Dongguan) Co., Ltd.	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	130,089 (CNY 30,000)	129,648 (CNY 30,000)	129,648 (CNY 30,000)	2.50%	2	-	Operating requirements	-	-	-	889,353	889,353
19	Alpha Networks (Chengdu) Co., Ltd.	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	173,452 (CNY 40,000)	86,432 (CNY 20,000)	86,432 (CNY 20,000)	2.50%	2	-	Operating requirements	-	-	-	1,676,938	1,676,938
20	Hitron Technologies	Hitron Technologies Europe Holding B.V.	Other receivables from related parties	yes	31,801	-	-	-	1	576,582	Operating requirements	-	-	-	576,582	1,978,060
20	Hitron Technologies	Hitron Technologies (Samoa) Inc.	Other receivables from related parties	yes	16,936	-	-	-	1	6,585,643	Operating requirements	-	-	-	1,978,060	1,978,060
20	Hitron Technologies	Hitron Technologies (Vietnam) Inc.	Other receivables from related parties	yes	454,800	425,250	425,250	1.00-2.00%	2	-	Operating requirements	-	-	-	494,515	1,978,060
20	Hitron Technologies	Hitron Technologies (SIP) Inc.	Other receivables from related parties	yes	454,800 (USD 15,000)	425,250 (USD 15,000)	170,100 (USD 6,000)	1.00-2.00%	2	-	Operating requirements	-	-	-	494,515	1,978,060

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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
21	Jiotech Trading (Suzhou) Inc.	Hitron Technologies (SIP) Inc.	Other receivables from related parties	yes	21,682 (CNY 5,000)	21,608 (CNY 5,000)	21,608 (CNY 5,000)	2.00%	2	-	Operating requirements	-	-	-	30,646	30,646

(Note 1) The aggregate financing amount and the individual financing amount of the Company to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.
 (Note 2) 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 3) 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 4) The aggregate financing amount and the individual financing amount of BBM to subsidiaries shall not exceed 40% of the most recent net worth of BBM.
 (Note 5) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS 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 shall not exceed 40% of the most recent net worth of QCOS.
 (Note 6) The aggregate financing amount and the individual financing amount of OLPG to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of OLPG.
 (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 to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100%, respectively, of the most recent audited or reviewed net worth of BMS.
 (Note 9) 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 10) The aggregate financing amount and the individual financing amount of NMH to subsidiaries shall not exceed 40% of the most recent net worth of NMH.
 (Note 11) 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 12) The aggregate financing amount and the individual financing amount of ACE to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of ACE.
 (Note 13) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 100% of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 10% and 5%, respectively, of the most recent net worth of Cyber South.
 (Note 14) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Proton shall not exceed 100% of the most recent audited or reviewed net worth of ACE and the individual financing amount of Proton shall not exceed 10% and 5%, respectively, of the most recent net worth of Proton.
 (Note 15) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 100% of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 10% and 5%, respectively, of the most recent net worth of Grace Transmission (Tianjin) Co., Ltd.
 (Note 16) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 100% of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 10% and 5%, respectively, of the most recent audited or reviewed net worth of ACE.
 (Note 17) The aggregate financing amount and the individual financing amount of AEWIN to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of AEWIN.
 (Note 18) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha HK shall not exceed 300% of the most recent net worth of Alpha HK.
 (Note 19) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Mirac Networks (Dongguan) Co., Ltd. shall not exceed 300% of the most recent net worth of Mirac Networks (Dongguan) Co., Ltd.
 (Note 20) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Chengdu) Co., Ltd. shall not exceed 300% of the most recent net worth of Alpha Networks (Chengdu) Co., Ltd.
 (Note 21) The aggregate financing amount of Hitron Technologies and its subsidiaries (Jiotech Trading (Suzhou) Inc.) to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of both parties. The financing reason and limit for each type of party is stated as below:
 a For entities who have business transactions with Hitron Technologies, the individual financing amount shall not exceed the total transaction amount in the nearest 12 months. The transaction referring to the higher of sales or purchase amount.
 b For entities who have a need in short term financing, the individual financing amount shall not exceed 10% of the most recent audited or reviewed net worth of Hitron Technologies.
 c For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 40% of the net worth of the lender.
 (Note 22) Purpose of Fund Financing: 1. Business transaction purpose. 2. Short-term financing purpose.
 (Note 23) 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 24) 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, 2020
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 2

No.	Endorsements / Guarantee Provider	Counter-party of Guarantee and Endorsement		Amount of Guarantees and Endorsements Provided to Each Guarantee	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
		Name	Relationship with the Company										
0	The Company	QLLB	Parent/Subsidiary	7,205,100	4,980,000 (USD 166,000)	3,458,700 (USD 122,000)	3,005,100 (USD 106,000)	-	9.60%	18,012,751	Y	-	-
1	BenQ	MaxGen	Parent/Subsidiary	1,858,701	96,512 (BRL17,259)	95,939 (BRL17,259)	95,939 (BRL17,259)	-	1.03%	9,293,503	Y	-	-
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	182,115	60,660 (USD 2,000)	56,700 (USD 2,000)	56,700 (USD 2,000)	-	6.23%	455,288	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	182,115	60,000 (USD 2,000)	56,700 (USD 2,000)	56,700 (USD 2,000)	-	6.23%	455,288	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	182,115	30,330 (USD 1,000)	28,350 (USD 1,000)	28,350 (USD 1,000)	-	3.11%	455,288	Y	-	-
2	PTT	Corex (Pty) Ltd.	Parent/Subsidiary	182,115	151,650 (USD 5,000)	85,050 (USD 3,000)	85,050 (USD 3,000)	-	9.34%	455,288	Y	-	-
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	182,115	30,330	-	-	-	-	455,288	Y	-	Y
3	DJC	Data Image (Suzhou) Corporation	Parent/Subsidiary	225,547	57,500 (USD 2,000)	28,350 (USD 1,000)	24,543 (CNY 5,679)	-	2.51%	563,867	Y	-	Y
4	ACE	Tianjin Ace Pillar Co., Ltd.	Parent/Subsidiary	788,166	251,250	248,450	56,700	-	12.61%	985,208	Y	-	Y
4	ACE	Proton Inc.	Parent/Subsidiary	788,166	360,000	-	-	-	-	985,208	Y	-	-
5	Cyber South	Tianjin Ace Pillar Co., Ltd.	Parent/Subsidiary	170,799	43,205	-	-	-	-	284,665	Y	-	Y
6	GSC	E-Strong Medical Technology Co., Ltd.	Parent/Subsidiary	107,032	90,000	-	-	-	-	107,032	Y	-	-
7	Alpha	Alpha Networks (Dongguan) Co., Ltd.	Parent/Subsidiary	2,911,255	60,600	56,700	25,560	-	0.58%	4,852,091	Y	-	Y
7	Alpha	Alpha Networks (Changshu) Co., Ltd.	Parent/Subsidiary	2,911,255	212,100	198,450	3,462	-	2.05%	4,852,091	Y	-	Y
8	Hitron Technologies	Hitron Technologies (SIP) Inc	Parent/Subsidiary	4,945,149	1,235,554	514,446	-	-	10.40%	7,417,724	Y	-	Y
8	Hitron Technologies	Hitron Technologies (Americas) Inc.	Parent/Subsidiary	4,945,149	1,057,875	595,350	-	-	12.04%	7,417,724	Y	-	-

No.	Endorsements / Guarantee Provider	Counter-party of Guarantee and Endorsement		Amount of Guarantees and Endorsements Provided to Each Guaranteed Company	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
		Name	Relationship with the Company										
8	Hiron Technologies	Hiron Technologies	Parent/Subsidiary	4,945,149	454,250	451,674	129,337	-	9.13%	7,417,724	Y	-	-
8	Hiron Technologies	Europe Holding B.V.	Parent/Subsidiary	4,945,149	1,502,800	1,417,500	595,350	-	28.66%	7,417,724	Y	-	-
8	Hiron Technologies	Hiron Technologies (Vietnam) Inc.	Parent/Subsidiary	4,945,149	75,000	50,000	6,000	-	1.01%	7,417,724	Y	-	-
9	Aewin Technologies Co., Ltd	Imoauto Technologies Inc.	Parent/Subsidiary	229,629	65,045	64,824	64,824	-	5.65%	459,258	Y	-	Y
10	Sysage	Aewin Beijing Technologies Co., Ltd. Corex (Pty) Ltd.	Subsidiary of PTT	854,260	141,750	141,750	-	-	3.32%	1,708,520	-	-	-

(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 BenQ to MaxGen and the endorsement/guarantee amount provided to individual party shall not exceed 100% and 20%, respectively, of the net worth of BenQ.

(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 50% and 20%, respectively, of the net worth of DIC.

(Note 5) The aggregate endorsement/guarantee amount provided by ACE to ACE's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 40%, respectively, of the most recent audited or reviewed net worth of ACE.

(Note 6) The aggregate endorsement/guarantee amount provided by Cyber South to Tianjin Ace Pillar Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 30%, respectively, of the net worth of Cyber South.

(Note 7) The aggregate endorsement/guarantee amount provided by GSC to E-Strong Medical Technology Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% of the net worth of GSC.

(Note 8) The aggregate endorsement/guarantee amount provided by Alpha to Alpha's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 30%, respectively, of the net worth of Alpha.

(Note 9) The aggregate endorsement/guarantee amount provided by Hiron Technologies to Hiron Technologies subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 150% and 10%, respectively, of the net worth of Hiron Technology. However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hiron Technologies 100% of the net worth of the most recent financial statements.

(Note 10) The aggregate endorsement/guarantee amount provided by Aewin Technologies Co., Ltd to Aewin Beijing Technologies Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% and 20%, respectively, of the recent audited or reviewed net worth of Aewin Technologies Co., Ltd.

(Note 11) The aggregate endorsement/guarantee amount provided by Sysage to Corex (Pty) Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of Sysage.

QISDA CORPORATION AND SUBSIDIARIES
Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)
For the year ended December 31, 2020
(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, 2020				Maximum percentage of ownership during 2020		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	37,438	4.61%	37,438	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	-	47,173	2.50%	47,173	-	2.50%	-
BMC	Stock: Lagis Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	1,680	57,809	5.25%	57,809	1,680	5.25%	-
BMC	Stock: Kangde Corporation	-	Financial assets at fair value through other comprehensive income-non-current	150	1,500	11.03%	1,500	150	11.03%	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note 1)	2.50%	-	225	2.50%	-
APV	Stock: HI-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	317	38,472	0.88%	38,472	317	0.88%	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	2,236	6.19%	2,236	619	6.19%	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	33,398	2.77%	33,398	672	2.77%	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	242	0.06%	242	31	0.06%	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	12,618	6.17%	12,618	2,000	6.17%	-
APV	Stock: CDIB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,667	25,670	3.33%	25,670	3,667	3.33%	-
APV	Preferred Stock: D&AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	4,227	6.56%	4,227	10,000	6.56%	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,932	57,862	7.13%	57,862	1,932	7.13%	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Maximum percentage of ownership during 2020		Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,940	411,949	4.39%	411,949	2,940	4.39%	-
Darly 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	470	23,359	1.94%	23,359	470	1.94%	-
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,633	228,769	2.44%	228,769	1,633	2.44%	-
Darly 2	Stock: Fong Huang Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	6,000	76,790	18.75%	76,790	6,000	18.75%	-
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,690	0.14%	1,690	34	0.14%	-
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	6,309	3.09%	6,309	1,000	3.09%	-
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	6,427	2.24%	6,427	1,033	2.24%	-
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	31,506	0.52%	31,506	285	0.52%	-
Darly C	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	220	30,857	0.33%	30,857	220	0.33%	-
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,487	73,904	6.13%	73,904	1,487	6.13%	-
PTT	Preferred Stock: D&AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	6,273	2.30%	6,273	3,500	2.30%	-
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	999	29,920	3.32%	29,920	999	3.32%	-
DFI	Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss-non-current	USD 225	(Note 1)	-	-	USD 225	-	-
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,494	27,953	-	27,953	1,494	-	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss-current	USD 200	(Note 1)	-	-	USD 200	-	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020			Maximum percentage of ownership during 2020			
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	
AEWIN	Stock: Aewin Korea Co., Ltd	-	Financial assets at fair value through other comprehensive income-non-current	10	887	16.67%	887	10	16.67%	-
AEWIN	Stock: AuthenTrend Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	300	-	1.42%	-	300	1.42%	-
PT. Frismed Hoslab Indonesia	Insurance Fund: AVA IPRIME	-	Financial assets at fair value through profit or loss-current	-	3,084	-	3,084	-	-	-
QCES	Stock: Jiangsu Yudi Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,692	201,310	11.20%	201,310	7,692	11.20%	-
Sysage	Stock: CDS Holdings Limited	-	Financial assets at fair value through profit or loss-non-current	600	(Note 1)	1.11%	-	600	1.15%	-
Sysage	Stock: Yobon Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3	(Note 1)	0.42%	-	3	0.42%	-
Sysage	Stock: Dynasafe Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3,906	145,695	19.53%	145,695	3,362	20.01%	-
Sysage	Stock: Touch Cloud, Inc.	-	Financial assets at fair value through profit or loss-non-current	200	410	2.74%	410	200	2.74%	-
Sysage	Stock: Gemini Data, Inc.	-	Financial assets at fair value through profit or loss-non-current	2,706	8,540	2.90%	8,540	2,706	2.90%	-
Sysage	Stock: Kingtel Corporation	-	Financial assets at fair value through profit or loss-non-current	443	3,049	18.09%	3,049	443	18.09%	-
Sysage	Fund: Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	9,222	150,003	-	150,003	27,746	-	-
Epic Cloud	Fund: Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	123	2,004	-	2,004	246	-	-
NEO TREND	Fund: Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,073	25,010	-	25,010	2,073	-	-
Simula	Stock: Optomedia Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	817	2,411	3.26%	2,411	817	3.26%	-
Simula	Stock: Taiwan Competition Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	500	2,469	16.67%	2,469	500	16.67%	-
GSC	Stock: New Image Medical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	200	2,960	0.74%	2,960	200	0.74%	-
Alpha	Stock: TGC, Inc.	-	Financial assets at fair value through profit or loss-current	500	(Note 1)	1.83%	-	500	1.83%	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Maximum percentage of ownership during 2020		
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	Note
Hitron Technologies	Stock: Senao International Co., Ltd.	-	Financial assets at fair value through profit or loss-current	207	7,349	-	7,349	207	-	-
Hitron Technologies	Stock: Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	200	9,350	-	9,350	200	-	-
Hitron Technologies	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	441	28,665	-	28,665	441	-	-
Hitron Technologies	Stock: Chao Long Motor Parts Corp.	-	Financial assets at fair value through other comprehensive income-non-current	668	21,245	2.10%	21,245	668	2.10%	-
Hitron Technologies	Stock: Imagetech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	120	(Note 1)	1.20%	-	120	1.20%	-
Hitron Technologies	Stock: Tsunami Visual Technologies, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,220	(Note 1)	9.34%	-	1,220	9.34%	-
Hitron Technologies	Stock: Pivot Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	198	(Note 1)	10.94%	-	198	10.94%	-
Hitron Technologies	Stock: Cardtek Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000	(Note 1)	6.45%	-	1,000	6.45%	-
Hitron Technologies	Stock: Yesmobi Holdings Company Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	294	(Note 1)	0.75%	-	294	0.75%	-
Hitron Technologies	Preferred Stock: Codent Networks (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,570	(Note 1)	-	-	-	-	-
Interactive Digital	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	362	23,530	0.08%	23,530	362	0.08%	-

(Note 1) 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, 2020
(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			
					Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount (Note 2)		
Sysage	Capital Money Market Fund	Financial assets at fair value through profit or loss-current	Hua Nan Commercial Bank	-	12,351	200,057	15,395	250,000	18,524	300,212	300,000	158	9,222	150,003
The Company	Simula	Investment accounted for using equity method	-	Parent/Subsidiary	-	-	30,000	600,000	-	-	-	-	30,000	619,479
The Company	Alpha	Investment accounted for using equity method	-	Parent/Subsidiary	100,000	2,064,817	195,163	5,814,943	-	-	-	-	295,163	7,828,382
The Company	APV	Investment accounted for using equity method	-	Parent/Subsidiary	113,258	2,021,449	40,000	400,000	-	-	-	-	153,258	2,560,268
The Company	QVH	Investment accounted for using equity method	-	Parent/Subsidiary	-	627,436	-	405,593	-	-	-	-	-	832,065
NMH	Guigang Donghui Medical Investment Co., Ltd	Investment accounted for using equity method	-	Associate	-	-	-	423,670	-	-	-	-	-	429,654

(Note 1) Valuation adjustment is included.

(Note 2) The ending balance includes shares of profits/losses of investees and other related adjustment.

QISDA CORPORATION AND SUBSIDIARIES
Acquisition of real estate which exceeds NT\$300 million or 20% of the paid-in capital
For the year ended December 31, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counter Party	Relationship with the Counter Party	If the Counter Party is a Related Party, Disclose the Previous Transfer Information			Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Company	Date of Transfer			
Hitron Vietnam	Machinery	2020.01~12	371,796	Pay in installments	Jietech Suzhou Interactive Digital DAIICHI KURTZ AJT LITUO TRI	-	-	-	-	Inquiry and Bargaining	Machinery	-
Hitron Vietnam	Building	2020.01~12	355,392	Based on the progress of construction	SAI GON VISICONS ASEMCO VSIP Sheng Hwei Engineering Technology Company Limited Jiuh Jiang Long Co.,Ltd	-	-	-	-	Open bidding	Building	-

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, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

Company Name	Property Name	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Status of Payment	Gain or Loss on Disposal of real estate	Counter Party	Relationship with the Counter Party	Purpose of Disposal	Price Reference	Notes
Qisda Sdn. Bhd. (QLPG)	Two land and buildings in Malaysia	Board resolution date June 11, 2020	1990	121,508	MYR 92,000 thousand	The first installment for 10% of the contract price has been received by attorney-in-fact.	MYR 56,000 thousand	Visco Technology Sdn. Bhd.	Associates	To activate asset and increase working capital	Refer to appraisal report	Payment term : 10% will be charged within 1 month after signing the contact ; 20% will be charged within 1 month after the government approval is received ; 70% will be charged within 4 month after the government approval is received

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, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 7

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	
The Company	BenQ	Parent/Subsidiary	(Sales)	(5,073,679)	(5)	OA90	-	3,033,274	13	-
The Company	QJTO	Parent/Subsidiary	(Sales)	(1,973,381)	(2)	OA120	-	794,613	3	-
The Company	QALA	Parent/Subsidiary	(Sales)	(21,292,914)	(23)	OA90	-	6,269,938	27	-
The Company	AU	Associate	(Sales)	(5,171,531)	(6)	OA120	-	1,353,771	6	-
The Company	AUSZ	Associate	(Sales)	(2,180,505)	(2)	OA120	-	797,601	3	-
The Company	AUJS	Associate	(Sales)	(115,622)	-	OA120	-	63,963	-	-
The Company	DFI	Parent/Subsidiary	(Sales)	(751,208)	(1)	EOM60	-	100,567	-	-
The Company	Topview	Parent/Subsidiary	(Sales)	(280,195)	-	OA60	-	54,827	-	-
The Company	PTT	Parent/Subsidiary	(Sales)	(111,859)	-	OA30	-	30,650	-	-
The Company	QCSZ	Parent/Subsidiary	Purchases	67,384,007	77	OA120	-	(17,993,269)	(72)	-
The Company	OCOS	Parent/Subsidiary	Purchases	11,852,965	14	OA120	-	(3,574,987)	(14)	-
The Company	DFI	Parent/Subsidiary	Purchases	107,938	-	60-90 Days	-	(87,706)	-	-
QCSZ	The Company	Parent/Subsidiary	(Sales)	(67,384,007)	(88)	OA120	-	17,993,269	91	-
QAL	The Company	Parent/Subsidiary	(Sales)	(11,852,965)	(82)	OA120	-	3,574,987	91	-
QJTO	The Company	Parent/Subsidiary	Purchases	21,292,914	95	OA90	-	(6,269,938)	(100)	-
DFI	The Company	Parent/Subsidiary	Purchases	1,973,381	92	OA120	-	(794,613)	(99)	-
BenQ	The Company	Parent/Subsidiary	(Sales)	(107,938)	(3)	60-90 Days	-	87,706	12	-
DFI	The Company	Parent/Subsidiary	Purchases	5,073,679	33	OA90	-	(3,033,274)	(56)	-
PTT	The Company	Parent/Subsidiary	Purchases	751,208	23	EOM60	-	(100,567)	(16)	-
QCSZ	The Company	Parent/Subsidiary	Purchases	111,859	15	OA30	-	(30,650)	(30)	-
QCSZ	BQC RO	Affiliates	(Sales)	(817,393)	(1)	OA120	-	100,772	1	-
QCSZ	AU	Other related party	Purchases	8,018,101	11	EOM55	-	1,198,399	7	-
QCSZ	QCPS	Affiliates	Purchases	1,452,530	2	OA60	-	(150,235)	(1)	-
QCSZ	DIC	Affiliates	Purchases	249,903	-	EOM45	-	(114,398)	(1)	-
QCSZ	BQC_RO	Affiliates	(Sales)	(1,298,311)	(9)	OA120	-	88,636	2	-
QCSZ	AU	Other related party	Purchases	323,131	2	EOM55	-	1,665	-	-
QCSZ	QCPS	Affiliates	Purchases	219,248	2	OA60	-	(34,145)	(1)	-
QCSZ	QCOS	Affiliates	Purchases	321,955	2	OA60	-	(46,830)	(1)	-
QCSZ	Darwin	Other related party	(Sales)	(321,955)	(1)	OA60	-	46,830	1	-
QCSZ	QCOS	Affiliates	Purchases	183,292	1	EOM120	-	2,217	-	-
QCSZ	QCOS	Affiliates	(Sales)	(219,248)	(13)	OA60	-	34,145	16	-
QCSZ	QCOS	Affiliates	(Sales)	(1,452,530)	(83)	OA60	-	150,235	70	-
BenQ	BQA	Affiliates	(Sales)	(3,334,196)	(20)	OA90	-	604,618	10	-
BenQ	BQE	Affiliates	(Sales)	(6,902,513)	(41)	OA90	-	2,657,827	45	-
BenQ	BQL	Affiliates	(Sales)	(562,041)	(3)	OA90	-	323,135	5	-
BenQ	BQP	Affiliates	(Sales)	(5,668,782)	(34)	OA60	-	1,633,661	27	-
BenQ	BQC_RO	Affiliates	(Sales)	(257,049)	(2)	OA60	-	3,804	-	-
BenQ	BQHK_HLD	Affiliates	(Sales)	(108,925)	-	OA60	-	14,977	-	-
BenQ	AU	Other related party	Purchases	3,300,062	21	EOM55	-	658,155	12	-
BQP	BQAU	Affiliates	(Sales)	(540,383)	(8)	OA60	-	136,650	7	-

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 Accounts Receivable or (Payable)	
BQP	BOIN	Affiliates	(Sales)	(804,929)	(13)	OA60	-	644,703	34	-	
BQP	BQJP	Affiliates	(Sales)	(1,424,667)	(22)	OA60	-	277,164	14	-	
BQP	BOME	Affiliates	(Sales)	(1,022,945)	(16)	OA60	-	290,118	15	-	
BQP	BOTH	Affiliates	(Sales)	(149,169)	(2)	OA60	-	97,956	5	-	
BQP	BenQ	Affiliates	Purchases	5,668,782	97	OA60	-	(1,633,661)	(99)	-	
BQE	BQUK	Affiliates	(Sales)	(1,312,435)	(17)	OA30	-	145,011	9	-	
BQE	BQDE	Affiliates	(Sales)	(1,832,401)	(23)	OA30	-	460,982	30	-	
BQE	BQAT	Affiliates	(Sales)	(848,751)	(11)	OA45	-	61,360	4	-	
BQE	BQSE	Affiliates	(Sales)	(541,784)	(7)	OA30	-	1,478	-	-	
BQE	BQFR	Affiliates	(Sales)	(745,073)	(9)	OA30	-	406,670	26	-	
BQE	BQIB	Affiliates	(Sales)	(777,473)	(10)	OA30	-	85,811	6	-	
BQE	BQNL	Affiliates	(Sales)	(450,194)	(6)	OA30	-	115,101	7	-	
BQE	BQIT	Affiliates	(Sales)	(385,053)	(5)	OA30	-	129,532	8	-	
BQE	BQCH	Affiliates	(Sales)	(230,680)	(3)	OA30	-	85,893	6	-	
BQE	BenQ	Affiliates	Purchases	6,902,513	95	OA90	-	(2,657,827)	(98)	-	
BQA	BQCA	Affiliates	(Sales)	(881,726)	(19)	OA60	-	184,837	37	-	
BQA	BenQ	Affiliates	Purchases	3,334,196	86	OA90	-	(604,618)	(100)	-	
BQL	BQMX	Affiliates	(Sales)	(309,073)	(52)	OA90	-	174,373	24	-	
BQL	BenQ	Affiliates	Purchases	562,041	100	OA90	-	(323,135)	(91)	-	
BQC RO	BenQ	Affiliates	Purchases	257,049	8	OA60	-	(3,804)	(1)	-	
BQC RO	QCOS	Affiliates	Purchases	1,298,311	42	OA120	-	(88,636)	(14)	-	
BQC RO	QCSZ	Affiliates	Purchases	817,393	26	OA120	-	(100,772)	(16)	-	
EMS	GSC	Affiliates	(Sales)	(144,992)	(88)	OA60	-	24,304	81	-	
BQAT	BQE	Affiliates	Purchases	848,751	100	OA45	-	(61,360)	(100)	-	
BQAU	BQP	Affiliates	Purchases	540,383	100	OA60	-	(136,650)	(98)	-	
BQCA	BQA	Affiliates	Purchases	881,726	100	OA30	-	(184,837)	(100)	-	
BQCH	BQE	Affiliates	Purchases	230,680	100	OA30	-	(85,893)	(95)	-	
BQDE	BQE	Affiliates	Purchases	1,832,401	99	OA30	-	(460,982)	(98)	-	
BQFR	BQE	Affiliates	Purchases	745,073	100	OA30	-	(406,670)	(99)	-	
BQHK HLD	BenQ	Affiliates	Purchases	108,925	100	OA60	-	(14,977)	(94)	-	
BQIB	BQE	Affiliates	Purchases	777,473	100	OA30	-	(85,811)	(94)	-	
BQIN	BQP	Affiliates	Purchases	804,929	100	OA60	-	(644,703)	(100)	-	
BQIT	BQE	Affiliates	Purchases	385,053	100	OA30	-	(129,532)	(98)	-	
BQJP	BQP	Affiliates	Purchases	1,424,667	97	OA60	-	(277,164)	(94)	-	
BQME	BQP	Affiliates	Purchases	1,022,945	97	OA60	-	(290,118)	(96)	-	
BQMX	BOL	Affiliates	Purchases	309,073	100	OA90	-	(174,373)	(95)	-	
BQNL	BQE	Affiliates	Purchases	450,194	100	OA30	-	(115,101)	(100)	-	
BQSE	BQE	Affiliates	Purchases	541,784	100	OA30	-	(1,478)	(100)	-	
BQTH	BQP	Affiliates	Purchases	149,169	100	OA60	-	(97,956)	(100)	-	
BQUK	BQE	Affiliates	Purchases	1,312,435	100	OA30	-	(145,011)	(93)	-	
GSC	EMS	Affiliates	Purchases	144,992	81	OA60	-	(24,304)	(86)	-	
DFI	DFI AMERICA, LLC.	Affiliates	(Sales)	635,083	16	60-90 Days	-	150,084	20	-	
DFI	DFI	Affiliates	Purchases	(635,083)	(99)	60-90 Days	-	(150,084)	(100)	-	
DFI	DFI Co., Ltd.	Affiliates	(Sales)	373,867	9	60-90 Days	-	24,190	3	-	
DFI	DFI	Affiliates	Purchases	(373,867)	(98)	60-90 Days	-	(24,190)	(97)	-	

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)	
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	360,544	9	60-90 Days	-	46,315	6	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	(360,544)	(100)	60-90 Days	-	(46,315)	(100)	-
DFI	Yan Ying Hao Trading (ShenZhen) Co., Ltd	Affiliates	(Sales)	142,133	4	60-90 Days	-	20,585	3	-
Yan Ying Hao Trading (ShenZhen) Co., Ltd	DFI	Affiliates	Purchases	(142,133)	(90)	60-90 Days	-	(20,585)	(89)	-
DFI	AEWIN	Affiliates	(Sales)	167,251	4	60-90 Days	-	104,914	14	-
AEWIN	DFI	Affiliates	Purchases	(167,251)	(17)	60-90 Days	-	(104,914)	(33)	-
DFI	QCSZ	Affiliates	(Sales)	103,246	3	EOM60	-	16,860	2	-
QCSZ	DFI	Affiliates	Purchases	(103,246)	-	EOM60	-	(16,860)	-	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	(Sales)	339,841	29	120 Days after shipment	-	384,304	70	-
Aewin Beijing Technologies Co., Ltd	AEWIN	Affiliates	Purchases	(339,841)	(44)	120 Days after shipment	-	(384,304)	(75)	-
AEWIN	AEWIN TECH INC.	Affiliates	(Sales)	121,077	10	120 Days after shipment	-	39,230	7	-
AEWIN TECH INC.	AEWIN	Affiliates	Purchases	(121,077)	(100)	120 Days after shipment	-	(39,230)	(100)	-
Advancetech Ace (TJ) Inc.	Tianjin Ace Pillar Co., Ltd.	Affiliates	(Sales)	160,548	100	T/T 30 Days	-	25,274	100	-
Tianjin Ace Pillar Co., Ltd.	Advancetech Ace (TJ) Inc.	Affiliates	Purchases	(160,548)	(11)	T/T 30 Days	-	(25,274)	(14)	-
Alpha	D-Link International	Affiliates	(Sales)	(1,154,429)	(5)	90 Days	-	-	-	-
Alpha	Alpha USA	Affiliates	(Sales)	(5,725,298)	(27)	90 Days	-	1,133,768	21	-
Alpha	D-Link Asia	Affiliates	Purchases	8,840,443	46	90 Days	-	(2,736,037)	(63)	-
Alpha	Alpha Changshu	Affiliates	Purchases	6,844,340	35	90 Days	-	(1,040,052)	(24)	-
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	(Sales)	(509,098)	(7)	90 Days	-	157,163	13	-
Alpha HK	Alpha Changshu	Affiliates	(Sales)	(433,894)	(7)	90 Days	-	969,204	100	-
D-Link Asia	Alpha Dongguan	Affiliates	Purchases	8,840,443	56	90 Days	-	(2,752,044)	(54)	-
Hiron Technologies	Hiron Suzhou	Affiliates	Purchases	4,664,226	36	90 Days	-	(468,186)	(21)	-
Hiron Technologies	Hiron Americas	Affiliates	(Sales)	(6,585,634)	(64)	90 Days	-	1,884,630	85	-
Hiron Technologies	Hiron Europe	Affiliates	(Sales)	(576,582)	(6)	90 Days	-	251,033	11	-
Hiron Technologies	Hiron Vietnam	Affiliates	Purchases	3,046,968	24	90 Days	-	(1,053,347)	(47)	-
Hiron Suzhou	Hiron Vietnam	Affiliates	(Sales)	(1,559,411)	(15)	90 Days	-	430,133	19	-
D-Link International	Alpha	Affiliates	Purchases	1,154,429	100	90 Days	-	-	-	-
Alpha USA	Alpha	Affiliates	Purchases	5,725,298	100	90 Days	-	(1,133,768)	(100)	-
D-Link Asia	Alpha	Affiliates	(Sales)	(8,840,443)	(56)	90 Days	-	2,736,037	100	-
Alpha Changshu	Alpha	Affiliates	(Sales)	(6,844,340)	(92)	90 Days	-	1,040,052	100	-
Mirac	Alpha Changshu	Affiliates	Purchases	509,098	83	90 Days	-	(157,163)	(100)	-
Alpha Changshu	Alpha HK	Affiliates	Purchases	433,894	91	90 Days	-	(969,204)	(100)	-
Alpha Dongguan	D-Link Asia	Affiliates	(Sales)	(8,840,443)	(99)	90 Days	-	2,752,044	100	-
Hiron Suzhou	Hiron Technologies	Affiliates	(Sales)	(4,664,226)	(45)	90 Days	-	468,186	100	-
Hiron Americas	Hiron Technologies	Affiliates	Purchases	6,585,634	51	90 Days	-	(1,884,630)	(100)	-
Hiron Europe	Hiron Technologies	Affiliates	Purchases	576,582	5	90 Days	-	(251,033)	(100)	-
Hiron Vietnam	Hiron Technologies	Affiliates	(Sales)	(3,046,968)	(30)	90 Days	-	1,053,347	100	-
Hiron Vietnam	Hiron Suzhou	Affiliates	Purchases	1,559,411	12	90 Days	-	(430,133)	(100)	-
BMC	AU	Other related party	(Sales)	(3,967,849)	(28)	O/A90	(Note 1)	694,443	29	-
BMC	AUSX	Other related party	(Sales)	(1,084,361)	(8)	O/A90	(Note 1)	141,989	6	-
BMC	AUXM	Other related party	(Sales)	(699,625)	(5)	O/A90	(Note 1)	83,116	3	-
BMC	BenQ Materials Medical Supplies (Suzhou) Co., Ltd	Affiliates	(Sales)	(144,835)	(1)	O/A120	(Note 1)	85,126	4	-

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	Note
BMC	BenQ Materials (Wuhu) Co., Ltd	Affiliates	(Sales)	(110,988)	(1)	OA180	(Note 1)	-	99,660	4	-
SMSZ	BenQ Materials Medical Supplies (Suzhou) Co., Ltd	Affiliates	(Sales)	(101,493)	(42)	OA90	(Note 1)	-	79,218	77	-
BMC	BMS	Affiliates	Purchases	760,711	7	OA90	(Note 2)	-	(73,537)	(2)	-
BMC	SMS	Affiliates	Purchases	261,107	2	OA90	(Note 2)	-	(141,075)	(4)	-
BMC	Visco Vision	Affiliates	Purchases	217,502	2	OA30	(Note 2)	-	(29,740)	(1)	-
BMC	BenQ Materials (Wuhu) Co., Ltd.	Affiliates	Purchases	105,597	1	OA90	(Note 2)	-	(6,347)	-	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd	BMC	Affiliates	Purchases	144,835	100	OA120	(Note 2)	-	(85,126)	(100)	-
BenQ Materials (Wuhu) Co., Ltd.	BMC	Affiliates	Purchases	110,988	100	OA180	(Note 2)	-	(99,660)	(100)	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd	SMSZ	Affiliates	Purchases	101,493	100	OA90	(Note 2)	-	(79,218)	(100)	-
BMS	BMC	Affiliates	(Sales)	(760,711)	(100)	OA90	(Note 1)	-	73,537	100	-
SMS	BMC	Affiliates	(Sales)	(261,107)	(100)	OA90	(Note 1)	-	141,075	100	-
BenQ Materials (Wuhu) Co., Ltd.	BMC	Affiliates	(Sales)	(105,597)	(100)	OA90	(Note 1)	-	6,347	100	-
Simula	Simula Technology (ShenZhen) Co., Ltd.	Affiliates	Purchases	619,038	92	EOM60	-	-	(179,500)	(88)	-
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	(Sales)	(619,038)	100	EOM60	-	-	179,500	90	-
DIC	Data Image (Suzhou) Corporation	Affiliates	Processing cost	(1,255,216)	(43)	Depends on its working capital status	-	-	(154,076)	(22)	-
Data Image (Suzhou) Corporation	DIC	Affiliates	Processing Revenue	1,255,216	43	Depends on its working capital status	-	-	154,076	19	-
Data Image (Suzhou) Corporation	AU	Other related party	Purchases	(206,298)	(8)	EOM45	-	-	(24,525)	(3)	-
DIC	QCSZ	Affiliates	(Sales)	(249,903)	9	EOM45	-	-	114,398	14	-
Topview	The Company	Parent/Subsidiary	Purchases	280,195	28	OA60	-	-	(54,827)	18	-
PTT	PTU	Affiliates	(Sales)	(166,183)	(18)	OA90	(Note 3)	-	25,600	9	-
PTT	PTE	Affiliates	(Sales)	(280,980)	(31)	OA90	(Note 3)	-	64,683	24	-
PTU	PTT	Affiliates	Purchases	166,183	88	OA90	(Note 2)	-	(25,600)	(98)	-
PTE	PTT	Affiliates	Purchases	280,980	45	OA90	(Note 2)	-	(64,683)	(60)	-

(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 purchase prices to related parties are not comparable to the purchase prices for third-party vendors as the specifications of products were different, and it is conducted under the agreed purchase price and conditions.

(Note 3) 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 4) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

QJSDA CORPORATION AND SUBSIDIARIES
Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital
December 31, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 8

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	3,033,274	2.00	1,000,356	-	814,659	-
The Company	DFI	Parent/Subsidiary	100,567	4.97	-	-	54,118	-
The Company	QALA	Parent/Subsidiary	6,269,938	2.99	1,274,229	-	994,486	-
The Company	QCOS	Parent/Subsidiary	503,998	(Note 1)	23,642	-	252,780	-
The Company	QCSZ	Parent/Subsidiary	923,692	(Note 1)	16,618	-	428,267	-
The Company	QJTO	Parent/Subsidiary	794,613	1.90	79,509	-	203,004	-
The Company	AU	Associate	1,353,771	4.10	-	-	789,431	-
The Company	AUSZ	Associate	797,601	2.38	-	-	173,046	-
BenQ	BQA	Affiliates	604,618	3.65	-	-	351,302	-
BenQ	BQE	Affiliates	2,657,827	2.95	719,272	-	70,500	-
BenQ	BQL	Affiliates	323,135	2.15	148,404	-	30,738	-
BenQ	BQP	Affiliates	1,633,661	3.73	575,885	-	786,525	-
BenQ	QCSZ	Affiliates	270,301	(Note 1)	43,540	-	105,996	-
BenQ	QVH	Affiliates	132,686	(Note 1)	24,453	-	55,889	-
BQA	BQCA	Affiliates	184,837	5.53	-	-	-	-
BQE	BQDE	Affiliates	460,982	5.09	269,461	-	460,982	-
BQE	BQFR	Affiliates	406,670	2.15	373,202	-	218,830	-
BQE	BQIT	Affiliates	129,532	3.97	110,210	-	126,694	-
BQE	BQNL	Affiliates	115,101	2.96	62,809	-	114,110	-
BQE	BQJK	Affiliates	145,011	6.93	74,977	-	145,011	-
BQL	BQMX	Affiliates	174,373	1.72	111,638	-	46,778	-
BQL	Maxgen	Affiliates	517,868	0.37	446,008	-	-	-
BQP	BQAU	Affiliates	136,650	5.90	16,071	-	-	-
BQP	BOIN	Affiliates	644,703	1.49	505,192	-	-	-
BQP	BQJP	Affiliates	277,164	5.90	111,427	-	159,511	-
BQP	BOME	Affiliates	290,118	2.92	129,733	-	19,578	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
QCES	The Company	Parent/Subsidiary	1,704,966	(Note 1)	1,532	-	1,532	-
QCOS	The Company	Parent/Subsidiary	3,574,987	3.47	695,881	-	695,881	-
QCPS	QCSZ	Affiliates	150,235	9.81	-	-	-	-
QCSZ	BQC_RO	Affiliates	100,772	14.45	-	-	-	-
QCSZ	The Company	Parent/Subsidiary	17,993,269	3.72	4,911,555	-	4,911,555	-
DFI	DFI AMERICA, LLC.	Affiliates	150,084	4.09	-	-	142,244	-
DFI	AEWIN	Affiliates	104,914	3.92	-	-	104,914	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	384,304	0.75	162,249	-	67,984	-
ACE	Tianjin Ace Pillar Co., Ltd.	Affiliates	146,605	-	-	-	-	-
BMC	AU	Other related party	694,443	3.75	-	-	-	-
BMC	AUSZ	Other related party	141,989	3.30	-	-	-	-
SMS	BMC	Affiliates	141,075	3.70	-	-	7,800	-
DIC	QCSZ	Affiliates	114,398	4.36	-	-	96,205	-
Data Image (Suzhou) Corporation	DIC	Affiliates	154,076	(Note 1)	-	-	-	-
Alpha	Alpha USA	Affiliates	1,133,768	6.66	-	-	130,788	-
Alpha	Alpha HK	Affiliates	173,978	-	5,127	-	146,218	-
D-Link Asia	Alpha	Affiliates	2,736,037	5.65	167,044	-	1,157,358	-
Alpha Changshu	Alpha	Affiliates	1,040,052	5.66	515	-	626,530	-
Alpha Dongguan	D-Link Asia	Affiliates	2,752,044	5.59	550,122	-	1,157,358	-
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	157,163	0.37	-	-	154,135	-
Alpha HK	Alpha Changshu	Affiliates	969,204	0.70	68,825	-	596,110	-
D-Link Asia	Alpha Dongguan	Affiliates	2,320,215	5.58	2,239	-	828,673	-
Hitron Technologies	Hitron Americas	Affiliates	1,884,630	4.32	-	-	1,276,172	-
Hitron Technologies	Hitron Europe	Affiliates	251,033	3.97	-	-	162,168	-
Hitron Suzhou	Hitron Technologies	Affiliates	468,186	7.11	-	-	468,186	-
Hitron Suzhou	Hitron Vietnam	Affiliates	430,133	7.25	-	-	430,133	-
Hitron Vietnam	Hitron Technologies	Affiliates	1,053,347	5.79	-	-	1,053,347	-
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	179,500	2.81	-	-	115,562	-

(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, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 9

Number (Note 1)	Company Name	Related Party	Name of Relationship (Note 2)	Transaction Details During 2020			Percentage of Consolidated Operating Revenue and Total Assets (Note 4)
				Financial Statements Account	Amount	Payment Terms	
0	The Company	BenQ	1	(Sales)	(5,073,679)	OA90	(3%)
0	The Company	QJTO	1	(Sales)	(1,973,381)	OA120	(1%)
0	The Company	QALA	1	(Sales)	(21,292,914)	OA90	(11%)
1	QCSZ	The Company	2	(Sales)	(67,384,007)	OA120	(35%)
2	QCOS	The Company	2	(Sales)	(11,852,965)	OA120	(6%)
3	BenQ	BQE	3	(Sales)	(6,902,513)	OA90	(4%)
3	BenQ	BQP	3	(Sales)	(5,668,782)	OA60	(3%)
3	BenQ	BQA	3	(Sales)	(3,334,196)	OA90	(2%)
4	Alpha	Alpha USA	3	(Sales)	(5,725,298)	90 Days	(3%)
5	D-Link Asia	Alpha	3	(Sales)	(8,840,443)	90 Days	(5%)
6	Hitron Technologies	Hitron Americas	3	(Sales)	(6,585,634)	90 Days	(3%)
7	Hitron Vietnam	Hitron Technologies	3	(Sales)	(3,046,968)	90 Days	(2%)
8	Hitron Suzhou	Hitron Technologies	3	(Sales)	(4,664,226)	90 Days	(2%)
9	Alpha Dongguan	D-Link Asia	3	(Sales)	(8,840,443)	90 Days	(5%)

Number (Note 1)	Company Name	Related Party	Name of Relationship (Note 2)	Transaction Details During 2020			Percentage of Consolidated Operating Revenue and Total Assets (Note 4)
				Financial Statements Account	Amount	Payment Terms	
10	Alpha Changshu	Alpha	3	(Sales)	(6,844,340)	90 Days	(4%)
0	The Company	BenQ	1	Accounts receivable	3,033,274	OA90	2%
0	The Company	QALA	1	Accounts receivable	6,269,938	OA90	4%
1	QCSZ	The Company	2	Accounts receivable	17,993,269	OA120	11%
2	QCOS	The Company	2	Accounts receivable	3,574,987	OA120	2%
3	BenQ	BQE	3	Accounts receivable	2,657,827	OA90	2%
5	D-Link Asia	Alpha	3	Accounts receivable	2,736,037	90 Days	2%
5	D-Link Asia	Alpha Dongguan	3	Accounts receivable	2,320,215	90 Days	1%
7	Hitron Technologies	Hitron Suzhou	3	Accounts receivable	1,884,630	90 Days	1%
9	Alpha Dongguan	D-Link Asia	3	Accounts receivable	2,752,044	90 Days	2%

(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 the amounts that exceed 1% of consolidated operating revenue or total assets. 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.

QJSDA CORPORATION AND SUBSIDIARIES
Information of Investees (Excluding Information on Investments in Mainland China)
For the year ended December 31, 2020
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 10

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum Percentage of ownership during 2020		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	8,085,543	8,085,543	663,599	6.99%	12,701,500	663,599	6.99%	236,005	Associate	
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,005	20.72%	1,904,389	58,005	20.72%	187,238	Associate	
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	507,883	507,883	43,659	13.61%	588,330	43,659	13.61%	53,900	Parent/Subsidiary	
The Company	BenQ	Taiwan	Manufacture and sales of brand-name electronic products	7,160,050	7,160,050	539,662	100.00%	9,321,301	539,662	100.00%	1,393,277	Parent/Subsidiary	
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	43,515	1,000	100.00%	5,888	Parent/Subsidiary	
The Company	QJTO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	52,610	-	100.00%	2,029	Parent/Subsidiary	
The Company	QLPG	Malaysia	Leasing and management services	578,128	578,128	50,000	100.00%	296,858	50,000	100.00%	(6,634)	Parent/Subsidiary	
The Company	QLLB	Malaysia	Investment and holding activity	3,687,539	3,687,539	114,250	100.00%	13,209,029	114,250	100.00%	1,203,284	Parent/Subsidiary	
The Company	APV	Taiwan	Investment and holding activity	570,016	170,016	153,238	100.00%	2,560,268	153,238	100.00%	118,654	Parent/Subsidiary	
The Company	Darly	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	148,326	6,000	100.00%	4,660	Parent/Subsidiary	
The Company	BBHC	Cayman	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	749,927	47,400	19.35%	19,992	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%	1,276,354	43,577	58.04%	(31,681)	Parent/Subsidiary	
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	280,000	259,990	28,000	100.00%	114,532	28,000	100.00%	(32,766)	Parent/Subsidiary	
The Company	QTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	1,011	100	100.00%	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%	56,557	6,000	20.00%	3,979	Associate	
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	3,059,763	51,610	45.08%	103,327	Parent/Subsidiary	
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	8,114,943	2,300,000	295,163	54.49%	7,828,382	295,163	54.49%	384,786	Parent/Subsidiary	
The Company	K2	Taiwan	Sale of medical consumable and equipment	217,763	121,134	6,997	34.99%	222,880	6,997	34.99%	12,632	Parent/Subsidiary	
The Company	DIC	Taiwan	Manufacture and sales of marine display modules	260,000	260,000	20,000	28.82%	306,763	20,000	28.82%	50,550	Parent/Subsidiary	
The Company	EASC	Hong Kong	Sales of brand-name electronic products and smart services	78,338	78,338	1	54.00%	78,905	1	54.00%	1,561	Parent/Subsidiary	
The Company	Sysage	Taiwan	The agent sales and trading of network software and information and communication hardware and software	1,815,000	1,815,000	66,000	35.04%	1,856,785	66,000	35.04%	188,895	Parent/Subsidiary	
The Company	Topview	Taiwan	Manufacture and sales of video surveillance cameras	172,500	172,500	5,750	20.00%	199,172	5,750	20.00%	13,247	Parent/Subsidiary	
The Company	QVH	Vietnam	Manufacture of monitors	1,073,549	667,956	-	100.00%	832,065	-	100.00%	(147,028)	Parent/Subsidiary	
The Company	Simula	Taiwan	Manufacture and sales of electronic material	600,000	-	30,000	37.51%	619,479	30,000	37.51%	18,516	Parent/Subsidiary	
The Company	GSC	Taiwan	Sale of alcohol and medical disinfectant	254,000	-	10,000	50.00%	236,864	10,000	50.00%	23,252	Parent/Subsidiary	
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,141,340	35,082	100.00%	1,512,863	35,082	100.00%	-	Affiliates	
BMC	SMS	Taiwan	Manufacture and sales of medical consumables and equipment	560,000	560,000	40,000	100.00%	451,871	40,000	100.00%	-	Affiliates	
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	177,811	180,523	9,834	17.97%	168,232	9,834	18.58%	-	Associate	
BMC	Ceneform Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	29,127	29,127	1,095	12.12%	13,137	2,190	20.82%	-	Associate	
BMC	Taike Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	10,001	-	525	20.00%	9,622	525	20.00%	-	Associate	
BMC	MLK Bioscience Co., Ltd.	Taiwan	R&D and sale of medical consumable and equipment	6,000	-	217	20.00%	5,885	217	20.00%	-	Associate	
APV	Darly C	Taiwan	Investment management consulting	77,933	77,933	12,011	45.11%	213,189	12,011	45.11%	116,871	Affiliates	
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	221,786	221,786	15,182	4.73%	204,660	15,182	4.73%	395,973	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum Percentage of ownership during 2020		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	84,466	3,549	7.96%	62,051	-	Affiliates
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	395,038	25,000	10.21%	100,322	-	Affiliates
APV	BES	Taiwan	Energy service	50,250	4,100	4,100	41.00%	7,796	4,100	41.00%	(2,098)	-	Affiliates
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	152,820	6,006	8.00%	5,141	-	Affiliates
APV	BDT	Taiwan	Manufacture and sales of medical consumables and equipments	-	10	-	-	-	-	-	(33,629)	-	Affiliates
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	14	1	0.02%	12,004	-	Affiliates
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	147,729	2,294	2.00%	405,046	-	Affiliates
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	284,143	262,110	12,236	2.26%	327,982	12,236	2.26%	556,997	-	Affiliates
APV	Topview	Taiwan	Manufacture and sales of video surveillance cameras	63,525	61,896	1,286	4.46%	62,809	1,286	4.46%	64,242	-	Affiliates
APV	DIC	Taiwan	Manufacture and sales of marine display modules	88,222	35,884	3,607	5.20%	72,689	3,607	5.20%	179,070	-	Affiliates
APV	Simula	Taiwan	Manufacture and sales of electronic material	205,920	-	5,500	6.88%	211,650	5,500	6.88%	79,735	-	Affiliates
APV	GSC	Taiwan	Sale of alcohol and medical disinfectant	150,000	-	10,000	50.00%	137,931	10,000	50.00%	23,252	-	Affiliates
Daryl C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	4,563	2,400	24.00%	(2,098)	-	Affiliates
Daryl C	Green Island Co., Ltd.	Taiwan	Cultural and Art Industry	2,000	2,000	(註一)	33.33%	-	(註一)	33.33%	-	-	Associate
Daryl C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	273,445	12,710	2.35%	342,443	12,710	2.35%	556,997	-	Affiliates
Daryl	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	22,025	7,800	12.50%	2,152	-	Affiliates
Daryl	BBHC	Cayman	Investment and holding activity	471,516	471,516	14,158	5.78%	222,668	14,158	5.78%	100,322	-	Affiliates
BenQ	BOA	USA	Sales of brand-name electronic products in North America markets	114,553	114,553	200	100.00%	709,582	200	100.00%	608,681	-	Affiliates
BenQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	203,839	350	100.00%	(68,385)	350	100.00%	(122,492)	-	Affiliates
BenQ	BOHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	2,832,180	466,200	100.00%	215,593	-	Affiliates
BenQ	BOE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	708,691	5,009	100.00%	138,824	-	Affiliates
BenQ	BQP	Taiwan	Sales of brand-name electronic products in Asia markets	950,000	950,000	20,000	100.00%	289,114	20,000	100.00%	152,292	-	Affiliates
BenQ	Daryl 2	Taiwan	Investment and holding activity	2,361,132	2,061,132	225,000	100.00%	3,116,036	(註一)	100.00%	148,077	-	Affiliates
BenQ	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	66,063	23,400	37.50%	2,152	-	Affiliates
BenQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	233,491	233,491	14,017	5.01%	460,097	14,017	5.01%	903,785	-	Associate
BenQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	946,731	946,731	80,848	25.21%	1,089,849	80,848	25.21%	395,973	-	Affiliates
BenQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	316,030	20,000	8.16%	100,322	-	Affiliates
BenQ	BMTC	Taiwan	Manufacture and sales of medical consumables and protectors in European markets	235,069	235,069	19,353	43.43%	449,340	19,353	43.43%	62,051	-	Affiliates
BenQ	MOE	The Netherlands	Maintenance of brand-name electronic monitors and protectors in European markets	74,659	74,659	82	100.00%	72,615	82	100.00%	2,958	-	Affiliates
BenQ	INF	Taiwan	Assembly and sales of gaming electronic products	117,987	117,971	6,947	100.00%	90,701	6,947	100.00%	4,092	-	Affiliates
BenQ	BOHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	118,282	4,000	100.00%	787,301	4,000	100.00%	381,071	-	Affiliates
BenQ	PT BenQ Teknologi Indonesia Alpha	Indonesia Taiwan	Sales of brand-name electronic products R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	21 342	21	-	0.31%	29 355	-	-	11,310 556,997	-	Affiliates Affiliates
BQP	BenQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	29,362	440,296	100.00%	8,684	-	Affiliates
BQP	BenQ (M.E.) FEZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	25,797	-	100.00%	27,229	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2020			Maximum percentage of ownership during 2020		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
BQP	BenQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	84,865	-	167	-	Affiliates	
BQP	BenQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(16,281)	500	4,261	-	Affiliates	
BQP	BenQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	69,810	2,191	9,115	-	Affiliates	
BQP	BenQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,861	100	1,084	-	Affiliates	
BQP	BenQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(52,735)	12,000	(4,314)	-	Affiliates	
BQP	BenQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	6,757	10	(1,543)	-	Affiliates	
BQP	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	6,901	6	99.69%	9,257	6	11,310	-	Affiliates	
BOA	BenQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	234	1	8,038	-	Affiliates	
BOL	BenQ Mexico S. de R.L. de C.V.	Mexico	Sales of brand-name electronic products	77,591	77,591	3	100.00%	1,374	3	(4,081)	-	Affiliates	
BOL	Joytech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,992)	1	(58,320)	-	Affiliates	
BOL	Vividtech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,992)	1	(58,320)	-	Affiliates	
Joytech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(139,992)	-	(116,991)	-	Affiliates	
Vividtech LLC	Maxgen Comércio Industrial imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(139,992)	-	(116,991)	-	Affiliates	
BOmx	BenQ Service de Mexico S. de R.L. de C.V.	Mexico	Providing administration and management services to affiliates	87	87	3	100.00%	2,383	3	(48)	-	Affiliates	
GSH	GST	Taiwan	R&D and sales of computer information system	64,898	64,898	5,756	99.94%	71,555	5,756	12,004	-	Affiliates	
Dary 2	Dary C	Taiwan	Investment management consulting	89,179	89,179	14,614	54.89%	259,398	14,614	116,871	-	Affiliates	
Dary 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	1,027,618	65,024	100,322	-	Affiliates	
Dary 2	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	31,200	50.00%	88,084	31,200	2,152	-	Affiliates	
Dary 2	BMTC	Taiwan	Manufacture and sales of medical consumables and Energy serv ce	27,337	27,337	1,590	3.57%	37,843	1,590	62,051	-	Affiliates	
Dary 2	BES	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	22,250	22,250	1,800	18.00%	3,422	1,800	(2,098)	-	Affiliates	
Dary 2	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	49,426	49,426	1,648	2.19%	41,933	1,648	5,141	-	Affiliates	
Dary 2	INF	Taiwan	Assembly and sales of gaming electronic products	-	10	-	-	-	1	4,092	-	Affiliates	
Dary 2	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	596,382	596,382	9,175	8.01%	591,235	9,175	405,046	-	Affiliates	
Dary 2	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	79,990	15,885	4,185	0.77%	111,982	4,185	556,997	-	Affiliates	
Dary 2	K2	Taiwan	Sale of medical consumable and equipment	44,997	44,997	1,003	5.01%	49,499	1,003	44,252	-	Affiliates	
Dary 2	DIC	Taiwan	Manufacture and sales of marine display modules	48,093	48,000	3,005	4.33%	57,312	3,005	179,070	-	Affiliates	
Dary 2	Topview	Taiwan	Manufacture and sales of video surveillance cameras	123,252	123,120	2,615	9.10%	126,252	2,615	64,242	-	Affiliates	
Dary 2	Simula	Taiwan	Manufacture and sales of electronic material	205,920	-	5,500	6.88%	211,650	5,500	79,735	-	Affiliates	
BOE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	55,793	-	12,534	-	Affiliates	
BOE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	197,327	-	(4,301)	-	Affiliates	
BOE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	(34,991)	-	5,180	-	Affiliates	
BOE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	58,272	-	2,048	-	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum Percentage of ownership during 2020		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
BOE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	90,082	-	100.00%	35,394	-	Affiliates
BOE	BenQ Italy S.R.L.	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	33,138	50	100.00%	4,270	-	Affiliates
BOE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(125,457)	-	100.00%	6,857	-	Affiliates
BOE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	82,007	-	100.00%	6,725	-	Affiliates
BOE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	13,248	-	100.00%	1,901	-	Affiliates
BMTC	Asiacomnet	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	25,052	1,995	99.75%	100	-	Affiliates
BMTC	Highbrow	Samoa	Investment and holding activity	36,211	36,211	1,062	100.00%	9,333	1,062	100.00%	1,610	-	Affiliates
BMTC	LILY	Taiwan	Manufacture and sales of medical consumables and	185,000	185,000	10,000	100.00%	235,870	10,000	100.00%	11,274	-	Affiliates
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and	88,000	88,000	8,800	88.00%	55,587	8,800	88.00%	(4,523)	-	Affiliates
BMTC	BHS	Taiwan	Manufacture and sales of medical consumables and	100,000	100,000	10,000	100.00%	132,212	10,000	100.00%	28,433	-	Affiliates
BMTC	EASTECH	Taiwan	Manufacture and sales of medical consumables and	20,300	20,300	700	70.00%	23,493	700	70.00%	4,303	-	Affiliates
BHS	NBHIT	Taiwan	Manufacture and sales of medical consumables and	59,280	59,280	1,092	52.00%	80,995	1,092	52.00%	47,223	-	Affiliates
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	20,071	2,500	100.00%	4,678	-	Affiliates
PTT	P&J Investment Holding Co., Ltd. (B.V.L)	British Virgin Islands	Investment and holding activity	230,307	230,307	5,551	100.00%	154,255	5,551	100.00%	(14,529)	-	Affiliates
PTT	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	43,834	43,834	866	88.60%	34,120	866	88.60%	(303)	-	Affiliates
PTT	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	109,828	109,828	0,329	77.00%	148,323	0,329	77.00%	(204)	-	Affiliates
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(註一)	50.02%	117,438	(註一)	50.02%	59,030	-	Affiliates
PTT	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	137,387	0,099	99.00%	15,394	0,099	99.00%	(13,485)	-	Affiliates
PTT	Epoint Systems Pte. Ltd.	Singapore	R&D and sales of software	27,449	27,449	100	50.10%	26,924	100	50.10%	2,625	-	Affiliates
PTT	PTTN	Taiwan	R&D and sales of software	20,500	20,500	2,050	50.62%	27,016	2,050	50.62%	2,038	-	Affiliates
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	58.18%	(138)	13	58.18%	(846)	-	Affiliates
PTT	PTMG	Taiwan	Software development and sales of product	11,000	11,000	1,100	52.38%	12,699	1,100	52.38%	3,243	-	Affiliates
PTE	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	4,372	114	11.40%	(303)	-	Affiliates
PTE	Sloga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(註一)	90.00%	18,093	(註一)	90.00%	(2,086)	-	Affiliates
PTE	Retail Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(註一)	68.00%	4,482	(註一)	68.00%	5,100	-	Affiliates
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	0.3	100.00%	(53,744)	0.3	100.00%	(979)	-	Affiliates
WEBEST	Youspos	Taiwan	R&D and sales of software	-	6,500	-	-	-	500	27.03%	2,116	-	Associate
WEBEST	PTTN	Taiwan	R&D and sales of software	10	10	1	0.02%	11	1	0.02%	2,038	-	Affiliates
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	0.001	0.005%	-	0.001	0.005%	(846)	-	Affiliates
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	1,560	0.001	1.00%	123	0.001	1.00%	(13,485)	-	Affiliates
P&J	P&S Investment Holding Co., Ltd. (B.V.L)	British Virgin Islands	Investment and holding activity	134,973	134,973	4,560	100.00%	136,106	4,560	100.00%	(14,577)	-	Affiliates
P&J	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	12,157	12,157	0,096	23.00%	7,388	0,096	23.00%	(204)	-	Affiliates
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	57,327	1,091	100.00%	(10,944)	-	Affiliates
DFI	DFI AMERICA, LLC.	USA	Sales of industrial motherboards	254,683	254,683	1,209	100.00%	345,279	1,209	100.00%	2,885	-	Affiliates
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	169,626	6,000	100.00%	3,687	-	Affiliates
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	318,411	6	100.00%	22,946	-	Affiliates
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	59,420	12	100.00%	8,045	-	Affiliates

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DFI	AEWIN	Taiwan	Manufacture and sale of industrial motherboards and component	556,464	555,000	30,061	50.84%	590,370	30,061	50.84%	53,148	-	Affiliates
DFI	ACE	Taiwan	Sales of automation mechanical transmission system and component	793,722	630,623	37,676	33.56%	713,878	37,676	33.56%	87,180	-	Affiliates
AEWIN	Wise Way	Anguilla	Investment and holding activity	46,129	46,129	1,500	100.00%	78,941	1,500	100.00%	92,389	-	Affiliates
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer peripheral products and software	77,791	54,990	2,560	100.00%	1,721	2,560	100.00%	(14,532)	-	Affiliates
Wise Way	Bright Profit	Hong Kong	Investment and holding activity	46,129	46,129	1,500	100.00%	113,920	1,500	100.00%	92,389	-	Affiliates
ACE	Cyber South	Samoa	Investment and holding activity	107,041	107,041	4,669	100.00%	569,330	4,669	100.00%	41,284	-	Affiliates
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	41,199	1,200	100.00%	1,599	-	Affiliates
Cyber South	Proton Inc.	Samoa	Investment and holding activity	527,665	442,955	17,744	100.00%	455,706	17,744	100.00%	28,449	-	Affiliates
Cyber South	Ace Tek (HK) Holding Co., Ltd.	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	(4,252)	150	100.00%	(1,810)	-	Affiliates
K2	K2 Medical (Thailand) Co., LTD	Thailand	Sales of medical consumables	9,828	2,884	-	49.00%	19,044	-	49.00%	1,361	-	Affiliates
K2	PT Frismed Hoslab Indonesia	Indonesia	Sales of medical consumables	257,728	-	12	67.00%	285,711	12	67.00%	34,264	-	Affiliates
DIC	Data Image (Mauritius) Corporation	Mauritius	Investment and holding activity	518,381	518,381	20,215	100.00%	275,444	20,215	100.00%	48,658	-	Affiliates
DIC	DMC Components International, LLC	Orlando, USA	Agency sales	24,304	24,304	300	30.00%	10,397	300	30.00%	(3,786)	-	Associate
EASC	Expert Alliance Smart Technology Co., Ltd.	Macao	Sales of brand-name electronic products and smart services	381	381	-	100.00%	2,267	-	100.00%	(53)	-	Affiliates
Sysage	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	119,142	80,080	10,475	79.36%	183,471	10,475	79.36%	26,822	-	Affiliates
Sysage	Unisage Digital Co., Ltd.	Taiwan	Manufacture of medical equipment	1,687	1,687	225	38.01%	728	225	38.01%	(4,452)	-	Associate
Sysage	Dawning Technology Inc.	Taiwan	Sales of network and information hardware and software	106,018	106,018	7,280	30.33%	123,922	7,280	30.33%	30,829	-	Affiliates
Sysage	Epic Cloud Information Integration Corporation	Taiwan	Software and data processing services	9,400	7,000	940	94.00%	6,153	940	94.00%	(2,437)	-	Affiliates
Sysage	NEO TREND	Taiwan	Telecommunications engineering	50,000	-	5,000	100.00%	35,963	5,000	100.00%	(14,037)	-	Affiliates
Sysage	Grandsys Inc.	Taiwan	Data software processing service	94,547	-	5,643	23.58%	99,417	5,643	23.58%	28,717	-	Associate
Sysage	AdvancedTek International Corp	Taiwan	Applications implement services	30,091	-	1,153	34.09%	32,120	1,153	34.09%	12,679	-	Associate
Gimnet	Dawning Technology Inc.	Taiwan	Sales of network and information hardware and software	44,344	44,344	3,384	14.10%	57,641	3,384	14.10%	30,829	-	Affiliates
NEO TREND	Gimnet	Taiwan	Sales of network and information and communication hardware and software.	172	-	10	0.08%	172	10	0.08%	26,822	-	Affiliates
NEO TREND	Epic Cloud Information Integration Corporation	Taiwan	Software and data processing services	100	-	10	1.00%	100	10	1.00%	(2,437)	-	Affiliates
Topview	Messoa Technologies Inc. (USA)	Taiwan	Sales, and import and export of video surveillance cameras and maintenance services	23,879	23,879	1,945	40.78%	1,832	1,945	40.78%	(940)	-	Affiliates
Messoa	Messoa Technologies Inc. (USA)	USA	Sales, and import and export of video surveillance cameras and maintenance services	32,859	32,859	-	100.00%	18,219	-	100.00%	-	-	Affiliates
Simula	Simula Technology Corp.	USA	Sales in North America	15,699	-	500	100.00%	23,878	500	100.00%	5,621	-	Affiliates
Simula	Simula Company Limited	Hong Kong	Investment and holding activity	187,625	-	50,500	52.31%	157,656	50,500	52.31%	13,347	-	Affiliates
Simula	Aspire Asia Inc.	British Virgin Islands	Investment and holding activity	286,764	-	9,403	100.00%	158,024	9,403	100.00%	6,393	-	Affiliates
Simula	Maurich Inc.	Taiwan	Sales of electronic products	15,029	-	645	30.00%	1,887	645	30.00%	(9,722)	-	Associate
Aspire Asia Inc.	Aspire Electronics Corp.	Samoa	Investment and holding activity	95,099	-	2,188	95.10%	17,017	2,188	95.10%	(3,782)	-	Affiliates

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Aspire Asia Inc.	Simula Company Limited	Hong Kong	Investment and holding activity	181,726	-	46,033	47.69%	143,711	46,033	47.69%	13,347	-	Affiliates
GSC	Biginin Bio-Tech Company Ltd.	Taiwan	Sale of alcohol and medical disinfectant	20,450	-	1,500	100.00%	27,066	1,500	100.00%	8,564	-	Affiliates
GSC	E-Strong Medical Technology Co., Ltd.	Taiwan	Manufacture of alcohol and dialysate	281,872	-	22,200	66.57%	195,470	22,200	66.57%	2,104	-	Affiliates
Alpha	Alpha Holdings	Cayman	Investment and holding activity	203,372	-	6,464	100.00%	(23,791)	6,464	100.00%	(12,344)	-	Affiliates
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	-	1	100.00%	21,907	1	100.00%	1,491	-	Affiliates
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	-	1,500	100.00%	137,919	1,500	100.00%	8,539	-	Affiliates
Alpha	Alpha HK	Hong Kong	Investment and holding activity	3,143,628	-	780,911	100.00%	2,176,698	780,911	100.00%	(44,310)	-	Affiliates
Alpha	ATS	USA	Post-sale service	260,497	-	8,100	100.00%	169,827	8,100	100.00%	1,954	-	Affiliates
Alpha	Enrich Investment	Taiwan	Investment and holding activity	240,000	-	24,000	100.00%	150,863	24,000	100.00%	(3,808)	-	Affiliates
Alpha	Hitron Technologies	Taiwan	Marketing on system integration and production and sales of telecommunication products	4,811,000	-	200,000	62.24%	4,102,254	200,000	62.24%	280,010	-	Affiliates
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	1,692,805	-	86,946	100.00%	1,754,563	86,946	100.00%	51,171	-	Affiliates
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	-	2,575	6.83%	114,887	2,575	6.83%	234,242	-	Affiliates
Enrich Investment	Transnet Corporation	Taiwan	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	50,000	-	5,000	100.00%	35,522	5,000	100.00%	(10,617)	-	Affiliates
Hitron Technologies	Hitron Samea	Samea	International trade	669,031	-	22,300	100.00%	752,845	22,300	100.00%	(36,491)	-	Affiliates
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	167,026	-	16,703	44.28%	510,567	16,703	45.21%	234,242	-	Affiliates
Hitron Technologies	Hitron Europe	The Netherlands	International trade	59,604	-	-	100.00%	(8,686)	-	100.00%	70,410	-	Affiliates
Hitron Technologies	Hitron Americas	USA	International trade	90,082	-	300	100.00%	123,859	300	100.00%	62,380	-	Affiliates
Hitron Technologies	Limauto Technologies	Taiwan	Investment	50,000	-	50,000	100.00%	(7,917)	50,000	100.00%	(32,139)	-	Affiliates
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunications products	550,355	-	-	100.00%	434,914	-	100.00%	(17,147)	-	Affiliates

(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, 2020

(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)

Table 11

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and	2,097,900 (USD 74,000)	(Note 1)	2,012,850 (USD 71,000)	-	-	2,012,850 (USD 71,000)	1,031,051	100.00%	-	100.00%	1,031,051 (Note 3)	9,660,191	-
BenQ Medical (Shanghai) Co., Ltd. ("BMSH")	Sale of medical consumable and equipment	38,556 (USD 1,360)	(Note 10)	-	-	-	(1,104)	(1,104)	100.00%	-	100.00%	(1,104) (Note 4)	36,149	-
Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	334,530 (USD 11,800)	(Note 1)	334,530 (USD 11,800)	-	-	334,530 (USD 11,800)	144,986	100.00%	-	100.00%	144,986 (Note 5)	1,408,414	-
Qisda Optonics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	353,241 (USD 12,460)	(Note 1)	353,241 (USD 12,460)	-	-	353,241 (USD 12,460)	398,569	100.00%	-	100.00%	398,569 (Note 5)	3,749,631	433,125 (USD 14,603)
Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	1,885,275 (USD 66,500)	(Note 1)	1,360,800 (USD 48,000)	-	-	1,360,800 (USD 48,000)	(12,391)	100.00%	-	100.00%	(12,391) (Note 4)	(1,371,988)	-
Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPIS")	Manufacture of plastic parts	141,750 (USD 5,000)	(Note 1)	134,663 (USD 4,750)	-	-	134,663 (USD 4,750)	36,210	100.00%	-	100.00%	36,210 (Note 4)	391,648	-
BenQ Co., Ltd. ("BQC")	Lease of real estate	2,268,000 (USD 80,000)	(Note 1)	2,268,000 (USD 80,000)	-	-	2,268,000 (USD 80,000)	215,792	100.00%	-	100.00%	215,792 (Note 3)	2,838,891	-
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BOC_RO")	Sales and maintenance of electronic products in China market	85,050 (USD 3,000)	(Note 1)	85,050 (USD 3,000)	-	-	85,050 (USD 3,000)	333,951	100.00%	-	100.00%	333,951 (Note 3)	722,439	-
BenQ Technology (Shanghai) Co., Ltd. ("BQIS")	Sales of brand-name electronic products	28,350 (USD 1,000)	(Note 1)	5,670 (USD 200)	-	-	5,670 (USD 200)	16,778	100.00%	-	100.00%	16,778 (Note 4)	41,564	-
ShengCheng Trading(Shanghai) Co., Ltd. ("BQsha_EC2")	Sales of brand-name electronic products	2,835 (USD 100)	(Note 11)	-	-	-	-	23,330	100.00%	-	100.00%	23,330 (Note 4)	18,990	-
Nanjing BenQ Hospital Co., Ltd. ("NBMH")	Hospital	4,593,125 (USD 162,015)	(Note 1)	4,462,177 (USD 157,396)	283,500 (USD 10,000)	-	4,745,677 (USD 167,396)	246,217	70.05%	-	70.05%	172,475 (Note 3)	1,740,404	-
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Hospital	2,601,495 (CNY 601,975)	(Note 1)	2,523,037 (USD 88,996)	-	-	2,523,037 (USD 88,996)	(40,815)	70.05%	-	70.05%	(28,591) (Note 3)	601,072	-
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. ("NBMHC")	Medical management consulting	28,350 (USD 1,000)	(Note 1)	28,350 (USD 1,000)	-	-	28,350 (USD 1,000)	(426)	70.05%	-	70.05%	(298) (Note 4)	16,808	-
Suzhou BenQ Investment Co., Ltd. ("BIC")	Investment and holding activity	850,500 (USD 30,000)	(Note 9)	-	-	-	-	153	70.05%	-	70.05%	107 (Note 4)	584,821	-

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Nanjing Silvertown Health & Development Co., Ltd. ("NSHD")	Medical services	432,160 (CNY 100,000)	(Note 12)	-	-	-	(Note 12)	40,300	21.02%	-	21.02%	(8,471) (Note 4)	269,592 (Note 15)	-
Guru Systems (Suzhou) Co., Ltd. ("GSS")	R&D and sales of computer information systems	374,220 (USD 13,200)	(Note 1)	274,995 (USD 9,700)	-	-	274,995 (USD 9,700)	(9,818)	100.00%	-	100.00%	(9,818) (Note 4)	78,919	-
BenQ Biotech (Shanghai) Co., Ltd. ("BHC")	Manufacture and sales of medical consumables and equipment	864,320 (CNY 200,000)	(Note 2)	734,672 (CNY 170,000)	-	-	734,672 (CNY 170,000)	(67,668)	70.00%	-	70.00%	(46,107) (Note 4)	682,207	-
Guangxi Youshan Medical Technology Co., Ltd ("Youshan")	Medical services	25,930 (CNY 6,000)	(Note 14)	-	-	-	(Note 14)	806	38.50%	-	38.50%	310 (Note 4)	10,286	-
Wangcheng Medical Technology (Chengdu) Co., Ltd ("Wangcheng")	Medical services	8,643 (CNY 2,000)	(Note 14)	-	-	-	(Note 14)	40	49.00%	-	49.00%	20 (Note 4)	4,235	-
Guigang Donghui Medical Investment Co., Ltd.	Medical services	1,825,997 (CNY 422,528)	(Note 13)	-	-	-	(Note 13)	(19,704)	12.85%	-	12.85%	(2,532) (Note 4)	300,973 (Note 15)	-

(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) 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 4) Investment income or loss was recognized based on the unaudited financial statements of the company.

(Note 5) Investment income or loss was recognized based on the audited financial statements issued by the auditors of the company.

(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 amount of QCES reinvestments US\$18,500 thousand were excluded.

(Note 9) The investment was from the operating capital of BBM.

(Note 10) The reinvestments were from the distribution of dividends of QLLB.

(Note 11) The reinvestments were from the distribution of dividends of BQHK.

(Note 12) NSHD is established by NMH's asset division.

(Note 13) The investment was from the operating capital of NMH.

(Note 14) The investment was from the operating capital of BBC.

(Note 15) Accounting for investments using equity method.

(Note 16) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NTS28.35 and CNY\$1 = NTS4.3216.

(Note 17) The above amounts have been eliminated when preparing the consolidated financial statement, except for NSHD and Guigang Donghui Medical Investment Co., Ltd., which was classified as investments accounted for using equity method.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
14,861,535 (USD 498,302 and CNY 170,000)	16,236,243 (USD 572,707)	(Note 18)

(Note 18) 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics	822,150 (USD29,000)	(Note 1)	822,150 (USD29,000)	-	-	822,150 (USD29,000)	19,843	100.00%	-	19,843 (Note 2)	1,889,124 (Note 6)	-	
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Sales of optoelectronics and medical consumables	47,538 (CNY11,000)	(Note 3)	-	-	-	(USD 29,000)	(7,726)	100.00%	-	(7,726) (Note 2)	(8,256) (Note 6)	-	
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics and cosmetics	345,728 (CNY80,000)	(Note 1)	172,864 (CNY 40,000)	-	-	172,864 (CNY 40,000)	16,536	100.00%	-	10,226 (Note 2)	(408,622) (Note 6)	-	
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM")	Manufacture and sales of medical consumables and equipment	64,824 (CNY 15,000)	(Note 3)	-	-	-	-	(6,830)	100.00%	-	(6,830) (Note 2)	56,645 (Note 6)	-	
Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	45,133 (USD1,592)	(Note 4)	45,133 (USD1,592)	-	-	45,133 (USD1,592)	(11,844)	100.00%	-	(11,844) (Note 2)	30,147 (Note 6)	-	

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	995,014 (USD29,000 and CNY40,000)	1,107,160 (USD29,000 and CNY65,950)	(Note 8)
SMS	45,133 (USD1,592)	45,133 (USD1,592)	206,293

- (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\$28.35 and CNY\$1 = NT\$4.3216.
 (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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	28,350 (USD 1,000)	(Note 1)	28,350 (USD 1,000)	-	-	28,350 (USD 1,000)	1,637	100.00%	(Note 4)	100.00%	1,637	10,828 (Note 3)	-
LILY Medical (Suzhou) Co., Ltd. (ALS)	Sales of medical consumables and equipment	5,954 (USD 210)	(Note 2)	5,954 (USD 210)	-	-	5,954 (USD 210)	(438)	100.00%	(Note 4)	100.00%	(438)	2,784 (Note 3)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	86,432 (CNY 20,000)	(Note 2)	34,573 (CNY 8,000)	-	-	34,573 (CNY 8,000)	10,378	40.00%	(Note 4)	40.00%	4,151	29,955	-

(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 are 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\$28.35 and CNY\$1 = NT\$4.3216.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	62,923 (USD 1,000 and CNY 8,000)	80,145 (USD 2,827)	632,405
LILY	5,954 (USD 210)	5,954 (USD 210)	106,277

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 January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Partner Tech (Shanghai) Co., Ltd. (PTCM)	Sales, import and export of electronic products	99,225 (USD 3,500)	(Note 1)	99,225 (USD 3,500)	-	-	99,225 (USD 3,500)	(3,633)	100.00%	-	100.00%	(3,633) (Note 2)	78,755	-

- (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) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35.
 (Note 4) The above amounts have been eliminated when preparing the consolidated financial statements.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	99,225 (USD 3,500)	195,785 (USD 6,906)	546,346

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	MAXIMUM percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 7)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Yan Tong Infotech (Dongguan) Co., Ltd. ("DYTI")	Manufacture and sales of industrial motherboards and component	70,875 (USD2,500)	(Note 1)	-	-	-	-	(3,431)	100.00%	-	100.00%	(3,431) (Note 2)	52,812	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	Wholesale, import and export of industrial motherboards and component	14,175 (USD500)	(Note 1)	-	-	-	-	13,764	100.00%	-	100.00%	13,764 (Note 2)	35,221	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
DFI	- (Note 3)	59,110 (USD 2,085) (Note 5 and 6)	3,020,183 (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 by the auditors of DFI.

(Note 3) 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 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

(Note 5) 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 6) 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.

(Note 7) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 8) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during		Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 2)	Accumulated Inward Remittances of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	462,105 (USD16,300)	(Note 1)	443,791 (USD15,654)	-	-	443,791 (USD15,654)	48,849	100.00%	-	100.00%	48,849	273,512	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	676,641 (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.
 (Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

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.

G. K2 International Medica 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, 2020	Investment Flows		Outflow of Investment from Taiwan as of December 31,	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2020 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
K2 (Shanghai) International Medical Inc.	Sales of medical consumables	35,438 (USD 1,250)	(Note 1)	22,680 (USD 800)	-	-	22,680 (USD 800)	15,268	60.10%	-	60.10%	9,176	36,546	-

2. Limits on investments in Mainland China:

Accumulated investment in Mainland China as of	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
December 31, 2020	22,680 (USD 800)	343,911 (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 unaudited financial statements of the company.
 (Note 4) Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.
 (Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NTS28.35

3. Significant transactions with investee companies in Mainland China:

The transactions between K2 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.

H. Aewin Technologies Co., Ltd.

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Ownership Percentage of			
Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	42,525 (USD1,500)	(Note 1)	46,129	-	-	46,129	92,389	100.00%	-	100.00%	92,389 (Note 3)	113,915	-
Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	10,804 (CNY2,500)	(Note 2)	-	-	-	-	(4,839)	100.00%	-	100.00%	(4,839) (Note 3)	1,320	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
AEWIN	46,129	56,700 (USD 2,000)	688,887 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2) Invested in Mainland China through Aewin Beijing Technologies Co., Ltd.

(Note 3) Investment income or loss was recognized based on the audited financial statements by the auditors of AEWIN.

(Note 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

(Note 5) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

3. Significant transactions with investee companies in Mainland China:

The transactions between AEWIN 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.

I. Ace Pillar Co., Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital as of December 31, 2020	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	969,003 (USD 34,180)	(Note 1 and 2)	55,283	-	-	55,283	30,193	100.00%	-	100.00%	30,193 (Note 3)	520,786	125,533
Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	7,217 (CNY 1,670)	(Note 1)	4,536	-	-	4,536	910	100.00%	-	100.00%	910 (Note 3)	38,197	-
Advancedtek Ace (TJ) Inc.	Electronic system integration	8,505 (USD 300)	(Note 1)	4,253	-	-	4,253	(1,602)	100.00%	-	100.00%	(1,602) (Note 3)	(4,227)	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	41,108 (USD 1,450)	(Note 1)	-	-	-	-	10,915	100.00%	-	100.00%	10,915 (Note 3)	87,558	-
Xuechang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	8,505 (USD 300)	(Note 1)	-	-	-	-	(1,337)	100.00%	-	100.00%	(1,337) (Note 3)	2,853	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
ACE	145,124 (USD 5,119)	145,124 (USD 5,119)	1,182,249 (Note 4)

- (Note 1) Indirect investment in Mainland China is through a holding company established in a third country.
 (Note 2) 21.04% ownership of Tianjin Ace Pillar Co., Ltd. is directly invested by ACE, and 78.96% ownership of Tianjin Ace Pillar Co., Ltd. is indirectly invested by Proton Inc. established in a third country.
 (Note 3) Investment income or loss was recognized based on the audited financial statements by the auditors of ACE.
 (Note 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.
 (Note 5) The above amounts have been eliminated when preparing the consolidated financial statements.
 (Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35 and CNY\$1 = NT\$4.3216.

3. Significant transactions with investee companies in Mainland China:

The transactions between ACE 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.

J. Simula Technology 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Simula Technology (ShenZhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	191,437	(Note 1)	141,375	-	-	141,375	37,691	100.00%	-	100.00%	37,691 (Note 2)	159,914	-
Opti Cloud Technologies, Inc.	Development of High-speed optical transmission cable and module product technology	137,336	(Note 1)	95,099	-	-	95,099	(7,028)	51.18%	-	51.18%	(3,597) (Note 2)	17,012	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Simula	309,668	309,668	911,799

(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 by the auditors of Simula.
(Note 3) The above amounts have been eliminated when preparing the consolidated financial statements.

3. Significant transactions with investee companies in Mainland China:

The transactions between Simula 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.

K.Alpha Networks 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 January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2020		Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020 (Note 8)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Ownership			
Alpha Networks (Chengdu) Co., Ltd.	Research and development of network products	420,426	(Note 1)	420,426	-	-	420,426	22,333	100.00%	-	100.00%	22,333	558,979	-
Alpha Networks (Dongguan) Co., Ltd.	Production and sale of network products	787,496	(Note 1)	741,084	-	-	741,084 (Note 6)	41,052	100.00%	-	100.00%	41,052	1,043,807	-
Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	307,326	(Note 1)	307,326	-	-	307,326	11,086	100.00%	-	100.00%	11,086	296,451	-
Alpha Networks (Changshu) Co., Ltd.	Production and sale of network products	1,925,920	(Note 1)	1,925,920	-	-	1,925,920	42,575	100.00%	-	100.00%	42,575	1,229,439	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	3,261,784 (Note 3、4 and 7)	4,123,685	(Note 5)

(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 by the auditors of Alpha.

(Note 3) Accumulated investments in Alpha Dongguan did not include the previously invested by D-Link Corporation HKD63,387 thousand (equivalent to approximately \$303,055 thousand).

(Note 4) Alpha indirectly investment the subsidiary Tongying Trading (Shenzhen) Co., Ltd., has liquidated all rights and obligations in March 2008 and cancelled the registration. Accumulated investments \$9,828 thousand in Tongying Trading (Shenzhen) Co., Ltd., less the remittance amount of \$4,367 thousand equals \$5,461 thousand. It is still necessary to calculate the amount by the principle of Investment Commission, MOEA.

(Note 5) As the Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA on March 2008, the upper limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not applicable.

(Note 6) The investment of \$46,412 thousand is from the operating capital of D-Link Asia, so the accumulated investment amount from Taiwan is excluded at the end of the period.

(Note 7) The investment of \$164,622 thousand is from the operating capital of Alpha HK, so the accumulated investment amount from Taiwan is excluded at the end of the period. The dissolution and liquidation is approved by Maintrend shareholders' meeting on January 12, 2016. The dissolution and liquidation procedures were completed on July 23, 2018.

(Note 8) The above amounts have been eliminated when preparing the consolidated financial statements.

3. Significant transactions with investee companies in Mainland China:

The transactions between Alpha 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.

L. Hitron Technologies 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Hitron Suzhou	Production and sale of broadband telecommunications products	641,763	(Note 1)	641,763	-	-	641,763	(35,546)	100.00%	(35,546)	716,188	-
Jietech Suzhou	Sale of broadband network products and related services	57,473	(Note 1)	57,473	-	-	57,473	(945)	100.00%	(945)	30,630	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	5,814 (USD200)	(Note 1)	12,048	-	-	12,048	2,255	44.28% (Note 3 and 4)	1,018	5,892	21,314

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Hitron Technologies	711,284	711,284	2,967,089

(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 by the auditors of Hitron Technologies.

(Note 3) Hwa Chi is a China based investment company which invested Hitron (Samoa) through Alpha, however, it has switched to invest through Interactive Digital due to the Group's restructuring decision resolved in year 2012.

(Note 4) This refers to the direct or indirect shares holding by Hitron technologies.

(Note 5) The above amounts have been eliminated when preparing the consolidated financial statements.

3. Significant transactions with investee companies in Mainland China:

The transactions between Hitron Technologies 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.

M.Topview Optronics 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note 2)
Topview	5,160 (USD 182)	5,160 (USD 182)	630,500

(Note 1) The amount USD \$182 thousands is the authorized amount for the liquidated investee in the previous year, which the cancellation has not been applied

(Note 2) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:

The transactions between Topview 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.

QISDA CORPORATION

**Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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

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.

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, 2020 and 2019, 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, 2020 and 2019, 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 audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, 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, 2020 are stated as follows:

1. Revenue recognition

Please refer to notes 4(p) and 6(u) 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 accuracy 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 the completeness of the revenue and related sales returns and allowances.

2. Valuation of inventories

Please refer to notes 4(g), 5 and 6(f) 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. Acquisition of subsidiaries

Please refer to notes 4(t) and 6(g) for the accounting policy on business combination, and the related disclosures on acquisition of subsidiaries, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company acquired 19.02% ownership of Alpha Networks Inc. through public tender offer in July 2020, resulting in the Company and its subsidiaries' ownership interest in Alpha Networks Inc. to increase to 42.86%; therefore, it is assessed that the Company obtained control over it. To adopt the accounting treatment of business combination, the management needs to determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, the assessment of acquisition of subsidiaries 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 purchase price allocation report with valuation on intangible assets, conducted by an external expert engaged by the management; and auditing the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also confirmed that correct accounting treatment has been applied and appropriate disclosures with respect to the acquisition has been made.

4. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to notes 4(n), 5 and 6(g) 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 the 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 the 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 the 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 the equity method amounted to NT\$5,666,505 thousand and NT\$4,756,920 thousand, respectively, constituting 6.27% and 5.64%, respectively, of the total assets as of December 31, 2020 and 2019, and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT\$260,766 thousand and NT\$366,655 thousand, respectively, constituting 4.97% and 9.54%, respectively, of the total income before income tax for the years ended December 31, 2020 and 2019.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2020 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 Huei-Chen Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 23, 2021

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' audit 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' audit 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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 865,308	1	1,052,856	1	2100 Short-term borrowings (note 6(l))	\$ 6,227,600	7	7,190,000	9
1110 Financial assets at fair value through profit or loss—current (note 6(b))	56,157	-	37,441	-	2120 Financial liabilities at fair value through profit or loss—current (note 6(b))	8,744	-	-	-
1170 Notes and accounts receivable, net (notes 6(d) and (u))	9,073,131	10	10,926,651	13	2130 Contract liabilities—current (note 6(u))	305,119	2	252,903	-
1181 Notes and accounts receivable from related parties (notes 6(d) and (u) and 7)	14,017,651	16	14,778,027	18	2170 Notes and accounts payable	1,311,156	2	1,314,927	2
1200 Other receivables (notes 6(c))	1	-	819	-	2180 Accounts payable to related parties (note 7)	23,527,390	26	25,741,413	31
1210 Other receivables from related parties (notes 6(c) and 7)	2,531	-	1,448	-	2200 Other payables (note 6(v))	1,976,962	2	1,780,866	2
130X Inventories (note 6(f))	4,433,192	5	5,145,732	6	2220 Other payables to related parties (note 7)	5,865	-	9,931	-
1470 Other current assets	109,930	-	136,605	-	2322 Current portion of long-term debt (notes 6(m) and 8)	425,226	-	100,000	-
Total current assets	28,557,901	32	32,079,579	38	2280 Lease liabilities—current (notes 6(n))	113,606	-	111,584	-
Non-current assets:					2282 Lease liabilities to related parties—current (notes 6(n) and 7)	4,448	-	4,770	-
1520 Financial assets at fair value through other comprehensive income—non-current (note 6(c))	37,438	-	48,438	-	2250 Provisions—current (notes 6(o))	26,371	-	21,516	-
1550 Investments accounted for using the equity method (notes 6(g) and 8)	58,752,284	65	49,095,776	58	2300 Other current liabilities (note 6(m))	81,721	-	59,946	-
1600 Property, plant and equipment (notes 6(h) and 8)	1,513,839	2	1,519,417	2	2365 Refund liabilities—current	1,247,436	2	1,115,317	1
1755 Right-of-use assets (note 6(i))	550,191	1	940,549	1	Total current liabilities	35,261,644	39	37,703,173	45
1760 Investment property (note 6(j))	262,739	-	-	-	Non-current liabilities:				
1780 Intangible assets (note 6(k))	12,327	-	10,851	-	Long-term debt (notes 6(m) and 8)	17,819,303	20	11,347,582	14
1840 Deferred income tax assets (note 6(r))	436,876	-	517,564	1	Lease liabilities—non-current (note 6(n))	753,499	1	867,105	1
1990 Other non-current assets	101,771	-	21,198	-	Lease liabilities to related parties—non-current (notes 6(n) and 7)	-	-	4,448	-
1980 Other financial assets—non-current (note 8)	122,110	-	40,222	-	Provisions—non-current (note 6(o))	75,259	-	82,009	-
Total non-current assets	61,789,575	68	52,194,015	62	Deferred income tax liabilities (note 6(r))	21,745	-	10,292	-
					Other non-current liabilities (note 6(q))	390,525	-	315,026	-
					Total non-current liabilities	19,060,331	21	12,626,462	15
					Total liabilities	54,321,975	60	50,329,635	60
					Equity (note 6(s)):				
					Common stock	19,667,820	22	19,667,820	23
					Capital surplus	1,879,501	2	2,220,653	3
					Retained earnings	15,742,825	17	12,663,994	15
					Other equity	(1,264,645)	(1)	(608,508)	(1)
					Total equity	36,025,501	40	33,943,959	40
					Total liabilities and equity	\$ 90,347,476	100	\$ 84,273,594	100

(English Translation of Financial Statements Originally Issued in Chinese)
QISDA CORPORATION

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		<u>2020</u>		<u>2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (notes 6(u) and 7)	\$ 92,411,291	100	98,496,920	100
5000	Operating costs (notes 6(f), (h), (i), (j), (k), (n), (o), (q) and (v) and 7 and 12)	<u>(87,422,698)</u>	<u>(95)</u>	<u>(92,860,543)</u>	<u>(94)</u>
	Gross profit	4,988,593	5	5,636,377	6
5910	Realized (unrealized) profit on sales to subsidiaries, associated and joint ventures	<u>100,943</u>	<u>-</u>	<u>(89,249)</u>	<u>-</u>
	Realized gross profit	<u>5,089,536</u>	<u>5</u>	<u>5,547,128</u>	<u>6</u>
	Operating expenses (notes 6(d), (h), (i), (j), (k), (n), (p), (q) and (v) and 7 and 12):				
6100	Selling expenses	(1,089,249)	(1)	(1,094,220)	(1)
6200	Administrative expenses	(861,008)	(1)	(672,893)	(1)
6300	Research and development expenses	(2,161,744)	(2)	(1,980,680)	(2)
6450	Reversal of impairment loss (expected credit losses)	<u>3,876</u>	<u>-</u>	<u>(4,033)</u>	<u>-</u>
	Total operating expenses	<u>(4,108,125)</u>	<u>(4)</u>	<u>(3,751,826)</u>	<u>(4)</u>
	Operating income	<u>981,411</u>	<u>1</u>	<u>1,795,302</u>	<u>2</u>
	Non-operating income and loss:				
7100	Interest income (note 6(w))	11,344	-	19,759	-
7010	Other income (notes 6(m), (n), (p) and (w) and 7)	169,874	-	154,209	-
7020	Other gains and losses—net (notes 6(g), (w) and (y))	705,622	1	242,948	-
7050	Finance costs (notes 6(n) and (w) and 7)	(362,091)	-	(434,209)	-
7375	Share of profit of subsidiaries, associates and joint ventures (note 6(g))	<u>3,744,772</u>	<u>4</u>	<u>2,062,876</u>	<u>2</u>
	Total non-operating income and loss	<u>4,269,521</u>	<u>5</u>	<u>2,045,583</u>	<u>2</u>
	Income before income tax	5,250,932	6	3,840,885	4
7950	Income tax expense (note 6(r))	<u>(262,453)</u>	<u>(1)</u>	<u>(265,830)</u>	<u>-</u>
	Net income	<u>4,988,479</u>	<u>5</u>	<u>3,575,055</u>	<u>4</u>
	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (notes 6(q) and (s))	(84,860)	-	(21,181)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(s))	(11,000)	-	14,688	-
8320	Share of other comprehensive income of subsidiaries, associates and joint ventures (notes 6(g) and (s))	494,198	-	356,926	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>398,338</u>	<u>-</u>	<u>350,433</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations (note 6(s))	(756,355)	-	(785,841)	(1)
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(756,355)</u>	<u>-</u>	<u>(785,841)</u>	<u>(1)</u>
	Other comprehensive income for the year, net of income tax	<u>(358,017)</u>	<u>-</u>	<u>(435,408)</u>	<u>(1)</u>
	Total comprehensive income for the year	<u>\$ 4,630,462</u>	<u>5</u>	<u>3,139,647</u>	<u>3</u>
	Earnings per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings per share	<u>\$ 2.54</u>		<u>1.82</u>	
9850	Diluted earnings per share	<u>\$ 2.51</u>		<u>1.80</u>	

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 Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest				Total equity
	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	Remeasurements of defined benefit plans	Total other equity interest	
Balance at January 1, 2019	\$ 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
Effects of retrospective application	-	-	-	-	(45,819)	(45,819)	-	-	-	-	(45,819)
Restated balance at January 1, 2019	19,667,820	2,146,076	1,422,973	383,979	8,949,074	10,756,026	128,329	46,990	(343,741)	(168,422)	32,401,500
Net income in 2019	-	-	-	-	3,575,055	3,575,055	-	-	-	-	3,575,055
Other comprehensive income in 2019	-	-	-	-	-	-	(785,841)	367,740	(17,307)	(435,408)	(435,408)
Total comprehensive income in 2019	-	-	-	-	3,575,055	3,575,055	(785,841)	367,740	(17,307)	(435,408)	3,139,647
Appropriation of earnings:											
Legal reserve	-	-	403,506	-	(403,506)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(215,557)	215,557	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(1,671,765)	(1,671,765)	-	-	-	-	(1,671,765)
Changes in equity of subsidiaries, associates and joint ventures accounted for using the equity method	-	64,335	-	-	-	-	-	-	-	-	64,335
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	10,242	-	-	-	-	-	-	-	-	10,242
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	4,678	4,678	-	(4,678)	-	(4,678)	-
Balance at December 31, 2019	19,667,820	2,220,653	1,826,479	168,422	10,669,093	12,663,994	(657,512)	410,052	(361,048)	(608,508)	33,943,959
Net income in 2020	-	-	-	-	4,988,479	4,988,479	-	-	-	-	4,988,479
Other comprehensive income in 2020	-	-	-	-	-	-	(756,355)	459,397	(61,059)	(358,017)	(358,017)
Total comprehensive income in 2020	-	-	-	-	4,988,479	4,988,479	(756,355)	459,397	(61,059)	(358,017)	4,630,462
Appropriation of earnings:											
Legal reserve	-	-	357,505	-	(357,505)	-	-	-	-	-	-
Special reserve	-	-	-	440,086	(440,086)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(1,475,086)	(1,475,086)	-	-	-	-	(1,475,086)
Changes in equity of subsidiaries, associates and joint ventures accounted for using the equity method	-	(172,241)	-	-	-	-	-	-	-	-	(172,241)
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(168,911)	-	-	(732,682)	(732,682)	-	-	-	-	(901,593)
Disposal of financial assets measured at fair value through other comprehensive income by associates and subsidiaries	-	-	-	-	298,120	298,120	-	(298,120)	-	(298,120)	-
Balance at December 31, 2020	\$ 19,667,820	1,879,501	2,183,984	608,508	12,950,333	15,742,825	(1,413,867)	571,329	(422,107)	(1,264,645)	36,025,501

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Income before income tax	\$ <u>5,250,932</u>	<u>3,840,885</u>
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	221,622	209,757
Amortization	19,553	13,877
Expected credit loss (reversal of impairment loss)	(3,876)	4,033
Interest expense	362,091	434,209
Interest income	(11,344)	(19,759)
Dividend income	(1,750)	(2,250)
Share of profits of subsidiaries, associates and joint ventures	(3,744,772)	(2,062,876)
Gain on disposal of property, plant and equipment	-	(1,485)
Gain on disposal of investments	(460,696)	(19,175)
Gain on bargain purchase	-	(20,958)
Unrealized (realized) profit on sales to subsidiaries, associates and joint ventures	<u>(100,943)</u>	<u>89,249</u>
Total adjustments to reconcile profit	<u>(3,720,115)</u>	<u>(1,375,378)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(18,716)	(23,692)
Decrease (increase) in notes and accounts receivable	1,857,396	(732,412)
Decrease in notes and accounts receivable from related parties	760,376	1,942,672
Decrease in other receivable	818	225,837
Increase in other receivable from related parties	(1,083)	(1,448)
Decrease (increase) in inventories	712,540	(861,916)
Decrease (increase) in other current assets	26,675	(36,678)
Increase in other non-current assets	<u>(85,538)</u>	<u>(4,144)</u>
Net changes in operating assets	<u>3,252,468</u>	<u>508,219</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	8,744	(2,388)
Decrease in notes and accounts payable	(3,771)	(766,752)
Increase (decrease) in accounts payable to related parties	(2,214,023)	1,218,717
Increase (decrease) in other payable to related parties	(4,066)	3,193
Decrease in provisions	(1,895)	(2,301)
Increase (decrease) in contract liabilities	52,216	(131,918)
Increase (decrease) in other payables and other current liabilities	247,495	76,748
Decrease in other non-current liabilities	<u>(9,362)</u>	<u>(52,619)</u>
Net changes in operating liabilities	<u>(1,924,662)</u>	<u>342,680</u>
Total changes in operating assets and liabilities	<u>1,327,806</u>	<u>850,899</u>
Total adjustments	<u>(2,392,309)</u>	<u>(524,479)</u>
Cash provided by operations	2,858,623	3,316,406
Interest received	11,344	19,759
Dividends received	906,838	2,324,826
Interest paid	(359,873)	(428,178)
Income taxes paid	<u>(85,397)</u>	<u>(122,729)</u>
Net cash provided by operating activities	<u>3,331,535</u>	<u>5,110,084</u>

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Purchase of investments accounted for using the equity method	(7,591,175)	(3,473,583)
Proceeds from investees' capital reduction	-	2,628
Additions to property, plant and equipment	(88,425)	(125,035)
Proceeds from disposal of property, plant and equipment	-	6,943
Additions to intangible assets	(21,029)	(18,133)
Decrease (increase) in other financial assets	(81,888)	1,856
Net cash flows used in investing activities	<u>(7,782,517)</u>	<u>(3,605,324)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(962,400)	2,040,000
Increase in long-term debt	9,238,864	16,835,882
Repayments of long-term debt	(2,421,590)	(18,659,625)
Payment of lease liabilities	(116,354)	(124,367)
Cash dividends distributed to shareholders	(1,475,086)	(1,671,765)
Net cash provided by (used in) financing activities	<u>4,263,434</u>	<u>(1,579,875)</u>
Net decrease in cash and cash equivalents	(187,548)	(75,115)
Cash and cash equivalents at beginning of year	<u>1,052,856</u>	<u>1,127,971</u>
Cash and cash equivalents at end of year	<u><u>\$ 865,308</u></u>	<u><u>1,052,856</u></u>

See accompanying notes to parent-company-only financial statements.

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QISDA CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(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 issue by the Board of Directors on March 23, 2021.

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”).

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID – 19-Related Rent Concessions”

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

QISDA CORPORATION
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment— Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts— Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows and have applied consistently to all periods presented in these financial statements.

QISDA CORPORATION
Notes to the 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:

- 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; and
- 3) Net 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(r).

(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. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

QISDA CORPORATION
Notes to the Financial Statements

(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.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is 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 the 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 intended to be 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;
- (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 issuing 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.

QISDA CORPORATION
Notes to the Financial Statements

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

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). A regular way purchases or sales of financial assets is recognized or derecognized on a trade-date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing its financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- 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.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

- 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.

QISDA CORPORATION
Notes to the Financial Statements

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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to 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 measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as 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.

These assets are subsequently measured at fair value. Net gains and losses, 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 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)

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Notes to the Financial Statements

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECL”) 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 at an amount equal to lifetime ECL, except for the following financial assets which are measured using 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.

The Company measures loss allowances for accounts receivable 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.

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 when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written 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.

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6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights of the cash inflow from the assets are terminated, when the Company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. 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.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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.

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4) 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.

(iii) 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.

(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.

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Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting policies 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.

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 will 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.

(j) 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 and accumulated impairment losses. 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. 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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

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Rental income from investment property is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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.

(k) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. 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.

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

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

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- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
 - 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined; and
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.
- (ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or

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- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(m) 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 reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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(n) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(o) 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.

(p) Revenue recognition

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.

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(i) 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 term. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability 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 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(o).

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.

(ii) 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.

(iii) 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.

(q) Government grants and government assistance

A government grant is recognized in profit or loss only when there is reasonable assurance that the Company will comply with the conditions associated with the grant and that the grant will be received.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company without future related costs.

Government assistance in the form of a guarantee from the government for loans from financial institutions is recognized at fair value using the market interest rate. The difference between the fair value of the loan and the amount received is recorded as deferred income and recognized in non-operating income—other income on a systematic basis over the period of the loan.

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(r) 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.

(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.

(s) Income taxes

Income taxes comprise 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.

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Current taxes comprise the expected tax payable or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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 related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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(t) Business combinations

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.

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 cannot 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.

(u) 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.

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(v) 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 significant effects on the amounts recognized in the financial statements is as follows:

- (a) Judgment regarding whether the Company has substantial control over the investee. Please refer to consolidated financial statements for the year ended December 31, 2020.
- (b) 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 chairman of 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: Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(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. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon, which could result in significant adjustments.

(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.

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6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Demand deposits and checking accounts	\$ 108,354	299,921
Foreign currency deposits	756,954	752,935
	\$ 865,308	1,052,856

(b) Financial instruments measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss – current:		
Foreign currency forward contracts	\$ 55,999	37,441
Foreign exchange swaps	158	-
	\$ 56,157	37,441
Financial liabilities at fair value through profit or loss – current:		
Foreign exchange swaps	\$ 8,744	-

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

The Company entered into derivative contracts to manage foreign currency exchange risk resulting from its operating and financing activities. As of December 31, 2020 and 2019, the outstanding derivative financial instruments that did not conform to the criteria for hedge accounting consisted of the following:

(i) Foreign currency forward contracts

		December 31, 2020	
		Contract amount (in thousands)	Maturity period
MYR	Buy/ USD Sell	14,000	2021/03
CNY	Buy/ USD Sell	73,600	2021/01~2021/03
		December 31, 2019	
		Contract amount (in thousands)	Maturity period
MYR	Buy/ USD Sell	21,000	2020/02
CNY	Buy/ USD Sell	84,600	2020/01~2020/03

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- (ii) Foreign exchange swaps

	December 31, 2020	
	Contract amount (in thousands)	Maturity period
Swap in USD/Swap out TWD	USD 48,000	2021/01~2021/03

- (c) Financial assets at fair value through other comprehensive income—non-current

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks	\$ 37,438	48,438

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.

No strategic investments were disposed for the years ended December 31, 2020 and 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

- (d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes and accounts receivable	\$ 9,100,985	10,959,792
Notes and accounts receivable from related parties	14,017,651	14,778,027
	23,118,636	25,737,819
Less: loss allowance	(27,854)	(33,141)
	\$ 23,090,782	25,704,678

- (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). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 20,413,086	0.09%	19,293
Past due 1-90 days	2,699,323	0.09%	2,334
Past due over 91 days	6,227	100%	6,227
	\$ 23,118,636		27,854

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	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 23,952,944	0.09%	20,917
Past due 1-90 days	1,781,547	0.50%	8,896
Past due over 91 days	3,328	100%	3,328
	\$ 25,737,819		33,141

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

	2020	2019
Balance at January 1	\$ 33,141	65,491
Impairment losses (reversal of impairment loss)	(3,876)	4,033
Write-off	(1,411)	(36,383)
Balance at December 31	\$ 27,854	33,141

- (iii) 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. The Company derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivables. Details of these contracts at each reporting date were as follows:

December 31, 2020						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
Taishin International Bank	\$ 3,638,461	-	3,638,461	-	0.61%~0.72%	-
Chinatrust Commercial Bank	2,688,933	-	2,688,933	-	0.60%~0.68%	-
	\$ 6,327,394	-	6,327,394	-		-
December 31, 2019						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
Taishin International Bank	\$ 5,168,640	-	5,168,640	-	2.79%~2.813%	-

- (e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	\$ 1	819
Other receivables from related parties	2,531	1,448
	\$ 2,532	2,267

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As of December 31, 2020 and 2019, no loss allowance was provided for other receivables after management's assessment.

(f) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 295,596	373,544
Work in process	49,046	38,499
Finished goods	3,930,798	4,648,133
Inventories in transit	<u>157,752</u>	<u>85,556</u>
	<u>\$ 4,433,192</u>	<u>5,145,732</u>

For the years ended December 31, 2020 and 2019, the cost of inventories sold amounted to \$87,273,687 and \$92,636,030, respectively.

For the years ended December 31, 2020 and 2019, the write-downs of inventories to net realizable value amounted to \$8,680, and \$10,225, respectively, and were included in cost of sales.

(g) Investments accounted for using the equity method

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

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 44,089,838	32,906,960
Associates	<u>14,662,446</u>	<u>16,188,816</u>
	<u>\$ 58,752,284</u>	<u>49,095,776</u>

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2020.

(ii) Acquisition of subsidiaries – Golden Spirit Co., Ltd. and its subsidiaries

1) The cost of acquisition

On June 19, 2020, the Company invested the amount of \$254,000 and acquired the entire shareholdings of Golden Spirit Co., Ltd. ("GSC"), in which the Company obtained control over it. Thereafter, GSC and its subsidiaries to become the Company's subsidiaries. GSC and its subsidiaries are engaged in the trading and manufacturing of alcohol and medical disinfectant. The acquisition of GSC enables the Company to accelerate the product deployment in the dialysis business, and expand the business of medical and epidemic prevention products.

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2) Identifiable net assets acquired in a business combination

On June 19, 2020 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:			
Cash		\$	254,000
Less: identifiable net assets acquired at fair value:			
Cash and cash equivalents	\$	42,989	
Notes and accounts receivable, net		56,664	
Inventories		54,988	
Other current assets		45,510	
Other financial assets – current		4,288	
Financial assets at fair value through other comprehensive income – non-current		2,960	
Property, plant and equipment		541,559	
Right-of-use assets		45,633	
Intangible assets – trademarks		60,000	
Intangible assets – computer software		1,921	
Intangible assets – others		1,235	
Other non-current assets		27,873	
Other financial assets – non-current		21,432	
Short-term borrowings		(203,902)	
Notes and accounts payable		(19,826)	
Accounts payable to related parties		(3,805)	
Other payable		(30,927)	
Other current liabilities		(27,572)	
Current portion of long-term debt		(37,148)	
Long-term debt		(191,885)	
Deferred income tax liabilities		(12,000)	
Lease liabilities		(48,331)	
Other non-current liabilities		(8,267)	
Non-controlling interests		(87,034)	236,355
Goodwill			<u>\$ 17,645</u>

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iii) Acquisition of subsidiaries – Simula Technology Inc. and its subsidiaries

1) The cost of acquisition

On April 1, 2020, the Company subscribed 30,000 thousand shares of Simula Technology Inc. (“Simula”) at a price of \$600,000 through private offering and acquired 37.5% of its ownership. In addition, the Company's subsidiaries, Darly Venture Inc. and Darly2 Venture Co., Ltd. acquired 13.77% of its ownership in public market for \$411,840. After these investments in Simula, the Company obtained 51.27% of Simula's ownership and owned more the half of Simula's total number of directors. Therefore, the Company obtained control over Simula. Thereafter, Simula and its subsidiaries to become the Company's subsidiaries. Simula and its subsidiaries are engaged in electronic components

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manufacturing, electronic material wholesale, product design and international trade. The acquisition of Simula enables the Company to jointly develop vehicle networking, medical and health equipment, and AIoT solutions, and assist the Company to develop upstream and downstream key components of supply chain.

2) Identifiable net assets acquired in a business combination

On April 1, 2020,(the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:

Cash		\$ 1,011,840
Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of Simula's identifiable net assets)		807,562

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$ 1,016,057	
Financial assets at fair value through profit or loss — current	18	
Notes and accounts receivable, net	197,657	
Other receivable	7,472	
Inventories	111,483	
Other current assets	14,264	
Financial assets at fair value through other comprehensive income — non-current	4,880	
Investments accounted for using equity method	4,140	
Property, plant and equipment	354,283	
Right-of-use assets	36,011	
Intangible assets — customer relationships	154,526	
Intangible assets — expertise	124,792	
Intangible assets — computer software	4,641	
Deferred income tax assets	4,918	
Other non-current assets	14,553	
Financial liabilities at fair value through profit or loss — current	(114)	
Contract liabilities — current	(4,016)	
Notes and accounts payable	(101,289)	
Other payable	(167,133)	
Other current liabilities	(1,603)	
Lease liabilities	(36,515)	
Deferred income tax liabilities	(63,502)	
Other non-current liabilities	(477)	
Non-controlling interests	(17,827)	1,657,219
Goodwill		<u>\$ 162,183</u>

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Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(iv) Acquisition of subsidiaries – Alpha Networks Inc. and its subsidiaries

1) The cost of acquisition

On July 23, 2020, the Company invested the amount of \$3,092,150 and acquired 19.02% ownership of Alpha Networks Inc. (“Alpha”) through public tender offer, resulting in the Company and the subsidiaries' ownership interest in Alpha to increase from 23.84% to 42.86%. Thereafter, the Company obtained control over Alpha. Hence, Alpha and its subsidiaries have become the Company's subsidiaries. Alpha and its subsidiaries are engaged in research, development, design, manufacture and sales of broadband products, wireless network products, as well as computer network system equipment, and their related components. The acquisition of Alpha enables the Company to seize the business opportunity of rapid 5G development by integrating and strengthening the Group's strong technological and manufacturing skills, as well as Alpha's capability on network equipment industry in order to expand its market share and customers base to increase international competitiveness.

2) Identifiable net assets acquired in a business combination

On July 23, 2020, (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash	\$ 3,092,150
Add: the fair value of the acquirer's previously held equity interest in the acquiree	3,200,885
Less: Dividends receivable from acquisitions	(45,461)
Add: non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Alpha's identifiable net assets)	6,274,387
Less: identifiable net assets acquired at fair value:	
Cash and cash equivalents	\$ 5,179,564
Financial assets at fair value through profit or loss – current	85,472
Notes and accounts receivable, net	5,839,060
Inventories	7,529,865
Other financial asset—current	10,874
Other current asset	887,344
Financial assets at fair value through other comprehensive income—non-current	206,469
Property, plant and equipment	4,578,437
Right-of-use asset	1,217,679
Deferred income tax assets	208,561

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Intangible assets – goodwill	578,901
Intangible assets – patent	782,741
Intangible assets – trademark	229,755
Intangible assets – customer relationships	392,233
Intangible assets – expertise	221,870
Intangible assets – computer software	55,412
Other financial asset—non-current	159,587
Short-term borrowings	(2,899,290)
Financial liabilities at fair value through profit or loss – current	(9,192)
Notes and accounts payable	(6,658,208)
Accounts payable to related parties	(3,795)
Contract liabilities	(469,582)
Other payable	(2,382,643)
Provision	(204,261)
Bonds payable	(576,724)
Lease liabilities	(202,240)
Deferred income tax liabilities	(496,526)
Other non-current liabilities	(293,960)
	<u>(2,986,676)</u> <u>10,980,727</u>
Goodwill	<u>\$ 1,541,234</u>

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

The Company’s previously held 18.46% ownership of Alpha is remeasured to fair value at the acquisition date, and recognized a gain on disposal of \$460,696 in other gains and losses – net.

(v) Acquisition of subsidiaries – BenQ Biotech (Shanghai) Co., Ltd (“BBC”)

1) The cost of acquisition

On October 8, 2019, the Company invested the amount of \$739,789 in BenQ Biotech (Shanghai) Co., Ltd (“BBC”), and acquired 70% of its ownership. Therefore, the Company obtained control over BBC. BBC is engaged in the manufacturing and sale of hemodialysis machines. The acquisition of BBC enables the Company to obtain an experienced workforce from the original shareholder, Shanghai Kunxin Medical Technology Co., Ltd., to integrate the existing hemodialysis business, to produce the competitive products and expand its marketing channel in China.

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2) Identifiable net assets acquired in a business combination

On October 8, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash	\$ 739,789
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of BBC's identifiable net assets)	261,102
Less: identifiable net assets acquired at fair value:	
Cash and cash equivalents	870,340
Goodwill	\$ 130,551

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

(vi) Acquisition of subsidiaries – Sysage Technology Co., Ltd (“Sysage”) and its subsidiaries

1) The cost of acquisition

On August 15, 2019, the Company invested the amount of \$1,815,000 in Sysage Technology Co., Ltd (“Sysage”), and acquired 35.04% of its ownership, wherein the Company owned more than half of its total number of directors. Therefore, the Company obtained control over Sysage. Sysage has become the Company's subsidiary. Sysage is engaged in agent sales and trading of communication and internet hardware and software, workstations and servers, and application integration tools software. The acquisition of Sysage enables the Company to penetrate into network and system integration solution market, and to seize the business opportunities of cloud computing, artificial intelligence and internet of things (IoT) integrations.

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2) Identifiable net assets acquired in a business combination

On August 15, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

Consideration transferred:

Cash	\$ 1,815,000
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Sysage's identifiable net assets)	3,113,913

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$ 1,983,472
Financial assets at fair value through profit or loss – current	126,870
Notes and accounts receivable, net	2,387,056
Inventories	3,083,928
Other current assets	192,108
Financial assets at fair value through profit or loss – non-current	105,342
Investments accounted for using the equity method	2,712
Property, plant and equipment	1,789,025
Right-of-use assets	197,724
Deferred income tax assets	48,609
Other non-current assets	89,685
Short-term borrowings	(1,305,000)
Short-term notes and bills payable	(80,000)
Contract liabilities – current	(838,853)
Notes and accounts payable	(1,661,410)
Other payables	(361,499)
Other current liabilities	(45,108)
Current portion of long-term debt	(16,216)
Lease liabilities – current	(25,606)
Long-term debt	(316,756)
Lease liabilities – non-current	(172,606)
Deferred income tax liabilities	(67,051)
Other non-current liabilities	(66,961)
Non-controlling interest	<u>(255,880)</u> <u>4,793,585</u>
Goodwill	<u>\$ <u>135,328</u></u>

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

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(vii) Acquisition of subsidiaries – Topview Optronics Corporation (“Topview”) and its subsidiaries

1) The cost of acquisition

On August 15, 2019, the Company invested the amount of \$172,500 in Topview Optronics Corporation (“Topview”), and acquired 20% of its ownership. The Company’s subsidiaries, Darly Venture Inc. and Darly2 Venture Co., Ltd. also invested the amount of \$56,045 and \$123,120, respectively, in Topview and acquired 3.91% and 9.08%, respectively, of its ownership. After these investments in Topview, the Company owned more than half of Topview’s total number of directors. Therefore, the Company obtained control over Topview, resulting in Topview to become the Company’s subsidiary. Topview is engaged in the manufacturing and sale of video surveillance cameras. The acquisition of Topview enables the Company to optimize the existing business and expand the operation scale through the strategic alliance.

2) Identifiable net assets acquired in a business combination

On August 15, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value, were as follows:

<u>Account</u>	<u>Amount</u>
Cash and cash equivalents	\$ 561,124
Financial assets at fair value through profit or loss – current	251
Notes and accounts receivable, net	344,216
Inventories	226,020
Other current assets	31,436
Property, plant and equipment	877,791
Right-of-use assets	3,189
Investment property	128,849
Intangible assets – others	5,150
Deferred income tax assets	8,418
Other non-current assets	200
Short-term borrowings	(335,933)
Notes and accounts payable	(237,592)
Other payables	(70,475)
Other current liabilities	(37,185)
Current portion of long-term debt	(28,986)
Long-term debt	(311,585)
Lease liabilities – non-current	(2,301)
Provisions – non-current	(1,381)
Other non-current liabilities	(24,704)
Non-controlling interest	(12,834)
Identifiable net assets acquired at fair value	<u>\$ 1,123,668</u>

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3) Gain on bargain purchase

Consideration transferred—Cash	\$	351,665
Add: Non-controlling interest (measured at non-controlling interest's proportionate share of the fair value of Topview's identifiable net assets):		752,970
Less: identifiable net assets acquired at fair value		<u>1,123,668</u>
Gain on bargain purchase	\$	<u><u>(19,033)</u></u>

(viii) Acquisition of subsidiaries — Expert Alliance Systems & Consultancy (HK) Company Limited (“EASC”)

1) The cost of acquisition

On March 4, 2019, the Company invested the amount of \$78,338 in Expert Alliance Systems & Consultancy (HK) Company Limited (“EASC”), and acquired 54% of its ownership.

2) Identifiable net assets acquired in a business combination

On March 4, 2019 (the acquisition date), the identifiable assets and liabilities arising from the acquisition at fair value were as follows:

Consideration transferred:

Cash	\$	78,338
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of EASC's identifiable net assets)		54,711
Less: the fair value of put option		(10,504)
Less: the fair value of contingent consideration		(5,533)
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	\$	89,998
Notes and accounts receivable, net		11,764
Inventories		18,607
Other current assets		251
Other non-current assets		6,579
Notes and accounts payable		(3,941)
Other current liabilities		<u>(4,321)</u>
Gain on bargain purchase	\$	<u><u>118,937</u></u> <u><u>(1,925)</u></u>

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(ix) 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, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Alpha and its subsidiaries (“Alpha”)	<u>\$ 2,120,135</u>	<u>-</u>
DFI and its subsidiaries (“DFI”)	<u>\$ 1,622,575</u>	<u>1,670,735</u>
PTT and its subsidiaries (“PTT”)	<u>\$ 924,757</u>	<u>941,147</u>

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, 2020	December 31, 2019
Alpha (including Hitron Technologies and Interactive Digital) :		
Revenue growth rate	4%~15%	-
Discount rates	16.98%	-
	December 31, 2020	December 31, 2019
DFI :		
Revenue growth rate	16%~24%	10%~53%
Discount rates	17.17%	16.58%
	December 31, 2020	December 31, 2019
PTT :		
Revenue growth rate	-5%~6%	6%~8%
Discount rates	13.92%	15.38%

- 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 3.74% growth rate.
- 2) The estimation of discount rate is based on the weighted average cost of capital.

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(x) Investments in associates

<u>Name of Associates</u>	<u>Main Business and Relationship</u>	<u>Location</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
			<u>Percentage of voting rights</u>	<u>Carrying amount</u>	<u>Percentage of voting rights</u>	<u>Carrying amount</u>
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Company's strategic partners	Taiwan	6.99 %	12,701,500	6.99 %	12,272,814
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Company's strategic partners	Taiwan	20.72 %	1,904,389	20.72 %	1,798,607
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	-	-	18.43 %	2,064,817
Q.S.Control Corp.	Manufacture and sales of medical consumables and equipment, the Company's strategic partners	Taiwan	20.00 %	56,557	20.00 %	52,578
				<u>\$ 14,662,446</u>		<u>16,188,816</u>

The equity-method was used to account for investments in AU of which the Company holds less than 20% of the voting rights but has significant influence over AU as the chairman of the Company was elected as director and participates in the decision-making on the board.

For the years ended December 31, 2020 and 2019, the Company's shares of profits (losses) of associates amounted to \$440,368 and \$(1,111,565), respectively.

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The fair value of the investment in associates which are publicly traded was as follows:

	December 31, 2020	December 31, 2019
AU	\$ 9,290,386	6,669,170
DFN	2,514,517	2,555,120
Alpha	-	2,355,000

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, 2020	December 31, 2019
Current assets	\$ 168,317,673	143,200,211
Non-current assets	238,952,622	254,437,380
Current liabilities	(98,338,179)	(90,528,089)
Non-current liabilities	(115,141,751)	(119,132,753)
Equity	<u>\$ 193,790,365</u>	<u>187,976,749</u>
Equity attributable to non-controlling interests of AU	<u>\$ 10,985,674</u>	<u>11,304,909</u>
Equity attributable to shareholders of AU	<u>\$ 182,804,691</u>	<u>176,671,840</u>
	2020	2019
Net sales	<u>\$ 270,955,381</u>	<u>268,791,694</u>
Net income (loss)	\$ 2,907,427	(21,599,416)
Other comprehensive income	2,862,980	(1,411,771)
Total comprehensive income	<u>\$ 5,770,407</u>	<u>(23,011,187)</u>
Total comprehensive income attributable to non-controlling interests of AU	<u>\$ (319,234)</u>	<u>(2,818,733)</u>
Total comprehensive income attributable to shareholders of AU	<u>\$ 6,089,641</u>	<u>(20,192,454)</u>
	2020	2019
The Company's share of equity of associates at January 1	\$ 12,348,373	13,997,527
Total comprehensive income attributable to the Company	425,666	(1,395,394)
Capital surplus attributable to the Company	3,020	78,039
Dividend received from associates	-	(331,799)
Cumulative effect of investment income recognized under treasury stock method	(75,559)	(75,559)
The carrying amount of investments in the associates	<u>\$ 12,701,500</u>	<u>12,272,814</u>

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2) The summarized financial information of DFN:

	December 31, 2020	December 31, 2019
Current assets	\$ 14,983,083	13,073,263
Non-current assets	9,286,423	7,814,501
Current liabilities	(11,672,915)	(9,721,813)
Non-current liabilities	<u>(2,017,529)</u>	<u>(1,398,360)</u>
Equity	<u>\$ 10,579,062</u>	<u>9,767,591</u>
Equity attributable to non-controlling interests of DFN	<u>\$ 1,387,996</u>	<u>1,087,054</u>
Equity attributable to shareholders of DFN	<u>\$ 9,191,066</u>	<u>8,680,537</u>
	<u>2020</u>	<u>2019</u>
Net sales	<u>\$ 22,349,528</u>	<u>19,137,173</u>
Net income	\$ 953,347	969,393
Other comprehensive income	<u>124,103</u>	<u>(133,115)</u>
Total comprehensive income	<u>\$ 1,077,450</u>	<u>836,278</u>
Total comprehensive income attributable to non-controlling interests of DFN	<u>\$ 42,255</u>	<u>62,057</u>
Total comprehensive income attributable to shareholders of DFN	<u>\$ 1,035,195</u>	<u>774,221</u>
	<u>2020</u>	<u>2019</u>
The Company's share of equity of associates at January 1	\$ 1,798,607	1,846,261
Total comprehensive income attributable to the Company	214,466	160,378
Capital surplus attributable to the Company	24,726	(5,016)
Dividend received from associates	<u>(133,410)</u>	<u>(203,016)</u>
The carrying amount of investments in the associates	<u>\$ 1,904,389</u>	<u>1,798,607</u>

3) The summarized financial information of Alpha:

	December 31, 2019
Current assets	\$ 19,148,501
Non-current assets	5,851,867
Current liabilities	(9,584,608)
Non-current liabilities	<u>(1,368,466)</u>
Equity	<u>\$ 14,047,294</u>
Equity attributable to non-controlling interests of Alpha	<u>\$ 4,066,496</u>
Equity attributable to shareholders of Alpha	<u>\$ 9,980,798</u>

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	2019
Net sales	<u>\$ 15,825,808</u>
Net income (loss)	\$ 238,903
Other comprehensive income	<u>(122,759)</u>
Total comprehensive income	<u>\$ 116,144</u>
Total comprehensive income attributable to non-controlling interests of Alpha	<u>\$ -</u>
Total comprehensive income attributable to shareholders of Alpha	<u>\$ 116,144</u>
	2019
The Company's share of equity of associates at January 1	\$ 2,166,624
Total comprehensive income attributable to the Company	2,024
Capital surplus attributable to the Company	(544)
Dividend received from associates	(100,037)
Adjustment on initial application of IFRS 16	<u>(3,250)</u>
The carrying amount of investments in the associates	<u>\$ 2,064,817</u>

- 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.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The aggregate carrying amount of associates that were not individually material	<u>\$ 56,557</u>	<u>52,578</u>
	<u>2020</u>	<u>2019</u>
Attributable to the Company:		
Net income	\$ 3,979	3,141
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 3,979</u>	<u>3,141</u>

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.

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(h) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2020	\$ 805,484	1,660,803	849,007	163,336	40,985	3,519,615
Additions	-	6,596	36,876	10,535	34,418	88,425
Disposals	-	-	(101,816)	(910)	-	(102,726)
Reclassification	-	-	22,220	3,980	(26,200)	-
Balance at December 31, 2020	<u>\$ 805,484</u>	<u>1,667,399</u>	<u>806,287</u>	<u>176,941</u>	<u>49,203</u>	<u>3,505,314</u>
Balance at January 1, 2019	\$ 805,484	1,648,955	865,795	170,768	29,397	3,520,399
Additions	-	11,848	71,044	13,090	29,053	125,035
Disposals	-	-	(101,832)	(23,987)	-	(125,819)
Reclassification	-	-	14,000	3,465	(17,465)	-
Balance at December 31, 2019	<u>\$ 805,484</u>	<u>1,660,803</u>	<u>849,007</u>	<u>163,336</u>	<u>40,985</u>	<u>3,519,615</u>
Accumulated depreciation:						
Balance at January 1, 2020	\$ -	1,162,211	707,235	130,752	-	2,000,198
Depreciation	-	43,186	38,251	12,566	-	94,003
Disposals	-	-	(101,816)	(910)	-	(102,726)
Balance at December 31, 2020	<u>\$ -</u>	<u>1,205,397</u>	<u>643,670</u>	<u>142,408</u>	<u>-</u>	<u>1,991,475</u>
Balance at January 1, 2019	\$ -	1,119,186	779,810	139,426	-	2,038,422
Depreciation	-	43,025	27,366	11,746	-	82,137
Disposals	-	-	(99,941)	(20,420)	-	(120,361)
Balance at December 31, 2019	<u>\$ -</u>	<u>1,162,211</u>	<u>707,235</u>	<u>130,752</u>	<u>-</u>	<u>2,000,198</u>
Carrying amount:						
Balance at December 31, 2020	<u>\$ 805,484</u>	<u>462,002</u>	<u>162,617</u>	<u>34,533</u>	<u>49,203</u>	<u>1,513,839</u>
Balance at December 31, 2019	<u>\$ 805,484</u>	<u>498,592</u>	<u>141,772</u>	<u>32,584</u>	<u>40,985</u>	<u>1,519,417</u>

(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.

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(i) Right-of-use assets

	Buildings
Cost:	
Balance at January 1, 2020	\$ 1,247,361
Reclassification to investment property	<u>(403,147)</u>
Balance at December 31, 2020	<u>\$ 844,214</u>
Balance at January 1, 2019	\$ -
Effects of initial application of IFRS 16	1,237,750
Additions	<u>9,611</u>
Balance at December 31, 2019	<u>\$ 1,247,361</u>
Accumulated depreciation:	
Balance at January 1, 2020	\$ 306,812
Reclassification to investment property	(99,161)
Depreciation	<u>86,372</u>
Balance at December 31, 2020	<u>\$ 294,023</u>
Balance at January 1, 2019	\$ -
Effects of initial application of IFRS 16	179,192
Depreciation	<u>127,620</u>
Balance at December 31, 2019	<u>\$ 306,812</u>
Carrying amount:	
Balance at December 31, 2020	<u>\$ 550,191</u>
Balance at December 31, 2019	<u>\$ 940,549</u>

(j) Investment property

	Right-of-use assets— Buildings
Cost:	
Balance at January 1, 2020	\$ -
Transferred from right-of-use assets	<u>403,147</u>
Balance at December 31, 2020	<u>\$ 403,147</u>
Accumulated depreciation:	
Balance at January 1, 2020	\$ -
Reclassification from right-of-use assets	99,161
Depreciation	<u>41,247</u>
Balance at December 31, 2020	<u>\$ 140,408</u>
Carrying amount:	
Balance at December 31, 2020	<u>\$ 262,739</u>
Fair value:	

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Balance at December 31, 2020 **\$ 271,630**

Investment property comprises a number of commercial properties that are sub-leased to third parties. The fair value of the investment property is determined by considering the discounted value of the cash flow that the Company expects to receive sub-lease rent. The inputs, which are used in the fair value measurement, were classified to level 3.

As of December 31, 2020, investment property was not pledged as collateral.

(k) Intangible assets

(i) The movements of cost and accumulated amortization of intangible assets were as follows:

	Computer software	Others	Total
Cost:			
Balance at January 1, 2020	\$ 29,998	10,239	40,237
Addition	<u>21,029</u>	<u>-</u>	<u>21,029</u>
Balance at December 31, 2020	<u>\$ 51,027</u>	<u>10,239</u>	<u>61,266</u>
Balance at January 1, 2019	\$ 11,865	10,239	22,104
Addition	<u>18,133</u>	<u>-</u>	<u>18,133</u>
Balance at December 31, 2019	<u>\$ 29,998</u>	<u>10,239</u>	<u>40,237</u>
Accumulated amortization:			
Balance at January 1, 2020	\$ 19,147	10,239	29,386
Amortization	<u>19,553</u>	<u>-</u>	<u>19,553</u>
Balance at December 31, 2020	<u>\$ 38,700</u>	<u>10,239</u>	<u>48,939</u>
Balance at January 1, 2019	\$ 6,478	9,031	15,509
Amortization	<u>12,669</u>	<u>1,208</u>	<u>13,877</u>
Balance at December 31, 2019	<u>\$ 19,147</u>	<u>10,239</u>	<u>29,386</u>
Carrying amount:			
Balance at December 31, 2020	<u>\$ 12,327</u>	<u>-</u>	<u>12,327</u>
Balance at December 31, 2019	<u>\$ 10,851</u>	<u>-</u>	<u>10,851</u>

(ii) Amortization

The amortization of intangible assets is included in the following line items of the statement of comprehensive income:

	2020	2019
Cost of sales	<u>\$ 379</u>	<u>743</u>
Operating expenses	<u>\$ 19,174</u>	<u>13,134</u>

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	<u>\$ 6,227,600</u>	<u>7,190,000</u>
Unused credit facilities	<u>\$ 8,426,548</u>	<u>7,552,931</u>

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Interest rate	<u>0.349%~0.877%</u>	<u>0.86%~1.17%</u>
 (m) Long-term debt		
	December 31,	December 31,
	2020	2019
Unsecured bank loans	\$ 14,844,529	8,647,582
Secured bank loans	<u>3,400,000</u>	<u>2,800,000</u>
	18,244,529	11,447,582
Less: current portion of long-term debt	<u>(425,226)</u>	<u>(100,000)</u>
	<u>\$ 17,819,303</u>	<u>11,347,582</u>
Unused credit facilities	<u>\$ 13,605,221</u>	<u>10,051,428</u>
Interest rate interval	<u>0.84%~1.797%</u>	<u>0.52%~2.436%</u>
Maturity year	<u>2021~ 2026</u>	<u>2020~ 2026</u>

(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) Low interest rate loan from government assistance

In early 2020 the Company has obtained the low interest rate loans from banks in accordance with "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The preferential interest rate is 0.63%~0.813%. As of December 31, 2020, the related loan amount was \$1,779,606. The estimated fair value of the loan was \$1,755,027 using the prevailing market interest rate of 1.05%~1.30%. The difference of \$24,579 was regarded as government grant and was recognized as deferred income. In 2020, the deferred income of \$4,252 was transferred and recognized in other income.

(iii) 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 2020 and 2019, the Company's financial ratio was in compliance with the syndicated loan agreement.

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Notes to the Financial Statements

(n) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current:		
Related parties	\$ 4,448	4,770
Non-related parties	<u>113,606</u>	<u>111,584</u>
	<u>\$ 118,054</u>	<u>116,354</u>
Non-current:		
Related parties	\$ -	4,448
Non-related parties	<u>753,499</u>	<u>867,105</u>
	<u>\$ 753,499</u>	<u>871,553</u>

Please refer to note 6(y) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	<u>2020</u>	<u>2019</u>
Expenses relating to short-term leases	\$ <u>5,441</u>	<u>4,073</u>
Income from sub-leasing right-of-use assets	\$ <u>122,747</u>	<u>112,643</u>
Interest on lease liabilities	\$ <u>16,771</u>	<u>18,814</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>138,566</u>	<u>147,254</u>

(i) Real estate leases

The Company leases buildings for its office and factory. These leases typically run for 3 to 10 years. The Company has to negotiate the new leased term and recognize relevant right-of-use assets and lease liabilities when the lease expires. Some of the leases include options to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases some transportation equipment with contract terms within one year. These leases are short-term and the Company has elected to applied exemption and not to recognize right-of-use assets and lease liabilities.

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Notes to the Financial Statements

(o) Provisions

	<u>Warranties</u>
Balance at January 1, 2020	\$ 103,525
Provisions made	36,962
Amount utilized	(26,085)
Amount reversed	<u>(12,772)</u>
Balance at December 31, 2020	<u>\$ 101,630</u>
Current	<u>\$ 26,371</u>
Non-current	<u>\$ 75,259</u>
Balance at January 1, 2019	\$ 105,826
Provisions made	49,941
Amount utilized	(21,516)
Amount reversed	<u>(30,726)</u>
Balance at December 31, 2019	<u>\$ 103,525</u>
Current	<u>\$ 21,516</u>
Non-current	<u>\$ 82,009</u>

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.

(p) Operating lease —the Company acts as a lessor

(i) Lessor

The Company leased its land and buildings under operating leases. The future minimum lease payments under operating leases are as follows:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Not later than 1 year	\$ 103,457	122,747
Later than 1 year but not later than 5 years	358,567	388,750
Later than 5 years	<u>69,615</u>	<u>142,889</u>
	<u>\$ 531,639</u>	<u>654,386</u>

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In 2020 and 2019, the related rental income amounted to \$122,747 and \$112,643, respectively, and was recognized under other income.

(q) 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, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 842,820	747,266
Fair value of plan assets	<u>(461,797)</u>	<u>(441,843)</u>
Net defined benefit liabilities	<u>\$ 381,023</u>	<u>305,423</u>

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, 2020 and 2019, the Company's labor pension fund account balance at Bank of Taiwan amounted to \$461,797 and \$441,843, 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.

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2) Movements in present value of defined benefit obligations

	<u>2020</u>	<u>2019</u>
Defined benefit obligations at January 1	\$ 747,266	727,372
Current service costs and interest expense	10,034	11,696
Remeasurement on the net defined benefit liabilities:		
– Actuarial losses (gains) arising from experience adjustments	14,929	11,669
– Actuarial losses (gains) arising from changes in financial assumptions	82,960	23,626
Benefits paid by the plan	(12,369)	(25,985)
Benefits paid by employer	-	(1,112)
Defined benefit obligations at December 31	<u>\$ 842,820</u>	<u>747,266</u>

3) Movements of fair value of plan assets

	<u>2020</u>	<u>2019</u>
Fair value of plan assets at January 1	\$ 441,843	433,280
Interest income	5,053	6,081
Remeasurement on the net defined benefit liabilities (assets)		
– Actuarial gains (losses)	13,029	14,114
Contributions by the employer	14,241	14,353
Benefits paid by the plan	(12,369)	(25,985)
Fair value of plan assets at December 31	<u>\$ 461,797</u>	<u>441,843</u>

4) Changes in the effect of the asset ceiling

In 2020 and 2019, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	<u>2020</u>	<u>2019</u>
Current service costs	\$ 1,620	1,664
Net interest expense on the net defined benefit liability	3,361	3,951
	<u>\$ 4,981</u>	<u>5,615</u>
Cost of sales	\$ 844	937
Selling expenses	908	1,049
Administrative expenses	661	712
Research and development expenses	2,568	2,917
	<u>\$ 4,981</u>	<u>5,615</u>

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6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.750 %	1.125 %
Future salary increases rate	3.000 %	2.500 %

The Company expects to make contribution of \$14,191 to the defined benefit plans in the year following December 31, 2020.

The weighted average duration of the defined benefit plans is 15.21 years.

7) 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, 2020 and 2019.

	Increase (decrease) in present value of defined benefit obligations	
	<u>0.25% Increase</u>	<u>0.25% Decrease</u>
December 31, 2020		
Discount rate	(25,258)	26,252
Future salary change	25,182	(24,397)
December 31, 2019		
Discount rate	(23,626)	24,615
Future salary change	23,822	(23,011)

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, 2020 and 2019, the Company recognized pension expenses of \$88,658 and \$86,753, respectively, in relation to the defined contribution plans.

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(r) Income taxes

(i) In 2020 and 2019, the components of income tax expense were as follows:

	<u>2020</u>	<u>2019</u>
Current income tax expense	\$ <u>170,312</u>	<u>69,410</u>
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	58,750	552,160
Changes in unrecognized deductible temporary differences and tax losses	<u>33,391</u>	<u>(355,740)</u>
Deferred income tax expense	<u>92,141</u>	<u>196,420</u>
Income tax expense	<u>\$ 262,453</u>	<u>265,830</u>

In 2020 and 2019, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax	\$ <u>5,250,932</u>	<u>3,840,885</u>
Income tax using the Company's statutory tax rate	\$ 1,050,186	768,177
Investment income recorded under equity method	(541,425)	(163,266)
Gain on disposal of investments	(92,140)	(3,835)
Surtax on undistributed earnings	63,062	108,768
Tax-exempt dividend income	(350)	(450)
Change in unrecognized temporary differences and tax losses	(17,644)	(355,740)
Others	<u>(199,236)</u>	<u>(87,824)</u>
Income tax expense	<u>\$ 262,453</u>	<u>265,830</u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Loss associated with investments in subsidiaries	\$ 261,408	212,076
Deductible temporary differences	1,562,001	1,560,877
Tax losses	<u>-</u>	<u>1,108</u>
	<u>\$ 1,823,409</u>	<u>1,774,061</u>

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Unrecognized deferred income tax liabilities:

	December 31, 2020	December 31, 2019
Net profits associated with investments in subsidiaries	\$ 1,958,125	1,891,133

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, 2020 and 2019, and management considers 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 assets and liabilities. In addition, as the Company 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.

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2020 and 2019 were as follows:

Deferred income tax assets:

	Balance at January 1, 2020	Recognized in profit or loss	Balance at December 31, 2020
Unrealized inter-company profits	\$ 59,286	(20,188)	39,098
Deferred revenue	49,842	(13,358)	36,484
Operating loss carryforwards	78,418	(78,418)	-
Allowance for sales discounts	223,063	26,424	249,487
Unrealized accrued expenses	14,989	-	14,989
Others	91,966	4,852	96,818
	\$ 517,564	(80,688)	436,876

	Balance at January 1, 2019	Recognized in profit or loss	Balance at December 31, 2019
Unrealized inter-company profits	\$ 41,436	17,850	59,286
Deferred revenue	24,594	25,248	49,842
Operating loss carryforwards	317,896	(239,478)	78,418
Allowance for sales discounts	210,944	12,119	223,063
Unrealized accrued expenses	14,989	-	14,989
Others	96,312	(4,346)	91,966
	\$ 706,171	(188,607)	517,564

Deferred income tax liabilities:

	Balance at January 1, 2020	Recognized in profit or loss	Balance at December 31, 2020
Unrealized foreign exchange gain	\$ (10,292)	(11,453)	(21,745)

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	Balance at January 1, 2019	Recognized in profit or loss	Balance at December 31, 2019
Unrealized foreign exchange gain	\$ (2,479)	(7,813)	(10,292)

(iii) The Company's income tax returns for the years through 2018 have been examined and approved by the R.O.C. income tax authorities.

(s) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, 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, 2020 and 2019, the Company had issued 285 thousand units and 351 thousand units, respectively, 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, 2020	December 31, 2019
Changes in equity of associates accounted for using the equity method	\$ 97,612	222,425
Changes in ownership interests in subsidiaries	1,781,889	1,829,317
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	168,911
	\$ 1,879,501	2,220,653

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.

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(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. The abovementioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and should be reported to the Company's shareholders in its 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

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. According to the Company Act and the Company's articles of incorporation, the abovementioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and should be reported to the Company's shareholders in its meeting.

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.

QISDA CORPORATION
Notes to the Financial Statements

3) Earnings distribution

The appropriation of 2019 earnings was approved by the Company's Board of Directors on May 7, 2020. The appropriation of 2018 earnings was approved by the stockholders at the meetings on June 21, 2019. The resolved appropriation of the dividend per share were as follows:

	2019		2018	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Dividends per share:				
Cash dividends	\$ 0.75	1,475,086	0.85	1,671,765

(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	2020	2019
Balance at January 1	\$ (657,512)	128,329
Foreign exchange differences arising from translation of foreign operations	(756,355)	(785,841)
Balance at December 31	\$ (1,413,867)	(657,512)

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income:

	2020	2019
Balance at January 1	\$ 410,052	46,990
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,000)	14,688
Disposal of financial assets measured at fair value through other comprehensive income	(298,120)	(4,678)
Share of other comprehensive income of subsidiaries and associates	470,397	353,052
Balance at December 31	\$ 571,329	410,052

QISDA CORPORATION
Notes to the Financial Statements

3) Remeasurement of defined benefit plans:

	2020	2019
Balance at January 1	\$ (361,048)	(343,741)
Remeasurement of the defined benefit plans	(84,860)	(21,181)
Shares of remeasurement of the defined benefit plans of subsidiaries and associates accounted for using the equity method	23,801	3,874
Balance at December 31	\$ (422,107)	(361,048)

(t) 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:

	2020	2019
Profit attributable to shareholders of the Company	\$ 4,988,479	3,575,055
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Basic earnings per share (in dollars)	\$ 2.54	1.82

(ii) Diluted earnings per share

	2020	2019
Profit attributable to shareholders of the Company	\$ 4,988,479	3,575,055
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Employee bonuses	19,965	18,758
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	1,986,747	1,985,540
Diluted earnings per share (in dollars)	\$ 2.51	1.80

QISDA CORPORATION
Notes to the Financial Statements

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets:		
Asia	\$ 56,950,153	55,955,750
Europe	8,945,516	9,624,182
America	25,741,813	32,045,539
Others	773,809	871,449
	\$ 92,411,291	98,496,920
Major products/services lines:		
Electronic products	\$ 91,583,420	97,682,045
Other design and development service	827,871	814,875
	\$ 92,411,291	98,496,920

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	\$ 23,118,636	25,737,819	26,984,462
Less: loss allowance	(27,854)	(33,141)	(65,491)
Total	\$ 23,090,782	25,704,678	26,918,971
Contract liabilities	\$ 305,119	252,903	384,821

For details on notes and accounts receivable and related loss allowance, please refer to note 6(d).

The amounts of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balances at the beginning of the period were \$252,903 and \$384,821, respectively.

(v) 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.

QISDA CORPORATION
Notes to the Financial Statements

For the years ended December 31, 2020 and 2019, the Company estimated its remuneration to employees amounting to \$429,669 and \$322,920, respectively, and the remuneration to directors amounting to \$42,925 and \$31,463, 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.

(w) Non-operating income and loss

(i) Interest income

	2020	2019
Interest income from bank deposits	\$ 11,344	19,759

(ii) Other income

	2020	2019
Rental income	\$ 122,747	112,643
Dividend income	1,750	2,250
Government grants income	45,377	39,316
	\$ 169,874	154,209

(iii) Other gains and losses—net

	2020	2019
Gain on disposal of property, plant and equipment	\$ -	1,485
Gain on disposal of investments (note 6(g))	460,696	19,175
Foreign currency exchange gains	280,921	91,165
Gains (losses) on financial assets and liabilities at fair value through profit or loss	(59,948)	25,172
Gain on bargain purchase (note 6(g))	-	20,958
Gain on reversal of other payables	-	60,721
Others	23,953	24,272
	\$ 705,622	242,948

(iv) Finance costs

	2020	2019
Interest expense from bank loans	\$ (345,320)	(415,395)
Interest expense on lease liabilities	(16,771)	(18,814)
	\$ (362,091)	(434,209)

QISDA CORPORATION
Notes to the Financial Statements

- (x) Financial instruments
- (i) Categories of financial instruments
- 1) Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss	\$ <u>56,157</u>	<u>37,441</u>
Financial assets at fair value through other comprehensive income	<u>37,438</u>	<u>48,438</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents	865,308	1,052,856
Notes and accounts receivable and other receivables (including related parties)	23,093,314	25,706,945
Other financial assets—non-current	<u>122,110</u>	<u>40,222</u>
Subtotal	<u>24,080,732</u>	<u>26,800,023</u>
Total	<u>\$ 24,174,327</u>	<u>26,885,902</u>

- 2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities at fair value through profit or loss	\$ <u>8,744</u>	<u>-</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings	6,227,600	7,190,000
Notes and accounts payable and other payables (including related parties)	26,579,766	28,690,445
Lease liabilities (including current portion and related parties)	871,553	987,907
Long-term debt (including current portion)	18,244,529	11,447,582
Other non-current liabilities — guarantee deposits	<u>9,225</u>	<u>9,104</u>
Subtotal	<u>51,932,673</u>	<u>48,325,038</u>
Total	<u>\$ 51,941,417</u>	<u>48,325,038</u>

QISDA CORPORATION
Notes to the Financial Statements

(ii) Fair value information

1) Financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost 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, 2020			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	55,999	-	55,999
Foreign exchange swaps	-	158	-	158
Subtotal	-	56,157	-	56,157
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	37,438	-	-	37,438
Total	\$ 37,438	56,157	-	93,595
Financial liabilities at fair value through profit and loss:				
Foreign exchange swaps	-	8,744	-	8,744
Total	\$ -	8,744	-	8,744

QISDA CORPORATION
Notes to the Financial Statements

	December 31, 2019			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	37,441	-	37,441
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	48,438	-	-	48,438
Total	\$ 48,438	37,441	-	85,879

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 generally accepted by market participants. The fair value of foreign currency forward contracts and foreign exchange swaps is usually determined by the forward exchange rate.

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2020 and 2019.

(y) 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.

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.

QISDA CORPORATION
Notes to the Financial Statements

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, 2020 and 2019, the Company's maximum exposure to credit risk amounted to \$24,174,327 and \$26,885,902, respectively.

The Company maintains cash and enters into derivative transactions with various reputable financial institutions; therefore, the exposure related to potential default by those counterparties 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.

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, except for its subsidiaries the Company did not provide other guarantees and endorsements.

(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, 2020 and 2019, the Company had unused credit facilities of \$22,031,769 and \$17,604,359, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

QISDA CORPORATION
Notes to the Financial Statements

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2020						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 6,244,622	5,742,953	501,669	-	-	-
Lease liabilities (including current portion and related parties)	925,770	72,391	60,326	133,380	429,239	230,434
Long-term debt (including current portion)	18,864,485	151,366	371,366	4,152,864	14,107,492	81,397
Notes and accounts payable (including related parties)	24,838,546	24,838,546	-	-	-	-
Other payables (including related parties)	1,741,220	1,741,220	-	-	-	-
Guarantee deposits	9,225	-	-	-	9,225	-
	<u>\$ 52,623,868</u>	<u>32,546,476</u>	<u>933,361</u>	<u>4,286,244</u>	<u>14,545,956</u>	<u>311,831</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 2,185,390	2,185,390	-	-	-	-
Inflow	(2,241,389)	(2,241,389)	-	-	-	-
Foreign exchange swaps:						
Outflow	1,360,800	1,360,800	-	-	-	-
Inflow	(1,352,214)	(1,352,214)	-	-	-	-
	<u>\$ (47,413)</u>	<u>(47,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2019						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 7,208,956	6,706,918	502,038	-	-	-
Lease obligations payable (including current portion and related parties)	1,058,894	72,391	60,734	132,716	418,747	374,306
Long-term debt (including current portion)	11,753,522	17,358	120,803	411,067	11,036,975	167,319
Notes and accounts payable (including related parties)	27,056,340	27,056,340	-	-	-	-
Other payables (including related parties)	1,634,105	1,634,105	-	-	-	-
Guarantee deposits	9,104	-	-	-	9,104	-
	<u>\$ 48,720,921</u>	<u>35,487,112</u>	<u>683,575</u>	<u>543,783</u>	<u>11,464,826</u>	<u>541,625</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 2,701,508	2,701,508	-	-	-	-
Inflow	(2,738,949)	(2,738,949)	-	-	-	-
	<u>\$ (37,441)</u>	<u>(37,441)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

QISDA CORPORATION
Notes to the Financial Statements

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, 2020					
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>					
USD	\$ 839,687	28.350	23,805,126	1 %	238,051
<u>Financial liabilities</u>					
USD	887,324	28.350	25,155,635	1 %	251,556
December 31, 2019					
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>					
USD	\$ 876,501	30.106	26,387,939	1 %	263,879
<u>Financial liabilities</u>					
USD	909,315	30.106	27,375,837	1 %	273,758

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 for the years ended December 31, 2020 and 2019 were \$280,921 and \$91,165, respectively.

QISDA CORPORATION
Notes to the Financial Statements

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, 2020 and 2019 would have been \$244,721 and \$186,376, 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, 2020 and 2019, would have increased or decreased by \$1,872 and \$2,422, respectively.

(z) 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, 2020	December 31, 2019
Total liabilities	<u>\$ 54,321,975</u>	<u>50,329,635</u>
Total equity	<u>\$ 36,025,501</u>	<u>33,943,959</u>
Liability-to-equity ratio	<u>150.79 %</u>	<u>148.27 %</u>

QISDA CORPORATION
Notes to the Financial Statements

(aa) Investing and financing activities not affecting current cash flow

(i) Please refer to note 6(i) for a description of acquisition of right-of-use assets through leases in 2019.

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes Others	December 31, 2020
Short-term borrowing	\$ 7,190,000	(962,400)	-	6,227,600
Long-term debts	11,447,582	6,817,274	(20,327)	18,244,529
Lease liabilities	987,907	(116,354)	-	871,553
Total liabilities from financing activities	<u>\$ 19,625,489</u>	<u>5,738,520</u>	<u>(20,327)</u>	<u>25,343,682</u>

	January 1, 2019	Cash flows	Non-cash changes Additions	December 31, 2019
Short-term borrowing	\$ 5,150,000	2,040,000	-	7,190,000
Long-term debts	13,271,325	(1,823,743)	-	11,447,582
Lease liabilities	1,102,663	(124,367)	9,611	987,907
Total liabilities from financing activities	<u>\$ 19,523,988</u>	<u>91,890</u>	<u>9,611</u>	<u>19,625,489</u>

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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Qisda Sdn. Bhd. ("QLPG")	The Company's subsidiary
Qisda Mexicana S.A. De C.V. ("QMMX")	The Company's subsidiary (note 1)
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
BenQ Biotech (Shanghai) Co., Ltd ("BBC")	The Company's subsidiary

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Shanghai Filter Technology Co.,Ltd (“Filter”)	The Company’s subsidiary (note 3)
Qisda Vietnam Co., Ltd. (“QVH”)	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 (“BMSH”)	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
BenQ Intelligent Technology (Hong Kong) Co., Ltd. (“BQHK_HLD”)	The Company’s subsidiary
BenQ INFY Lab Ltd. (“INF”)	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
Vividtech LLC. (“Vividtech”)	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. (“BQsm”)	The Company’s subsidiary

QISDA CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Asiacconnect International Company (“Asiacconnect”)	The Company’s subsidiary
LILY Medical Corporation (“LILY”)	The Company’s subsidiary
BenQ AB Dentcare Corporation (“BABD”)	The Company’s subsidiary
BenQ HealthCare Corporation (“BHS”) (Formerly BenQ Hearing Solution Corporation)	The Company’s subsidiary
Eastech Co., Ltd. (“Eastech”)	The Company’s subsidiary (note 7)
BenQ Medical Technology (Shanghai) Ltd. (“BMTS”)	The Company’s subsidiary
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
Suzhou Sigma Medical Supplies Co., Ltd. (“SMSZ”)	The Company’s subsidiary
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	The Company’s subsidiary
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	The Company’s subsidiary
BenQ Materials Medical Supplies (Suzhou) Co., Ltd (“BMM”)	The Company’s subsidiary (note 2)
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 (note 5)
Guangxi Youshan Medical Technology Co.,Ltd. (“Youshan”)	The Company’s subsidiary (note 7)
Wangcheng Medical Technology (Chengdu) Co.,Ltd. (“Wangcheng”)	The Company’s subsidiary (note 3)
Partner Tech Corp. (“PTT”)	The Company’s subsidiary
Partner-Tech Europe GmbH (“PTE”)	The Company’s subsidiary
Partner Tech Middle East FZCO (“PTME”)	The Company’s subsidiary
Partner Tech North Africa (“PTNA”)	The Company’s subsidiary
Partner Tech UK Corp., Ltd. (“PTUK”)	The Company’s subsidiary
P&J Investment Holding Co., Ltd. (B.V.I.)	The Company’s subsidiary

QISDA CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
P&S Investment Holding Co., Ltd. (B.V.I.)	The Company's subsidiary
Partner Tech (Shanghai) Co., Ltd. ("PTCM")	The Company's subsidiary
Partner Tech USA Inc. ("PTU")	The Company's subsidiary
Webest Solution Corporation ("WEBEST")	The Company's subsidiary
Mace Digital Corporation ("PTMG")	The Company's subsidiary (note 3)
Sloga Team D.o.o. ("Sloga")	The Company's subsidiary
Retail Solution & System S.L. ("RSS")	The Company's subsidiary
E-POS International LLC ("E-POS")	The Company's subsidiary
Epoint Systems Pte. Ltd. ("PTSE")	The Company's subsidiary
La Fresh information Co., Ltd ("PTTN")	The Company's subsidiary
Corex (Pty) Ltd. ("PCX")	The Company's subsidiary
Ace Pillar Co., Ltd. ("ACE")	The Company's subsidiary (note 4)
Cyber South Management Ltd.	The Company's subsidiary (note 4)
Tianjin Ace Pillar Co., Ltd.	The Company's subsidiary (note 4)
Hong Kong Ace Pillar Enterprise Company Limited	The Company's subsidiary (note 4)
Proton Inc.	The Company's subsidiary (note 4)
Ace Tek (HK) Holding Co., Ltd.	The Company's subsidiary (note 4)
Suzhou Super Pillar Automation Equipment Co., Ltd.	The Company's subsidiary (note 4)
Grace Transmossion (Tianjin) Co., Ltd.	The Company's subsidiary (note 4)
Xuchang Ace AI Equipment Co., Ltd.	The Company's subsidiary (note 4)
Advancedtek Ace (TJ) Inc.	The Company's subsidiary (note 4)
DFI Inc. ("DFI")	The Company's subsidiary
DFI AMERICA, LLC	The Company's subsidiary
DFI Co., Ltd.	The Company's subsidiary
Yan Tong Technology Ltd.	The Company's subsidiary
Diamond Flower Information (NL) B.V.	The Company's subsidiary
Dual-Tech International Co., Ltd.	The Company's subsidiary
Yan-Tong Infotech (Dongguan) Co., Ltd.	The Company's subsidiary
Yan Ying Hao Trading (ShenZhen) Co., Ltd	The Company's subsidiary
Aewin Technologies Co., Ltd ("AEWIN")	The Company's subsidiary (note 4)
Wise Way	The Company's subsidiary (note 4)
Aewin Tech Inc.	The Company's subsidiary (note 4)
Bright Profit	The Company's subsidiary (note 4)
Aewin Beijing Technologies Co., Ltd	The Company's subsidiary (note 4)
Aewin (Shenzhen) Technologies Co., Ltd	The Company's subsidiary (note 4)
New Best Hearing International Trade Co. Ltd. ("NBHIT")	The Company's subsidiary
K2 International Medical Inc. ("K2")	The Company's subsidiary
K2 Medical (Thailand) Co., Ltd.	The Company's subsidiary
K2 (Shanghai) International Medical Inc. ("K2SH")	The Company's subsidiary (note 4)
PT. Frismed Hoslab Indonesia ("K2ID")	The Company's subsidiary (note 7)
Data Image Corporation ("DIC")	The Company's subsidiary
Data Image (Mauritius) Corporation	The Company's subsidiary

QISDA CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Data Image (Suzhou) Corporation	The Company's subsidiary
Expert Alliance Systems & Consultancy (HK) Co., Ltd. ("EASC")	The Company's subsidiary (note 4)
Expert Alliance Smart Technology Co., Ltd.	The Company's subsidiary (note 4)
Topview Optronics Corporation ("Topview")	The Company's subsidiary (note 4)
Messoa Technologies Inc.	The Company's subsidiary (note 4)
Messoa Technologies Inc. (USA)	The Company's subsidiary (note 4)
Sysage Technology Co., Ltd. ("Sysage")	The Company's subsidiary (note 4)
Global Intelligence Network Co., Ltd.	The Company's subsidiary (note 4)
Dawning Technology Inc.	The Company's subsidiary (note 4)
Epic Cloud Information Integration Corporation	The Company's subsidiary (note 4)
Neo Trend Tech Corporation ("NEO TREND")	The Company's subsidiary (note 3)
Golden Spirit Co., Ltd. ("GSC")	The Company's subsidiary (note 7)
Bigmin Bio-Tech Company Ltd. ("BMB")	The Company's subsidiary (note 7)
E-Strong Medical Technology Co., Ltd. ("ESM")	The Company's subsidiary (note 7)
Simula Technology Inc. ("Simula")	The Company's subsidiary (note 7)
Aspire Asia Inc.	The Company's subsidiary (note 7)
Simula Technology Corp.	The Company's subsidiary (note 7)
Simula Company Limited	The Company's subsidiary (note 7)
Aspire Electronics Corp.	The Company's subsidiary (note 7)
Opti Cloud Technologies, Inc.	The Company's subsidiary (note 7)
Simula Technology ("ShenZhen) Co., Ltd.	The Company's subsidiary (note 7)
Alpha Networks Inc. ("Alpha")	The Company's subsidiary (note 6)
Alpha Holdings Inc. ("Alpha Holdings")	The Company's subsidiary (note 6)
Alpha Solutions Co., Ltd. ("Alpha Solutions")	The Company's subsidiary (note 6)
Alpha Networks Inc. ("Alpha USA")	The Company's subsidiary (note 6)
Alpha Technical Services Inc. ("ATS")	The Company's subsidiary (note 6)
Alpha Networks (Hong Kong) Limited ("Alpha HK")	The Company's subsidiary (note 6)
Enrich Investment Corporation ("Enrich")	The Company's subsidiary (note 6)
Hitron Technologies Inc. ("Hitron Technologies")	The Company's subsidiary (note 6)
D-Link Asia Investment Pte, Ltd. ("D-Link Asia")	The Company's subsidiary (note 6)
Alpha Networks (Dongguan) Co., Ltd. ("Alpha Dongguan")	The Company's subsidiary (note 6)
Alpha Networks (Chengdu) Co., Ltd. ("Alpha Chengdu")	The Company's subsidiary (note 6)
Mirac Networks (Dongguan) Co., Ltd. ("Mirac")	The Company's subsidiary (note 6)
Alpha Networks (Changshu) Co., Ltd. ("Alpha Changshu")	The Company's subsidiary (note 6)
Hitron Technologies (Samoa) Inc. ("Hitron Samoa")	The Company's subsidiary (note 6)
Interactive Digital Technologies Inc. ("IDT")	The Company's subsidiary (note 6)
Hitron Technologies Europe Holding B.V. ("Hitron Europe")	The Company's subsidiary (note 6)
Hitron Technologies (Americas) Inc. ("Hitron Americas")	The Company's subsidiary (note 6)
Innoauto Technologies Inc. ("Innoauto Technologies")	The Company's subsidiary (note 6)
Hitron Technologies (Vietnam) Inc. ("Hitron Vietnam")	The Company's subsidiary (note 6)
Hitron Technologies (SIP) Inc. ("Hitron Suzhou")	The Company's subsidiary (note 6)
Jietech Trading (Suzhou) Inc. ("Jietech Suzhou")	The Company's subsidiary (note 6)

QISDA CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hwa Chi Technologies(Shanghai) Inc. (“Hwa Chi Technologies”)	The Company’s subsidiary (note 6)
Transnet Corporation(“Transnet”)	The Company’s subsidiary (note 6)
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.(“Q.S.C”)	The Company’s associate
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) QMMX was liquidated in 2019.

(note 2) BMM was newly established in 2019.

(note 3) Filter, Wangcheng , PTMG and NEO TREND were newly established in 2020.

(note 4) Starting 2019, ACE, AEWIN, K2SH, EASC, Topview, and Sysage, and their subsidiaries, have become the Company’s subsidiaries.

(note 5) Prior to March 2019, NSHD was the Company’s subsidiary. Starting March 2019, NSHD has become the Company’s associate.

(note 6) Prior to July 22, 2020, Alpha was an associate of the Company. Starting July 23, 2020, Alpha has become the Company’s subsidiary.

(note 7) Starting 2020, EASTECH, Youshan, K2ID, GSC, and SIMULA and their subsidiaries have become the Company’s subsidiaries.

(b) Significant related-party transactions

(i) Revenue

	<u>2020</u>	<u>2019</u>
Subsidiaries:		
QALA	\$ 21,292,914	26,685,853
BenQ	5,073,679	5,043,193
Other subsidiaries	<u>3,421,153</u>	<u>4,403,702</u>
	<u>29,787,746</u>	<u>36,132,748</u>
Associates	<u>7,470,527</u>	<u>7,067,820</u>
	<u>\$ 37,258,273</u>	<u>43,200,568</u>

QISDA CORPORATION
Notes to the Financial Statements

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 \$24,215,200 and \$26,615,549, for the years ended December 31, 2020 and 2019, respectively.

(ii) Purchases

	2020	2019
Subsidiaries:		
QLLB	\$ -	54,870,165
QCSZ	67,384,007	28,506,605
QCOS	11,852,965	4,913,528
Other associates	122,425	62,972
	79,359,397	88,353,270
Associates	20,456	47,018
	\$ 79,379,853	88,400,288

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 2020 and 2019, the related rental income from subsidiaries amounted to \$76,668 and \$66,497, respectively, and from associates amounted to \$3,162 and \$2,930, respectively, recognized as the non-operating income and loss— other income. The related receivables were classified as other receivables from related parties.

The Company leased factory from AU, and the rent is paid monthly with reference to the nearby office rental rates. In 2020 and 2019, the related interest expense on lease liabilities amounted to \$126 and \$54, respectively. As of December 31, 2020 and 2019, the balance of the lease liability amounted to \$4,448 and \$9,218, respectively.

(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, 2020 and 2019, the repair service fees amounted to \$1,058 and \$1,921, respectively, recognized as operating costs. The related payables were classified as "other payables to related parties".

QISDA CORPORATION
Notes to the Financial Statements

(v) Donation

In 2020 and 2019, the Company made a donation to a substantive related party (BenQ Foundation) both for \$5,000.

(vi) Property transactions

In 2020, the Company purchased machinery from subsidiaries at a price of \$2,682.

(vii) Guarantees

For the years ended December 31, 2020 and 2019, the Company provided guarantees in order to apply for foreign exchange credit line for its subsidiaries amounting to \$3,005,100 and \$3,191,236, respectively.

(viii) Receivables

<u>Account</u>	<u>Related-party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	Subsidiaries:		
	QALA	\$ 6,269,938	7,950,735
	BenQ	3,033,274	2,039,637
	QJTO	794,613	1,278,199
	QCSZ	923,692	839,310
	Other subsidiaries	<u>745,490</u>	<u>421,594</u>
		<u>11,767,007</u>	<u>12,529,475</u>
	Associates	<u>2,250,644</u>	<u>2,248,552</u>
Other receivables	Subsidiaries	<u>2,531</u>	<u>1,448</u>
		<u>\$ 14,020,182</u>	<u>14,779,475</u>

(ix) Payables

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable	Subsidiaries:		
	QCSZ	\$ 17,993,269	18,262,591
	QCES	1,704,966	3,966,944
	QCOS	3,574,987	3,251,756
	Other subsidiaries	249,395	239,643
	Associates	<u>4,773</u>	<u>20,479</u>
		<u>23,527,390</u>	<u>25,741,413</u>
Other payables	Subsidiaries	<u>5,865</u>	<u>9,931</u>
		<u>\$ 23,533,255</u>	<u>25,751,344</u>

QISDA CORPORATION
Notes to the Financial Statements

(c) Compensation for key management personnel

	2020	2019
Short-term employee benefits	\$ 152,285	148,265
Post-employment benefits	864	741
	\$ 153,149	149,006

8. Pledged assets:

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	December 31, 2020	December 31, 2019
Common stock of investments accounted for using the equity method	Credit lines of bank loans	\$ 5,933,504	4,808,527
Land and buildings	Credit lines of bank loans	1,163,163	1,199,753
Other financial assets (special deposit account)	Restrictions on utilization of repatriated offshore funds	81,832	-
		\$ 7,178,499	6,008,280

9. Significant commitments and contingencies:

In addition to those in note 7, the Company had the following commitments and contingencies:

(a) Significant unrecognized commitments

	December 31, 2020	December 31, 2019
Unused letters of credit	\$ 113,711	100,643

(b) Significant contingent liabilities

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:

On December 7, 2020, the Company's Board of directors approved a resolution to acquire 38,000 thousand shares of Sysage through public tender offer at a price of \$45 (dollars) per share. The public tender offer period was from December 9, 2020 to March 18, 2021. On March 19, 2021, the Company had paid the amount of \$1,387,856 for the acquisition consideration, with the actual number of acquisition of 30,841 thousand shares.

QISDA CORPORATION
Notes to the Financial Statements

12. Others:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	2020			2019		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	472,868	2,328,207	2,801,075	400,534	2,109,865	2,510,399
Insurance	30,614	128,373	158,987	27,699	126,941	154,640
Pension	14,464	79,175	93,639	14,174	78,194	92,368
Remuneration to directors	-	48,668	48,668	-	44,083	44,083
Others	48,673	139,174	187,847	38,060	162,446	200,506
Depreciation	47,295	174,327	221,622	37,583	172,174	209,757
Amortization	379	19,174	19,553	743	13,134	13,877

	<u>2020</u>	<u>2019</u>
The number of employees	<u>1,745</u>	<u>1,659</u>
The number of non-employee directors	<u>6</u>	<u>6</u>
Average employee benefits	<u>\$ 1,864</u>	<u>1,789</u>
Average employee salaries	<u>\$ 1,611</u>	<u>1,519</u>
Average employee salaries adjustment rate	<u>6.06 %</u>	<u>(0.39)%</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policies (including directors, managers and employees) were as follows:

(a) Directors:

- (i) The remuneration to directors is stipulated and distributed according to the Company's Articles of Incorporation, authorizing the Board of Directors to determine the remuneration based on the participation and contribution of each director, as well as "Remuneration Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry norms. If there is earnings, the remunerations to directors is approved by the Board of Directors according to the Company's Articles of Incorporation.
- (ii) The remunerations to directors is in accordance with the Company's Articles of Incorporation and Remuneration Policy, and is reviewed by the Remuneration Committee and approved by the Board of Directors.

(b) Managers:

The remuneration to managers is in accordance with the Company's personnel rules with reference to the industry norms, individual performance and the Company's overall operating performance, and is reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

QISDA CORPORATION
Notes to the Financial Statements

(c) Employees:

- (i) The Company provides diversified and competitive overall remuneration and career development opportunities. Apart from basic salary (including principal salary, meal allowance, etc.), various allowances and rewards, such as work allowances, duty allowances, performance bonuses, incentive bonuses and remuneration to employees based on the Company's annual profit, are designed for difference job nature and reward purpose.
- (ii) The Company annually participates in the international market salary surveys, wherein it adjust the salary based on the salary benchmark of each job and individual performance to sustain its market competitiveness. Under the premise of enhancing the Company's overall operations and performance through teamwork and individual effort, the Company designs various short term or long term reward plans and profit sharing with employees to achieve the purpose of talent attraction, retention, motivation and programmatic cultivation of high quality talents.
- (iii) The salary and bonus for employees is in accordance with the Company's personnel rules. The remuneration to employees is in accordance with Company's Articles of Incorporation, and is approved by the Board of Directors and reported to shareholders meeting..

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: Table 5 (attached)
- (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: Table 6 (attached)
- (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: Table 7 (attached)
- (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: Table 8 (attached)
- (ix) Transactions about derivative instruments: Refer to note 6(b)

(b) Information on investees : Table 9 (attached)

QISDA CORPORATION
Notes to the Financial Statements

- (c) Information on investment in Mainland China: Table 10 (attached)
- (a) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
AU Optronics Corp.		335,230,510	17.04 %

14. Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

QISDA CORPORATION
Financing provided to other parties
For the year ended December 31, 2020
(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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
0	The Company	Daily Venture (L) Ltd	Other receivables from related parties	yes	200,000 (NTD 200,000)	200,000 (NTD 200,000)	-	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
0	The Company	QLLB	Other receivables from related parties	yes	909,900 (USD 30,000)	-	-	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
1	QLLB	Qisda (Shanghai) Co., Ltd. ("QCSH")	Other receivables from related parties	yes	3,425,016 (USD 116,000)	1,644,300 (USD 58,000)	1,644,300 (USD 58,000)	-	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
2	BenQ	Daily 2	Other receivables from related parties	yes	200,000 (NTD 200,000)	200,000 (NTD 200,000)	-	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	Daily C	Other receivables from related parties	yes	300,000 (NTD 300,000)	300,000 (NTD 300,000)	-	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	BQL	Other receivables from related parties	yes	517,500 (USD 18,000)	255,150 (USD 9,000)	255,150 (USD 9,000)	-	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
2	BenQ	Daily Venture (L) Ltd	Other receivables from related parties	yes	287,500 (USD 10,000)	141,750 (USD 5,000)	141,750 (USD 5,000)	0.75%	2	-	Operating requirements	-	-	-	1,858,701	3,717,401
3	BBM	Nanjing BenQ Hospital Co., Ltd. ("NMH")	Other receivables from related parties	yes	45,495 (USD 1,500)	-	-	-	2	-	Operating requirements	-	-	-	1,535,405	1,535,405
3	BBM	Suzhou BenQ Hospital Co., Ltd. ("SMH")	Other receivables from related parties	yes	363,960 (USD 12,000)	14,175 (USD 500)	14,175 (USD 500)	-	2	-	Operating requirements	-	-	-	1,535,405	1,535,405
4	QCOS	Suzhou BenQ Hospital Co., Ltd. ("SMH") (Note 23)	Other receivables from related parties	yes	406,809 (CNY 50,000 and USD 6,500)	216,080 (CNY 50,000)	216,080 (CNY 50,000)	3.00-4.28%	2	-	Operating requirements	-	-	-	1,499,852	1,499,852
4	QCOS	Qisda (Shanghai) Co., Ltd. ("QCSH") (Note 23)	Other receivables from related parties	yes	17,345 (CNY 4,000)	17,286 (CNY 4,000)	17,286 (CNY 4,000)	2.30%	2	-	Operating requirements	-	-	-	3,602,550	36,025,501
5	QLFG	QLLB	Other receivables from related parties	yes	309,214 (MYR 44,000)	105,890 (MYR 15,000)	105,890 (MYR 15,000)	3.20%	2	-	Operating requirements	-	-	-	7,205,100	14,410,200
6	BIC	Suzhou BenQ Hospital Co., Ltd. ("SMH") (Note 23)	Other receivables from related parties	yes	21,682 (CNY 5,000)	21,608 (CNY 5,000)	21,608 (CNY 5,000)	1.00%	2	-	Operating requirements	-	-	-	333,945	333,945
7	BMS	BenQ Materials (Wuhu) Co., Ltd. (Note 23)	Other receivables from related parties	yes	1,149,120 (CNY 265,000)	1,145,224 (CNY 206,700)	893,275 (CNY 206,700)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
7	BMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ") (Note 23)	Other receivables from related parties	yes	86,726 (CNY 20,000)	86,432 (CNY 20,000)	38,894 (CNY 9,000)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
7	BMS	BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM") (Note 23)	Other receivables from related parties	yes	130,089 (CNY 30,000)	129,648 (CNY 30,000)	30,251 (CNY 7,000)	1.30%	2	-	Operating requirements	-	-	-	1,889,124	1,889,124
8	NMHC	Nanjing BenQ Hospital Co., Ltd. ("NMH") (Note 23)	Other receivables from related parties	yes	22,549 (CNY 5,200)	22,472 (CNY 5,200)	22,472 (CNY 5,200)	1.00%	2	-	Operating requirements	-	-	-	23,994	23,994
9	NMH	Suzhou BenQ Hospital Co., Ltd. ("SMH") (Note 23)	Other receivables from related parties	yes	118,814 (CNY 27,500)	-	-	-	2	-	Operating requirements	-	-	-	993,807	993,807

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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
10	PTT	Corex (Pty) Ltd.	Other receivables from related parties	yes	121,016 (USD 4,000)	113,400 (USD 4,000)	113,400 (USD 4,000)	3.50%–8.85%	2	-	Operating requirements	-	-	-	364,230	364,230
11	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	298,662	230,602	145,552	1.15%–4.35%	2	-	Operating requirements	-	-	-	394,083	788,166
12	Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	15,895	15,593	15,593	1.15%	2	-	Operating requirements	-	-	-	569,330	569,330
12	Cyber South	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	85,431	-	-	-	2	-	Operating requirements	-	-	-	569,330	569,330
13	Proton Inc.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	314,715	-	-	-	2	-	Operating requirements	-	-	-	455,706	455,706
13	Proton Inc.	Ace Pillar Co., Ltd.	Other receivables from related parties	yes	22,152	-	-	-	2	-	Operating requirements	-	-	-	455,706	455,706
14	Grace Transmission (Tianjin) Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	13,009 (CNY 3,000)	12,965 (CNY 3,000)	12,965 (CNY 3,000)	1.80%	2	-	Operating requirements	-	-	-	38,197	38,197
14	Grace Transmission (Tianjin) Co., Ltd.	Advancedtek Ace (TI) Inc.	Other receivables from related parties	yes	10,369 (CNY 2,400)	2,593 (CNY 600)	2,593 (CNY 600)	1.80%	2	-	Operating requirements	-	-	-	38,197	38,197
15	Hong Kong Ace Pillar Enterprise Company Limited	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	17,345 (CNY 4,000)	17,286 (CNY 4,000)	17,286 (CNY 4,000)	1.80%	2	-	Operating requirements	-	-	-	41,198	41,198
16	Aewin Technologies Co., Ltd	Aewin Beijing Technologies Co., Ltd	Other receivables from related parties	yes	90,762 (USD 3,000)	85,050 (USD 3,000)	18,144 (USD 640)	-	2	-	Operating requirements	-	-	-	229,629	459,258
17	Alpha HK	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	1,504,602 (USD 51,000)	921,375 (USD 32,500)	921,375 (USD 32,500)	-	2	-	Operating requirements	-	-	-	6,563,526	6,563,526
18	Mirac Networks (Dongguan) Co., Ltd.	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	130,089 (CNY 30,000)	129,648 (CNY 30,000)	129,648 (CNY 30,000)	2.50%	2	-	Operating requirements	-	-	-	889,353	889,353
19	Alpha Networks (Chengdu) Co., Ltd.	Alpha Networks (Changshu) Co., Ltd.	Other receivables from related parties	yes	173,452 (CNY 40,000)	86,432 (CNY 20,000)	86,432 (CNY 20,000)	2.50%	2	-	Operating requirements	-	-	-	1,676,938	1,676,938
20	Hiron Technologies	Hiron Technologies Europe Holding B.V.	Other receivables from related parties	yes	31,801	-	-	-	1	576,582	Operating requirements	-	-	-	576,582	1,978,060
20	Hiron Technologies	Hiron Technologies (Samoa) Inc.	Other receivables from related parties	yes	16,936	-	-	-	1	6,585,643	Operating requirements	-	-	-	1,978,060	1,978,060
20	Hiron Technologies	Hiron Technologies (Vietnam) Inc.	Other receivables from related parties	yes	454,800	425,250	425,250	1.00–2.00%	2	-	Operating requirements	-	-	-	494,515	1,978,060
20	Hiron Technologies	Hiron Technologies (SIP) Inc.	Other receivables from related parties	yes	454,800 (USD 15,000)	425,250 (USD 15,000)	170,100 (USD 6,000)	1.00–2.00%	2	-	Operating requirements	-	-	-	494,515	1,978,060

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		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
21	Jfitech Trading (Suzhou) Inc.	Hitron Technologies (SIP) Inc.	Other receivables from related parties	yes	21,682 (CNY 5,000)	21,608 (CNY 5,000)	21,608 (CNY 5,000)	2.00%	2	-	Operating requirements	-	-	-	30,646	30,646

- (Note 1) The aggregate financing amount and the individual financing amount of the Company to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.
- (Note 2) 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 3) 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 4) The aggregate financing amount and the individual financing amount of BMM to subsidiaries shall not exceed 40% of the most recent net worth of BMM.
- (Note 5) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS shall not exceed 100% and 10%, respectively, of the most recent net worth of the Company. The financing amount to the subsidiaries not wholly owned by the Company and the individual financing amount of QCOS shall not exceed 40% of the most recent net worth of QCOS.
- (Note 6) The aggregate financing amount and the individual financing amount of QPG to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.
- (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 to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100%, respectively, of the most recent audited or reviewed net worth of BMS.
- (Note 9) 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 10) The aggregate financing amount and the individual financing amount of NMH to subsidiaries shall not exceed 40% of the most recent net worth of NMH.
- (Note 11) 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 12) The aggregate financing amount and the individual financing amount of ACE to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of ACE.
- (Note 13) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 100% of the most recent audited or reviewed net worth of ACE.
- (Note 14) The aggregate financing amount of Cyber South shall not exceed 10% and 5%, respectively, of the most recent net worth of Cyber South.
- (Note 15) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Proton shall not exceed 100% of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Proton shall not exceed 10% and 5%, respectively, of the most recent net worth of Proton.
- (Note 16) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 100% of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 10% and 5%, respectively, of the most recent audited or reviewed net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 10% and 5%, respectively, of the most recent net worth of ACE. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of AEWIN to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of AEWIN.
- (Note 17) The aggregate financing amount and the individual financing amount of AEWIN to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of AEWIN.
- (Note 18) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha HK shall not exceed 300% of the most recent net worth of Alpha HK.
- (Note 19) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Mirae Networks (Dongguan) Co., Ltd. shall not exceed 300% of the most recent net worth of Mirae Networks (Dongguan) Co., Ltd.
- (Note 20) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Chengde) Co., Ltd. shall not exceed 300% of the most recent net worth of Alpha Networks (Chengde) Co., Ltd.
- (Note 21) The aggregate financing amount of Hitron Technologies and its subsidiaries (Jitech Trading (Suzhou) Inc.) to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of party is stated as below:
- a For entities who have business transactions with Hitron Technologies, the individual financing amount shall not exceed the total transaction amount in the nearest 12 months. The transaction referring to the higher of sales or purchase amount.
- b For entities who have a need in short term financing, the individual financing amount shall not exceed 10% of the most recent audited or reviewed net worth of Hitron Technologies.
- c For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 40% of the net worth of the lender.
- (Note 22) Purpose of Fund Financing: 1. Business transaction purpose; 2. Short-term financing purpose.
- (Note 23) 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, 2020
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 2

No.	Endorsee / Guarantor Provider	Counter-party of Guarantee and Endorsement		Amount of Guarantees and Endorsements Provided to Each Guarantor	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
		Name	Relationship with the Company										
0	The Company	QLLB	Parent/Subsidiary	7,205,100	4,980,000 (USD 166,000)	3,458,700 (USD 122,000)	3,005,100 (USD 106,000)	-	9.60%	18,012,751	Y	-	-
1	BenQ	MaxGen	Parent/Subsidiary	1,858,701	96,512 (BRL17,259)	95,939 (BRL17,259)	95,939 (BRL17,259)	-	1.03%	9,293,503	Y	-	-
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	182,115	60,660 (USD 2,000)	56,700 (USD 2,000)	56,700 (USD 2,000)	-	6.23%	455,288	Y	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	182,115	60,000 (USD 2,000)	56,700 (USD 2,000)	56,700 (USD 2,000)	-	6.23%	455,288	Y	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	182,115	30,330 (USD 1,000)	28,350 (USD 1,000)	28,350 (USD 1,000)	-	3.11%	455,288	Y	-	-
2	PTT	Corex (Pty) Ltd.	Parent/Subsidiary	182,115	151,650 (USD 5,000)	85,050 (USD 3,000)	85,050 (USD 3,000)	-	9.34%	455,288	Y	-	-
2	PTT	Partner Tech (Shanghai) Co., Ltd.	Parent/Subsidiary	182,115	30,330	-	-	-	-	455,288	Y	-	Y
3	DIC	Data Image (Suzhou) Corporation	Parent/Subsidiary	225,547	57,500 (USD 2,000)	28,350 (USD 1,000)	24,543 (CNY 5,679)	-	2.51%	563,867	Y	-	Y
4	ACE	Tianjin Ace Pillar Co., Ltd.	Parent/Subsidiary	788,166	251,250	248,450	56,700	-	12.61%	985,208	Y	-	Y
4	ACE	Proton Inc.	Parent/Subsidiary	788,166	360,000	-	-	-	-	985,208	Y	-	-
5	Cyber South	Tianjin Ace Pillar Co., Ltd.	Parent/Subsidiary	170,799	43,205	-	-	-	-	284,665	Y	-	Y
6	GSC	E-Strong Medical Technology Co., Ltd.	Parent/Subsidiary	107,032	90,000	-	-	-	-	107,032	Y	-	-
7	Alpha	Alpha Networks (Dongguan) Co., Ltd.	Parent/Subsidiary	2,911,255	60,600	56,700	25,560	-	0.58%	4,852,091	Y	-	Y
7	Alpha	Alpha Networks (Changshu) Co., Ltd.	Parent/Subsidiary	2,911,255	212,100	198,450	3,462	-	2.05%	4,852,091	Y	-	Y
8	Hitron Technologies	Hitron Technologies (SIP) Inc	Parent/Subsidiary	4,945,149	1,235,554	514,446	-	-	10.40%	7,417,724	Y	-	Y
8	Hitron Technologies	Hitron Technologies (Americas) Inc.	Parent/Subsidiary	4,945,149	1,057,875	595,350	-	-	12.04%	7,417,724	Y	-	-

No.	Endorsements / Guarantee Provider	Counter-party of Guarantee and Endorsement		Amount of Guarantees and Endorsements Provided to Each Guaranteed	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	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Endorsements / Guarantees Provided to Subsidiaries in Mainland China
		Name	Relationship with the Company										
8	Hitron Technologies	Hitron Technologies	Parent/Subsidiary	4,945,149	454,250	451,674	129,337	-	9.13%	7,417,724	Y	-	-
		Europe Holding B.V.	Parent/Subsidiary	4,945,149	1,502,800	1,417,500	595,350	-	28.66%	7,417,724	Y	-	-
8	Hitron Technologies	Hitron Technologies (Vietnam) Inc.	Parent/Subsidiary	4,945,149	75,000	50,000	6,000	-	1.01%	7,417,724	Y	-	-
		Imoauto Technologies Inc.	Parent/Subsidiary	4,945,149	75,000	50,000	6,000	-	1.01%	7,417,724	Y	-	-
9	Aewin Technologies Co., Ltd	Aewin Beijing Technologies Co., Ltd.	Parent/Subsidiary	229,629	65,045	64,824	64,824	-	5.65%	459,258	Y	-	Y
10	Sysage	Corex (Pty) Ltd.	Subsidiary of PTT	854,260	141,750	141,750	-	-	3.32%	1,708,520	-	-	-

(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 BenQ to MaxGen and the endorsement/guarantee amount provided to individual party shall not exceed 100% and 20%, respectively, of the net worth of BenQ.

(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 50% and 20%, respectively, of the net worth of DIC.

(Note 5) The aggregate endorsement/guarantee amount provided by ACE to ACE's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 40%, respectively, of the most recent audited or reviewed net worth of ACE.

(Note 6) The aggregate endorsement/guarantee amount provided by Cyber South to Tianjin Ace Pillar Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 30%, respectively, of the net worth of Cyber South.

(Note 7) The aggregate endorsement/guarantee amount provided by GSC to E-Strong Medical Technology Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% of the net worth of GSC.

(Note 8) The aggregate endorsement/guarantee amount provided by Alpha to Alpha's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 30%, respectively, of the net worth of Alpha.

(Note 9) The aggregate endorsement/guarantee amount provided by Hitron Technologies to Hitron Technologies subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 150% and 10%, respectively, of the net worth of Hitron Technology. However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hitron Technologies 100% of the net worth of the most recent financial statements.

(Note 10) The aggregate endorsement/guarantee amount provided by Aewin Technologies Co., Ltd to Aewin Beijing Technologies Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% and 20%, respectively, of the recent audited or reviewed net worth of Aewin Technologies Co., Ltd.

(Note 11) The aggregate endorsement/guarantee amount provided by Sysage to Corex (Pty) Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of Sysage.

QISDA CORPORATION
Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)
For the year ended December 31, 2020
(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, 2020				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	37,438	4.61%	37,438	-
QLLB	CPEC Huachuang Private Equity Fund (Fujian) Co., Ltd. Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	47,173	2.50%	47,173	-
BMC	Stock: Lagis Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,680	57,809	5.25%	57,809	-
BMC	Stock: Kangde Corporation	-	Financial assets at fair value through other comprehensive income-non-current	150	1,500	11.03%	1,500	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note 1)	2.50%	-	-
APV	Stock: Hi-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	317	38,472	0.88%	38,472	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	2,236	6.19%	2,236	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	33,398	2.77%	33,398	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	242	0.06%	242	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	12,618	6.17%	12,618	-
APV	Stock: CDIB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,667	25,670	3.33%	25,670	-
APV	Preferred Stock: D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	4,227	6.56%	4,227	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,932	57,862	7.13%	57,862	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,940	411,949	4.39%	411,949	-
Darly 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	470	23,359	1.94%	23,359	-
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,633	228,769	2.44%	228,769	-
Darly 2	Stock: Fong Huang Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	6,000	76,790	18.75%	76,790	-
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,690	0.14%	1,690	-
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	6,309	3.09%	6,309	-
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	6,427	2.24%	6,427	-
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	31,506	0.52%	31,506	-
Darly C	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	220	30,857	0.33%	30,857	-
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,487	73,904	6.13%	73,904	-
PTT	Preferred Stock: D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	6,273	2.30%	6,273	-
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	999	29,920	3.32%	29,920	-
DFI	Asia Tech Taiwan Venture Fund	-	Financial assets at fair value through profit or loss-non-current	USD 225	(Note 1)	-	-	-
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,494	27,953	-	27,953	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through profit or loss-current	USD 200	(Note 1)	-	-	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
AEWIN	Stock: Aewin Korea Co., Ltd	-	Financial assets at fair value through other comprehensive income-non-current	10	887	16.67%	887	-
AEWIN	Stock: AuthenTrend Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	300	-	1.42%	-	-
PT. Frismed Hoslab Indonesia	Insurance Fund: AVA IPRIME	-	Financial assets at fair value through profit or loss-current	-	3,084	-	3,084	-
QCES	Stock: Jiangsu Yudi Optical Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,692	201,310	11.20%	201,310	-
Sysage	Stock: CDS Holdings Limited	-	Financial assets at fair value through profit or loss-non-current	600	(Note 1)	1.11%	-	-
Sysage	Stock: Yobon Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3	(Note 1)	0.42%	-	-
Sysage	Stock: Dynasafe Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3,906	145,695	19.53%	145,695	-
Sysage	Stock: Touch Cloud, Inc.	-	Financial assets at fair value through profit or loss-non-current	200	410	2.74%	410	-
Sysage	Stock: Gemini Data, Inc.	-	Financial assets at fair value through profit or loss-non-current	2,706	8,540	2.90%	8,540	-
Sysage	Stock: Kingtel Corporation	-	Financial assets at fair value through profit or loss-non-current	443	3,049	18.09%	3,049	-
Sysage	Fund: Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	9,222	150,003	-	150,003	-
Epic Cloud	Fund: Capital Money Market Fund	-	Financial assets at fair value through profit or loss-current	123	2,004	-	2,004	-
NEO TREND	Fund: Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,073	25,010	-	25,010	-
Simula	Stock: Optomedia Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	817	2,411	3.26%	2,411	-
Simula	Stock: Taiwan Competition Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	500	2,469	16.67%	2,469	-
GSC	Stock: New Image Medical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	200	2,960	0.74%	2,960	-
Alpha	Stock: TGC, Inc.	-	Financial assets at fair value through profit or loss-non-current	500	(Note 1)	1.83%	-	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	
Hitron Technologies	Stock: Senao International Co., Ltd.	-	Financial assets at fair value through profit or loss-current	207	7,349	-	7,349	-
Hitron Technologies	Stock: Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss-current	200	9,350	-	9,350	-
Hitron Technologies	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	441	28,665	-	28,665	-
Hitron Technologies	Stock: Chao Long Motor Parts Corp.	-	Financial assets at fair value through other comprehensive income-non-current	668	21,245	2.10%	21,245	-
Hitron Technologies	Stock: Imagetech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	120	(Note 1)	1.20%	-	-
Hitron Technologies	Stock: Tsunami Visual Technologies, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,220	(Note 1)	9.34%	-	-
Hitron Technologies	Stock: Pivot Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	198	(Note 1)	10.94%	-	-
Hitron Technologies	Stock: Cardtek Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000	(Note 1)	6.45%	-	-
Hitron Technologies	Stock: Yesmobile Holdings Company Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	294	(Note 1)	0.75%	-	-
Hitron Technologies	Preferred Stock: Codent Networks (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,570	(Note 1)	-	-	-
Interactive Digital	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	362	23,530	0.08%	23,530	-

(Note 1) 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, 2020
(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		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal (Note 1)	Shares	Amount (Note 2)
Sysage	Capital Money Market Fund	Financial assets at fair value through profit or loss-current	Hua Nan Commercial Bank	-	12,351	200,057	15,395	250,000	18,524	300,212	300,000	158	9,222	150,003
The Company	Simula	Investment accounted for using equity method	-	Parent/Subsidiary	-	-	30,000	600,000	-	-	-	-	30,000	619,479
The Company	Alpha	Investment accounted for using equity method	-	Parent/Subsidiary	100,000	2,064,817	195,163	5,814,943	-	-	-	-	295,163	7,828,382
The Company	APV	Investment accounted for using equity method	-	Parent/Subsidiary	113,258	2,021,449	40,000	400,000	-	-	-	-	153,258	2,560,268
The Company	QVH	Investment accounted for using equity method	-	Parent/Subsidiary	-	627,436	-	405,593	-	-	-	-	-	832,065
NMH	Guigang Donghui Medical Investment Co., Ltd	Investment accounted for using equity method	-	Associate	-	-	-	423,670	-	-	-	-	-	429,654

(Note 1) Valuation adjustment is included.

(Note 2) The ending balance includes shares of profits/losses of investees and other related adjustment.

QISDA CORPORATION
Acquisition of real estate which exceeds NT\$300 million or 20% of the paid-in capital
For the year ended December 31, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 5

Company Name	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counter Party	Relationship with the Counter Party	If the Counter Party is a Related Party, Disclose the Previous Transfer Information			Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Company	Date of Transfer			
Hitron Vietnam	Machinery	2020.01~12	371,796	Pay in installments	Jietech Suzhou Interactive Digital DAIICHI KURTZ AJT LITUO TRI	-	-	-	-	Inquiry and Bargaining	Machinery	-
Hitron Vietnam	Building	2020.01~12	355,392	Based on the progress of construction	SAI GON VISICONS ASEMCO VSIP Sheng Hwei Engineering Technology Company Limited Jiuh Jiang Long Co.,Ltd	-	-	-	-	Open bidding	Building	-

QISDA CORPORATION

Disposal of real estate which exceeds NT\$300 million or 20% of the paid-in capital

For the year ended December 31, 2020

(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

Company Name	Property Name	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Status of Payment	Gain or Loss on Disposal of real estate	Counter Party	Relationship with the Counter Party	Purpose of Disposal	Price Reference	Notes
Qisda Sdn. Bhd. (QLPG)	Two land and buildings in Malaysia	Board resolution date June 11, 2020	1990	121,508	MYR 92,000 thousand	The first installment for 10% of the contract price has been received by attorney-in-fact.	MYR 56,000 thousand	Visco Technology Sdn. Bhd.	Associates	To activate asset and increase working capital	Refer to appraisal report	Payment term : 10% will be charged within 1 month after signing the contact ; 20% will be charged within 1 month after the government approval is received ; 70% will be charged within 4 month after the government approval is received

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, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 7

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	
The Company	BenQ	Parent/Subsidiary	(Sales)	(5,073,679)	(5)	OA90	-	3,033,274	13	-
The Company	QJTO	Parent/Subsidiary	(Sales)	(1,973,381)	(2)	OA120	-	794,613	3	-
The Company	QALA	Parent/Subsidiary	(Sales)	(21,292,914)	(23)	OA90	-	6,269,938	27	-
The Company	AU	Associate	(Sales)	(5,171,531)	(6)	OA120	-	1,353,771	6	-
The Company	AUSZ	Associate	(Sales)	(2,180,505)	(2)	OA120	-	797,601	3	-
The Company	AUKS	Associate	(Sales)	(115,622)	-	OA120	-	63,963	-	-
The Company	DFI	Parent/Subsidiary	(Sales)	(751,208)	(1)	EOM60	-	100,567	-	-
The Company	Topview	Parent/Subsidiary	(Sales)	(280,195)	-	OA60	-	54,827	-	-
The Company	PTT	Parent/Subsidiary	(Sales)	(111,859)	-	OA30	-	30,650	-	-
The Company	QCSZ	Parent/Subsidiary	Purchases	67,384,007	77	OA120	-	(17,993,269)	(72)	-
The Company	QCOS	Parent/Subsidiary	Purchases	11,852,965	14	OA120	-	(3,574,987)	(14)	-
The Company	DFI	Parent/Subsidiary	Purchases	107,938	-	60-90 Days	-	(87,706)	-	-
QCOS	The Company	Parent/Subsidiary	(Sales)	(67,384,007)	(88)	OA120	-	17,993,269	91	-
QCOS	The Company	Parent/Subsidiary	(Sales)	(11,852,965)	(82)	OA120	-	3,574,987	91	-
QALA	The Company	Parent/Subsidiary	Purchases	21,292,914	95	OA90	-	(6,269,938)	(100)	-
QJTO	The Company	Parent/Subsidiary	Purchases	1,973,381	92	OA120	-	(794,613)	(99)	-
DFI	The Company	Parent/Subsidiary	(Sales)	(107,938)	(3)	60-90 Days	-	87,706	12	-
BenQ	The Company	Parent/Subsidiary	Purchases	5,073,679	33	OA90	-	(3,033,274)	(56)	-
DFI	The Company	Parent/Subsidiary	Purchases	751,208	23	EOM60	-	(100,567)	(16)	-
PTT	The Company	Parent/Subsidiary	Purchases	111,859	15	OA30	-	(30,650)	(30)	-
QCOS	BQC RO	Affiliates	(Sales)	(817,393)	(1)	OA120	-	100,772	1	-
QCOS	AU	Other related party	Purchases	8,018,101	11	EOM55	-	1,198,399	7	-
QCOS	QCPS	Affiliates	Purchases	1,452,530	2	OA60	-	(150,235)	(1)	-
QCOS	DIC	Affiliates	Purchases	249,903	-	EOM45	-	(114,398)	(1)	-
QCOS	BQC_RO	Affiliates	(Sales)	(1,298,311)	(9)	OA120	-	88,636	2	-
QCOS	AU	Other related party	Purchases	323,131	2	EOM55	-	1,665	-	-
QCOS	QCPS	Affiliates	Purchases	219,248	2	OA60	-	(34,145)	(1)	-
QCOS	QCES	Affiliates	Purchases	321,955	2	OA60	-	(46,830)	(1)	-
QCOS	QCOS	Affiliates	(Sales)	(321,955)	(1)	OA60	-	46,830	1	-
QCOS	Darwin	Other related party	Purchases	183,292	1	EOM120	-	2,217	-	-
QCOS	QCOS	Affiliates	(Sales)	(219,248)	(13)	OA60	-	34,145	16	-
BenQ	QCSZ	Affiliates	(Sales)	(1,452,530)	(83)	OA60	-	150,235	70	-
BenQ	BQA	Affiliates	(Sales)	(3,334,196)	(20)	OA90	-	604,618	10	-
BenQ	BQE	Affiliates	(Sales)	(6,902,513)	(41)	OA90	-	2,657,827	45	-
BenQ	BQL	Affiliates	(Sales)	(562,041)	(3)	OA90	-	323,135	5	-
BenQ	BQP	Affiliates	(Sales)	(5,668,782)	(34)	OA60	-	1,633,661	27	-
BenQ	BQC RO	Affiliates	(Sales)	(257,049)	(2)	OA60	-	3,804	-	-
BenQ	BOHK HLD	Affiliates	(Sales)	(108,925)	-	OA60	-	14,977	-	-
BenQ	AU	Other related party	Purchases	3,300,062	21	EOM55	-	658,155	12	-
BQP	BQUA	Affiliates	(Sales)	(540,383)	(8)	OA60	-	136,650	7	-

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	
BQP	BOIN	Affiliates	(Sales)	(804,929)	(13)	OA60	-	644,703	34	-
BQP	BQJP	Affiliates	(Sales)	(1,424,667)	(22)	OA60	-	277,164	14	-
BQP	BOME	Affiliates	(Sales)	(1,022,945)	(16)	OA60	-	290,118	15	-
BQP	BOTH	Affiliates	(Sales)	(149,169)	(2)	OA60	-	97,956	5	-
BQP	BenQ	Affiliates	Purchases	5,668,782	97	OA60	-	(1,633,661)	(99)	-
BQE	BQUK	Affiliates	(Sales)	(1,312,435)	(17)	OA30	-	145,011	9	-
BQE	BQDE	Affiliates	(Sales)	(1,832,401)	(23)	OA30	-	460,982	30	-
BQE	BQAT	Affiliates	(Sales)	(848,751)	(11)	OA45	-	61,360	4	-
BQE	BQSE	Affiliates	(Sales)	(541,784)	(7)	OA30	-	1,478	-	-
BQE	BQFR	Affiliates	(Sales)	(745,073)	(9)	OA30	-	406,670	26	-
BQE	BQIB	Affiliates	(Sales)	(777,473)	(10)	OA30	-	85,811	6	-
BQE	BQNL	Affiliates	(Sales)	(450,194)	(6)	OA30	-	115,101	7	-
BQE	BQIT	Affiliates	(Sales)	(385,053)	(5)	OA30	-	129,532	8	-
BQE	BQCH	Affiliates	(Sales)	(230,680)	(3)	OA30	-	85,893	6	-
BQE	BenQ	Affiliates	Purchases	6,902,513	95	OA90	-	(2,657,827)	(98)	-
BQA	BQCA	Affiliates	(Sales)	(881,726)	(19)	OA60	-	184,837	37	-
BQA	BenQ	Affiliates	Purchases	3,334,196	86	OA90	-	(604,618)	(100)	-
BQL	BQMX	Affiliates	(Sales)	(309,073)	(52)	OA90	-	174,373	24	-
BQL	BenQ	Affiliates	Purchases	562,041	100	OA90	-	(323,135)	(91)	-
BQC RO	BenQ	Affiliates	Purchases	257,049	8	OA60	-	(3,804)	(1)	-
BQC RO	QCOS	Affiliates	Purchases	1,298,311	42	OA120	-	(88,636)	(14)	-
BQC RO	QCSZ	Affiliates	Purchases	817,393	26	OA120	-	(100,772)	(16)	-
EMS	GSC	Affiliates	(Sales)	(144,992)	(88)	OA60	-	24,304	81	-
BQAT	BQE	Affiliates	Purchases	848,751	100	OA45	-	(61,360)	(100)	-
BOAU	BQP	Affiliates	Purchases	540,383	100	OA60	-	(136,650)	(98)	-
BQCA	BQA	Affiliates	Purchases	881,726	100	OA30	-	(184,837)	(100)	-
BQCH	BQE	Affiliates	Purchases	230,680	100	OA30	-	(85,893)	(95)	-
BODE	BQE	Affiliates	Purchases	1,832,401	99	OA30	-	(460,982)	(98)	-
BQFR	BQE	Affiliates	Purchases	745,073	100	OA30	-	(406,670)	(99)	-
BOHK HLD	BenQ	Affiliates	Purchases	108,925	100	OA60	-	(14,977)	(94)	-
BOIB	BQE	Affiliates	Purchases	777,473	100	OA30	-	(85,811)	(94)	-
BQIN	BQP	Affiliates	Purchases	804,929	100	OA60	-	(644,703)	(100)	-
BOIT	BQE	Affiliates	Purchases	385,053	100	OA30	-	(129,532)	(98)	-
BOJP	BQP	Affiliates	Purchases	1,424,667	97	OA60	-	(277,164)	(94)	-
BOME	BQP	Affiliates	Purchases	1,022,945	97	OA60	-	(290,118)	(96)	-
BOMX	BOL	Affiliates	Purchases	309,073	100	OA90	-	(174,373)	(95)	-
BQNL	BQE	Affiliates	Purchases	450,194	100	OA30	-	(115,101)	(100)	-
BOSE	BQE	Affiliates	Purchases	541,784	100	OA30	-	(1,478)	(100)	-
BOTH	BQP	Affiliates	Purchases	149,169	100	OA60	-	(97,956)	(100)	-
BQUK	BQE	Affiliates	Purchases	1,312,435	100	OA30	-	(145,011)	(93)	-
GSC	EMS	Affiliates	Purchases	144,992	81	OA60	-	(24,304)	(86)	-
DFI	DFI AMERICA, LLC.	Affiliates	(Sales)	635,083	16	60-90 Days	-	150,084	20	-
DFI AMERICA, LLC.	DFI	Affiliates	Purchases	(635,083)	(99)	60-90 Days	-	(150,084)	(100)	-
DFI	DFI Co., Ltd.	Affiliates	(Sales)	373,867	9	60-90 Days	-	24,190	3	-
DFI Co., Ltd.	DFI	Affiliates	Purchases	(373,867)	(98)	60-90 Days	-	(24,190)	(97)	-

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	
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	360,544	9	60-90 Days	-	46,315	6	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	(360,544)	(100)	60-90 Days	-	(46,315)	(100)	-
DFI	Yan Ying Hao Trading (ShenZhen) Co., Ltd	Affiliates	(Sales)	142,133	4	60-90 Days	-	20,585	3	-
Yan Ying Hao Trading (ShenZhen) Co., Ltd	DFI	Affiliates	Purchases	(142,133)	(90)	60-90 Days	-	(20,585)	(89)	-
DFI	AEWIN	Affiliates	(Sales)	167,251	4	60-90 Days	-	104,914	14	-
AEWIN	DFI	Affiliates	Purchases	(167,251)	(17)	60-90 Days	-	(104,914)	(33)	-
DFI	QCSZ	Affiliates	(Sales)	103,246	3	EOM60	-	16,860	2	-
QCSZ	DFI	Affiliates	Purchases	(103,246)	-	EOM60	-	(16,860)	-	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	(Sales)	339,841	29	120 Days after shipment	-	384,304	70	-
Aewin Beijing Technologies Co., Ltd	AEWIN	Affiliates	Purchases	(339,841)	(44)	120 Days after shipment	-	(384,304)	(75)	-
AEWIN	AEWIN TECH INC.	Affiliates	(Sales)	121,077	10	120 Days after shipment	-	39,230	7	-
AEWIN TECH INC.	AEWIN	Affiliates	Purchases	(121,077)	(100)	120 Days after shipment	-	(39,230)	(100)	-
AEWIN	Tianjin Ace Pillar Co., Ltd.	Affiliates	(Sales)	160,548	100	T/T 30 Days	-	25,274	100	-
Advancetec Ace (TJ) Inc.	Tianjin Ace Pillar Co., Ltd.	Affiliates	(Sales)	(160,548)	(11)	T/T 30 Days	-	(25,274)	(14)	-
DFI	Advancetec Ace (TJ) Inc.	Affiliates	Purchases	(1,154,429)	(5)	90 Days	-	-	-	-
Alpha	D-Link International	Affiliates	(Sales)	(5,725,298)	(27)	90 Days	-	1,133,768	21	-
Alpha	Alpha USA	Affiliates	(Sales)	8,840,443	46	90 Days	-	(2,736,037)	(63)	-
Alpha	D-Link Asia	Affiliates	Purchases	6,844,340	35	90 Days	-	(1,040,052)	(24)	-
Alpha	Alpha Changshu	Affiliates	Purchases	(509,098)	(7)	90 Days	-	157,163	13	-
Alpha	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	(Sales)	(433,894)	(7)	90 Days	-	969,204	100	-
Alpha	Alpha Changshu	Affiliates	(Sales)	8,840,443	56	90 Days	-	(2,752,044)	(54)	-
Alpha	D-Link Asia	Affiliates	Purchases	4,664,226	36	90 Days	-	(468,186)	(21)	-
Alpha	Hitron Suzhou	Affiliates	Purchases	(6,585,634)	(64)	90 Days	-	1,884,630	85	-
Alpha	Hitron Americas	Affiliates	(Sales)	(576,582)	(6)	90 Days	-	251,033	11	-
Alpha	Hitron Europe	Affiliates	(Sales)	3,046,968	24	90 Days	-	(1,053,347)	(47)	-
Alpha	Hitron Vietnam	Affiliates	(Sales)	(1,559,411)	(15)	90 Days	-	430,133	19	-
Alpha	Alpha	Affiliates	(Sales)	1,154,429	100	90 Days	-	-	-	-
Alpha	Alpha	Affiliates	Purchases	5,725,298	100	90 Days	-	(1,133,768)	(100)	-
Alpha	Alpha	Affiliates	(Sales)	(8,840,443)	(56)	90 Days	-	2,736,037	100	-
Alpha	Alpha	Affiliates	(Sales)	(6,844,340)	(92)	90 Days	-	1,040,052	100	-
Alpha	Alpha Changshu	Affiliates	Purchases	509,098	83	90 Days	-	(157,163)	(100)	-
Alpha	Alpha HK	Affiliates	Purchases	433,894	91	90 Days	-	(969,204)	(100)	-
Alpha	D-Link Asia	Affiliates	(Sales)	(8,840,443)	(99)	90 Days	-	2,752,044	100	-
Alpha	Hitron Technologies	Affiliates	(Sales)	(4,664,226)	(45)	90 Days	-	468,186	100	-
Alpha	Hitron Technologies	Affiliates	Purchases	6,585,634	51	90 Days	-	(1,884,630)	(100)	-
Alpha	Hitron Technologies	Affiliates	(Sales)	576,582	5	90 Days	-	(251,033)	(100)	-
Alpha	Hitron Technologies	Affiliates	(Sales)	(3,046,968)	(30)	90 Days	-	1,053,347	100	-
Alpha	Hitron Suzhou	Affiliates	Purchases	1,559,411	12	90 Days	-	(430,133)	(100)	-
BMC	AU	Other related party	(Sales)	(3,967,849)	(28)	OA90	(Note 1)	694,443	29	-
BMC	AUSZ	Other related party	(Sales)	(1,084,361)	(8)	OA90	(Note 1)	141,989	6	-
BMC	AUXM	Other related party	(Sales)	(699,625)	(5)	OA90	(Note 1)	83,116	3	-
BMC	BenQ Materials Medical Supplies (Suzhou) Co., Ltd	Affiliates	(Sales)	(144,835)	(1)	OA120	(Note 1)	85,126	4	-

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		
BMC	BenQ Materials (Wuhu) Co., Ltd.	Affiliates	(Sales)	(110,988)	(1)	OA180	(Note 1)	99,660	4	-
SMSZ	BenQ Materials Medical Supplies (Suzhou) Co., Ltd	Affiliates	(Sales)	(101,493)	(42)	OA90	(Note 1)	79,218	77	-
BMC	BMS	Affiliates	Purchases	760,711	7	OA90	(Note 2)	(73,537)	(2)	-
BMC	SMS	Affiliates	Purchases	261,107	2	OA90	(Note 2)	(141,075)	(4)	-
BMC	Visco Vision	Affiliates	Purchases	217,502	2	OA30	(Note 2)	(29,740)	(1)	-
BMC	BenQ Materials (Wuhu) Co., Ltd.	Affiliates	Purchases	105,597	1	OA90	(Note 2)	(6,347)	-	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd	BMC	Affiliates	Purchases	144,835	100	OA120	(Note 2)	(85,126)	(100)	-
BenQ Materials (Wuhu) Co., Ltd.	BMC	Affiliates	Purchases	110,988	100	OA180	(Note 2)	(99,660)	(100)	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd	SMSZ	Affiliates	Purchases	101,493	100	OA90	(Note 2)	(79,218)	(100)	-
BMS	BMC	Affiliates	(Sales)	(760,711)	(100)	OA90	(Note 1)	73,537	100	-
SMS	BMC	Affiliates	(Sales)	(261,107)	(100)	OA90	(Note 1)	141,075	100	-
BenQ Materials (Wuhu) Co., Ltd.	BMC	Affiliates	(Sales)	(105,597)	(100)	OA90	(Note 1)	6,347	100	-
Simula	Simula Technology (ShenZhen) Co., Ltd.	Affiliates	Purchases	619,038	92	EOM60	-	(179,500)	(88)	-
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	(Sales)	(619,038)	100	EOM60	-	179,500	90	-
DIC	Data Image (Suzhou) Corporation	Affiliates	Processing cost	(1,255,216)	(43)	Depends on its working capital status	-	(154,076)	(22)	-
Data Image (Suzhou) Corporation	DIC	Affiliates	Processing Revenue	1,255,216	43	Depends on its working capital status	-	154,076	19	-
Data Image (Suzhou) Corporation	AU	Other related party	Purchases	(206,298)	(8)	EOM45	-	(24,525)	(3)	-
DIC	QCSZ	Affiliates	(Sales)	(249,903)	9	EOM45	-	114,398	14	-
Topview	The Company	Parent/Subsidiary	Purchases	280,195	28	OA60	-	(54,827)	18	-
PTT	PTU	Affiliates	(Sales)	(166,183)	(18)	OA90	(Note 3)	25,600	9	-
PTT	PTE	Affiliates	(Sales)	(280,980)	(31)	OA90	(Note 3)	64,683	24	-
PTU	PTT	Affiliates	Purchases	166,183	88	OA90	(Note 2)	(25,600)	(98)	-
PTE	PTT	Affiliates	Purchases	280,980	45	OA90	(Note 2)	(64,683)	(60)	-

(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 purchase prices to related parties are not comparable to the purchase prices for third-party vendors as the specifications of products were different, and it is conducted under the agreed purchase price and conditions.

(Note 3) 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.

QJSDA CORPORATION
Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital
December 31, 2020
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 8

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	3,033,274	2.00	1,000,356	-	814,659	-
The Company	DFI	Parent/Subsidiary	100,567	4.97	-	-	54,118	-
The Company	QALA	Parent/Subsidiary	6,269,938	2.99	1,274,229	-	994,486	-
The Company	QCOS	Parent/Subsidiary	503,998	(Note 1)	23,642	-	252,780	-
The Company	QCSZ	Parent/Subsidiary	923,692	(Note 1)	16,618	-	428,267	-
The Company	QJTO	Parent/Subsidiary	794,613	1.90	79,509	-	203,004	-
The Company	AU	Associate	1,353,771	4.10	-	-	789,431	-
The Company	AUSZ	Associate	797,601	2.38	-	-	173,046	-
BenQ	BQA	Affiliates	604,618	3.65	-	-	351,302	-
BenQ	BQE	Affiliates	2,657,827	2.95	719,272	-	70,500	-
BenQ	BQL	Affiliates	323,135	2.15	148,404	-	30,738	-
BenQ	BQP	Affiliates	1,633,661	3.73	575,885	-	786,525	-
BenQ	QCSZ	Affiliates	270,301	(Note 1)	43,540	-	105,996	-
BenQ	QVH	Affiliates	132,686	(Note 1)	24,453	-	55,889	-
BQA	BQCA	Affiliates	184,837	5.53	-	-	-	-
BQE	BQDE	Affiliates	460,982	5.09	269,461	-	460,982	-
BQE	BQFR	Affiliates	406,670	2.15	373,202	-	218,830	-
BQE	BQIT	Affiliates	129,532	3.97	110,210	-	126,694	-
BQE	BQNL	Affiliates	115,101	2.96	62,809	-	114,110	-
BQE	BQUK	Affiliates	145,011	6.93	74,977	-	145,011	-
BQL	BQMX	Affiliates	174,373	1.72	111,638	-	46,778	-
BQL	Maxgen	Affiliates	517,868	0.37	446,008	-	-	-
BQP	BQAU	Affiliates	136,650	5.90	16,071	-	-	-
BQP	BOIN	Affiliates	644,703	1.49	505,192	-	-	-
BQP	BQJP	Affiliates	277,164	5.90	111,427	-	159,511	-
BQP	BOME	Affiliates	290,118	2.92	129,733	-	19,578	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
QCES	The Company	Parent/Subsidiary	1,704,966	(Note 1)	1,532	-	1,532	-
QCOS	The Company	Parent/Subsidiary	3,574,987	3.47	695,881	-	695,881	-
QCPS	QCSZ	Affiliates	150,235	9.81	-	-	-	-
QCSZ	BQC_RO	Affiliates	100,772	14.45	-	-	-	-
QCSZ	The Company	Parent/Subsidiary	17,993,269	3.72	4,911,555	-	4,911,555	-
DFI	DFI AMERICA, LLC.	Affiliates	150,084	4.09	-	-	142,244	-
DFI	AEWIN	Affiliates	104,914	3.92	-	-	104,914	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	384,304	0.75	162,249	-	67,984	-
ACE	Tianjin Ace Pillar Co., Ltd.	Affiliates	146,605	-	-	-	-	-
BMC	AU	Other related party	694,443	3.75	-	-	-	-
BMC	AUSZ	Other related party	141,989	3.30	-	-	-	-
SMS	BMC	Affiliates	141,075	3.70	-	-	7,800	-
DIC	QCSZ	Affiliates	114,398	4.36	-	-	96,205	-
Data Image (Suzhou) Corporation	DIC	Affiliates	154,076	(Note 1)	-	-	-	-
Alpha	Alpha USA	Affiliates	1,133,768	6.66	-	-	130,788	-
Alpha	Alpha HK	Affiliates	173,978	-	5,127	-	146,218	-
D-Link Asia	Alpha	Affiliates	2,736,037	5.65	167,044	-	1,157,358	-
Alpha Changshu	Alpha	Affiliates	1,040,052	5.66	515	-	626,530	-
Alpha Dongguan	D-Link Asia	Affiliates	2,752,044	5.59	550,122	-	1,157,358	-
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	157,163	0.37	-	-	154,135	-
Alpha HK	Alpha Changshu	Affiliates	969,204	0.70	68,825	-	596,110	-
D-Link Asia	Alpha Dongguan	Affiliates	2,320,215	5.58	2,239	-	828,673	-
Hitron Technologies	Hitron Americas	Affiliates	1,884,630	4.32	-	-	1,276,172	-
Hitron Technologies	Hitron Europe	Affiliates	251,033	3.97	-	-	162,168	-
Hitron Suzhou	Hitron Technologies	Affiliates	468,186	7.11	-	-	468,186	-
Hitron Suzhou	Hitron Vietnam	Affiliates	430,133	7.25	-	-	430,133	-
Hitron Vietnam	Hitron Technologies	Affiliates	1,053,347	5.79	-	-	1,053,347	-
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	179,500	2.81	-	-	115,562	-

(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, 2020
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 9

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	8,083,543	8,083,543	663,599	6.99%	12,701,500	3,376,324	236,005	Associate
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,005	20.72%	1,904,389	903,785	187,238	Associate
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	507,883	507,883	43,659	13.61%	588,330	395,973	53,900	Parent/Subsidiary
The Company	BenQ	Taiwan	Manufacture and sales of brand-name electronic products	7,160,050	7,160,050	539,662	100.00%	9,321,301	1,387,254	1,393,277	Parent/Subsidiary
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	43,515	5,888	5,888	Parent/Subsidiary
The Company	QITO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	52,610	2,029	2,029	Parent/Subsidiary
The Company	QLPG	Malaysia	Leasing and management services	578,128	578,128	50,000	100.00%	296,858	(6,634)	(6,634)	Parent/Subsidiary
The Company	QLLB	Malaysia	Investment and holding activity	3,687,539	3,687,539	114,250	100.00%	13,209,029	1,566,663	1,203,284	Parent/Subsidiary
The Company	APV	Taiwan	Investment and holding activity	570,016	170,016	153,258	100.00%	2,560,268	118,654	118,654	Parent/Subsidiary
The Company	Dartly	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	148,326	4,660	4,660	Parent/Subsidiary
The Company	BBHC	Cayman	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	749,927	100,322	19,992	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%	1,276,354	5,141	(31,681)	Parent/Subsidiary
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	280,000	259,990	28,000	100.00%	114,532	(33,629)	(32,766)	Parent/Subsidiary
The Company	QTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	1,011	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%	56,557	19,891	3,979	Associate
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	3,059,763	405,046	103,327	Parent/Subsidiary
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	8,114,943	2,300,000	295,163	54.49%	7,828,382	556,997	384,786	Parent/Subsidiary
The Company	K2	Taiwan	Sale of medical consumable and equipment	217,763	121,134	6,997	34.99%	222,880	44,252	12,632	Parent/Subsidiary
The Company	DIC	Taiwan	Manufacture and sales of marine display modules	260,000	260,000	20,000	28.82%	306,763	179,070	50,550	Parent/Subsidiary
The Company	EASC	Hong Kong	Sales of brand-name electronic products and smart services	78,338	78,338	1	54.00%	78,905	3,162	1,561	Parent/Subsidiary
The Company	Sysage	Taiwan	The agent sales and trading of network software and information and communication hardware and software	1,815,000	1,815,000	66,000	35.04%	1,856,785	549,017	188,895	Parent/Subsidiary
The Company	Topview	Taiwan	Manufacture and sales of video surveillance cameras	172,500	172,500	5,750	20.00%	199,172	64,242	13,247	Parent/Subsidiary
The Company	QYH	Vietnam	Manufacture of monitors	1,073,549	667,956	-	100.00%	832,065	(147,028)	(147,028)	Parent/Subsidiary
The Company	Simula	Taiwan	Manufacture and sales of electronic material	600,000	-	30,000	37.51%	619,479	79,735	18,516	Parent/Subsidiary
The Company	GSC	Taiwan	Sale of alcohol and medical disinfectant	254,000	-	10,000	50.00%	236,864	23,252	6,559	Parent/Subsidiary
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,141,340	35,082	100.00%	1,512,863	13,349	-	Affiliates
BMC	SMS	Taiwan	Manufacture and sales of medical consumables and equipment	560,000	560,000	40,000	100.00%	451,871	(43,874)	-	Affiliates
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	177,811	180,523	9,834	17.97%	168,232	126,819	-	Associate
BMC	Ceneform Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	29,127	29,127	1,095	12.12%	13,137	(20,822)	-	Associate
BMC	Taike Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	10,001	-	525	20.00%	9,622	(1,896)	-	Associate

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
BMC	MLK Bioscience Co., Ltd.	Taiwan	R&D and sale of medical consumable and equipment	6,000	-	217	20.00%	5,885	(564)	Associate	
APV	Daily C	Taiwan	Investment management consulting	77,933	77,933	12,011	45.11%	213,189	116,871	Affiliates	
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	221,786	221,786	15,182	4.73%	204,660	395,973	Affiliates	
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	84,466	62,051	Affiliates	
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	395,038	100,322	Affiliates	
APV	BES	Taiwan	Energy service	50,250	50,250	4,100	41.00%	7,796	(2,098)	Affiliates	
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	152,820	5,141	Affiliates	
APV	BDT	Taiwan	Manufacture and sales of medical consumables and equipments	-	10	-	-	-	(33,629)	Affiliates	
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	14	12,004	Affiliates	
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	147,729	405,046	Affiliates	
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	284,143	262,110	12,236	2.26%	327,982	556,997	Affiliates	
APV	Topview	Taiwan	Manufacture and sales of video surveillance cameras	63,525	61,896	1,286	4.46%	62,809	64,242	Affiliates	
APV	DIC	Taiwan	Manufacture and sales of marine display modules	88,222	35,884	3,607	5.20%	72,689	179,070	Affiliates	
APV	Simula	Taiwan	Manufacture and sales of electronic material	205,920	-	5,500	6.88%	211,650	79,735	Affiliates	
APV	GSC	Taiwan	Sale of alcohol and medical disinfectant	150,000	-	10,000	50.00%	137,931	23,252	Affiliates	
Daily C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	4,563	(2,098)	Affiliates	
Daily C	Green Island Co., Ltd.	Taiwan	Cultural and Art Industry	2,000	2,000	(註一)	33.33%	-	-	Associate	
Daily C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	273,445	12,710	2.35%	342,443	556,997	Affiliates	
Daily	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	22,025	2,152	Affiliates	
Daily	BBHC	Cayman	Investment and holding activity	471,516	471,516	14,158	5.78%	222,668	100,322	Affiliates	
BenQ	BQA	USA	Sales of brand-name electronic products in North America markets	114,553	114,553	200	100.00%	709,582	608,681	Affiliates	
BenQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	203,839	350	100.00%	(68,385)	(122,492)	Affiliates	
BenQ	BQHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	2,832,180	215,593	Affiliates	
BenQ	BQE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	708,691	138,824	Affiliates	
BenQ	BQP	Taiwan	Sales of brand-name electronic products in Asia markets	950,000	950,000	20,000	100.00%	289,114	152,292	Affiliates	
BenQ	Daily 2	Taiwan	Investment and holding activity	2,361,132	2,061,132	225,000	100.00%	3,116,036	148,077	Affiliates	
BenQ	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	66,063	2,152	Affiliates	
BenQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	233,491	233,491	14,017	5.01%	460,097	903,785	Associate	
BenQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	946,731	946,731	80,848	25.21%	1,089,849	395,973	Affiliates	
BenQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	316,030	100,322	Affiliates	
BenQ	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	235,069	235,069	19,353	43.43%	449,340	62,051	Affiliates	
BenQ	MQE	The Netherlands	Maintenance of brand-name electronic monitors and projectors in European markets	74,659	74,659	82	100.00%	72,615	2,958	Affiliates	
BenQ	INF	Taiwan	Assembly and sales of gaming electronic products	117,987	117,971	6,947	100.00%	90,701	4,092	Affiliates	
BenQ	BQHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	118,282	4,000	100.00%	787,301	381,071	Affiliates	
BenQ	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	21	21	-	0.31%	29	11,310	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
BenQ	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	342	-	18	-	355	556,997	-	Affiliates
BQP	BenQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	29,362	8,684	-	Affiliates
BQP	BenQ (M.E.) FZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	25,797	27,229	-	Affiliates
BQP	BenQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	84,865	167	-	Affiliates
BQP	BenQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(16,281)	4,261	-	Affiliates
BQP	BenQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	69,810	9,115	-	Affiliates
BQP	BenQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,861	1,084	-	Affiliates
BQP	BenQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(52,735)	(4,314)	-	Affiliates
BQP	BenQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	6,757	(1,543)	-	Affiliates
BQP	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	6,901	6	99.69%	9,257	11,310	-	Affiliates
BQA	BenQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	234	8,038	-	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%	1,374	(4,081)	-	Affiliates
BQL	Joytech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,992)	(58,320)	-	Affiliates
BQL	Vividtech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,992)	(58,320)	-	Affiliates
Joytech LLC	Maxgen Comércio Industrial Imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(139,992)	(116,991)	-	Affiliates
Vividtech LLC	Maxgen Comércio Industrial Imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	-	50.00%	(139,992)	(116,991)	-	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%	2,383	(48)	-	Affiliates
GSH	GST	Taiwan	R&D and sales of computer information system	64,898	64,898	5,756	99.94%	71,555	12,004	-	Affiliates
Darly 2	Darly C	Taiwan	Investment management consulting	89,179	89,179	14,614	54.89%	259,398	116,871	-	Affiliates
Darly 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	1,027,618	100,322	-	Affiliates
Darly 2	BenQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	31,200	50.00%	88,084	2,152	-	Affiliates
Darly 2	BMTC	Taiwan	Manufacture and sales of medical consumables and Energy service	27,337	27,337	1,590	3.57%	37,843	62,051	-	Affiliates
Darly 2	BES	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	22,250	22,250	1,800	18.00%	3,422	(2,098)	-	Affiliates
Darly 2	PTT	Taiwan	Assembly and sales of gaming electronic products	49,426	49,426	1,648	2.19%	41,933	5,141	-	Affiliates
Darly 2	INF	Taiwan	Manufacture and sales of industrial motherboards and components	-	10	-	-	-	4,092	-	Affiliates
Darly 2	DFI	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	596,382	596,382	9,175	8.01%	591,235	405,046	-	Affiliates
Darly 2	Alpha	Taiwan	Sale of medical consumable and equipment	79,990	15,885	4,185	0.77%	111,982	556,997	-	Affiliates
Darly 2	K2	Taiwan	Manufacture and sales of marine display modules	44,997	44,997	1,003	5.01%	49,499	44,252	-	Affiliates
Darly 2	DIC	Taiwan	Manufacture and sales of video surveillance cameras	48,093	48,000	3,005	4.33%	57,312	179,070	-	Affiliates
Darly 2	Topview	Taiwan	Manufacture and sales of electronic material	123,252	123,120	2,615	9.10%	126,252	64,242	-	Affiliates
Darly 2	Simula	Taiwan	Sales of brand-name electronic products	205,920	-	5,500	6.88%	211,650	79,735	-	Affiliates
BQE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	55,793	12,534	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
BQE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	197,327	(4,301)	Affiliates	
BQE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	(34,991)	5,180	Affiliates	
BQE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	58,272	2,048	Affiliates	
BQE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	90,082	35,394	Affiliates	
BQE	BenQ Italy S.R.L.	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	33,138	4,270	Affiliates	
BQE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(125,457)	6,857	Affiliates	
BQE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	82,007	6,725	Affiliates	
BQE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	13,248	1,901	Affiliates	
BMTC	Asiaconnect	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	25,052	100	Affiliates	
BMTC	Highview	Samoa	Investment and holding activity	36,211	36,211	1,062	100.00%	9,333	1,610	Affiliates	
BMTC	LILY	Taiwan	Manufacture and sales of medical consumables and	185,000	185,000	10,000	100.00%	235,870	11,274	Affiliates	
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and	88,000	88,000	8,800	88.00%	55,587	(4,523)	Affiliates	
BMTC	BHS	Taiwan	Manufacture and sales of medical consumables and	100,000	100,000	10,000	100.00%	132,212	28,433	Affiliates	
BMTC	EASTECH	Taiwan	Manufacture and sales of medical consumables and	20,300	-	700	70.00%	23,493	4,303	Affiliates	
BHS	NBHIT	Taiwan	Manufacture and sales of medical consumables and	59,280	59,280	1,092	52.00%	80,995	47,223	Affiliates	
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	20,071	4,678	Affiliates	
PTT	P&J Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	230,307	230,307	5,551	100.00%	154,255	(14,529)	Affiliates	
PTT	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	43,834	43,834	866	88.60%	34,120	(303)	Affiliates	
PTT	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	109,828	109,828	0,329	77.00%	148,323	(204)	Affiliates	
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(€-)	50.02%	117,438	59,030	Affiliates	
PTT	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	137,387	0,099	99.00%	15,394	(13,485)	Affiliates	
PTT	Epoint Systems Pte. Ltd.	Singapore	R&D and sales of software	27,449	27,449	100	50.10%	26,924	2,625	Affiliates	
PTT	PTTN	Taiwan	R&D and sales of software	20,500	20,500	2,050	50.62%	27,016	2,038	Affiliates	
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	58.18%	(138)	(846)	Affiliates	
PTT	PTMG	Taiwan	Software development and sales of product	11,000	-	1,100	52.38%	12,699	3,243	Affiliates	
PTE	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	4,372	(303)	Affiliates	
PTE	Sloga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(€-)	90.00%	18,093	(2,086)	Affiliates	
PTE	Retail Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(€-)	68.00%	4,482	5,100	Affiliates	
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	0.3	100.00%	(53,744)	(979)	Affiliates	
WEBEST	Youpos	Taiwan	R&D and sales of software	6,500	-	-	-	-	2,116	Associate	
WEBEST	PTTN	Taiwan	R&D and sales of software	10	10	1	0.02%	11	2,038	Affiliates	
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	0,001	0.005%	-	(846)	Affiliates	
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	1,560	0,001	1.00%	123	(13,485)	Affiliates	
P&J	P&S Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	134,973	134,973	4,560	100.00%	136,106	(14,577)	Affiliates	
P&J	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	12,157	12,157	0,096	23.00%	7,388	(204)	Affiliates	
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	57,327	(10,944)	Affiliates	
DFI	DFI AMERICA, LLC.	USA	Sales of industrial motherboards	254,683	254,683	1,209	100.00%	345,279	2,885	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	169,626	3,687	Affiliates	
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	318,411	22,946	Affiliates	
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	59,420	8,045	Affiliates	
DFI	AEWIN	Taiwan	Manufacture and sale of industrial motherboards and component	556,464	555,000	30,061	50.84%	590,370	53,148	Affiliates	
DFI	ACE	Taiwan	Sales of automation mechanical transmission system and component	793,722	630,623	37,676	33.56%	713,878	87,180	Affiliates	
AEWIN	Wise Way	Anguilla	Investment and holding activity	46,129	46,129	1,500	100.00%	78,941	92,389	Affiliates	
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer peripheral products and software	77,791	54,990	2,560	100.00%	1,721	(14,532)	Affiliates	
Wise Way	Bright Profit	Hong Kong	Investment and holding activity	46,129	46,129	1,500	100.00%	113,920	92,389	Affiliates	
ACE	Cyber South	Samoa	Investment and holding activity	107,041	107,041	4,669	100.00%	569,330	41,284	Affiliates	
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	41,199	1,599	Affiliates	
Cyber South	Proton Inc.	Samoa	Investment and holding activity	527,665	442,955	17,744	100.00%	455,706	28,449	Affiliates	
Cyber South	Ace Tek (HK) Holding Co., Ltd.	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	(4,252)	(1,810)	Affiliates	
K2	K2 Medical (Thailand) Co., LTD	Thailand	Sales of medical consumables	9,828	2,884	-	49.00%	19,044	1,361	Affiliates	
K2	PT Frismed Hoslab Indonesia	Indonesia	Sales of medical consumables	257,728	-	12	67.00%	285,711	34,264	Affiliates	
DIC	Data Image (Mauritius) Corporation	Mauritius	Investment and holding activity	518,381	518,381	20,215	100.00%	275,444	48,638	Affiliates	
DIC	DMC Components International, LLC	Orlando, USA	Agency sales	24,304	24,304	300	30.00%	10,397	(3,786)	Associate	
EASC	Expert Alliance Smart Technology Co., Ltd.	Macao	Sales of brand-name electronic products and smart services	381	381	-	100.00%	2,267	(53)	Affiliates	
Sysage	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	119,142	80,080	10,475	79.36%	183,471	26,822	Affiliates	
Sysage	Unisage Digital Co., Ltd.	Taiwan	Manufacture of medical equipment	1,687	1,687	225	38.01%	728	(4,452)	Associate	
Sysage	Dawning Technology Inc.	Taiwan	Sales of network and information hardware and software	106,018	106,018	7,280	30.33%	123,922	30,829	Affiliates	
Sysage	Epic Cloud Information Integration Corporation	Taiwan	Software and data processing services	9,400	7,000	940	94.00%	6,153	(2,437)	Affiliates	
Sysage	NEO TREND	Taiwan	Telecommunications engineering	50,000	-	5,000	100.00%	35,963	(14,037)	Affiliates	
Sysage	Grandsys Inc.	Taiwan	Data software processing service	94,547	-	5,643	23.58%	99,417	28,717	Associate	
Sysage	AdvancedTek International Corp	Taiwan	Applications implement services	30,091	-	1,153	34.09%	32,120	12,679	Associate	
Ginnet	Dawning Technology Inc.	Taiwan	Sales of network and information hardware and software	44,344	44,344	3,384	14.10%	57,641	30,829	Affiliates	
NEO TREND	Ginnet	Taiwan	Sales of network and information and communication hardware and software.	172	-	10	0.08%	172	26,822	Affiliates	
NEO TREND	Epic Cloud Information Integration Corporation	Taiwan	Software and data processing services	100	-	10	1.00%	100	(2,437)	Affiliates	
Topview	Messoa	Taiwan	Sales, and import and export of video surveillance cameras	23,879	23,879	1,945	40.78%	1,832	(940)	Affiliates	
Messoa	Messoa Technologies Inc. (USA)	USA	Sales, and import and export of video surveillance cameras and maintenance services	32,859	32,859	-	100.00%	18,219	-	Affiliates	
Simula	Simula Technology Corp.	USA	Sales in North America	15,699	-	500	100.00%	23,878	5,621	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Simula	Simula Company Limited	Hong Kong	Investment and holding activity	187,625	-	50,500	52.31%	157,656	13,347	-	Affiliates
Simula	Aspire Asia Inc.	British Virgin Islands	Investment and holding activity	286,764	-	9,403	100.00%	158,024	6,393	-	Affiliates
Simula	Meurich Inc.	Taiwan	Sales of electronic products	15,029	-	645	30.00%	1,887	(9,722)	-	Associate
Aspire Asia Inc.	Aspire Electronics Corp.	Samoa	Investment and holding activity	95,099	-	2,188	95.10%	17,017	(3,782)	-	Affiliates
Aspire Asia Inc.	Simula Company Limited	Hong Kong	Investment and holding activity	181,726	-	46,033	47.69%	143,711	13,347	-	Affiliates
GSC	Bigmin Bio-Tech Company Ltd.	Taiwan	Sale of alcohol and medical disinfectant	20,450	-	1,500	100.00%	27,066	8,564	-	Affiliates
GSC	E-Strong Medical Technology Co., Ltd.	Taiwan	Manufacture of alcohol and dialysate	281,872	-	22,200	66.57%	195,470	2,104	-	Affiliates
Alpha	Alpha Holdings	Cayman	Investment and holding activity	203,372	-	6,464	100.00%	(23,791)	(12,344)	-	Affiliates
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	-	1	100.00%	21,907	1,491	-	Affiliates
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	-	1,500	100.00%	137,919	8,539	-	Affiliates
Alpha	Alpha HK	Hong Kong	Investment and holding activity	3,143,628	-	780,911	100.00%	2,176,698	(44,310)	-	Affiliates
Alpha	ATS	USA	Post-sale service	260,497	-	8,100	100.00%	169,827	1,954	-	Affiliates
Alpha	Enrich Investment	Taiwan	Investment and holding activity	240,000	-	24,000	100.00%	150,863	(3,808)	-	Affiliates
Alpha	Hitron Technologies	Taiwan	Marketing on system integration and production and sales of telecommunication products	4,811,000	-	200,000	62.24%	4,102,254	280,010	-	Affiliates
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	1,692,805	-	86,946	100.00%	1,754,563	51,171	-	Affiliates
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	-	2,575	6.83%	114,887	234,242	-	Affiliates
Enrich Investment	Transnet Corporation	Taiwan	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	50,000	-	5,000	100.00%	35,522	(10,617)	-	Affiliates
Hitron Technologies	Hitron Samoa	Samoa	International trade	669,031	-	22,300	100.00%	752,845	(36,491)	-	Affiliates
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	167,026	-	16,703	44.28%	510,567	234,242	-	Affiliates
Hitron Technologies	Hitron Europe	The Netherlands	International trade	59,604	-	-	100.00%	(8,686)	70,410	-	Affiliates
Hitron Technologies	Hitron Americas	USA	International trade	90,082	-	300	100.00%	123,859	62,380	-	Affiliates
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	50,000	-	50,000	100.00%	(7,917)	(32,139)	-	Affiliates
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunications products	550,355	-	-	100.00%	434,914	(17,147)	-	Affiliates

(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, 2020
(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)

Table 10
A. Qisda Corporation
I. 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and	2,097,900 (USD 74,000)	(Note 1)	2,012,850 (USD 71,000)	-	-	2,012,850 (USD 71,000)	1,031,051	100.00%	1,031,051 (Note 3)	9,660,191	-
BenQ Medical (Shanghai) Co., Ltd. ("BMSH")	Sale of medical consumable and equipment	38,556 (USD 1,360)	(Note 10)	-	-	-	-	(1,104)	100.00%	(1,104) (Note 4)	36,149	-
Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	334,530 (USD 11,800)	(Note 1)	334,530 (USD 11,800)	-	-	334,530 (USD 11,800)	144,986	100.00%	144,986 (Note 5)	1,408,414	-
Qisda Optronics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	353,241 (USD 12,460)	(Note 1)	353,241 (USD 12,460)	-	-	353,241 (USD 12,460)	398,569	100.00%	398,569 (Note 5)	3,749,631	433,125
Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	1,885,275 (USD 66,500)	(Note 1)	1,360,800 (USD 48,000)	-	-	1,360,800 (USD 48,000)	(12,391)	100.00%	(12,391) (Note 4)	(1,371,988)	(USD 14,603)
Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPS")	Manufacture of plastic parts	141,750 (USD 5,000)	(Note 1)	134,663 (USD 4,750)	-	-	134,663 (USD 4,750)	36,210	100.00%	36,210 (Note 4)	391,648	-
BenQ Co., Ltd. ("BQC")	Lease of real estate	2,268,000 (USD 80,000)	(Note 1)	2,268,000 (USD 80,000)	-	-	2,268,000 (USD 80,000)	215,792	100.00%	215,792 (Note 3)	2,838,891	-
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC-RO")	Sales and maintenance of electronic products in China market	85,050 (USD 3,000)	(Note 1)	85,050 (USD 3,000)	-	-	85,050 (USD 3,000)	333,951	100.00%	333,951 (Note 3)	722,439	-
BenQ Technology (Shanghai) Co., Ltd. ("BQIs")	Sales of brand-name electronic products	28,350 (USD 1,000)	(Note 1)	5,670 (USD 200)	-	-	5,670 (USD 200)	16,778	100.00%	16,778 (Note 4)	41,564	-
ShengCheng Trading(Shanghai) Co., Ltd. ("BQsha-EC2")	Sales of brand-name electronic products	2,835 (USD 100)	(Note 11)	-	-	-	-	23,330	100.00%	23,330 (Note 4)	18,990	-
Nanjing BenQ Hospital Co., Ltd. ("NMH")	Hospital	4,593,125 (USD 162,015)	(Note 1)	4,462,177 (USD 157,396)	283,500 (USD 10,000)	-	4,745,677 (USD 167,396)	246,217	70.05%	172,475 (Note 3)	1,740,404	-
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Hospital	2,601,495 (CNY 601,975)	(Note 1)	2,523,037 (USD 88,996)	-	-	2,523,037 (USD 88,996)	(40,815)	70.05%	(28,591) (Note 3)	601,072	-
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. ("NMHC")	Medical management consulting	28,350 (USD 1,000)	(Note 1)	28,350 (USD 1,000)	-	-	28,350 (USD 1,000)	(426)	70.05%	(298) (Note 4)	16,808	-
Suzhou BenQ Investment Co., Ltd. ("BIC")	Investment and holding activity	850,500 (USD 30,000)	(Note 9)	-	-	-	-	153	70.05%	107 (Note 4)	584,821	-

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Nanjing Silvertown Health & Development Co., Ltd. ("NSHD")	Medical services	432,160 (CNY 100,000)	(Note 12)	-	-	(Note 12)	40,300	21.02%	(8,471) (Note 4)	269,592 (Note 15)	-	
Guru Systems (Suzhou) Co., Ltd. ("GSS")	R&D and sales of computer information systems	374,220 (USD 13,200)	(Note 1)	274,995 (USD 9,700)	-	274,995 (USD 9,700)	(9,818)	100.00%	(9,818) (Note 4)	78,919	-	
BenQ Biotech (Shanghai) Co., Ltd. ("BBC")	Manufacture and sales of medical consumables and equipment	864,320 (CNY 200,000)	(Note 2)	734,672 (CNY 170,000)	-	734,672 (CNY 170,000)	(67,668)	70.00%	(46,107) (Note 4)	682,207	-	
Guangxi Youshan Medical Technology Co., Ltd. ("Youshan")	Medical services	25,930 (CNY 6,000)	(Note 14)	-	-	(Note 14)	806	38.50%	310 (Note 4)	10,286	-	
Wangcheng Medical Technology (Chengdu) Co., Ltd. ("Wangcheng")	Medical services	8,643 (CNY 2,000)	(Note 14)	-	-	(Note 14)	40	49.00%	20 (Note 4)	4,235	-	
Guigang Donghui Medical Investment Co., Ltd.	Medical services	1,825,997 (CNY 422,528)	(Note 13)	-	-	(Note 13)	(19,704)	12.85%	(2,532) (Note 4)	300,973 (Note 15)	-	

(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) 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 4) Investment income or loss was recognized based on the unaudited financial statements of the company.

(Note 5) Investment income or loss was recognized based on the audited financial statements issued by the auditors of the company.

(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 amount of QCES reinvestments US\$18,500 thousand were excluded.

(Note 9) The investment was from the operating capital of BBM.

(Note 10) The reinvestments were from the distribution of dividends of QLLB.

(Note 11) The reinvestments were from the distribution of dividends of BQHK.

(Note 12) NSHD is established by NMH's asset division.

(Note 13) The investment was from the operating capital of NMH.

(Note 14) The investment was from the operating capital of BBC.

(Note 15) Accounting for investments using equity method.

(Note 16) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35 and CNY\$1 = NT\$4.3216.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
14,861,535 (USD 498,302 and CNY 170,000)	16,236,243 (USD 572,707)	(Note 17)

(Note 17) 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" 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittances of Earnings as of December 31, 2020
					Outflow	Inflow						
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics	822,150 (USD29,000)	(Note 1)	822,150 (USD29,000)	-	-	822,150 (USD 29,000)	19,843	100.00%	19,843 (Note 2)	1,889,124	-
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Sales of optoelectronics and medical consumables	47,538 (CNY11,000)	(Note 3)	-	-	-	-	(7,726)	100.00%	(7,726) (Note 2)	(8,256)	-
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics and cosmetics	345,728 (CNY80,000)	(Note 1)	172,864 (CNY 40,000)	-	-	172,864 (CNY 40,000)	16,536	100.00%	10,226 (Note 2)	(408,622)	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMIM")	Manufacture and sales of medical consumables and equipment	64,824 (CNY15,000)	(Note 3)	-	-	-	-	(6,830)	100.00%	(6,830) (Note 2)	56,645	-
Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	45,133 (USD1,592)	(Note 4)	45,133 (USD1,592)	-	-	45,133 (USD1,592)	(11,844)	100.00%	(11,844) (Note 2)	30,147	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	995,014 (USD29,000 and CNY40,000)	1,107,160 (USD29,000 and CNY65,950)	(Note 7)
SMS	45,133 (USD1,592)	45,133 (USD1,592)	206,293

(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\$28.35 and CNY\$1=NT\$4.3216.

(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:

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" 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	28,350 (USD 1,000)	(Note 1)	28,350 (USD 1,000)	-	-	28,350 (USD 1,000)	1,637	100.00%	1,637	10,828 (Note 3)	-
LILY Medical (Suzhou) Co., Ltd. (ALS)	Sales of medical consumables and equipment	5,954 (USD 210)	(Note 2)	5,954 (USD 210)	-	-	5,954 (USD 210)	(438)	100.00%	(438)	2,784 (Note 3)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	86,432 (CNY 20,000)	(Note 2)	34,573 (CNY 8,000)	-	-	34,573 (CNY 8,000)	10,378	40.00%	4,151	29,955	-

(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\$28.35 and CNY\$1 = NT\$4.3216.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	62,923 (USD 1,000 and CNY 8,000)	80,145 (USD 2,827)	632,405
LILY	5,954 (USD 210)	5,954 (USD 210)	106,277

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" 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 January 1, 2020	Investment Flows		Accumulated Outflow of Investment from December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Partner Tech (Shanghai) Co., Ltd. ("PTCM")	Sales, import and export of electronic products	99,225 (USD 3,500)	(Note 1)	99,225 (USD 3,500)	-	-	99,225 (USD 3,500)	(3,633)	100.00%	(3,633) (Note 2)	78,755	-

(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) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	99,225 (USD 3,500)	195,785 (USD 6,906)	546,346

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" 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 7)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Yan Tong Infotech (Dongguan) Co., Ltd. ("DYTH")	Manufacture and sales of industrial motherboards and component	70,875 (USD2,500)	(Note 1)	-	-	-	-	(3,431)	100.00%	(3,431) (Note 2)	52,812	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	Wholesale, import and export of industrial motherboards and component	14,175 (USD500)	(Note 1)	-	-	-	-	13,764	100.00%	13,764 (Note 2)	35,221	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
DFI	- (Note 3)	59,110 (USD 2,085) (Note 5 and 6)	3,020,183 (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 by the auditors of DFI.

(Note 3)

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 4)

Pursuant to "Principle of Investment or Technical Cooperation in Mainland China"; investment amounts in Mainland China shall not exceed the 60% net worth of the company.

(Note 5)

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 6)

The earnings that has been remitted to DFI by DYTH was approved by the Investment Commission of the MOEA in February 2017 and had been deducted in the investment amount.

(Note 7)

The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

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" 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020 (Note 2)	Accumulated Inward Remittances of Earnings as of December 31, 2020
					Outflow	Inflow						
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	462,105 (USD16,300)	(Note 1)	443,791 (USD15,654)	-	-	443,791 (USD15,654)	48,849	100.00%	48,849	273,512	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	676,641 (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 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.
 (Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

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" for detail description.

G. K2 International Medica 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, 2020	Investment Flows		Outflow of Investment from Taiwan as of December 31,	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
K2 (Shanghai) International Medical Inc.	Sales of medical consumables	35,438 (USD 1,250)	(Note 1)	22,680 (USD 800)	-	-	22,680 (USD 800)	15,268	60.10%	9,176	36,546	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
22,680 (USD 800)	22,680 (USD 800)	343,911 (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 unaudited financial statements of the company.

(Note 3)

Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.

(Note 4)

The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

3. Significant transactions with investee companies in Mainland China:

The transactions between K2 and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

H. Aewin Technologies Co., Ltd.

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	42,525 (USD1,500)	(Note 1)	46,129	-	-	46,129	92,389	100.00%	92,389 (Note 3)	113,915	-
Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	10,804 (CNY2,500)	(Note 2)	-	-	-	-	(4,839)	100.00%	(4,839) (Note 3)	1,320	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
AEWIN	46,129	56,700 (USD 2,000)	688,887 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2) Invested in Mainland China through Aewin Beijing Technologies Co., Ltd..

(Note 3) Investment income or loss was recognized based on the audited financial statements by the auditors of AEWIN.

(Note 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35

3. Significant transactions with investee companies in Mainland China:

The transactions between AEWIN and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

I. Ace Pillar Co., Ltd.

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	969,003 (USD 34,180)	(Note 1 and 2)	55,283	-	-	55,283	30,193	100.00%	30,193 (Note 3)	520,786	125,533
Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	7,217 (CNY 1,670)	(Note 1)	4,536	-	-	4,536	910	100.00%	910 (Note 3)	38,197	-
Advancedtek Ace (TI) Inc.	Electronic system integration	8,505 (USD 300)	(Note 1)	4,253	-	-	4,253	(1,602)	100.00%	(1,602) (Note 3)	(4,227)	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	41,108 (USD 1,450)	(Note 1)	-	-	-	-	10,915	100.00%	10,915 (Note 3)	87,558	-
Xuchang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	8,505 (USD 300)	(Note 1)	-	-	-	-	(1,337)	100.00%	(1,337) (Note 3)	2,853	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
ACE	145,124 (USD 5,119)	145,124 (USD 5,119)	1,182,249 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2) 21.04% ownership of Tianjin Ace Pillar Co., Ltd. is directly invested by ACE, and 78.96% ownership of Tianjin Ace Pillar Co., Ltd. is indirectly invested by Proton Inc. established in a third country.

(Note 3) Investment income or loss was recognized based on the audited financial statements by the auditors of ACE.

(Note 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$28.35 and CNY\$1 = NT\$4.3216.

3. Significant transactions with investee companies in Mainland China:

The transactions between ACE and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

J. Simula Technology 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Simula Technology (ShenZhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	191,437	(Note 1)	141,375	-	-	141,375	37,691	100.00%	37,691 (Note 2)	159,914	-
Opti Cloud Technologies, Inc.	Development of High-speed optical transmission cable and module product technology	137,336	(Note 1)	95,099	-	-	95,099	(7,028)	51.18%	(3,597) (Note 2)	17,012	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Simula	309,668	309,668	911,799

(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 by the auditors of Simula.

3. Significant transactions with investee companies in Mainland China:

The transactions between Simula and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

K.Alpha Networks Inc.

I. 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Alpha Networks (Chengdu) Co., Ltd.	Research and development of network products	420,426	(Note 1)	420,426	-	-	420,426	22,333	100.00%	22,333	558,979	-
Alpha Networks (Dongguan) Co., Ltd.	Production and sale of network products	787,496	(Note 1)	741,084	-	-	741,084 (Note 6)	41,052	100.00%	41,052	1,043,807	-
Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	307,326	(Note 1)	307,326	-	-	307,326	11,086	100.00%	11,086	296,451	-
Alpha Networks (Changshu) Co., Ltd.	Production and sale of network products	1,925,920	(Note 1)	1,925,920	-	-	1,925,920	42,575	100.00%	42,575	1,229,439	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	3,261,784 (Note 3、4 and 7)	4,123,685	(Note 5)

(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 by the auditors of Alpha.

(Note 3) Accumulated investments in Alpha Dongguan did not include the previously invested by D-Link Corporation HKD63,387 thousand (equivalent to approximately \$303,055 thousand).

(Note 4) Alpha indirectly investment the subsidiary Tongying Trading (Shenzhen) Co., Ltd., has liquidated all rights and obligations in March 2008 and cancelled the registration. Accumulated investments \$9,828 thousand in Tongying Trading (Shenzhen) Co., Ltd., less the remittance amount of \$4,367 thousand equals \$5,461 thousand. It is still necessary to calculate the amount by the principle of Investment Commission, MOEA.

(Note 5) As the Company has obtained the certificate of being qualified for operating headquarters issued by Industrial Development Bureau, MOEA on March 2008, the upper limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is not applicable.

(Note 6) The investment of \$46,412 thousand is from the operating capital of D-Link Asia, so the accumulated investment amount from Taiwan is excluded at the end of the period.

(Note 7) The investment of \$164,622 thousand is from the operating capital of Alpha HK, so the accumulated investment amount from Taiwan is excluded at the end of the period. The dissolution and liquidation is approved by Maintrend shareholders' meeting on January 12, 2016. The dissolution and liquidation procedures were completed on July 23, 2018.

3. Significant transactions with investee companies in Mainland China:

The transactions between Alpha and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

L.Hitron Technologies 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Hitron Suzhou	Production and sale of broadband telecommunications products	641,763	(Note 1)	641,763	-	-	641,763	(35,546)	100.00%	(35,546)	716,188	-
Jietech Suzhou	Sale of broadband network products and related services	57,473	(Note 1)	57,473	-	-	57,473	(945)	100.00%	(945)	30,630	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	5,814 (USD200)	(Note 1)	12,048	-	-	12,048	2,255	44.28% (Note 3 and 4)	1,018	5,892	21,314

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Hitron Technologies	711,284	711,284	2,967,089

(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 by the auditors of Hitron Technologies.

(Note 3) Hwa Chi is a China based investment company which invested Hitron (Samoa) through Alpha, however, it has switched to invest through Interactive Digital due to the Group's restructuring decision resolved in year 2012.

(Note 4) This refers to the direct or indirect shares holding by Hitron technologies.

3. Significant transactions with investee companies in Mainland China:

The transactions between Hitron Technologies and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

M.Topview Optronics 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2020 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
Topview	5,160 (USD 182)	5,160 (USD 182)	630,500

(Note 1) The amount USD \$182 thousands is the authorized amount for the liquidated investee in the previous year, which the cancellation has not been applied

(Note 2) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.

3. Significant transactions with investee companies in Mainland China:

The transactions between Topview and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

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