TSE：8215
http://mops.twse.com.tw
Publication Date：2021/4/20

BenQ Materials Corp.
2020 ANNUAL REPORT

Table of Contents

Company Spokesperson

Name: James, Wang

Title: Chief Financial Offier

Tel: (03) 374-8800

Email: IR@BenQMaterials.com

Corporate, Office and Factory

Headquarter and Taoyuan Factory: No.29, Jianguo E. Rd., Guishan, Taoyuan 33341, Taiwan, R.O.C

Tel: (03) 374-8800

Longtan Branch and Longke Factory

Address: No.288, Longyuan 1st Rd., Longtan, Taoyuan 32542, Taiwan, R.O.C

Tel: (03) 255-8800

Yunke Factory

Address: No.25 & 29, Kegon 7th Rd., Douliu City, Youlin County, 64064, Taiwan, R.O.C
No.16, Kegon 18th Rd., Douliu City., Youlin County, 64064, Taiwan, R.O.C
No.18, Kegon 18th Rd., Douliu City., Youlin County, 64064, Taiwan, R.O.C

Tel: (05) 537-8800

Stock transfer agency

Company: Stock-Affairs Agency Dep. of Taishin International Bank

B1, No.96, Sec.1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan, R.O.C

Website: http://www.taishinbank.com.tw

Tel: (02) 2504-8125

Auditors

CPAs: Cih Jie, Tang , Wei Ming, Shih

Name of Accounting Firm: KPMG Taiwan

Address: 68F, No.7, Sec., 5, Xinyi RD., Taipei City, Taiwan, R.O.C (Taipei 101)

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

Oversea stock transfer information: None

Company Website: www.BenQMaterials.com

Letter to Shareholders

Dear Shareholders,

The combined revenue of BenQ Materials in 2020 is approximately NT$ 15 billion, the net profit after tax is approximately NT$ 396 million, and the net profit per share after tax is NT$ 1.23, achieving the goal of both revenue and profit growth. Even with the globally rampant COVID-19 in 2020, the business opportunities brought by working at home have made the electronic information industry prosperous. The revenue has grown for three consecutive years. The annual revenue of optical film and battery materials has increased by more than 70%, showing that it is gradually gaining a firm foothold.

BenQ Materials prides itself on being a enterprise of multi-application, multi-technology and multi-product, and constantly innovates to provide the highest customer satisfaction. The display material part of the main business continues to invest in technology, focusing on the development of high value-added products to achieve segmentation and differentiation in the market. In addition, the Company has also strengthened customer service, actively deployed in new markets, and maintained growth momentum. Due to the epidemic this year, the medical industry has shifted to deepen the Taiwan market. Products have been successively put on the shelves in various major channels. Related medical products have also been used in major medical institutions. The business revenue of medical institutions has stabilized in the second half of the year.

At the same time, circular economy, environmental protection, social care and corporate governance have been implemented in the management, product design and marketing. In terms of environmental protection, we took the lead in introducing non-toxic materials and technologies to launch functional weaving materials and use ingredients that do not harm corals in future sunscreen products. In terms of tree planting and greening of all factories, nectariferous trees are also specially selected to facilitate the growth of bees and enrich the ecology. In terms of social care, the Sains Science Camp is organized to care for the earth and take care of rural children. In terms of corporate governance, governance rating has been upgraded from the third level to the second level. Companies are part of the citizens of Earth. We hope to create a environmentally friendly BenQ Materials to contribute to society, and improve governance and ESG commitments.

Looking forward to 2021, the epidemic will not be easily mitigated in the short-term, and the impact on the global economy and individual industries is difficult to predict. We accelerate the preparation of action plans for the impact and make advance arrangements. In terms of display materials, we are stepping up our pace in compensating film, anti-reflection and light control technologies; the factory is developing towards flexible manpower and unmanned direction; continuously improving digital marketing, strengthening marketing investment and brand building; actively taking material science expertise as the starting point and extending its product development to advanced battery materials, medical materials and medical consumer products, meeting customer and market needs and maintaining the Company's competitive advantage with innovative technologies and diversified products. Here, we look forward to the continued support of shareholders to jointly create the Company's sustainable development.

Sincerely,

Chairman: General Manager: Accounting supervisor:

Company Profile

(I) Established date: July 16, 1998

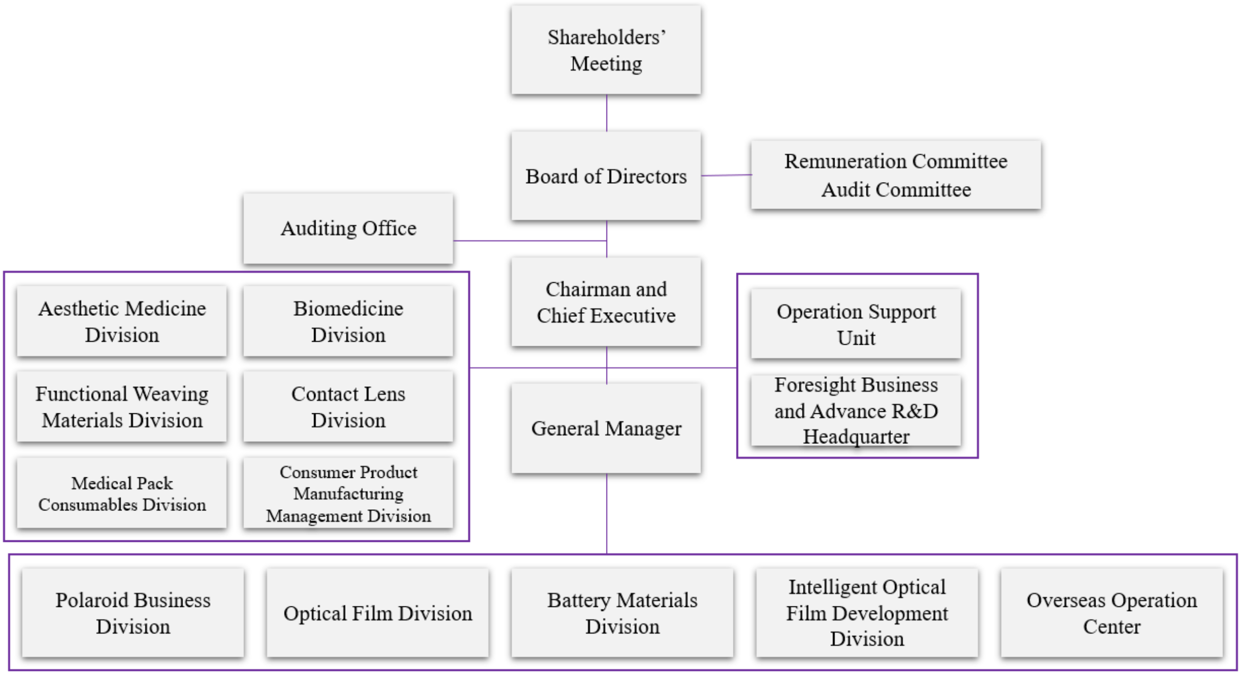
(II) Milestones

1998- 07 Established Daxon Technology Co., Ltd., with a capital of NT$ 10,000.
1998- 10 Offically shipped CD-ROMs.
1999- 10 Increase capital by NT$250,000 thousand in cash, and received capital amount to NT$ 500,000 thousand and supplemented the office development bank.
2000- 09 Approved by the MOEAIC to invest indirecty from the third place and established Daxon Medical Technology (Suzhou) Co., Ltd, enegaged in themanufacture and sales of medical related product series.
2001- 09 Issued NT$ 500,000 thousand for the first time in year 2001 of domestic guaranteed ordinary secured convertible bonds.
2002- 01 Established Daxon Technology Sdn. Bhd. In Malaysia.
2003- 04 Obtained the certification "Green Partner" by Japanese partner.
2003- 09 Taipei OTC center (TPEx) approved to log in as a counter stock.
2005- 05 Polarizers officially start shipping.
2005- 10 Established Suzhou plan and joined the product line of polarizers.
2006- 03 Become the lead for EWV series polarizers in the industry.
2006- 06 Fuji new sight angle compensation type large-size TV polarizer initial shipment.
2007- 05 Developed 65-inch LCD TV polarizer successfully.
2007- 12 Establishment of Polarizer factory in Longtan.
2008- 07 The trail production of the 2m wide polarized product line in Hsinchu plant.
2008- 09 Apporved the application of Yunlin Industrial Zone, and engaged in the manufacture of polymer chmical products.
2009- 05 Approved by the MOEAIC to invest indirecty from the third place and established Daxon Medical Technology (Suzhou) Co., Ltd, enegaged in the manufacture and sales of medical related product series.
2009- 06 Touch-panel & e-Paper Optical Film 1 st shipment.
2010- 03 Conducting private placement of securities increase the capital in cash NT$ 200,000 thousand, and the paid in capital increased to NT2,865,301 thousand.
2010- 04 Establishment of Polarizer factory in Tainan.
2010- 06 Approved to changed company name to"BenQ Materials Co., Ltd."by the meeting of Shareholders.
2010- 09 Established Danite Material Technology (Wuhu) Co., Ltd with joint venture Wuhu Chery Technology Co., Ltd (each holding 50% of shares), engagied in the manufacturer and sales of lithium battery isolation frim products.
2010- 10 Financial Supervisory Commission (FSC) approved to publish the cash increas NT$ 236,000 thousand, and the paid-in capital increased to NT$ 3,101,301 thousand.
2010- 11 Listed on the Taiwan Stock Exchange.
2011- 04 End of CD-ROMs business development, and focus on the fied of membraneous materials science.
2012- 03 Taiwan officially launched the Miacare "Maire" Silicone Contact Lens series.
2012- 08 Anscarehemostatic cotton and Miacare acne patch launched in Thai market.
Miacare Acne product series won the Grand Prize of Watsons creative Marketing in China.
2013- 06 Miacare Acne treatment series are launched in China.
2013- 12 Miacare silicone contact lens products series won the 2014 Taiwan Excellence Award.
2014- 01 Global launched the first color silicon contact lens "Miacare CONFiDence:.
2014- 08 Miacare contact lens products series are launched in Malaysia.
2014- 10 Contributing the sustainable development of environmental protection, and won the National Enterprise EnvironmentalProtection Award.
Tainan plant obtained AEO Quality Enterprise Certification.
2015- 01 AnsCare ChitoClot Gauze, AnsCareChitoColt Artery Compression Device, and miacare CONFiDENCE silicone hydrogel color daily soft contact lens are awards Taiwan Excellence Awards 2015.
Miacare contact lens launched in Singapore.
Taoyuan Factory and Longke Factory obtained AEO Quality Enterprise Certification.
2015- 03 Reward the 3 rd Potential Enterprise Award of the Ministry of Economic Affiars.
2015- 10 Miacare Silicaon Hydrogel Contact Lens (Daliy) was launched.
Offically launched "dermaAngel" skincare treatment product series
2016- 01 AnsCare Scar Reduction Silicone Gel C+ and ChitoClot Bandage awarded Taiwa Excellence Awards 2016.
Miacare Silicone Hydrogel Contact Lens (Monthly) launched.
2016- 02 Miacare contact lens launched in China.
2016- 04 Acquired 100% equity of Danite Material Technology (Wuhu) Co., Ltd, and revised its name to BenQ Material (Wuhu) Co., Ltd.
2016- 09 End of Nanke branch operation.
2017- 01 Miacare Silicone Hydrogel Soft Contact Lens (1 Day) Comfort-Premium awarded Taiwan Excellence Awards 2017.
2017- 10 AnsCare LeniScar Silicone Stick and Miacare RELUX Silicone Hydrogel Contact Lens (Daily) awarded Taiwan Excellence Awards 2018.
2018- 07 Acquire SIGMA Medical Supplies Corporation.
2018- 10 Anscare SIMO negative pressure wound therapy system, Biacare CONFIDENCE Silicone Hydrogel Color Daily Soft Contact Lens (Meteor) and AirySektor warerproof & breathable protective pad awarded Taiwan Excellence Awards 2019.
2019- 03 Anscare SIMO negative pressure wound therapy system awarded the Red Dot Award- Product Design 2019.
2019- 07 Indirectly investment of BenQ Material Medical (Suzhou) Corporation establish in China by the third place approved by the MOEAIC, enegaged in the manufacture and sales of medical consumables and equipment.
2019- 10 Anscare healus Wound Gel and Xpore Functional textile with waterproof & breathable features fabric awarded Taiwan Excellence Awards 2020.
2020- 01 Officially launched Xpore at the ISPO Munich 2020 exhibition; awarded the ISPO Textrends Top 10 and ISPO Textrends Selection.
2020- 04 Xpore won the Performance Award in Performance Days Functional Fabric Fair in Munich, Germany .
2020- 09 In 2019, it ranked first in the optical industry, with excellent import and export performance and growth rate. Commended by the Ministry of Economic Affairs and awarded the Golden Trade Award.
2021- 01 The waterproof and breathable silk functional fabric and invisible acne stickers won the 2020 Taiwan Excellence Award.

Corporate Governance Report

Organization

(I) Organizational Chart



(II) Department Functions

Divisions	Functions
Auditing Office	❖ The establishment and implementation of the Company's auditting system, the formulation and declaration of the annual audit plan, and the implementation of internal and external control of the Company and its subsidiaries.
Foresight Business and Advance R&D Headquarter	❖ Coordinating product development, technology development, evaluation, planning and intellectual property rights of new business.
Biomedicine Division	❖ Responsible for biomedical product planning, manufacturing, marketing sales and customer service.
Contact Lens Division	❖ Responsible for contact lens product planning, manufacturing, marketing sales and customer service.
Aesthetic Medicine Division	❖ Responsible for aesthetic medicine product planning, manufacturing, marketing sales and customer service.
Consumer Product Manufacturing Management Division	❖ Matters related to the consumer product manufacturing.
Functional Weaving Materials Division	❖ Responsible for functional weaving materials product planning, manufacturing, marketing sales and customer service.
Medical Pack Consumables Division	❖ Responsible for medical package consumables product planning, manufacturing, marketing sales and customer service.
Polaroid Business Division	❖ Responsible for polaroid product planning, manufacturing, marketing sales and customer service.
Optical Film Division	❖ Responsible for optical film product planning, manufacturing, marketing sales and customer service.
Battery Materials Division	❖ Responsible for Advanced Battery Materials product planning, manufacturing, marketing sales and customer service.
Intelligent Optical Film Development Division	❖ Responsible for intelligent optical film product planning, manufacturing, marketing sales and customer service.
Overseas Operation Center	❖ Responsible for related operation in Suzhou plant and Wuhu plant.
Operation Support Unit	❖ Including finance, legal affairs and regulation, human resources, information technology, strategic planning and other functions.

Director, Supervisor, and Management team

(I) Directors and Supervisors

1. Personal Profile **2021-04-20 : Unit: share, %**

Position	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Qisda Corporation (Note 2)	-	2019.06.19	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	Ph, D., Swiss Federal Institute of Technology in Zurich M.S., Materials & Engineering, Unversity of Utah Director and Executive Vice President of Darfon Electronics Corp. Development Manager of Philips Taiwan Ltd.	CEO of BenQ Materials Corp. Director of LAGIS ENTERPRISE CO., LTD. Director of BenQ Foundation	-	-	-	Note 1
	R.O.C.	Representative: Zhien-Chi (Z.C) Chen	Male				-	-	1,217,000	0.38%	65,065	0.02%	-	-						
Director	R.O.C.	Kuen-Yao (K.Y.) Lee	Male	2019.06.19	3 years	2009.02.20	4,580,396	1.43%	4,580,396	1.43%	775,001	0.24%	-	-	MBA, Switzerland IMD Chairman of Qisda Corp. Chairman of AU Optronics Corp.	Chairman of BenQ Corp. Chairman of BenQ Foundation Director of Qisda Corp. Director of AU Optronics Corp. Director and Executive Vice President of Darfon Electronics Corp.	-	-	-	-

Position	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Director	R.O.C.	Eric Yu	Male	2019.06.19	3 years	2010.06.09	1,252,871	0.39%	1,252,871	0.39%	384,613	0.12%	-	-	M.S., Business Adminstration, University of Strathclyde Chairman of SIGMA Medical Supplies Corp. Director of AU Optronics Corp. Financial Vice President of Qisda Corp.	Director of Visco Vision Inc.	-	-	-	-
Director	R.O.C.	Qisda Corporation (Note 2)	-	2019.06.19	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	The Graduate Institute of Technology & Innovation Management, National Chengchi University M.S., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University Technology Product Center Executive Vice President, BenQ Corp.	Chairman & CEO of Qisda Corp. Chairman of BenQ Medical Technology Corp. Chairman of Partner Tech Corp. Chairman of DFI Inc. Vice Chairman of Alpha Network Inc. Director of AU Optronics Corp. Director and Executive Vice President of Darfon Electronics Corp. Director of Hitron Technologies Inc. Director of BenQ Foundation	-	-	-	-
	R.O.C.	Representative: Peter Chen	Male				-	-	72,825	0.02%	-	-	-	-						

<table>
<tr><th rowspan="2">Position</th><th rowspan="2">Nationality/Place of Registration</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th rowspan="2">Date Elected</th><th rowspan="2">Term</th><th rowspan="2">Date First Elected</th><th colspan="2">Shareholding When Elected</th><th colspan="2">Current Shareholding</th><th colspan="2">Spouse & Minor Shareholding</th><th colspan="2">Shareholding by Nominees</th><th rowspan="2">Major Experience (Education)</th><th rowspan="2">Other Position Concurrently Held at Aurora and Other Companies</th><th colspan="3">Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship</th><th rowspan="2">Note</th></tr>
<tr><th>Number of Shares</th><th>%</th><th>Number of Shares</th><th>%</th><th>Number of Shares</th><th>%</th><th>Number of Shares</th><th>%</th><th>Position</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="2">Director</td><td>R.O.C.</td><td>BenQ Corporation (Note 2)</td><td>-</td><td rowspan="2">2019.06.19</td><td rowspan="2">3 years</td><td rowspan="2">2007.10.17</td><td>80,847,763</td><td>25.21%</td><td>80,847,763</td><td>25.21%</td><td>-</td><td>-</td><td>-</td><td>-</td><td rowspan="2">M.S., Business Administration, Unversiy of Southern Mississippi
Chairman of BenQ Materials Corp.
Vice President of Qisda Corp.</td><td rowspan="2">Chairman of BenQ Asia Pacific Corp.
Chairman of Infty Corp.
Director and General Manager of BenQ Corp.
Director of BenQ Foundation</td><td>-</td><td>-</td><td>-</td><td rowspan="2">-</td></tr>
<tr><td>R.O.C.</td><td>Representative: Conway Lee</td><td>Male</td><td>-</td><td>-</td><td>99,161</td><td>0.03%</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>R.O.C.</td><td>Frank Yeh</td><td>Male</td><td>2019.06.19</td><td>3 years</td><td>2003.05.22</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Electronic Engineering, Feng Chia University
Director and CEO of WPG
General Manager of Arrow Electronics Taiwan Ltd.</td><td>Vice chairman of WPG Holdings Ltd.
Director, WPG Holdings Affiliated Venture;</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Independent Director</td><td>R.O.C.</td><td>Chiou-Ming Chen</td><td>Male</td><td>2019.06.19</td><td>3 years</td><td>2006.05.18</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Electrical Engineering, National Taiwan Unversity
M.S., Electrical Engineering, University of Rhode Island
Associate Director of Gold Circuit Electronics
Purchasing General Manager of HP Taiwan Information Technology Ltd.</td><td>Member of Remuneration Committee of Allied Circuit Co. Ltd.</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Position	Nationality/Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Louis Y.Y. Lu	Male	2019.06.19	3 years	2019.06.19	-	-	-	-	-	-	-	-	Ph.D Business and Management, National Chiao Tung University M.S., Computer Science, National Chiao Tung University Deputy Dean, College of Management, Yuan Ze University Manager of BenQ Corporation	Director of Grand Cathay Venture Capital Co., Ltd.	-	-	-	-

(Note 1) The director and the general manager or equivalent (executive manager) are the same person, spouses, or relatives, which need to explain the reason, rationality, necessity and related information about the implementation:

The purpose of the chairman serves as the CEO of the Company is to improve operating efficiency and decision-making execution. However, and strengthen the independence of the board of directors; the Company has actively trained suitable candidateds; in addition, the chairman also communicates closely with the directors on company operation to achieve the corporate governance. In the future, the Company will plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function. At present, the Company has the implementation as following:

1. The current three independent directors have specialized in the electronics industry and academic fields, whose can effectively guide their supervisory functions.
2. Directors will be arranged to participate in professional director courses of external institutions evey year to enhance the effectiveness of the board of directors.
3. Independent directors can fully advice and provide recommendations for the board of directors in all Functional Committees to implement corporate goverance.
4. More than half of the board members do not concurrently serve as emplyees or managers of any affiliates to strengthen the board's independence.

Note 2: Major shareholders of corporate shareholders

Name of Institutional Shareholder	Major Shareholder	Shareholding Ratio (%)
Qisda Corporation (Note 3)	AU Opreonics Corporation (Note 4)	17.04
	Acer Incorporated (Note 4)	4.15
	Cathay Life Insurance Co.,Ltd. (Note 4)	3.58
	Darfon Electronic Corporation (Note 4)	1.86
	Citibank Taiwan in Custody for Norges Bank	1.57
	Citi (Taiwan) Commercial Bank is entrusted with the investment account of Poluning Development National Fund Co., Ltd.	1.30
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.19
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.07
	CREO VENTURE CORP	0.87
	Dimensional Emerging Markets Value Fund	0.79
BenQ Corporation	Qisda Corporation	100.00

Note 3: Qisda Corporation's data source is based on the company's shareholder register on the base date of closing the transfer on April 21, 2020; BenQ Corporation is a 100%-owned subsidiary of Qisda Corporation.

Note 4: Major Shareholders of corporate shareholders with corporations as their major shareholders

Name of Institutional Shareholder	Major shareholders of corporate shareholders (Note 5)	Shareholding Ratio (%)
AU Opreonic Corporation	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
	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
Acer Incorporated	Hung Rouan Investment Corp.	2.39
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.76
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.39
	Stan Shih	1.14
	Management Board of Public Service Pension Fund	1.13
	Acer GDR	0.94
	Acer Inc.	0.88
	Polunin Developing Countries Fund, LLC	0.76
	ISHARES MSCI TAIWAN ETF	0.76
	iShares Core MSCI Emerging Markets ETF	0.75
Kangli Investment Co., Ltd.	AU Opreonic Corporation	100.00
Darfon Electronic Corporation	Qisda Corporation	20.72
	BenQ Corporation	5.01
	Citibank Taiwan in Custody for Norges Bank	2.07
	Mega International Commercial Bank Co., Ltd.	1.62
	Kai-Chien Su	1.45
	Arcadia secures HSBC as guarantor	1.41
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.34
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.23
	iShares Core MSCI Emerging Markets ETF	0.74
	Board of Inquiry of University of Texas HSBC as guarantor	0.63

Note 5: AU Optronics Corporatio's major shareholders are based on the company's shareholder register on the base date of closing the transfer on April 19, 2020; The major shareholders of Acer Incorporated are based on the company's shareholder register on April 14, 2020 on the basis of the closing date; Kangli Investment Co., Ltd. is a 100% holding subsidiary of AU Optronics Corporation; DARFON ELECTRONICS CORP.'s major shareholders are based on the company's shareholder register on April 20, 2020 on the basis of the closing date.

2. Other resource

Professional Qualifications and Independence Status of Directors

2020-12-31

Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence Criteria												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs 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 Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Qisda Corp. Representative: Zhien-Chi (Z.C) Chen			✓				✓		✓	✓	✓	✓	✓	✓		0
Kuen-Yao (K.Y.) Lee			✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	0
Eric Yu			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Qisda Corp. Representative: Peter Chen			✓			✓	✓		✓	✓	✓	✓	✓	✓		0
BneQ Representative: Conway Lee			✓	✓		✓	✓			✓	✓	✓	✓	✓		0
Frank Yeh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chiou-Ming Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Louis Y.Y. Lu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

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

(2) Not a director or supervisor of Aurora or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora 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 outstanding shares of Aurora 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 any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of Aurora under Paragraph 1 or 2, Article 27 of the Company Act. 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, a public company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(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. 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, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.

(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. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

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

(11) Not under any of the categories stated in Article 30 of the Company Act.

(12) Not a governmental or judicial person or a representative thereof as defined in Article 27 of the Company Act.

(II) Chairman, General Manager, Assistant General Manager, Deputy Assistant General Manager, and Managers of all divisions and branch units

2021-04-20; Unit: share %

Position	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at Aurora and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
and CEO	R.O.C.	Zhien-Chi (Z.C.) Chen	Male	2013.10.01	1,217,000	0.38%	65,065	0.02%	-	-	Ph, D., Swiss Federal Institute of Technology in Zurich M.S., Materials & Engineering, Unversity of Utah Director and Executive Vice President of Darfon Electronics Corp. Development Manager of Philips Taiwan Ltd.	Director (Legal Representative) of Changguang company Director of BenQ Foundation (Note 1)	-	-	-	Note 2
General manager	R.O.C.	Gary Liu	Male	2017.08.01	297,320	0.09%	-	-	-	-	Ph.D., Department of Optoelectronics, Jiaotong University	None	-	-	-	
Vice President	R.O.C.	Oliver, Liu	Male	2009.12.01	295,818	0.09%	-	-	-	-	MSc., Department of Optoelectronics, Jiaotong University	Director of Visco Vision Inc. (Note 1)	-	-	-	
Vice President	R.O.C.	Chuan-jung Liu	Male	2015.11.01	-	-	-	-	-	-	Msc., Department of Inorganic Chemistry, Saitama University Japan Executive Vice President of Sumika Technology Co., Ltd	(Note 1)				
Senior Manager	R.O.C.	Lung-hai Wu	Male	2010.07.01	462	0.00%	517	0.00%	-	-	Ph.D., Department of Applied Chemistry, Jiaotong University Project Manager of Technology Department of Optimax Technology Corporation	None	-	-	-	
Senior Manager	R.O.C.	Chen-kuan Kuo	Male	2014.01.01	190	0.00%	-	-	-	-	Ms., Department of Chemistry, Tamkang University Research and Development Manager of Optimax Technology Corporation	None	-	-	-	
Senior Manager	R.O.C.	Li-chuan Chiu	Female	2013.08.01	-	-	-	-	-	-	Msc., Department of Materials Engineering, Jiatong Univesity	None	-	-	-	
Senior Manager	R.O.C.	Ting-yuan Chiang	Male	2014.01.01	-	-	37,611	0.01%	-	-	Ms., Deaprtment of Earth and Environmental Science, Chung Cheng University	(Note 1)	-	-	-	
Senior Manager	R.O.C.	Chao-yi Yang	Female	2015.04.01	-	-	-	-	-	-	Ms., Department of Business Adminstration J & J Poduct Manager CIBA Vision Marketing Manager	None	-	-	-	
Finance Associate General Manager	R.O.C.	James, Wang	Male	2006.03.01	173,488	0.05%	-	-	-	-	MS., Enterprise Research Institute of Chuo University Department of Statistics, Fu Jen University	(Note 1)	-	-	-	

Note 1: Please refer to the section of "Information on Directors, Supervisors and General Managers of Related Companies" in this annual report for the situation where managers concurrently hold positions in the Company 's related companies.

Note 2: The director and the general manager or equivalent (executive manager) are the same person, spouses, or relatives, which need to explain the reason, rationality, necessity and related information about the implementation:

The purpose of the chairman serves as the CEO of the Company is to improve operating efficiency and decision-making execution. However, and strengthen the independence of the board of directors; the Company has actively trained suitable candidateds; in addition, the chairman also communicates closely with the directors on company operation to achieve the corporate governance. In the future, the Company will plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function. At present, the Company has the implementation as following:

1. The current three independent directors have specialized in the electronics industry and academic fields, whose can effectively guide their supervisory functions.
2. Directors will be arranged to participate in professional director courses of external institutions evey year to enhance the effectiveness of the board of directors.
3. Independent directors can fully advice and provide recommendations for the board of directors in all Functional Committees to implement corporate goverance.
4. More than half of the board members do not concurrently serve as emplyees or managers of any affiliates to strengthen the board's independence.

(III) Remuneration paid during the most recent fiscal year to Directors, Supervisors, General Manager, and Assistant General Managers

1. Remuneration of Directors (Including Independent Directors)

2020-12-31th; Unit: NT$ thousands

Position	Name	Remuneration Paid to Directors: Base Compensation (A) (Note 1)		Severance Pay and Pension (B)		Directors (C) (Note 2)		Business Execution Expenses (D) (Note 3)		Total remuneration (A+B+C+D) as a percentage of net income (%)		Relevant Remuneration Received by Directors who Are Also Employees: Salary, Bonus, and Allowance (E) (Note 4)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 5)				Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora: Cash	Aurora: Stock	All Companies in Consolidated Financial Statements: Cash	All Companies in Consolidated Financial Statements: Stock	Aurora	All Companies in Consolidated Financial Statements	
Corporate Director	Qisda Corporation																					
Director Representative of Corporate Shareholder Chairman and Chief Executive	Zhien-Chi (Z.C.) Chen																					
Director Representative of Corporate Shareholder	Peter Chen	7,000	7,000	-	-	2,894	2,894	200	200	2.55	2.55	11,157	11,157	-	-	3,000	-	3,000	-	6.12	6.12	60,149
Corporate Director	BenQ Corporation																					
Director Representative of Corporate Shareholder	Conway Lee																					
Director	Kuen-Yao (K.Y.) Lee																					
Director	Eric Yu																					
Independent Director	Frank Yeh																					
	Chiou-Ming Chen	4,200	4,200	-	-	1,240	1,240	110	110	1.40	1.40	-	-	-	-	-	-	-	-	1.40	1.40	-
	Louis Y.Y. Lu																					

1. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
The remuneration of the Company's Directors shall be distributed by the Board of Directors in accordance with the authorization of the Articles of Incorporation, and shall shall take into account the pay levels in the domestic and overseas industry. The Board of Directors shall, in accordance with the Articles of Incorporation, decide the amount of Directors' remuneration in the event of profits. Independent directors are ex officio members of the Audit Committee; in addition to paying the remuneration of general directors, different reasonable remunerations may be determined in consideration of the responsibilities, risks and the time spent by the individual.
2. In addition to the disclosure in the above table, the directors of the Company in the most recent year received remuneration for providing services to all companies in the financial report (such as serving as consultants for non-employees): None

Note 1: The dirctors'compesations in the year 2020 (include salary, allowances, severance pay, and various awards and bonuses.)

Note 2: The directors compensation of 2020.

Note 3: Expense relating to business execution by directors in the year 2020 (include transportation allowances, special allowances, various subsidies, accommodations, and personal cars etc.)

Note 4: The directors serving as emplolyees in the year 2020 (include those concurrently serving as CEO, General Manager, Assistant General Manager, or other managerial officers and employees) who receive salaries, supervisors' allowances, severance pay, bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc.

Note 5: In the year 2020, directros who concurrently serve as employee (including concurrently serve as Chairman, General Manager, Assistant General Manager, other managerial officers and employees) who receive employee compensation (including stock and cash dividends.)

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	Aurora	All Companies in Consolidated Financial Statements	Aurora	All consolidate affiliates
Less than NT$1,000,000	Zhien-Chi (Z.C) Chen, Peter Chen, Conway Lee	Zhien-Chi (Z.C) Chen, Peter Chen, Conway Lee	Peter Chen, Conway Lee	Conway Lee
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Kuen-Yao Lee, Eric Yu, Chiou-Ming Chen, Louis Y.Y Lu, BenQ Corporation	Kuen-Yao Lee, Eric Yu, Louis Y.Y Lu, Chiou-Ming Chen, BenQ Corporation	Kuen-Yao Lee, Eric Yu, Chiou-Ming Chen, Louis Y.Y Lu, BenQ Corporation	Eric Yu, Chiou-Ming Chen, Louis Y.Y Lu, BenQ Corporation
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Frank Yeh	Frank Yeh	Frank Yeh	Frank Yeh
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	Qisda Corporation	Qisda Corporation	Qisda Corporation	Qisda Corporation
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-	Zhien-Chi (Z.C.) Chen	Zhien-Chi (Z.C.) Chen
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-	-	Kuen-Yao (K.Y.) Lee
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-	-	Peter Chen
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	Total	Total	Total	Total

2. Remuneration paid to Supervisors: Note applicable.

3. Remuneration paid to Chairman, General Manager and Assistant General Manager

2020-12-31th; Unit: NT$ thousands

Position	Name	Salary (A)		Severance Pay and Pension (B)		Remuneration (C)		Employee Compensation (D) (Note)				Total amount of A, B, C and D to after-tax net income ratio (%)	Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora	All Companies in Consolidated Financial Statements	Aurora		All Companies in Consolidated Financial Statements			
								Cash	Stock	Cash	Stock		
and CEO	Zhien-Chi (Z.C.) Chen	14,772	14,772	324	324	18,642	18,642	6,600	-	6,600	-	10.07	-
General manager	Gary Liu												
Vice President	Oliver, Liu												
Vice President	Chuan-jung Liu												

Note: Refers to the proposed allotment amount calculated with reference to the actual allotment ratio in previous years.

Range of Remuneration

Remuneration paid scale to CEO, General Manager and Assistant General Manager Range of Remuneration	Name of Chairman, Gener Manager and Assistant General Manager	
	Aurora	**All Companies in Consolidated Financial Statements**
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Oliver Liu, Charles Liu	Oliver Liu, Charles Liu
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	Zhien-Chi (Z.C) Chen, Ray Liu	Zhien-Chi (Z.C) Chen, Ray Liu
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	4	4

4. Names of managerial officers who received employee compensation and status of distribution

Unit: NTD `000

Item	Position	Name	Stock	Cash (Note)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	and CEO	Zhien-Chi (Z.C.) Chen	-	8,890	8,890	2.25
	General manager	Gary Liu				
	Vice President	Oliver, Liu				
	Vice President	Chuan-jung Liu				
	Senior Manager	Lung-hai Wu				
	Senior Manager	Chen-kuan Kuo				
	Senior Manager	Ting-yuan Chiang				
	Senior Manager	Li-chuan Chiu				
	Senior Manager	Chao-yi Yang				
	Finance Associate General Manager	James, Wang				

Note: The number of proposed allotments calculated with reference to the actual allotment ratio in previous years

(IV) Total remuneration as a percentage of net income as paid by the Company, during the past two fiscal years to its Directors, Supervisors, General Manager, and Assistant General Manager

Year / Item	2020		2019	
	Aurora	All consolidated entities	Aurora	All consolidated entities
After-tax (loss) profit (NT$ thousand)	395,973	395,973	257,124	256,740
Ratio of compensation paid to Directors by the Company (%)	7.53	7.53	10.45	10.47
Ratio of compensation for Managers such as deputy general manager or above paid by the Company (%)	10.19	10.19	15.35	15.37

(V) The Company's remuneration policies, standards and portfolios, procedures for determining remuneration, and its relevance to operating performance and future risks

(1) The remuneration of directors of the Company is issued by the board of directors in accordance with the authorization of the Company's Articles of Association. According to the degree of directors' participation in the Company's operation and contribution value, and with reference to the "Remuneration Measures for Directors and Functional Committee Members" set by domestic and foreign peers If the Company has a surplus, the board of directors shall decide the amount of directors' remuneration in accordance with the Company's Articles of Association.

(2) The appointment, termination and remuneration of the general manager and deputy general manager of the Company shall be handled in accordance with the Company's regulations. The remuneration standard is based on the Company's Remuneration Committee and the board of directors to determine the managerial officers's remuneration policy and principles, and determines remuneration with reference to the industry's usual level, the Company's operating income, profitability and individual performance of managers.

(3) The Company's main remuneration principles are to link responsibilities and performance results, provide competitive remuneration in the market to attract, retain and cultivate talents for a long time, reflect the Company's operating risks and corporate governance structure, and do not use short-term profits as compensation and performance Evaluate the only indicator that links the long-term value of shareholders.

The State of the Company's Implementation of Corporate Governance

(I) The state of operations of the Board of Directors

1.A total of 4 meetings of the Board of Directors were held in 2020.The Directors and Supervisors' attendance status is as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Chairman	Representative of Qisda Corporation: Zhien-Chi (Z.C) Chen	4	0	100%	
Director	Representative of Qisda Corporation: Peter Chen	4	0	100%	
Director	Representative of BenQ Corporation: Conway Lee	4	0	100%	
Director	Kuen-Yao (K.Y.) Lee	4	0	100%	
Director	Eric Yu	4	0	100%	
Independent Director	Frank Yeh	4	0	100%	
Independent Director	Chiou-Ming Chen	4	0	100%	
Independent Director	Louis Y.Y. Lu	3	1	75%	

Other matters to be recorded:

1. If any of the following circumstances occur during board meetings, the date of said meeting, session, proposal content, all independent director opinions, and the Company's responses to said independent director opinions:
   (1) According to Article 14-3 of the Securities and Exchange Act:

Date	2020 Session	Major Resolutions	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2020.02.25	First time	"Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2019 Amendment of the Company's Articles of Association	1.Approved by the unanimous decision of the independent directors and directors present 2.The Company's responses to said independent director opinions: None
2020.05.05	Second time	Proposed acquisition of real property right-of-use assets Ratification of 2019 earnings distribution proposal Ratification of 2019 appropriations of earnings in cash dividends Donation of the BenQ Foundation	
2020.08.04	Third time	Review CPA fees	
2020.11.04	Fourth time	Preparation of 2021 Internal Audit Plan Appointed CPAs to the 2020 financial statements of the Company.	

   (2) Any recorded or written Board resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None.

2. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of the proposal, reasons for recusal, and results of voting shall be specified:
   The board of directors on May 5, 2020
   (I) Through the acquisition of real property right-of-use assets.When discussing this issue, director Kuen-Yao Lee and director Peter Chen were the Director and Director Representative of Corporate Shareholder of AU Optronics Co., Ltd., respectively, and they were related parties in the case.According to provisions of Article 206 and 178 of the Company Law, they are not permitted to participate in the discussion and voting of this case. Except for the above two directors who avoided because of their interests, the independent directors had no objection and the other directors agreed to pass the case.
   (II) Through the donation of the BenQ Foundation, the four directors: Chairman Zhien-Chi (Z.C) Chen and directors Kuen-Yao (K.Y.) Lee, Peter Chen, Conway Lee, have served as directors of the foundation.According to the provisions of Article 206 and 178 of the Company Law, they are not permitted to participate in the discussion and voting of this case.According to the provisions of Article 206 and 178 of the Company Law, the director Eric Yu is appointed to be represented as the host by Cairman Zhien-Chi (Z.C) Chen over the case. Except for the above four directors who avoided because of their interests, the independent directors had no objection and the other directors agreed to pass the case.
3. The evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers).The implementation of evaluation for the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	The year of 2020	The board of directors and Functional Committees (including Audit Committee and	Self-evaluation of the board of directors and Functional Committees (including Audit	The performance evaluation of the board of directors and its individual members includes five major aspects: participation in the operation of the Company, improvement in the quality of decision-making of the board of directors, Board composition and structure, appointment of directors and their continued development, and internal controls.

		Remuneration Committee)	Committee and Remuneration Committee)	The performance evaluation of the Functional Committee includes five major aspects: participation in the operation of the Company, understanding of the responsibilities of Functional Committees, improvement in the quality of decision-making of the Functional Committees, composition of Functional Committees, and member selection and internal control.

4. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as the establishment of an Audit Committee, the enhancement of information transparency, etc.) and the assessment of implementation.
   (1) AUO's Board of Directors' duties include: supervising the company's strategy, monitoring the management and the operation and arrangement of corporate governance system. It is also responsible for the company and the shareholders, and shall exercise its powers in accordance with the law, company regulations, or the resolutions of the shareholders' meetings.
   (2) At least one independent director of the Company's board of directors attended the meeting in person, and all the independent directors attended the board of directors' resolutions in Article 7 of the Rules of Procedures for Board Meetings in the most recent year and the year up to the date of publication of the annual report.
   (3) The Company chose to establish an independent director and an Audit Committee on November 16, 2007 by the shareholders' interim meeting, and set up a Remuneration Committee on October 25, 2011. This plan has helped strengthen the functions of the board of directors and implement corporate governance.
   (4) The independent directors of the Company meet regularly for discussion. Accountants, internal audit, legal affairs, finance, risk control and other units are invited to report and ask the independent directors for the latest financial statement review, internal audit results, litigation cases, and financial affairs. Information such as business overview enables independent directors to assist investors to ensure credibility in corporate governance and information transparency to protect shareholders 'rights.
   (5) According to the "Methods to Evaluate Performance of Directors" passed by the Company's BOD on May 6, 2019, the board and directors have to be evaluated at least one time every year. The evaluation of 2020 was done and was reported to the BOD on Febuary 25, 2021.
   (6) The Board of Directors appointed an Corporate Governance Officer in May 6, 2019 responsible for corporate governance matters, including handling of matters relating to Board, Audit Committee, Remuneration Committee and Shareholders' meetings in compliance with law, assistance in onboarding and continuing education of directors, provision of information required for performance of duties by directors, and assistance in directors' compliance of law, etc.

(II) The state of operation of the Audit Committee:

A total of 4 Audit Committee meetings were held in the most recent year. The attendance of the independent directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Independent Director	Frank Yeh	4	0	100%	
Independent Director	Chiou-Ming Chen	4	0	100%	
Independent Director	Louis Y.Y. Lu	3	1	75%	

Other matters to be recorded:

1. In case of any of the following situations in the operation of the Audit Committee, the date, session, content of the proposal, resolution of the Audit Committee, and the Company's handling of the Audit Committee's opinions should be stated:
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date	2020 Session	Major Resolutions	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2020.02.25	First time	"Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2019 2019 Financial Statements, Business Report and the 2020 Business Plan Amendment of the Company's Articles of Association	1. Approved by the unanimous decision of the members of the Audit Committee present 2. The Company's handling of opinions of members of the Audit Committee: None.
2020.05.05	Second time	Proposed acquisition of real property right-of-use assets Ratification of 2019 earnings distribution proposal Ratification of 2019 appropriations of earnings in cash dividends	
2020.08.04	Third time	Ratification of 2020 Q2 financial statements Review CPA fees	
2020.11.04	Fourth time	Preparation of 2021 Internal Audit Plan Appointed CPAs to the 2020 financial statements of the Company.	

   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

2. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposal, reasons for recusal, and results of voting shall be specified: None.
3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations)
   (1) The Company regularly convenes Audit Committee meetings. Where necessary, the independent auditor, audit manager, and relevant managers are invited to the meeting.
   (2) The internal audit supervisor regularly submits the audit summary report to the Audit Committee according to the annual audit plan. The Audit Committee also regularly evaluates the Company's internal control system, internal auditors and their work.
   (3) The Audit Committee communicates regularly with the Company's CPAs on the quarterly financial statements review or verification results and other relevant legal requirements to communicate, and conduct an independent review on the selection of CPAs and the audit and non-audit services.
4. Annual Work Priorities and Operational Status:
   Annual priorities:
   (1) Communicate with the chief internal auditor regularly about the audit reports according to the annual audit plan.
   (2) Communicate with CPAs regularly over financial statement review or audit results in each quarter.
   (3) Review the financial report.
   (4) Assess the effectiveness of internal control system.
   (5) Appointment of CPAs.
   (6) The independent evaluation of accountants' provision of audit and non-audit services.
   (7) Review the objects and amounts of assets, derivative commodities, capital loans and endorsement guarantees and major asset transactions, capital loans and endorsement guarantees.
   (8) Regulatory compliance.
   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) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		V		The Company has a "Corporate Governance Principles", which has relevant regulations for protecting shareholders' rights, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. For the Company's corporate governance regulation, please visit the Company's website (www.BenQMaterials.com).	No material difference
Shareholding Structure & Shareholders' Rights	Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations? If yes, has these procedures been implemented accordingly?	V		the Company has set up a spokesperson system to ensure that the informations which may affect shareholders 'decisions can be disclosured promptly and fairly, and the shareholding unit is the responsible unit, and a private letter box is set up to receive shareholders' suggestions, doubts and disputes; for shareholders to file lawsuits, then refer to the legal department for proper handling.	No material difference
	Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		In addition to mastering a list of major shareholders and beneficial owners of these major shareholders, the Company regularly publishes monthly announcements on MOPS for directors and major shareholders holding 10% of the shares and other insiders' equity changes and pledges.	No material difference
	Does the Company establish and execute a risk management and firewall system within its affiliates?	V		1. In order to establish a risk control and firewall with related companies, the Company has entered into "specific company, group enterprise and related party transaction operation procedures" and "subsidiary management measures". the Company's affiliated companies all have special financial, business and manufacturing departments, and their management rights and responsibilities are clear. the Company does not regularly conduct comprehensive risk assessments of related companies and their main banks, customers and suppliers to reduce credit risk.	No material difference
	Does the Company establish internal rules against insiders using undisclosed information to trade in securities?	V		In order to establish a perfect major information processing and disclosure mechanism to avoid improper leakage of information and ensure the consistency and correctness of externally published information, the Company has formulated the internal specifications of "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading", prohibiting the Company insiders use unpublished information on the market to buy and sell securities.	No material difference
Composition and	Has the Company established a	V		According to the Company's Corporate Governance Principles, the composition of the board of directors should consider diversification. In addition to the managerial officers who are also	No material difference

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>responsibilities of the Board of Directors</td><td>diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</td><td></td><td></td><td>company managers should not exceed one-third of the number of directors, and formulate appropriate diversification policies for their own operations, operating types and development needs, including but not limited to the following two major standards:
1. Basic conditions and values: gender and age.
2. Professional knowledge and skills: professional background, professional skills and industrial experience, etc.
The specific management objectives and achievement of the Company's diversity policy are as follows:
<table>
<tr><th>Managmenet objectives</th><th>Status</th></tr>
<tr><td>More than 2 independent directors</td><td>Achieved</td></tr>
<tr><td>At least one female director</td><td>Unachieved (Note 1)</td></tr>
</table>
Note 1: It is planned to increase the number of female directors to enhance the diversity of BOD.

The Company's fulfillment of diversification of members of the Board of Directors in 2020 is as follows:
<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Position</th><th rowspan="2">Gender</th><th colspan="3">The tenure of office of Independent Directors</th><th colspan="3">Professional knowledge and skills</th><th colspan="3">Age</th><th rowspan="2">Employee</th></tr>
<tr><th>Under 3 years</th><th>3-9 years</th><th>Over 5 years</th><th>Industry</th><th>Academic</th><th>Background of laws and finance</th><th>56-60 years old</th><th>61-65 years old</th><th>66-70 years old</th></tr>
<tr><td>Zhien-Chi (Z.C.) Chen</td><td>Chairman</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td>V</td></tr>
<tr><td>Kuen-Yao (K.Y.) Lee</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Eric Yu</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td>V</td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>Peter Chen</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>Conway Lee</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>Frank Yeh</td><td>Independent Director</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Chiou-Ming Chen</td><td>Independent Director</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Louis Y.Y. Lu</td><td>Independent Director</td><td>Male</td><td>V</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
</table></td><td></td></tr>
<tr><td></td><td>Does the Company voluntarily establish other Functional Committees in addition to the Remuneration Committee and Audit Committee which are required by law?</td><td>V</td><td></td><td>1. The Company has set up an Audit Committee. Please refer to page 13 of the annual report for the operation.
2. The Company has set up a Remuneration Committee. Please refer to page 16 of the annual report for the operation.
3. The Company has set up a risk management committee. Please refer to the risk management chapter on page 51 of the annual report for the operation.
4. The Company does not have a nomination committee, but in practice, the Company's directors (including independent directors) are elected by the candidate nomination system. The list of candidates for current directors (including independent directors) is proposed by shareholders who hold more than 1% of the Company's total shares, and the list of candidates is reviewed by the board of directors in accordance with the law and submitted to the shareholders' general meeting for selection.</td><td>No material difference</td></tr>
<tr><td></td><td>Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?</td><td>V</td><td></td><td>The Company's Board of Directors has approved the "Methods to Evaluate Performance of Directors" on May 6, 2019, stipulating that the board of directors should perform performance evaluations for the board of directors and directors at least once a year, and at least every three years by an external independent agency or an team of external experts and scholars. The internal evaluation shall be conducted at the end of each year of the current year's performance in accordance with this method.
the Company completed the evaluation of the board of directors and Functional Committees at the end of 2020. The results of the self-evaluation are beyond the standard and there are no major improvement items. The board meeting was held in February 2021 to report the evaluation results.
The performance evaluation of the Board of Directors includes five major aspects: participation in the operation of the Company, improvement in the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
The performance evaluation of the Functional Committees includes five major aspects: participation in the operation of the Company, understanding of the responsibilities of the Functional Committees, improvement in the quality of decision-making of the Functional Committees, composition of the Functional Committees, and the election of committee members, and internal control.
the Company's Remuneration Committee shall regularly review the policy, system, standards, and structure for the performance appraisal, salary, and remuneration of directors and managerial officers based on the Company's operating results and with reference to director's performance evaluation results, and shall submit its recommendations to the Board of Directors' for deliberation.</td><td>No material difference</td></tr>
<tr><td></td><td>Does the Company regularly evaluate the independence of the CPAs?</td><td>V</td><td></td><td>The Audit Committee and the Board of Directors evaluate independence of the CPAs annually, requiring them to offer "transcendental independence statement" to make sure that the certified CPAs and the Company have no other financial interests or business relationship exception for visa and taxation fees.
Confirm that the accounting firm (CPAs and members of its audit team) does not violate the requirements of independence, and submit it to the Audit Committee and the board of directors for relevant reports and evaluations.
Below is a summary of the evaluation mechanism:
1. CPAs of the Company is not related party with either the Company or its Directors.
2. the Company complies with the provisions of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies to handle the rotation of CPAs.
3. The Company obtained an independent statement issued by the accountant.
The evaluation results are as follows:
1. Independence between the CPAs and the Company complies with relevant provisions of the</td><td>No material difference</td></tr>
</table>

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
				Certified Public Accountant Act of the Republic of China, Code of Professional Ethics for Certified Public Accountant. 2. The Company has not commissioned the same CPA for five consecutive years.	
Composition and responsibilities of the Board of Directors	Has the TWSE/TPEx listed company appointed competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing directors and supervisors with information necessary to carry out their duties, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Finance Department is in charge of corporate governance, and the CFO Mr. James, Wang is appointed as the Corporate Governance Officer by the BOD, responsible for corporate governance related matters, and its qualification meets the first item of Article 3, Item 1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies of the Company's governing officer. Their eligibility is reported to the board of directors every year, and they continue to study every year in accordance with the regulations. The major duties for the corporate governance officer are as follows: 1. Handle matters related to the meetings of the board of directors, Functional Committees and shareholders' meetings, including planning and formulating agendas, sending notices of meetings within the statutory time limit and providing necessary materials for the meetings, and making minutes after the meetings 2. Assist directors and independent directors to follow laws, take office and continue to study. 3. Provide the information necessary for directors and independent directors to perform their business. 4. Consolidate the latest regulations of the competent authority, and review and revise the Company's Articles of Association and other internal regulations from time to time. 5. Announcement and major information on major company resolutions according to law. 6. Handle company registrations and changes in company registrations according to law. 7. Update and expose various corporate governance information. 8. Other matters stipulated in the Company's Articles of Association or contract. **Implementation status in 2020 is as follows:** 1. 4 Board meetings, 4 Audit Committee meetings, and 2 Remuneration Committee meetings were convened in 2020. 2. 1 annual shareholders meeting was convened in 2020. 3. The road show was held 2 times. 4. Board members have completed at least 6 credits of advanced courses. 5. The CGO will complete 18 credits of advanced courses. 6. The Company has established deputies for the Accounting Supervisor and accounting staff responsible for compiling the financial statements, and these employees have undertaken 12 hours and 6 hours of advanced studies respectively in accordance with regulations. 7. The Company has not received any reported incidents of stakeholder-ethical violations. 8. The Company insured liability insurance for directors and important staff, and reported to the Board of Directors after renewal. 9. The Audit Committee invites accountants, auditors, legal personnel and risk control personnel to attend the meeting, and discusses with the Audit Committee on relevant issues. 10. The Risk Management Committee regularly conducts risk management reports to the Audit Committee every year. 11. The Company's 6th corporate governance evaluation results were among the top 5 ~ 20%.	No material difference
Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?		V		In order to effectively establish communication channels with interested parties, in addition to implementing the spokesperson system, the Company has set up an "investor service" area and an "investor mailbox" (IR@ BenQMaterials) on the official website (www.benqmaterials.com), as a window for handling shareholder suggestions or disputes, to properly respond to important corporate social responsibility issues of concern to stakeholders.	No material difference
Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?		V		The Company has appointed the Shareholder Service Department of Taishin International Bank as the Company's stock affair agency to manage affairs related to shareholders' meetings.	No material difference
Information disclosure	Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance information?	V		Investor Relations section has been set up on both Company's Chinese and English websites (www.BenQMaterials.com), which regularly updates financial, business and corporate governance information as reference for investors.	No material difference
	Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)?	V		An English website has been set up, a designated person is responsible for the collection and disclosure of company information, and the spokesperson system is implemented. The chief financial officer is the spokesperson. Road shows are organized regularly or irregularly, briefing materials are uploaded on the Company's website, and investor mailboxes are set up to answer investor questions.	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
	Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V		The Company announced and reported the first, second, and third quarter financial statements of 2020 as well as the operating status of each month on MOPS before the prescribed deadline. The 2020 consolidated and individual financial statements were announced and filed on February 25, 2021, and uploaded to the Company's website simultaneously.	No material difference
Other important information to facilitate a better understanding of the Company's goverance and operation	Employee rights and employee care	V		The Company's business philosophy is to respect human nature and care for employees. To ensure employee rights and employee care, it has a staff welfare committee, which is composed of representatives of colleagues from various departments. It regularly holds staff welfare committee meetings and formulates various welfare plans, such as: organize club activities, special sales activities and employee family days. For employee rights, please refer to page 41 of this annual report.	No material difference
	Investor relationship	V		The Company has set up an investor service mailbox IR@BenQMaterials.com, and has a dedicated person answering the investor's phone to answer the shareholders' questions in detail, and immediately complete the announcements of the Taiwan Stock Exchange, such as financial statements, corporate governance rules and regulations, and operational results. The content of the meeting will be immediately disclosed on the Company's website, so that investors can understand the Company's operating conditions.	No material difference
	Supplier relationship	V		The Company has established Supplier Evaluation Procedures. The quality and technical capabilities of the supplier, service levels, green products, environmental protection, safety and health risks and social responsibility are reviewed by internal relevant departments. Only those who have passed the evaluation can become partners to the Company. In addition, in order to enhance the smooth communication with suppliers, the Company has set up a supplier service contact mailbox as a communication and complaint channel with the Company, and also built several systems to enhance the efficiency of communication and transparency of information between each other. The Company upholds the Company culture of integrity and integrity. In the event of illegal matters, please send mail to the integrity mailbox: Integrity@ BenQMaterials.com.	No material difference
	Rights of stakeholders	V		The Company has set up different and diversified interaction methods with different stakeholders, which are disclosed them in the corporate social responsibility report every year. At the beginning of each year, the Company reports to the Board of Directors on the communication with various stakeholders so that the Board of Directors can hear the voices of the stakeholders.	No material difference
	Continuing Education and Training for the Board of Directors	V		The Company has undertaken the following training pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" from TWSE. For details, please refer to the "Continuing Education and Training for Directors and Managers" on page 25 of the annual report.	No material difference
	Implementation of risk management policies and risk evaluation measures	V		The Company has a risk management committee that formulates risk management policies and assesses company risks to reduce business risks. For specific information, please refer to the chapter on risk management on page 51 of the annual report.	No material difference
	Implementation of customer relations policies	V		The Company maintains a good cooperative relationship with customers, provides high-quality products and services, and also provides multiple channels to let customers, shareholders, and stakeholders immediately know the Company's operating situation and financial status. The Company has set up a contact window for each product on the official website (www.BenQMaterials.com) for inquiries about related product information.	No material difference
	Purchase of liability insurance for directors and supervisors	V		The Company insures liability insurance and assesses the insurance limit for directors (including independent directors) and managerial officers, so that it can proceed from the investor's rights as a starting point and execute its business prudently. After the insurance is purchased every year, the insurance situation will be reported in the latest board meeting.	No material difference
	Succession planning and operation of board members and important management	V		Based on future strategic development and transformation planning, combined with the Company's diversified policy planning director succession plan and candidates, the Company regularly holds meetings to discuss and review the succession planning and cultivation of the Company's important management; sets individual development plans based on their individual capabilities and job requirements. Depending on the needs of the organization and individuals, it includes training courses, different-learning studies, and job rotation. The purpose is to cultivate the management, leadership, and management capabilities of important management. In particular, the training courses are planned by the Company's training system. In addition to internal training courses, renowned external institutions are also introduced to facilitate the management team in expanding its external perspectives. To foster multi-dimensional strategic views at the management level, the Talent Development Committee will establish management level rotations based on the organization's needs. A mentorship system is also established to facilitate new managers. In addition to organizing and incubating a well-rounded management reserve to assume subsequent leadership through cross-disciplinary methods, the mentorship system also allows managers to learn up close the strategic views required for corporate management. The 2020 training course information is as follows:	No material difference

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td>V</td><td></td><td><table>
<tr><th>Course category</th><th>Total number of courses</th><th>Course hours (hours)</th><th>Total number of trainees</th></tr>
<tr><td>Technology and industry trends</td><td>12</td><td>49.5</td><td>80</td></tr>
<tr><td>Management courses</td><td>23</td><td>180</td><td>220</td></tr>
<tr><td>Customer and lectures</td><td>2</td><td>4</td><td>19</td></tr>
</table></td><td></td></tr>
<tr><td>Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.</td><td>V</td><td></td><td>1. The Company complies with relevant laws and regulations to disclose information on MOPS in real time, with full disclosure of information in annual reports and company website, with high transparency and timeliness.
2. The Company is in the top 5% to 20% range of the 6th Corporate Governance Evaluation organized by the Taiwan Stock Exchange.
The improvements of 2020:
-Increase the attendance rate of directors at shareholders' meetings and increase the opportunities for shareholders to communicate with decision-making units.
-Enhance the information transparency, announce materials information and financial statements in Mandarin and English version.
- Annual communication status with stakeholders, intellectual property management plan and risk management operation status are reported to the board of directors.
– Continue to deepen corporate governance, make the Company's DNA comply with international standards, and announce the 2019 financial statements before the end of February; and voluntarily provide financial statements in English quarterly to increase international visibility.</td><td>No material difference</td></tr>
</table>

(VI) Composition, Duties and Operation of the Remuneration Committee

The Company's Remuneration Committee was established on October 25, 2011, and three independent directors were appointed as Remuneration Committee members. Its main responsibilities are:

1. Formulate and regularly review the policies, systems, standards and structure of managerial officers and managers performance evaluation and salary and remuneration.
2. Regularly evaluate and determine the remuneration of directors and managerial officers.
3. The information of the members of the Remuneration Committee is as follows:

2020-12-31

Title	Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience													Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		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 Has Been Awarded a Certificate in a Profession Necessary for the Business	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Frank Yeh			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Chiou-Ming Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Louis Y.Y. Lu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Please check "✓" the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office.✓

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

(2) Not a director or supervisor of Aurora or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora 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 outstanding shares of Aurora 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 any of the officer in the preceding (1), or of any of the persons in the preceding (2) and (3).

(5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Company or ranks among the top 5 corporate shareholders in the terms of share volume held or is assigned according to the Paragraph 1 or 2, Article 27 of the Company Act. (This does not apply in cases where the Company and its parent company, subsidiary or subsidiary of the same parent company are established in accordance with this law or local national laws and regulations if the independent directors serve concurrently, they are not limited to this).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of Aurora's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of Aurora (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, Aurora and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director (governor), supervisor, managerial 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. However, the aforementioned does not apply to the specified company or institution holding 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and 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, a public company and its parent or subsidiary or a subsidiary of the same parent.

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not under any of the categories stated in Article 30 of the Company Act.

A total of 2 Committee meetings were held in the most recent fiscal year. The attendance of the members of the Remuneration Committee was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Convener	Frank Yeh	2	0	100%	
Committee Member	Chiou-Ming Chen	2	0	100%	
Committee Member	Louis Y.Y. Lu	2	0	100%	

Other matters to be recorded:

I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the proposal, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the proposal, all members' opinions and the response to members' opinion shall be specified: None.

III. Discussions and results of resolutions of the Remuneration Committee and the Company's handling of opinions of the committee members:

Date	Item	Major Resolutions	Resolutions and implementation
2020.02.25	2020-1	(I) 2019 remuneration distribution of directors and employees of the Company	The proposal was approved unanimously by all the members present, and was submitted to the Board of Directors for resolution.
2020.11.04	2020-2	(I) Amendment of the Principles for Setting Annual Performance Indicators for Senior Managerial Officers (II) Amendment of the remuneration strategy and market positioning of managerial officers	

(V) Implementation of Corporate Social Responsibility and Deviation from the Corporate Social Responsibility Best Practice Principles for the TWSE/GTSM Listed Companies and reasons thereof:

Evaluation Item		Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		V		In response to major global economic, social and environmental risks, BenQ Materials established a risk management committee and formulated risk management policies in 2010 in accordance with the principle of materiality. For its organizational structure, please refer to page 51 of the annual report. The risk management committee is chaired by the general manager, who is responsible for reviewing the Company's risk identification operations. Product R&D, manufacturing, and sales units, as well as corporate finance, legal affairs, human resources, information systems and environmental safety management units, review the situation from the perspective of corporate sustainability, including market and liquidity risk and non-financial risks such as regulatory compliance, information security, climate protection, social issues, etc. Except for mitigation response, we also seek opportunities to respond to risks. The risk identification process involves a quantitative assessment considering the frequency of occurrence, the degree of impact, and the degree of control. It covers dimensions such as finance, strategy, operation, and disaster. By doing so, we have identified 34 types of risks and prioritized them using the matrix analysis diagram.	No material difference
Does the Company establish an exclusively (or concurrently) dedicated unit to implement corporate social responsibility and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?		V		1. The Company's headquarters sets up CSR committee to be responsible for environmental sustainability, community participation and corporate governence. It regulartly holds meetings every year to follow up and discuss the outcome and report to BOD. 2. Please refer to page 20 of this annual report for details of the operation of corporate social responsibility units.	No material difference
Does the Company adopt reasonable remuneration policies and integrate the employee performance evaluation system with its corporate social responsibility policy as well as establish an effective reward and disciplinary system?		V		1. The Company considers the external market, internal fairness and rationality, and establishes a transparent and open performance evaluation system and a reasonable remuneration policy based on supporting the organization's operating objectives and individual performance differentiation. In order to implement corporate social responsibility, the Company has set up relevant advocacy courses for colleagues to choose. In addition to preparing their own study plans, colleagues can also set individual annual work goals through interviews with direct supervisors, and regularly set annual personal annual work goals, and conduct regular personal performance evaluation every year as a reference basis for salary adjustment, bonus payment and future promotion. Violation of corporate social responsibility by employees shall be dealt with in accordance with the Company's disciplinary measures. 2. In order to encourage employees to participate in social welfare activities, every employee is given one day of volunteer work leave every year to engage in services and practice the corporate philosophy of caring for the society and being close to the earth.	No material difference
Environmental issues	Has the Company established proper environmental management systems based on the characteristics of the industries?	V		BenQ Materials has obtained ISO 14001 environmental management system certification since 2005, and each manufacturing area around the world regularly implements internal and external audits every year to ensure the operation of various environmental management standards.	No material difference
	Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		1. Every manufacturing site has full-time employees for air pollution, waste water, waste, etc. according to the type of environmental pollutant generation in the production process, who are responsible for environmental management related affairs, and properly handling various environmental pollutants in compliance with national laws and regulations to reduce the impact of production on the environment. Please refer to page 21 for the implementation. 2. BenQ Materials is committed to the development of membrane technology that does not contain perfluorinated compounds and does not use solvents to make holes, and provides waterproof and breathable fabrics with both high performance and sustainability. It is responsible for the environment and is friendly to the earth.	No material difference
	Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?			I. Environmental Regulation Risk 1. Identify risks and opportunities: (1) It is mandatory in China to register greenhouse gas emissions. (2) The Paris Agreement affects the international trade of companies, and export products need to be marked to reveal carbon footprint. (3) Follow to promote green production. 2. Regulations and related response plans: (1) Please refer to page 21 of the annual report for the energy saving and carbon reduction policies of BenQ Materials. (2) In order to reduce the impact on the environment and ecology and fulfill the corporate responsibility for environmental sustainability, and continue to comply with international regulations and the expectations of all stakeholders, we review the management of hazardous substances every year in accordance with international regulations, customer requirements and environmental protection trends and update the "Operating Standards of Environmental Quality Assurance Management System". At the same time, we communicate with and train colleagues in the factory to maintain the effectiveness of the hazardous substance management system. The measures include: ● EU Restriction of Hazardous Substances Directive (EU RoHS) ● Meet the halogen-free requirements of electronic products. ● EU Chemical Substances Registration and Control Act (EU REACH): 3. 2020 Countermeasures:	

Evaluation Item		Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
				(1) Replacement of LED lights for the lighting fixtures in the factory is expected to save 22,529 kilowatt-hours of electricity per year from 2021. (2) The RTO saddle-shaped heat storage material is removed to reduce the tower pressure difference and reduce the load of the windmill, which can save 223,300 kilowatt-hours of electricity per year. (3) BML changes the flow of control equipment. High concentration into the RTO and low concentration into the zeolite roller for discharge after treatment, shifted to high and low concentration into the RTO and then to the zeolite roller for discharge after treatment, reducing VOC emissions per unit by 16%. II. Climate Change Risks 1. Identify risks and opportunities: (1) Earthquakes, power outages, fires, water shortages and other climate change factors may cause the production line to be interrupted. (2) Promote energy conservation in various factories and maximize resource efficiency. 2. Regulations and related response plans: In order to control risk management, we have formulated risk management policies and continuity plans for operations, and set up a Risk Management Committee (RMC). 3. 2020 Countermeasures: 2 disaster prevention drills are conducted in the plants throughout the year. BenQ Materials assesses the risks and opportunities of climate change based on the Company's internal risk identification process, and divides them into risks/opportunities brought by laws and regulations, risks/opportunities caused by climate change, and other related risks/opportunities caused by climate. Through the operation of Social Responsibility Committee, we focus on "green products", "green operations" and "green supply chains", individual development strategies and management goals, and management with key performance indicators.	
Environmental issues	Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?			III. Climate-related risks: 1. Identify risks and opportunities: Green supply chain for customers/consumers and manufacturers. 2. Regulations and related response plans: (1) The Company's supplier management system is based on green procurement. In order to fulfill the responsibility of society and environmental protection, the Company requires suppliers to provide green product guarantee letters, green product specifications, homogeneous material test reports, material safety data sheets and other documents before dealing with them to comply with international regulations and the hazardous substance management requirements specified by customers. The Company has established Supplier Evaluation Procedures, and relevant departments are responsible for reviewing items including the suppliers' quality, service standards, green products, environmental protection, safety, and health risks (such as environmental management system (ISO 14001), occupational safety and health management system (OHSAS 18001)), Code of Ethical Conduct and social responsibility. Only those who have passed the evaluation can become partners to the Company. 3. 2020 Countermeasures: (1) In 2020, the response rate of conflict minerals surveys is 100%. (2) In 2020, the achievement rate of non-use of hazardous substances is 100%. (3) The relevant policies and plans for the recycling and reuse of waste materials produced during the process are detailed on page 21 of this annual report.	
	Does the Company inspect its greenhouse gas (GHG) emissions, water consumption and total weight of wastes in the past two years? Does the Company formulate policies on energy conservation and carbon reduction, GHG reduction, water reduction or waste management?	V		BenQ Materials has joined the "Greenhouse Gas Reduction Program of the Industrial Low-Carbon Technology Integration Application Counseling Program" of the Industrial Bureau since 2009, and examines greenhouse gas emissions according to the World Business Sustainable Development Association (WBCSD) and the GHGProtocol issued by the Resource Research Institute (WRI). The relavant policies and plans for energy conservation and carbon reduction are detailed on page 21 of this annual report.	No material difference
Social issues	Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		1. The Company complies with relevant labor laws and International Bill of Human Rights to ensure that the strategic human resources policy is free of discrimination based on gender, race, socioeconomic class, age, marital status, and family status and implementing equality and fairness in employment, conditions of employment, remuneration, benefits, training, evaluation and promotion opportunities. 2. The Company regularly holds labor-management meetings. The Company sets up an effective and appropriate grievance mechanism for matters that jeopardize labor rights, and formulates work rules to incorporate employment contracts and training materials for new recruits, and occasionally conducts promotional activities. 3. The Company strives to preserve employee's human rights. Besides establishing the AUO Human Rights Policy to promote work protection for the age, working hours, salaries and benefits, humane treatment, non-discrimination, and freedom of association in reference to international labor certifications, the Global Sullivan Principles, UN Guiding Principles on Business & Human Rights, Electronic Industry Code of Conduct (EICC), and Labor Standard Act, the Company also strives to design management mechanism to ensure that employees are appropriately cared for. For instance, diverse communication or grievance channels have been designed to advocate for a corporate culture of willingness to communicate; careful confidentiality for employee identification during grievances or incidents; actively forming a respectful, caring corporate environment that safeguards human	No material difference

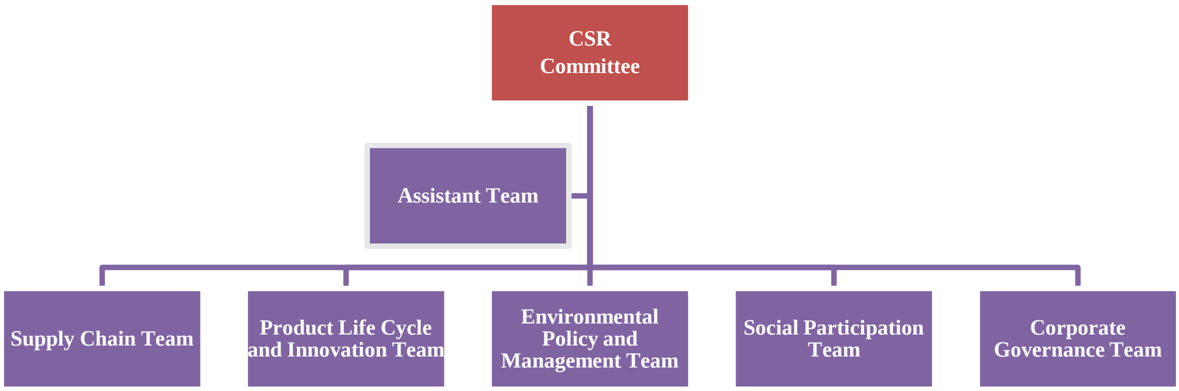
<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td></td><td>rights, protecting the rights to form unions and collective negotiations, and to promote a healthy, positive employer-employee relationship.</td><td></td></tr>
<tr><td></td><td>Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation and other benefits) and appropriately reflect operating performance or results in employee compensation?</td><td>V</td><td></td><td>1.Article 19 of the Company's Articles of Association has stipulated that employee remuneration shall be 5%-20% of the year's profit.
2.The Company considers the performance of each business unit and individual, and provides reasonable remuneration to employees after being approved by the responsible supervisor.
3.The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salary in the market; adjusts salary of 2020 based on the operations of Company, price index, economic growth rate and individual performance, etc., with the average salary adjustment rate of 3%.</td><td>No material difference</td></tr>
<tr><td></td><td>Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</td><td>V</td><td></td><td>The Company attaches great importance to the safety management of the working environment of colleagues. While abiding by the regulations/decrees of the competent authority, each factory has passed the ISO 45001 certification. In addition, it actively improves the working environment, avoids exposure to harmful substances in the working environment which cause health hazards, prevents occupational disasters and occupational diseases, and builds a safe work circle for all employees.
● The industrial safety meeting is held every quarter with the deputy general manager as the chairman.
● We conduct on-site inspections for the safety and environmental risks of each plant from time to time, and track improvements in regular industrial safety meetings.
● The manufacturing department supervisor conducts on-site safety inspections on the work environment of colleagues every month.
● Regular safety training and publicity:
In 2020, there was a total of 20,421 person-times of industrial safety education and training, and a total of 27,998 person-hours of training.
<table>
<tr><th>Item/Year</th><th>2019</th><th>2020</th></tr>
<tr><td>Number of participants in industrial safety education and training (persons)</td><td>27,090</td><td>20,421</td></tr>
<tr><td>Industrial safety education and training person-hours (hours)</td><td>24,579</td><td>27,998</td></tr>
</table>
● Strengthen the safety awareness of colleagues and establish an incentive bonus system for safety proposals.
● Each factory regularly carries out two operating environment monitoring every year, and conducts planning, sampling, testing and analysis to ensure that workers are free from harmful substances in the operating environment and workers work in a healthy and comfortable working environment. At the entrances and exits of machine equipment maintenance in the process area, an inductive voice messaging device is established to remind workers of warning messages and reduce the incidence rate of occupational disasters.</td><td>No material difference</td></tr>
<tr><td></td><td>Has the Company established effective career development training plans?</td><td>V</td><td></td><td>In order to implement the Company's talent cultivation plan and improve quality of human resources, strengthen their business management and professional ability, we reward relevant management or professional personnel for on-the-job higher education and overseas training according to the training and development list of the training system, and encourage them to apply for further education subsidy according to their performance of working ability and practice of organizational values.</td><td>No material difference</td></tr>
<tr><td></td><td>(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?</td><td>V</td><td></td><td>The Company sets up legal and regulatory departments, and builds a contract review system, requiring external documents of all departments to be reviewed by legal personnel to ensure that they are labeled and marketed in compliance with relevant domestic laws and international standards, and consumer rights and interests are protected.
The Company has set up consumer service hotline 0809-092-599 and e-mail Customer@BenQMaterials.com to offer consumer product consultation and multiple customer service complaints channels.</td><td>No material difference</td></tr>
<tr><td></td><td>Does the Company have supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How is the implementation?</td><td>V</td><td></td><td>1.The Company has established Supplier Evaluation Procedures, and relevant departments are responsible for reviewing items including the suppliers' quality and technical capacity, service standards, green products, environmental protection, safety, and health risks (such as environmental management system ISO 14001, occupational safety and health management system (OHSAS 18001), Code of Ethical Conduct and social responsibility. Only those who have passed the evaluation can become partners to the Company.
2.When selecting suppliers, the Company gives priority to suppliers who provide environmental protection products and machinery, appliances, equipment, parts and materials with the lowest impact on energy performance, and requires suppliers accordingly. Once the supplier or contractor violates Corporate Social Responsibility policy, it would negatively impact the company's business relationship with AUO.
3.When selecting suppliers, the Company gives priority to suppliers who provide environmental protection products and machinery, appliances, equipment, parts and materials with the lowest impact on energy performance, and requires suppliers accordingly. Once the supplier or contractor violates Corporate Social Responsibility policy, it would negatively impact the company's business relationship with AUO.
4. In 2020, the supplier's corporate social responsibility code of conduct consent letter status response rate is 97%.</td><td>No material difference</td></tr>
<tr><td colspan="2">Does the Company refer to internationally recognized standards or guidelines for the preparation of reports such as CSR reports to disclose non-financial information? Are the reports</td><td>V</td><td></td><td>The Company discloses relevant and reliable informations of Corporate Social Responsibility on the official website (www.BenQMaterials.com), MOPS and in annual report. The 2020 Corporate Social Responsibility Report is planned to be published in 2021.</td><td>No material difference</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
certified or assured by a third-party accreditation body?				

If the Company has its own corporate social responsibility regulation based on the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operation and the established rules:

the Company has formulated the Corporate Social Responsibility Regulation in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". All employees of the Company shall promote and perform corporate social responsibility, relevant regulations for environmental protection, social contribution, social services, public welfare, customer rights, human rights, safety and health. The overall operation is in line with the spirit of corporate social responsibility, withno major differences. Company website: http://www.benqmaterials.com/

Did the Company have an adequate governance framework to adopt and review Corporate Social Responsibility policies, systems, or related management principles? In order to enhance corporate social responsibility (CSR) and make the Company's operation towards sustainable development, the Company formulated the "Code of Integrity Management of BenQi Material Co., Ltd." in 2015 and the "Corporate Social Responsibility Best Practice Principles of BenQi Material Co., Ltd." in 2017. We informed colleagues and announced on the Company's website, and set up an inter-departmental "corporate social responsibility committee", with the Chief Executive Officer as the chairman It has supply chain group, product life cycle and innovation group, environmental policy and management group, social participation group and corporate governance group according to the vision and goals. These five task groups are under the direct supervision of high-level supervisors, so as to meet the expectations of stakeholders regarding corporate governance, environmental sustainability and social participation. The Committee proposes the implementation plan for the year at the beginning of each year, and regularly reports the implementation plan and results to the board of directors each year.



The system and measures adopted by the Company for environmental protection, safety and health and other social responsibility activities and their implementation:

- The Company continues to provide customers and consumers with environmentally friendly and green products, with better product competitiveness.
- The Company formulates environmental, safety and health and energy policies, which include six major items: compliance with regulatory commitments, compliance with customer environmental protection, safety, health and energy requirements, priority purchase of energy-saving products, continuous improvement of energy performance, permanent maintenance of clean discipline and environmental greening, and continuous investment in social responsibility. ISO 14001 Environmental Management System has been implemented at all manufacturing facilities of the Company.
- In addition to complying with relevant domestic laws and regulations, all factories have passed the internationally recognized ISO 45001 Occupational Health and Safety Management System Certification to provide employees with a safe working environment.
- The Company has stipulated Chemical Substance Management Principles and continues to update its content based on domestic and overseas regulations and customer requirements, as well as notifying suppliers to comply with relevant regulations to ensure that chemicals provided by suppliers do not contain prohibited substances.
- The Company implements work environment monitoring and health inspections in accordance with the law, improves the work environment based on the results, provides necessary protection and adjusts the labor workplace.
- In order to enhance the awareness of all employees on the environmental protection, safety and health, the Company organizes environmental protection, safety and health meetings every month in addition to safety and environmental protection theme courses, requiring all employees to participate, and immediately conveying new knowledge and latest news about environmental protection, safety and health to every colleague.

Other important information that helps to understand the operation of corporate social responsibility:

- **Greenhouse Gas Management:**

1. Since 2008, in order to ease the global warming trend, the main manufacturing bases have established greenhouse gas category I and II inventory in accordance with ISO14064-1, introduced greenhouse gas inventory verification, greenhouse gas reduction targets, and performance considerations, and commissioned the British Standards Institute (BSI) to complete the ISO 14064-1 greenhouse gas verification. According to the results of the inventory, the total carbon dioxide emissions in 2020 and 2019 was 49 thousand tons and 44 thousand tons, respectively, and the unit carbon emissions was 0.83K and 0.85KG, respectively. In order to slow down the global warming trend, continuous efforts are made to reduce the emission of greenhouse gases to slow down the warming trend. At the same time, the Company actively responds to our clients' participation of "Supply Chain Project" survey questionnaires. The carbon emissions per unit of production capacity in the past three years from 2018 to 2020 have decreased by 65%, 66.6% and 67.4% respectively from the base year (2008); from 2008 to 2020, the cumulative reduction of 138,149 tons of CO_2 emissions is equivalent to 13,678 hectares of forest land absorption. The year-on-year decrease will be 1% based on the target of 2018.
2. Reduction of VOC emissions from the source (reduction of solvent content ratio).
3. Promote various water saving measures in factories

◆ **Energy Management:**

Since 2008, after a series of energy-saving measures, the cost per unit of electricity has been continuously reduced. From 2008 to 2020, a total of 224.21 million kWh of electricity has been saved, reducing 119,501 tons of carbon dioxide emissions for the earth. The unit power consumption (kWh/km2) was 1.19 and 1.21 respectively in 2020 and 2019, the unit power consumption decreased by 1.7%, and the power consumption per unit capacity (kWh/km2) fell by 68% in 2020 compared with 2008. The target for 2021 is 1% lower than 2020.

◆ **Waste recycling management:**

1. BenQ Materials aims to reduce the total amount of waste and the recycling of waste. Through process technology improvement, raw material reduction and subsequent recycling and reuse, the waste recovery rate has reached 90% since 2014. In terms of waste treatment, we select qualified waste removal and treatment manufacturers and the most suitable treatment methods, and follow vehicles to track and control the flow of waste from time to time. The weight recovery rate has increased from 61% in 2008 compared to 79% in 2020, and the total annual recovery weight reached 110,291 tons. The waste output in 2020 and 2019 was 2,607 tons and 2,451 tons respectively; the total recovery from 2008 to 2020 is equivalent to 103% of the steel weight of Taipei 101 Building, and the recovery rate is 79% (total recovery/total production capacity) in 2020 compared with that of 2008 as base year. The target for 2021 is a 1% lower than 2020.
2. We have established our own solvent distillation and recovery equipment, and the total amount of distillation in 2020 is about 323 tons, reducing 226 tons of waste.
3. We concentrate the iodine-containing liquid waste from manufacturing and sell it back to the original supplier, reducing the liquid waste treatment by approximately 546 tons in 2020.

◆ **Water Resources Management:**

1. Starting from the sustainable use of water resources, BenQ Materials has implemented water-saving plans for the three major aspects (accounting for 80%) of manufacturing, cooling tower and boiler water. In terms of water saving in manufacturing, the improvement in washing, on-line recycling and reuse, and concentration adjustment and reduction is adopted to reduce the use of pure water; the cooling tower uses recycled condensate water and RO water, establishes a balance pipe to reduce overflow loss, and installs frequency conversion device to reduce transport and evaporation loss to save water; increases the recycling of the boiler condensate water and increases the circulation, so that the boiler reduces the water supply. The water consumption in 2020 and 2019 is 437,987 tons and 426,620 tons respectively. In 2020, the water consumption and the waste water discharge is reduced by 79% and 81% respectively compared with 2008. The cumulative water saving is 2.651 million tons. The unit water consumption (ton/km2) in 2020 and 2019 is 7.4 and 8.1 respectively. In 2020, the usage amount per unit capacity (ton/km2) drops by 8.6%. The target for 2021 is 1% lower than 2020.

◆ **Pollution Prevention:**

BenQ Materials invested NT$ 76.5 million to build a regenerative combustion furnace (RTO) and waste heat boiler to deal with process exhaust gas. All pollution prevention equipment is operated and maintained by full-time personnel, and the operating status is incorporated into the central control system, which is monitored by special personnel throughout the day. We have established the air quality patrol mechanism inside and outside the factory, and purchased the measurement equipment for environmental monitoring, in order to achieve zero pollution goal in the future. From 2008 to 2020, the cumulative VOCs emissions is reduced by 576 tons. The VOCs emissions per unit capacity (kg/km2) in 2020 and 2019 is 0.96 and 1.10, respectively. Compared with 2019, the VOCs emissions per unit is reduced by 12.7% in 2020. Compared with 2008, the emissions per unit (kg/km2) is reduced by 84% in 2020, a decrease of 84%. The target for 2021 is a 1% lower than 2020.

◆ **2020:**

- Taoyuan Factory won the first-class award for water conservation performance of the Ministry of Economic Affairs.
- Longke Factory was awarded the Excellent Occupational Safety Staff of Hsinchu Science Park.
- Yunke Factory was awarded an Excellent Unit for Workplace Safety, Hygiene and Health Promotion.

2016-2020:

- The Taoyuan Plant assisted the Taoyuan City Government 's adoption of the Nankanxi River section and was awarded the Excellent Award.

2015:

- Yunke Plant has been awarded the Five-Star Award for Excellent Occupational Safety and Health Unit in Yunlin County for three consecutive years.
- Nanke Factory won the Energy Saving Award of the Ministry of Economic Affairs.

2014:

- Taoyuan Plant passed the compliance evaluation of the Cleaner Production Evaluation System of the Industry Bureau of the Ministry of Economic Affairs.
- BenQ Materials won the Silver Award of the 23rd Enterprise Environmental Protection Award.
- Yunke Plant won the Yunlin County Labor Safety and Health Excellent Unit.
- Taoyuan Plant won the Outstanding Achievement Award for Energy Saving and Carbon Reduction Action Mark.

Social Responsibility:

The Company believes that giving back to the society is not limited to monetary donations, but shall also encompass dedicating efforts, donating materials and offering services to the public. In order to satisfy the employees' desire to participate in social welfare, the Company is committed to promoting volunteer services, so that employees can participate in volunteer activities for self-realization, and at the same time work for a better Taiwan society by supporting Taiwan's agricultural products, clean beaches and streams, tree planting activities and ecology rehabilitation. We are committed to practicing "eco-sustainable development". The main contents of various social activities are summarized as follows:

1. Support Taiwan Agricultural Products-Agricultural Products Special Sale: the Company holds agricultural products special sales from time to time, cooperates with local farmers to sell local organic vegetables and fruits from the Maliguang tribe in Jianshi Township, Hsinchu County to the employees of the Company, and actually gives back the price difference to farmers. The purchase amount in 2020 is NT$ 939,000.
2. Give back to the society-Child Support Program: the Company's employees form a caring society, Reindeer Society. It provides transparent and convenient channels, brings together kindness and implementing actions, and assists the groups in need. Members of the Reindeer Society participate in the Support Program of the Landi Children's House in Taoyuan. Invoices, small changes, specific materials are donated by the colleagues, which meet the daily life needs of the children. The cumulative donation amount in 2020 is NT$ 617,500.
3. Clean home-beach activities: the Company regularly organizes beach activities in spring and autumn, calls on colleagues and family members to respond to environmental protection and protect the earth with practical actions, cultivates the spirit and concept of next-generation environmental protection, and brings people closer to the sea. In 2020, a total of 34 volunteers were called to Dayuan Beach to clean up nearly 30 packets of marine garbage, weighing 250 kg.
4. Green Carnival-Tree Planting Activities: In order to practice the group's charity spirit of "getting close to the earth and caring for the society", the Company organizes tree planting activities in recent years to lead employees to get close to nature, plant saplings and clean forests. Plant a tree and make a committment

to implement environmental protection and energy conservation, care for ecology, reduce carbon emissions and love the earth. As of 2020, 8,201 trees have been planted. 5. Charity donations: the Company has donated NT$ 1.5 million to BenQ Foudation in 2020 to realize the corporate vision of "Wonderful Information Life". 6. Establishment of Miacare Vision Hope Fund: We conduct long-term cooperation with Jiafu Foundation and Kobayashi Glasses every month to provide free prescription glasses for disadvantaged children to solve and correct the vision problems of vulnerable children in a timely manner. As the year of 2020, 1,525 children from low- and middle-income families have been assisted. 7. Develop science education: The Sainz Science Camp, formed by the Company's volunteers, invited the Huwei Children and Families Support Center to the factory and the Yunlin Taisi Shangde Primary School to participate in a one-day science experience camp. This year, a total of 57 middle and senior school students were served, with a total number of 479 person-times. 8. BenQ Materials Research Scholarship: In order to reward and promote students to engage in research in materials-related fields and cultivate outstanding students with professional capabilities, the BenQ Materials Research Scholarship was established in 2015, with the ambition of improving the overall quality and competitiveness of students by rewarding outstanding students. After applications in various schools in 2020, 8 students were approved and awarded with a scholarship of NT$ 50,000 each, and opportunities for student internship or pre-employment were provided.
Specify if the Company's corporate social responsibility report passes the verification standard of the relevant verification agency: none

(VI) Implementation of integrity management and deviation from the Integrity Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof:

Evaluation Item		Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Establishment of integrity management policies and plans	Does the Company have policies and practices for integrity management passed by the BOD and clearly state them in regulations and publicly available documents? Do the BOD and senior management make commitments to actively implement those business policies?	V		The "Code of Ethical Management" disclosed on the Company's website is approved by the Board of Directors. In addition, the Company has also formulated a manual regarding ethical corporate management. Moreover, Board members and all employees must sign the "Ethic Declaration." In addition, every year, the effectiveness and outcomes of the Code of Ethical Management are reported regularly to the Board of Directors, and publicly disclosed in the annual report and CSR report.	No material difference
	Does the Company establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Does the Company formulate a plan to prevent unethical conducts, which at least covers the precautionary measures prescribed in Article 7 Paragraph 2 of the Integrity Management Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has developed an assessment mechanism for unethical risks, and set out the following precautionary measures for the following unethical conducts in the corporate ethic manual: I. Offering and acceptance of bribes. II. Provision of illegal political contribution. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents, hospitality, or other improper benefits. V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. VI. Engaging in unfair competitive practices. VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. The Company regularly analyzes and evaluates business activities with a high unethical risk. We also arrange legal compliance courses every year for employees to comply with the necessary norms when dealing with related businesses at work. Those who violate the corporate integrity policy shall be punished according to the severity of the circumstances, and information such as the title and name of the violator, date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company's internal website. The Company has established work rules for employees. Breach of integrity shall be reviewed by the personnel evaluation committee composed of high-level executives across the unit. Any material breach of the principle of integrity will be reported to the Audit Committee or the board of directors in accordance with relevant laws and operating procedures. Based on the risk assessment, the audit office conducts sampling assessments of related processes and operations to avoid the occurrence of violations of integrity.	No material difference
	Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		1. Employee work rules are the highest code of conduct for all employees of the Company to conduct business activities. When new employees join, the Company implements the education and training "Corporate Culture: Code of Integrity Management" to remind employees to abide by it, and publicize irregularly to strengthen colleagues' sense of integrity. All employees of the Company shall strictly abide by the work rules. In the event of corruption and fraud of the employee, he/she shall be subject to the punishment of expulsion according to the Company's "Reward and Punishment Measures".	No material difference

Evaluation Item		Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
				For example, those who engage in malpractice, embezzlement, give or receive any bribes or commissions; those who engage in business abroad, which affect the Company's interests and business conflicts, with serious circumstances; those who imitate the signatures of superior supervisors or misappropriate printed letters; are all violations that should be dismissed and are subject to regular review of the corrective action plan. 2. The Company's internal complaint channels include: direct supervisors, human resources supervisors, auditors and "internal communication mailbox", "general manager mailbox", "HR employee relationship contact window" and sexual harassment hotline; The external complaint channel is the e-mail address of the director of the audit office- Integrity@BenQMaterials.com.	
Fulfillment of integrity management	Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the business partners?	V		The Company has established Supplier Evaluation Procedures. The quality and technical capabilities of the supplier, service levels, green products, environmental protection, safety and health risks and social responsibility are reviewed by internal relevant departments. Only those who have passed the evaluation can become partners to the Company. In addition, to strengthen the efficiency of communications with suppliers, the Company sets up a reporting system for whistleblowing of professional ethical violations (Integrity@BenQMaterials.com) as a channel for communication and complaints with the Company, and has also established multiple systems to enhance the efficiency of communication and information transparency. The Company clearly stipulates the cooperation principle of honesty and integrity in the procurement contract, and signs the letter of integrity. In case of any breach, the Company may terminate the contract or permanently discontinue cooperation with the Supplier.	No material difference
	Has the Company established an exclusively (or concurrently) dedicated unit under the BOD to implement integrity management, and report to the BOD on a regular basis (at least once per year) on ethnic operation policies as well as precautionary measures against unethical conduct and their implementation information?	V		The promotion of the Company's integrity management, from the formulation of rules, education and advocacy, and complaint mechanisms to the inspection of integrity risks, are responsible for the following units, and the implementation status is reported to the board of directors at least once a year: 1. The formulation of regulations and the planning of education promotion are the responsibility of the Human Resources Department. At present, the "Employee Integrity Regulation" emphasizing the culture of integrity management and the "disciplinary measures" standards for disciplinary incidents have been established. 2. The assessment and inspection of integrity risk is the responsibility of the legal affairs and risk control department, in order to strengthen the various operational processes, implement the division of power and responsibility and reduce fraud through the system. 3. Any breach of integrity shall be reviewed by a major disciplinary committee composed of high-level inter-departmental executives. In the event of a major breach of integrity, the Company will report to the board of directors in accordance with relevant regulations and operating procedures to report on the implementation.	No material difference
	Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement such policy properly?	V		While pursuing enterprise growth, the Company adheres to the attitude of integrity management, provides customers with quality products and services, and maintains a frank and transparent relationship with its suppliers. To prevent conflicts of interest, the Company has established relevant policies and appropriate presentation channels for stakeholders to use. At present, the Company has internal complaint mailboxes for the Human Resources Department, and externally established investor mailboxes, stakeholder mailboxes, and dedicated telephone lines as channels of complaints.	No material difference
	To implement relevant policies on ethical conduct, has the Company established effective accounting and internal control systems and assigned an internal audit unit to develop relevant auditing plans according to the assessment results of unethical conduct risks? Does the Company inspect the implementation of such auditing plans or assign CPAs to implement the auditing?	V		1. The Company constantly revises the internal control system, and checks and evaluates the effectiveness of the implementation of the internal control system in accordance with the requirements of laws and regulations. The internal audit unit assesses risks, draws up an annual audit plan in accordance with the internal control system, and implements relevant audits according to the plan. Any breach of Code of Integrity Management of the Company will be included in the audit results and reported to the Audit Committee and the board of directors on a regular basis, so that the management understand the implementation of the Company's internal control to achieve the purpose of management. 2. The Company's accounting system is established in accordance with legal requirements. CPAs perform examination or verification work on the Company's financial statements quarterly, and issue reports, and regularly report the verification or verification results to the Audit Committee and the board of directors.	No material difference

<table>
<tr><th rowspan="2" colspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td>Does the Company regularly hold internal and external educational trainings on integrity management?</td><td>V</td><td></td><td>The Company takes "integrity" as its core value of enterprise spirit. The Company regularly organizes internal and external education training and publicity activities of integrity management, and also arranges newcomer training camps for new employees. Through corporate culture courses, it fosters employees' recognition of the concept of integrity and strengthens employee self-discipline.
The Company's implementation of integrity management in 2020 includes newcomers' integrity courses, company-wide integrity code online courses, business secret laws and regulations, etc.
<table>
<tr><th>Course Name</th><th>Hours</th><th>Description</th><th>Attendees in 2019</th><th>Attendees in 2020</th></tr>
<tr><td>Newcomer Integrity Course</td><td>0.5 hour</td><td>Required courses for all new colleagues</td><td>350</td><td>364</td></tr>
<tr><td>Integrity Code Online Course</td><td>0.25 hour</td><td>All employees of the Company need to complete online courses</td><td>791</td><td>1894</td></tr>
<tr><td>Insider Trading Prevention Course</td><td>2 hours</td><td>The legal unit regularly holds lectures for supervisors or colleagues</td><td>76</td><td rowspan="2">Cancelled due to the impact of the epidemic, and changed to an internal announcement.</td></tr>
<tr><td>Propaganda of Trade Secrets Act</td><td>2 hours</td><td>Announcement through the Company's electronic newsletter every year, regular lectures for supervisors or colleagues</td><td>20</td></tr>
</table></td><td>No material difference</td></tr>
<tr><td rowspan="3">Status of the whistleblowing system</td><td>Does the Company establish both a whistleblowing/reward system and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party?</td><td>V</td><td></td><td>The Company's integrity-related regulations specify that illegal incidents must be notified immediately. Any person concerned with any business of the Company may lodge a complaint through the following channels if he/she finds any breach of integrity during the course of business:
Internal channels: direct supervisor, human resources supervisor, auditors and general manager mailbox.
External channels: Ethics violation complaint mailbox (Integrity@BenQMaterials.com).
After whistleblowing, the investigation procedure will be initiated. The responsible personnel, including members of the audit unit, will set up a committee to conduct the investigation. Based on the seriousness of the circumstances and the level of involvement, assesse whether the case will be further reviewed by the personnel review committee composed of inter-departmental supervisors. Once the case is verified to cause major damage to the Company, the committee will prepare a report and notify the Audit Committee in writing.</td><td>No material difference</td></tr>
<tr><td>(II) Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</td><td>V</td><td></td><td>Regarding the handling of whistleblowing, the Company regulates the standard operating procedures and related confidentiality mechanisms for complaints based on employee work rules, employee complaint management measures and sexual harassment prevention and treatment measures; the person responsible for handling the case is responsible for the identity of the whistleblower and the content of the report. Keep the files encrypted to protect the reporter.</td><td>No material difference</td></tr>
<tr><td>Does the Company take measures to protect the whistleblowers from improper disposal due to the whistleblowing?</td><td>V</td><td></td><td>The Company's integrity-related regulations clearly stipulate that the Company will strictly keep the investigation content and results confidential and ensure that the rights and interests of the relevant personnel are not damaged.</td><td>No material difference</td></tr>
<tr><td>Strengthening information disclosure</td><td>(I) Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?</td><td>V</td><td></td><td>The Company discloses the relevant contents of integrity management policies and implementation of integrity management on the official website (www.BenQMaterials.com) and the annual report for the stakeholders.</td><td>No material difference</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

If the Company has established the integrity management policies based on the Integrity Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.

The Company has established the "Code of Integrity Management". There was no major difference between "Employee Work Rules" and "Integrity Management Best Practice Principles for TWSE or TPEx Listed Companies".

Any other important information to facilitate a better understanding of the Company's integrity management practices:

The HR, legal affairs and risk control department regularly evaluate whether the design of the operation process can properly prevent risks such as operation and corruption, review the effectiveness of the internal control mechanism, collect the recommendations of the senior executives of each unit for various potential risks, and formulate the audit plan. In order to carry out relevant checks, the results of the checks are regularly reported to the Audit Committee, so that the management can understand the current status of corporate governance and achieve the purpose of management.

Keep employees informed of the integrity culture within the Company through regular broadcasts, and electronic bulletin boards, etc. Moreover, the Corporate Integrity Handbook is announced to be the Code of Conduct for all employees. To ensure that all employees can implement Integrity in their work, the Code offers a guide to behavioral conduct, case studies, and examples for the Company's Corporate Integrity Policy, standards on working with business partners, standards on working with government agencies, Intellectual Property rights, conflict of interest, information system security, insider trading, and anti-trust.

(VII) Please disclose access to the Company's Corporate Governance Principles and related rules and regulations, if any:

The Company has established "Corporate Governance Principles" by the resolution of the Board of Directors on 30 October 2015. It stipulates regulations to protect shareholders' rights, strengthen the functionality of the Board of Directions, respect stakeholders' rights, and enhance information transparency. Moreover, based on the corporate governance assessment by the TWSE, the Company reviews the actual implementation of evaluation indicators one by one. The Company hopes that these measures will help the Company to gradually construe positive corporate governance system to enhance its effectiveness in corporate governance. For the Company's "Corporate Governance Principles", please visit the Company's website (www.BenQMaterials.com).

(VIII) Other important information helpful for understanding corporate governance:

1. On August 27, 2009, the Company passed the resolution of the Audit Committee and the Board of Directors to formulate the "Major Information Processing and Preventing Insider Transaction Operation Procedures", and has announced to managerial officers and employees that they are aware of the relevant agreements and rules.
2. The Company's directors, independent directors and managerial officers and other insiders, when taking office, will be given the latest version of the "Directors and Supervisors Manual" and "Directors and Supervisors' Publicity Information" prepared by the competent authority, and the latest update of "Manual for the Publicity of Listed Company Insider Equity Transactions" of the Taiwan Stock Exchange.
3. The Company currently has three independent directors, and the independent directors form the Audit Committee and Remuneration Committee to strengthen corporate governance operations.
4. The Company's corporate governance related information is disclosed on the Company's website (www.BenQMaterials.com).
5. The training of directors, managerial officers and financial and audit supervisors in the most recent year:

Position	Name	Date		Hours	Course Name	Training Institution
		From	To			
Chairman	Zhien-Chi (Z.C.) Chen	2020-07-09	2020-07-09	3	Obligations and Responsibilities of Companies, Directors, and Supervisors under the Securities and Exchange Act	Taiwan Corporate Governance Association

Position	Name	Date		Hours	Course Name	Training Institution
		From	To			
		2020-07-29	2020-07-29	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
Director	Kuen-Yao (K.Y.) Lee	2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
		2020-11-19	2020-11-19	3	Business Opportunities and Challenges under the US-China Trade Conflict	Taiwan Institute of Directors
Director	Eric Yu	2020-06-30	2020-06-30	3	Corporate Governance and Securities Regulation	Securities and Future Institute
		2020-09-08	2020-09-08	3	Competition for Management Rights and Case Analysis	Taiwan Corporate Governance Association
Director	Peter Chen	2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
		2020-11-19	2020-11-19	3	Business Opportunities and Challenges under the US-China Trade Conflict	Taiwan Institute of Directors
Director	Conway Lee	2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
		2020-11-19	2020-11-19	3	Business Opportunities and Challenges under the US-China Trade Conflict	Taiwan Institute of Directors
Independent Director	Frank Yeh	2020-08-11	2020-08-11	3	Corporate Governance and Group Governance	Taiwan Institute of Directors
		2020-11-10	2020-11-10	3	ESG Governance-from Knowage to Achievement	Taiwan Institute of Directors
Independent Director	Chiou-Ming Chen	2020-09-08	2020-09-08	3	Competition for Management Rights and Case Analysis	Taiwan Corporate Governance Association
		2020-11-26	2020-11-26	3	Business Mergers and Act Risks	Taiwan Academy of Banking and Finance
Independent Director	Louis Y.Y. Lu	2020-02-14	2020-02-14	3	Key Technologies and Market Applications of 5G and IoT	Taiwan Corporate Governance Association
		2020-06-23	2020-06-23	3	Practical judgments of corporate governance	Taiwan Academy of Banking and Finance
General manager	Gary Liu	2020-07-29	2020-07-29	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
Vice President	Oliver, Liu	2020-06-30	2020-06-30	3	Corporate Governance and Securities Regulation	Securities and Future Institute
		2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
Vice President	Chuan-jung Liu	2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
August 15, 2019 Chief Financial Officer 12 Chief Corporate Governance Officer	James, Wang	2020-04-14	2020-04-14	3	Business Management and Management Strategies for Public Opinion Crisis	Taiwan Corporate Governance Association
		2020-04-28	2020-04-28	3	The Driving Force of Corporate Governance - Corporate Secretary Operation Practice	Taiwan Corporate Governance Association
		2020-08-18	2020-08-18	3	Corporate Transformation in the Era of Change	Taiwan Institute of Directors
		2020-09-08	2020-09-08	3	Competition for Management Rights and Case Analysis	Taiwan Corporate Governance Association
		2020-10-13	2020-10-13	3	Practices for Company Law and Taxation Governance	Taiwan Academy of Banking and Finance
		2020-09-28	2020-09-29	12	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms and the Securities Exchange	Accounting Research and Development Foundation
Chief internal auditor	Hung, Pi-Lien	2020-11-09	2020-11-09	6	How to detect and prevent hidden fraud practices and case study	The Institute of Internal Auditors-Chinese Taiwan
		2020-11-20	2020-11-20	6	Information business audit practice workshop	The Institute of Internal Auditors-Chinese Taiwan

(IX) Implementation of Internal Control System

1. Statement of Internal Control System

BenQ Material Corporation
Statement on Internal Control

Date: February 25, 2021

Based on the self-assessment findings, the Company states the following with regard to its internal control system during 2020.

I. TH's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. 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 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and Aurora takes immediate remedial actions in response to any identified deficiencies.

III. Aurora evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. Aurora has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2020, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

VI. This statement is an integral part of Aurora's annual report 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.

VII. This statement has been approved on February 25, 2021, by the Board of Directors, and out of the 8 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

BenQ Material Corporation

Signature of Chairman: Zhien-Chi (Z.C) Chen

Signature of General Manager: Ray Liu

2. A separate audit report shall be disclosed where an independent registered p[illegible]nting firm has reviewed the Company's internal control system: N/A

(X) Penalties Imposed upon the Company and the Company's Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Fiscal Year up to the Date of Publication of the Annual Report: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

Date	Item	Major Resolutions
2020.02.25	(1st Board Meeting for 2020)	I. Approval of the "Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2019 I. Approval of the Directors and Employees Remueration Distribution Plan for 2019 II. Approval of the Finanacial Statements for 2019 III. Approval of setting the meeting schedule and agenda for 2019 shareholders meeting IV. Approval of the proposal on replacing the Company's CPAs
2020.05.05	(2nd Board Meeting for 2020)	I. Approval of real property right-of-use assets II. Approval of 2019 earnings distribution proposal III. Approval of 2019 distribution of cash dividends from earnings IV. Approval of 2019 Q1 Financial Statements. V. Approval of Donation to BenQ Foundation VI. Approval of adjustment of the agenda of the regular shareholders' meeting of 2020
2020.06.18	2020 Shareholder Meeting	I. Ratification of the Company's 2019 Business Report and Financial Statements Implementation status: Approved by shareholders' voting, and announced in accordance with the prescribed procedures. II. Ratification of the Company's 2019 earnings distribution proposal Implementation status: Approved by shareholders' voting, the ex-dividend base date is July 25, 2020, and paid on August 19, 2020 in accordance with the resolution of the shareholders' meeting. The cash dividend payment amount is NT$ 0.50 per share, the total amount of the cash dividend is NT$ 160,337,257. III. Amendment of some articles of the Company's "Articles of Association". Implementation: Approved in the shareholders' voting.
2020.08.04	(3rd Board Meeting for 2020)	I. Approval of 2020 Q2 Financial Statements II. Approval of 2019 CPA fees.
2020.11.04	(4th Board Meeting for 2020)	I. Approval of the proposal on the Internal Audit Plan for 2021. II. Approval of the proposal of revising the principles for setting annual performance indicators for senior managerial officers III. Approval of the proposal of revising the remuneration strategy and principles for managerial officers IV. Approval of the 2020 Q3 Financial Statements. V. Approval of the proposal of appointing certified public accountant to the 2021 annual financial statements of the Company.
2021.02.25	1st Board Meeting for 2021	I. Approval of the "Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2020 II. Approval of the proposal of revising the remuneration strategy and principles for managerial officers III. Approval of the Directors and Employees Remueration Distribution Plan for 2020 IV. Approval of the Finanacial Statements for 2020 V. Approved 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 common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement VI. Amendments to the Company's Procedures for the Acquisition and Disposal of Assets. VII. Approval of the proposal for the waiver of non-competition clauses for current Directors and their representatives. VIII. Approval of the donation to the BenQ Foundation

Date	Item	Major Resolutions
		IX. Approval of setting the meeting schedule and agenda for 2020 shareholders meeting

Note: The above list is based on the information published in the MOPS.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

(XIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, General Manager, Accounting Supervisor, Financial Supervisor, Chief Internal Auditor, Corporate Governance Supervisor and R&D Supervisor, and R&D during the most recent year and up to the date of publication of this annual report: None

(XIV) Obtaining of relevant licenses by the Company and financial information transparency related personnel

License Obtained	Authorities issuing licenses	Number of shareholders
R.O.C CPA	National Examination Department	3
Senior Securities salesperson	Securities and Future Development Foundation	1
Junior securities salesperson	Securities and Future Development Foundation	1
Stock Affairs Specialist Exam	Securities and Future Development Foundation	4
Testing of corporation governance	Securities and Future Development Foundation	3
Trust Representative	Taiwan Academy of Banking and Finance	1
Internal auditor	The Institute of Internal Auditors-Chinese Taiwan	2

CPA Fees Information

(I) CPA Fees Information Unit: NT$ thousand

Name of CPA Firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Note
			System Design	Company Registration	Human Resources	Others (Note)	Subtotal		
KPMG	Tang Cih Jie Wei Ming, Shih	**3,710**	-	-	-	220	**220**	2020.01.01~ 2020.12.31	Note: Transfer pricing

(II) If the non-audit public fees paid to the CPAs, the firm to which the CPAs belongs, and its affiliated enterprises are more than a quarter of the audit public fees, the amount of the audit and non-audit public fees and the content of the non-audit services shall be disclosed: N/A.

(III) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed:
N/A

Replacement of CPAs

None.

The Company's Chairman, General Manager, or Any Manager in Charge of Finance or Accounting Matter in the most recent year held a position at the Accounting Firm of its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm.

None

Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Manager, or Shareholder with a Stake of More than 10%

In the most fiscal year and up to the date of publication of the annual report, the transfer of shareholding and changes in shareholding pledges of directors, supervisors, managerial officers and shareholders holding more than 10% of the share:

(I) Changes in shareholdings of Directors, Supervisors, Mangers, and Major Shareholders:

Unit: Share

Position	Name	2020		For the year end 2021.4.20	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Corporate director	Qisda Corporation	-	-	-	-
Representative Chairman and CEO	Zhien-Chi (Z.C.) Chen	121,000	-	-	-
Director Representative	Peter Chen	-	-	-	-
Director	Kuen-Yao (K.Y.) Lee	-	-	-	-
Director	Eric Yu	-	-	-	-
Corporate Director	BenQ Corporation				
Director Representative	Conway Lee	-	-	-	-
Independent Director	Frank Yeh	-	-	-	-
Independent Director	Chiou-Ming Chen	-	-	-	-
Independent Director	Louis Y.Y. Lu	-	-	-	-
General manager	Gary Liu	297,000	-	-	-
Vice President	Oliver, Liu	(10,000)	-	-	-
Vice President	Chuan-jung Liu	-	-	-	-
Senior Manager	Lung-hai Wu	-	-	-	-
Senior Manager	Chen-kuan Kuo	-	-	-	-
Senior Manager	Li-chuan Chiu	-	-	-	-
Senior Manager	Ting-yuan Chiang	-	-	-	-
Senior Manager	Chao-yi Yang	-	-	-	-
Finance Associate General Manager	James, Wang	-	-	-	-
Major Shareholder	Qisda Corporation	-	-	-	-
Major Shareholder	BenQ Corporation	-	-	-	-

(II) Stock transfer with related party: None.

(III) Stock Pledge with related party: None.

Relationships among the company's ten largest shareholders

2021-04-20; Unit: thousand share; %

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY UNDER NO. 6 OF THE FINANCIAL AND ACCOUNTING STANDARDS OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Designation (or Name)	Relationship	
BenQ Corporation Director Representative: Conway Lee (Shareholding: 99 thousand shares)	80,848	25.21%	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
							Gordias Investment Limited	Parent and Subsidiary Company	-
							Kuen-Yao (K.Y.) Lee	Director	-
Qisda Corporation Director Representative: Zhien-Chi (Z.C.) Chen (shareholding: 1,217 thousand shares) Peter Chen (shareholding: 73 thousand shares)	43,659	13.61%	-	-	-	-	BenQ Corporation	Parent and Subsidiary Company	-
							Gordias Investment Limited	Parent and Subsidiary Company	-
							Kuen-Yao (K.Y.) Lee	Director	-
Gordias Investment Limited Principle: Qiu-Jin Hong (shareholding: 153 thousand shares)	15,182	4.73%	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
							BenQ Corporation	Affiliates	-
JP Morgan Chase bank account via Escrow Investment account	7,203	2.25%	-	-	-	-	-	-	-
Dedicated account for Morgan Stanley International Limited under the custody of HSBC	4,971	1.55%	-	-	-	-	-	-	-
Kuen-Yao (K.Y.) Lee	4,580	1.43%	775	0.24%	-	-	BenQ Corporation	Director	-
							Qisda Corporation	Director	-
Investment account for Cleo Investment Co., Ltd. under the custody of Taishin International Commercial Bank	3,327	1.04%	-	-	-	-	-	-	-
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of Arrowway ACWI Alfa Extended Fund II (Cayman) Co., Ltd.	3,020	0.94%	-	-	-	-	-	-	-
Investment account for Merrill Lynch International Investment under the custody of HSBC	2,630	0.82%	-	-	-	-	-	-	-
Société Générale European Option Investment Account under the custody of HSBC	2.357	0.73%	-	-	-	-	-	-	-

Comprehensive shareholding ratio information

Total Number of Shares Held in Any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Directly or Indirectly by the Company, and its comprehensive shareholding ratio information is as follow:

2020-12-31; Unit: thousand share

Investee business (Note 1)	Ownership by the Company		Investment directly or indirectly controlled by directors, supervisors, and managers of BenQ Material (Note 2)		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Visco Vision Inc.	9,834	17.97%	5,294	9.67%	15,128	27.64%
Cenefom Corporation Limited	1,095	12.12%	-	-	1,095	12.12%
Taiwan Victory Biotech Co. Ltd.	525	20%	-	-	525	20%
MLK BIOSCIENCE CO., LTD.	217	20%	-	-	217	20%

Note1: Investment accounted for using the equity method.

Note 2: The reinvestment business held by directors and managers as of the Company's book close date.

Capital Overview

Capital and Shares

(I) Source of Capital

1. Type of Shares

2020-4-20; Unite: share

Share Type	Authorized Capital					Note
	Issued Shares			Unissued Shares	Total	
	OTC	Non-OTC	Total			
Common stock	320,674,514	-	320,674,514	79,325,486	400,000,000	Listed company stock

2. Source of Capital

Unit: NT$ thousand, thousand shares

Year/Month	Par Value (NT$)	Authorized Capital		Paid-in Capital		Note		
		Number of Shares (thousand shares)	AMOUNT NT$ thousand	Number of Shares (thousand shares)	AMOUNT NT$ thousand	Source of Capital	Capital Increase by Assets Other than Cash	Others
1998.07	10	1,000	10,000	1,000	10,000	Establishment of share capital	None	-
1998.12	10	50,000	500,000	25,000	250,000	Capital increase by cash NT$ 240,000 thousand	None	Note 1
1999.10	15	50,000	500,000	50,000	500,000	Capital increase by cash NT$ 250,000 thousand	None	Note 2
2000.03	28	200,000	2,000,000	100,000	1,000,000	Capital increase by cash NT$ 500,000 thousand	None	Note 3
2002.05	10	200,000	2,000,000	116,135	1,161,350	Surplus capital increase NT$ 131,350 thousand Capital increase by capital surplus NT$ 30,000 thousand	None	Note 4
2003.06	10	200,000	2,000,000	129,015	1,290,155	Surplus capital increase NT$ 128,805 thousand	None	Note 5
2003.09	34	200,000	2,000,000	159,015	1,590,155	Capital increase by cash NT$ 300,000 thousand	None	Note 6
2004.06	10	300,000	3,000,000	194,633	1,946,326	Surplus capital increase NT$ 356,171 thousand	None	Note 7
2004.05	10	300,000	3,000,000	215,539	2,155,389	Surplus capital increase NT$ 209,063 thousand	None	Note 8
2007.07	10	300,000	3,000,000	236,937	2,369,373	Surplus capital increase NT$ 41,554 thousand Capital increase by capital surplus NT$ 172,430 thousand	None	Note 9
2008.07	10	300,000	3,000,000	266,530	2,665,301	Surplus capital increase NT$ 295,927 thousand	None	Note 10
2010.03	22	400,000	4,000,000	286,530	2,865,301	Private placement of common stock cash capital NT$200,000 thousand	None	Note 11
2010.10	23	400,000	4,000,000	310,130	3,101,301	Listed cash capital increase NT$ 236,000 thousand	None	Note 12
2011.07	10	400,000	4,000,000	320,675	3,206,745	Capital increase by capital surplus NT$105,444 thousand	None	Note 13

Note 1: Approved in the Jing (087) Shang No. 087139840 Letter of the Ministry of Economic Affairs on December 8, 1998.
Note 2: Approved No. Tai Cai Zheng Zi (1) 86673 of Securities and Futures Commission, Ministry of Finance dated October 8, 1999.
Note 3: Approved No. Tai Cai Zheng Zi (1) 27749 of Securities and Futures Commission, Ministry of Finance dated March 29, 2000.
Note 4: Approved No. Tai Cai Zheng Zi (1) 126201 of Securities and Futures Commission, Ministry of Finance dated May 15, 2002.
Note 5: Approved No. Tai Cai Zheng Zi (1) 0920124742 of Securities and Futures Commission, Ministry of Finance dated June 6, 2003.
Note 6: Approved No. Tai Cai Zheng Zi (1) 0920141689 of Securities and Futures Commission, Ministry of Finance dated September 9, 2003.
Note 7: Approved No. Tai Cai Zheng Zi (1) 0930124509 of Securities and Futures Commission, Ministry of Finance dated June 2, 2004.
Note 8: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0940119822 dated May 18, 2005.
Note 9: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0960038627 dated July 24, 2007.
Note 10: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0970033409 dated July 4, 2008.
Note 11: Approved in the Jing-Shou-Shang No. 09901039790 Letter of the Ministry of Economic Affairs on March 3, 2010.
Note 12: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0990057080 dated October 19, 2010.
Note 13: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 1000032124 dated July 12, 2011.

(II) Shareholder structure

2021-04-20; Unit: share; %

Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	15	140	33,417	90	33,662
Shares Held	0	3,775,375	142,300,065	130,549,702	44,049,372	320,674,514
Percentage of Ownership	0%	1.18%	44.38%	40.70%	13.74%	100.00%

(III) Distribution of ownership

Each share has a per value of NT$10; 2021-04-20

Range of Shares	Number of Shareholders	Shareholding (shares)	Shareholding Ratio (%)
1 ~ 999	14,947	328,369	0.10%
1,000 ~ 5,000	14,769	30,399,593	9.48%
5,001 ~ 10,000	2,062	17,240,690	5.38%
10,001 ~ 15,000	536	6,935,390	2.16%
15,001 ~ 20,000	445	8,374,884	2.61%
20,001 ~ 30,000	330	8,610,435	2.69%
30,001 ~ 40,000	108	3,890,893	1.21%
40,001 ~ 50,000	102	4,861,501	1.52%
50,001 ~ 100,000	180	13,233,604	4.13%
100,001 ~ 200,000	83	11,879,745	3.70%
200,001 ~ 400,000	51	14,561,073	4.54%
400,001 ~ 600,000	17	8,338,574	2.60%
600,001 ~ 800,000	3	2,150,702	0.67%
800,001 ~ 1,000,000	3	2,775,255	0.87%
Over 1,000,001	26	187,093,806	58.34%
Total	33,662	320,674,514	100.00%

(IV) Major Shareholders

2021-04-20

Name of Major Shareholders	Shareholding (shares)	Shareholding Ratio (%)
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%
Gordias Investment Limited	15,182,178	4.73%
JP Morgan Chase bank account via Escrow Investment account	7,203,000	2.25%
Dedicated account for Morgan Stanley International Limited under the custody of HSBC	4,971,328	1.55%
Kuen-Yao (K.Y.) Lee	4,580,396	1.43%
Investment account for Cleo Investment Co., Ltd. under the custody of Taishin International Commercial Bank	3,327,410	1.04%
Investment Account for Arrow Road ACWI Alfa Extended Fund II (Cayman) Limited under the custody of Standard Chartered International Commercial Bank	3,020,000	0.94%
Investment account for Merrill Lynch International Investment under the custody of HSBC	2,630,000	0.82%
Société Générale European Option Investment Account under the custody of HSBC	2,356,700	0.73%

(V) Share prices for the past two fiscal years, the Company's net worth per share, earnings per share, dividends per share, and related information:

Item			2020	2019
Market Price Per Share	Highest		28.50	31.05
	Lowest		11.40	16.40
	Average		19.69	22.31
Net Worth per Share	Before distribution		13.48	12.93
	After distribution		Note 1	12.38
Earnings per Share	Weighted average share (thousand shares) (before retrospective)		320,674	320,674
	Earnings per Share	Before retrospective adjustment (NT$)	1.23	0.80
		After retrospective adjustment (NT$)	Note 1	0.80
Dividends Per Share	Cash dividends		Note 1	0.5
	Stock dividends	Stock dividends appropriated from earnings	Note 1	-
		Stock dividends appropriated from capital surplus	Note 1	-
	Accumulated unpaid dividends		Note 1	-
Return on Investment	Price/Earnings Ratio (Note 2) (times)		16.01	27.89
	Price/Earnings Ratio (Note 3) (times)		Note 1	44.62
	Cash dividend yield (Note4) (%)		Note 1	0.02

Note 1: Earnings Distribution for 2020 is still under resolution by the general shareholders' meeting 2021.

Note 2: P/E Ratio = Average Market Price per Share/Earnings per Share

Note 3: Price/Dividend Ratio = Average Market Price per Share/Cash Dividend per Share

Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:

The dividend policy stipulated in Article 19, Article 20 of the Articles of Association, which is as follows:

Article 19: If the company makes a profit in the year, it should allocate 5% to 20% for employee compensation and no more than 1% for director compensation. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods are authorized by the board of directors or its authorized persons to decide.

Article 19-1: If the Company has a net profit for the current year, it shall first use the profit to pay income taxes and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends with accumulated undistributed surplus in accordance with a proposal for appropriation of earnings as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends.

Article 20: The company is a technology- and capital-intensive industry, which is in the growth phase. In order to meet the long-term capital planning and meet the needs of shareholders for cash flow, the company's dividend policy adopts the remaining dividend policy to improve the company's growth and sustainable operation. If the Company has a net profit for the current year, it shall first use the profit to pay income taxes in accordance with Article 19-1 and make up for any accumulated losses, and then set aside 10% as a legal capital reserve. Any excessive balance may be reserved or transferred to be a special reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated for dividends not less than 10% of the above-mentioned calculated surplus. In consideration of the need to expand the scale of operations and cash flow in the future, the proportion of cash dividends distributed each year shall not be less than 10% of the total amount of cash and stock dividends distributed in the year.

2 **Distribution of dividends proposed in the shareholders' meeting of this year:**

As of the publication date of this Annual Report, the Board of Directors of the Company has not passed the 2020 dividend distribution proposal. The Board of Directors meeting will be held 40 days before the Shareholders' Meeting to make a resolution. The relevant information will be announced on the Market Observation Post System at that time.

3. **Significant changes of dividend policy:**

None.

(VII) The impact of the proposed free placement of shares this year on the company's business performance and earnings per share: Not applicable.

(VIII) Employee dividends and compensation of directors and supervisors

1. **The percentage or scope of employee dividends and remuneration of directors and supervisors as stated in the company's articles of association:**

Dividend policy stipulated in Article 19 of the Company's Articles of Association:

If the Company has earnings, it shall set aside 5-20% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration.

The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods are authorized by the board of directors or its authorized persons to decide.

2. **The current basis for estimating the amount of compensation for employees and directors, the basis for calculating the number of shares for employee compensation for stock distribution, and the accounting treatment when the actual distribution amount is different from the estimated number:**

The Company estimates and recognizes the employees' comepnsation based on the annual profits (meaning the pre-tax profit before deducting of employees' and directors' comepnsation) after the dedcution of the accumulated losses and then calculated according to sepcific percentage. In addition, the Directors' compensation is calculated based on the expected amount of payments and recognized as operating costs or operating expenses. Where the employee's compensation is issued by the shares, the number of shares distributed will be calculated based on the closing price of ordinary shares on the day before the Board of Directors'resolution. If there is any change after the date of issuance of the financial report in the following year, it will be treated as changes in accounting estimates and the effect of this change will be recognized as profit or loss for the following year.

3. **Proposed distribution of compensation by the board of directors:**

Approved by Board of Directors on Febuary 25, 2021

(1) Distributions of employees' compensation of NT$ 55,119,155 and Directors' compensations of NT$ 4,133,937 in cash. There is no difference with the estimated amount of the recognized expenses in the year.

(2) The ratio of the amount of employee compensation distributed by stocks to the total of net profit after tax and total employee compensation for the current period: Not applicable.

4. **The actual distribution of employees 'and directors' remuneration in the previous year, the number of differences with those who recognize differences between employees 'and directors' remuneration, reasons and handling situations:**

(1) The employee's remuneration distributed in cash was NT $ 36,034,673 and Directors' remuneration is NT $ 2,702,600 in the previous year.

(2) The actual distribution is the same as the proposed distribution approved by the Board of Directors.

5. **Average employee salary adjustment**

The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salary in the market; adjusts salary based on the operations of Company, price index, economic growth rate and individual performance. The salary adjustment rate is 3% in 2020.

(IX) Share repurchases: None.

Insurance of Corporate Bonds

(I) Corporate bond issuance: None

(II) Special stock issuance: None

(III) Overseas depositary receipt issuance: None.

(IV) Employee stock option certificate issuance: None.

(V) Mergers or acquisitions or transfer of shares of other companies to issue new shares: None.

(VI) Restricted employees' rights to deal with new shares: None.

Implementation of the fund utilization plan

As of the quarter before the printing date of the annual report, the company has not issued or privately placed securities that have not been completed or completed within the last three years and the planned benefits have not yet shown.

Operational Highlights

Business Content

(I) Business Scope

The company focuses on the development of the "Material Science" professional field, and uses polymer, precision coating, injection and extrusion, optics, precision engraving, and roll-to-roll process as core technologies for R&D and manufacturing, and continues to develop applications and components for related industries, in order to provide the most competitive products, and drive the company to continue to profit and grow. The main products in 2020 are functional film products, Advanced Battery Materials and medical products.

(II) Industry Overview

1. Industry status and development

Functional film: The company's research and development of advanced optical functional film material technology has a trend in the field of polarizers due to the popularization and size enlargement of all-round digital information products and consumer electronic products. In addition to meeting the production area required for the enlargement of the display size, we will also provide more value-added products and services for the trend of more diverse applications in the future, such as high resolution, high weather resistance, soft flexibility and ultra-thin, natural black and bending resistance material characteristics required for OLED product applications; The optical film is mainly based on the image quality improvement and low-reflection eye protection solutions required for home entertainment and automotive use, and the seamless splicing and integrated black optical film of Micro LED, and active anti-peep technology required for mobile office and green building materials with smart dimming. By combining different light control material technologies and its core technologies in optics, materials and manufacturing processes, the company will develop high-end, high weather resistance, solar test and flexible flexible products to meet future diversified innovative field applications . It includes UHDEP and OLED CS Film based on its own precision engraving technology to effectively improve the panel image quality. In order to meet the needs of folding screens, the product should pass more than 200,000 folding tests in the laboratory; explosion-proof film (ASF) with substrate and surface treatment film and OCA glue products with filling function, according to the needs and collocation of display products, can be applied to display products such as panels or touch panels, and e-books. Related products must also have high transmittance, high contrast value, high hardness, high wear resistance, good adhesion, anti-glare effect, low reflectivity, anti-fouling, anti-fingerprint characteristics, and RoHS compliance. In addition to entering the automotive market, the company also diversified its product line layout for high-quality and niche products, and added value to existing products. Relying on the resources of the group, the company cooperates with customers to actively invest in the development of energy and resources in the early stage of the development of new technology displays, in the hope that the company can become a leader in product development in this market when the profit trend of the market comes.

Advanced Battery Materials: The new energy industry continues to receive global attention. The EU promotes the Green New Deal and encourages European countries and groups to invest in renewable energy. The cumulative investment amount will reach 1 trillion euros in the next 10 years. It will comprehensively promote energy transition. Legislation has promoted the energy, construction and transportation sectors to reduce fossils and switch to renewable energy. Decarbonization is imperative. In addition, the U.S. Environmental Protection Agency announced the Affordable Clean Energy (ACE) rule development carbon reduction plan, the U.S. renewable energy policy and incentive measures, and the Biden administration's $2 trillion Green New Deal Green, including the promotion of the popularization of electric vehicles, extensive establishment of car charging stations, renewal of the power grid, and deployment of utility-scale battery energy storage equipment across the United States. At the same time, it promises to achieve carbon-free power generation in US power plants in 2035, replace coal power plants with wind or solar power, further prohibit the use of fossil fuels in transportation and heating in 2050, and become an economy that uses 100% renewable energy. In China's Energy Conservation and New Energy Vehicle

Technology Route 2.0, the goal is to use energy (low-carbon), interconnection (information), and intelligence as the development strategy to achieve electrification in the automotive industry by 2035.

The growth of vehicle electrification in the new energy industry is very rapid. With the large-scale investment of electric vehicles in China, Europe, America, Japan and other major automobile manufacturers, the global trend of new energy vehicles continues to spread. The industrial market has strengthened its growth, and the main driving force is carbon dioxide emission regulations and supervision, especially in Europe, carbon emissions reduced from the target of 130g/km in 2019 to 95g/km in 2021. At the same time, Europe has announced that carbon emissions will be reduced to 59g/km, and 90g/km in China and 110g/km in the United States in 2030. According to the public analysis report of EV Volume, although China has reduced subsidies for electric vehicles, global sales of new energy vehicles has reached 3.24 million in 2020, which has been growing for ten consecutive years since 2010.

Among them, lithium-ion battery, as a key component in electric vehicles, implies business opportunities. In particular, the isolating film is one of the four key materials for lithium-ion batteries, and it is bound to have a large amount of demand and growth in the future; according to the analysis report of the Taiwan Industrial Technology Research Institute (ITRI IEK), the overall demand of the global isolating film market is expected to reach 4.5 billion square meters in 2021. The main growth momentum is electric vehicle, which is currently the largest shipment application. Because countries are promoting Power Type high-power batteries, they can be used in various energy storage facilities in the future. BenQ Materials has been engaged in R&D of advanced battery materials for many years and has achieved fruitful results. The product is a three-layer diaphragm composed of polyethylene (PE) and polypropylene (PP), which is currently mainly used in plug-in hybrid electric vehicles (PHEV) and hybrid electric vehicles (HEV), but also can be applied to high-power lithium-ion batteries. Since 2020, we have gradually achieved results. Among the three major Japanese car manufacturers, the first two car manufacturers have already supplied isolating films. Japan's second-largest car manufacturer is expected to launch new cars in the fourth quarter of this year, with BenQ products applied, and the prospects are promising.

In the lithium battery-related application market, according to ITRI IEK, the market size of the isolating film used in consumer electronics for small batteries is growing steadily. The NB market is affected by the epidemic, such as working at home, and the demand starts to increase quarterly in 2020 Q2 by 18~25%. The visibility of battery factory orders extends to the first half of 2021. In the smart wearable market, the compound annual growth rate of TWS smart headphones, smart watches, wireless Bluetooth wearable devices is 8% from 2019 to 2023. In the fields of electric machine tools and gardening tools, lawn mowers and chain saws have been included in the European Union’s "off-highway mobile machinery". They are affected by exhaust regulations in Europe and Japan, and the proportion of batteries used has reached 30%. Also in the past three years, the annual sales volume of the wireless home appliance market, which is based in China, has exceeded 10 million units.

In addition, the scale of other application markets is also showing a growth trend. In 2020, 38 million electric two-wheelers have been sold, and more than 90% of them are from the E-bike market in China and Europe. With the rise of energy storage products, countries have invested in demonstration projects with energy management. The main market is regional markets with high renewable energy, high power liberalization, and high grid instability, such as UPS, renewable energy storage applications, communication base stations, medium and large energy storage and industrial energy storage applications. As of Q3 of 2020, the global electrochemical energy storage project has increased by 1,381.9MW, an increase of 2% over the last year. Mainland China and Japan both show slight growth, while Europe is mainly in the United Kingdom and Germany. The U.S. markets such as California, Hawaii, and Massachusetts, accounts for 80% of the newly added operations in the first half of the year, mainly with concentrated wind and solar energy storage, industrial and commercial users, household energy storage applications. Taiwan promotes green energy on a pilot platform for demonstration and trading of large power users, energy storage systems participating in power auxiliary services, and reserve capacity. Many markets are growing steadily, and the prospects for the application of isolation films are promising.

Medical products: Disposable contact lenses are one of the main choices for vision correction of consumers. There are two kinds of materials: water glue and silicone glue. The silicon glue is gradually replacing the traditional water glue because of its high oxygen permeability, which improves the comfort and health of wearers. It has taken up more than 60% of the market share in the European and American markets, 30% in Asian countries, and about 10% in Taiwan. The company brand "Miacare" has unique technology in silicone adhesive contact lenses and is expected to develop a blue ocean. In addition, with the advancement of economy, medical technology and biotechnology, and the trend of population aging, the demand for skin care brand "DermaAngel" and wound care brand "AnsCare" is growing day by day, with great prospects for development. In 2018, the company was merged into SIGMA, with unique sterilization coating technology in Asia. With high-quality printing process and sterilization bag production, excellent blown film and medical paper coating technology, it provides customers with reliable barrier packaging solution. In addition to OEM, we also have our own brand "Sigma" products and sell them on five continents. The main products are medical-grade packaging materials.

2. **Relationship Amongst Upstream, Midstream, and Downstream of the Industry**

Upstream industry	Supplier of raw optical film substrates and chemical raw materials.
Midstream industry	Component manufacturers, including polarizers, backlight modules, Driver IC, glass, etc.
Downstream industry	Liquid crystal display panel, liquid crystal display module, etc., battery cell manufacturers, medical brands, hospitals of all sizes and end consumers, etc.

3. **Industry development trends and competition**

Functional film: At present, polarizers have been widely used on various flat-panel displays, including TVs, desktop monitors, notebook computers, tablets, mobile phones, industrial control, medical and automotive applications, etc. Among them, due to the trend of converging various application services, the requirements for panel specifications in mobile devices have gradually increased, including higher screen ratio, foldable screen design, high resolution, thin and light power saving, and touch control. At the same time, in the face of the advent of the high-generation panel factory, the audio-visual entertainment has moved towards ultra-narrow bezels, high-definition picture quality and larger panel size specifications. To meet the evolving needs of displays, the main developments of polarizers are described as follows:

TV and desktop display applications:

Entry market: Under the guidance of prices and costs, manufacturers are attracted to make huge investments to broaden production lines significantly. With a view to reducing production costs to meet product demand.

High-end market: Emphasize the immersive experience in large size, and the same or better viewing quality must be maintained under the enlarged size. Therefore, the demand for high-resolution, wider viewing angle, and higher color performance continues to rise. In this context, the traditional panel design no longer meets market expectations, and instead focuses on functional film polarizers with micro-structure design. Through precision optical design and micro-structure engraving and transfer processing, the new generation of functional film polarizers can enhance the high-resolution panel and better color performance in viewing angle image quality.

Mobile device display application:

The average size of mobile phones has also grown from 1 to 3 inches to the current mainstream 5 to 6 inches or more. At the same time, the screen is also developing towards a higher screen ratio (16: 9 to 18: 9), and the screen is closer to the full screen through special-shaped cutting and drilling. In recent years, due to the thin and flexible characteristics of AMOLED, the world's first foldable mobile phone Galaxy Fold was mass-produced in 2019, providing consumers with a greater picture quality experience under limited carrying space. In this trend, in addition to maintaining the existing optical performance, the functional film shall significantly reduce the thickness of the body (more than 70%), and provide a certain mechanical strength to meet the needs of light and thin foldable.

With the touch function gradually becoming a necessary function, the optical adhesive (OCA) used for the bonding of each layer in the touch film group is another component. In addition to the basic requirements of high transmittance and low haze, the company also focuses on low dielectric coefficient, resistance to air bubbles in the adhesive layer caused by general PC/PMMA panels due to outgassing, and adhesiveness that can pass the solar test; anisotropic conductive adhesive (ACF) is committed to extending new panel technology in the market, such as the new generation ACF of Side bonding and Slim border.

With the popularization of smart phones, tablets, laptops, etc., personal information is easily leaked out in public places, and users have begun to require personal privacy protection. No matter it is hiding of personal information that ordinary consumers expect during commuting, or businessmen's need for confidentiality of work information, have accelerated the market's expectations for peep-proof functions. The company uses different combinations of surface treatments and compensation films to meet customers' perspectives of active peep-proof with active anti-peep display devices.

<u>High weather resistance application in vehicles:</u>

As the trend of digitization of information takes shape, the application of the display to expand to daily life continues to increase, and each space will have the opportunity to carry more display screens. For car space, in order to provide more driving information and audiovisual entertainment for driving and passengers, in addition to the enlargement of the panel size, there is also a display for exclusive passenger use. Considering the simple and stylish design, many key knobs are gradually integrated into the touch panel. Finally, in order to meet the environmental conditions for outdoor use, all components must also meet stringent reliability tests. Under this application requirement, in the future, in the outdoor application of functional film, in addition to passing the high-specification weather resistance test, it is also necessary to take into account the visibility and safety in a specific use situation and the function of touch integration.

In addition to the internal application related to the monolithic glass touch panel (OGS) of explosion-proof film (ASF), the externally-attached explosion-proof film can block splashing glass to prevent users from stabs or scratches. The demand is mainly public information display (PID) or vehicle display.

<u>Professional and medical applications:</u>

The post-epidemic medical industry has accelerated the pace of intelligent upgrading, and medical imaging is an indispensable technology for medical treatment or medicine, and all the more so in the field of surgery. In order to ensure patient safety, it is important that medical equipment provides high-quality images, with wide color gamut, high contrast, and high resolution as the first priority.

Polarizers are key components of LCD and OLED flat panel display technology. At present, the global polarizer manufacturers are mainly Japan, South Korea, Taiwan and China. According to the recent market trends of polarizer factories in various regions: The focus of Japanese polarizer factories has shifted from large size to small and medium size. Some Korean manufacturers have gradually reduced the market size, while mainland Chinese manufacturers have continued to build large production lines. However, with limited new production capacity, Taiwan manufacturers have deepened their own core technologies and continued to launch high-tech products. In order to avoid the severe competition in the Red Sea, technology-leading polarizer manufacturers have gradually shifted from capacity expansion competition to the competition of new technologies and high value-added products.

<u>Advanced Battery Materials:</u>

In China: Due to the subsidy policy of mainland China in 2018, the industry blindly expanded production, resulting in uneven battery manufacturers, overall low capacity utilization, and fierce market competition. Policies/Subsidies affect the entire Chinese electric vehicle market until 2022, but may not be able to support it beyond 2022. At the same time, the new benchmark for the parallel management of the average fuel consumption of passenger car companies and the points of new energy vehicles implemented in 2018 has forced major auto factories to invest more actively, and manufacturers that do not have industrial technology and cost competitiveness are gradually eliminated and withdrawn from the market.

In the EU: According to the EU regulations, carbon dioxide emissions of passenger cars must be reduced to 95g/Km during 2020-2021. Thanks to the expansion of subsidies of the European government to the electric vehicle industry, sales of electric vehicles in Europe have been increasing due to the epidemic. Major auto factories have published various types of pure electric vehicles (BEV) and hybrid electric vehicles (HEV) to comply with regulations. At the same time, it also greatly drives the demand for lithium-ion batteries.

In the United States: The US$2 trillion Green New Deal proposed by the Biden government includes promoting the popularization of electric vehicles (MHEV, PHEV, HEV, BEV), extensively setting up car charging stations, renewing power grids, and deploying utility-scale battery energy storage equipment across the United States. Pay attention to the practical applications promoted by follow-up policies.

Medical products: The market for medical supplies is large and stable, and the market for medical and aesthetic products is of high growth. Research institutions have pointed out that in the past financial crises, the decline and recovery of the medical industry are better than other industries. The medical industry is limited by the economic boom, and as most countries enter an aging society, related demand is expected to continue to climb.

(III) Technology and R&D Overview

R&D expenses invested in each of the past five years

Unit: NTD `000

Year / Item	2016	2017	2018	2019	2020
R&D Expense	583,797	696,442	640,989	686,303	639,769
Net Sales	12,753,953	11,132,587	12,764,171	13,942,969	15,049,948
Percentage of operating income (%)	4.58%	6.26%	5.02%	4.92%	4.25%

1. Successfully developed technology or product

<u>Functional film:</u> BenQ Materials continues to exert its innovative R&D energy, and mass products in 2020, including AMOLED ultra-thin multi-functional integrated polarizer, UHDEP 8K LCD image quality enhancement technology, wide viewing angle and high weather resistance polarizer, special-shaped processed polarizer, explosion-proof, active privacy protection, etc.; in the post-epidemic era, in order to reduce the risk of virus exposure in public spaces and reduce the chance of infection, floating touch projection technology has been developed. The combination of optical film and floating touch module replaces the frequently touched touch buttons.

<u>Advanced Battery materials:</u> low internal resistance, high strength lithium ion battery isolating film for hybrid power vehicles.

<u>Medical products:</u> hemostatic improvement technology, scar removal silicone pens, silicone gel color throw contact lenses, negative pressure wound treatment systems, medical-grade packaging materials, low-temperature film materials for medical packaging materials development and medical paper, and ultra-low temperature film used with Tyvek materials.

2. Future R&D technology focus

<u>Functional film:</u> Continue to develop high-resolution display functional film solution, high weather resistance display functional film solution, automotive industrial control, professional medical and portable mobile device functional film solution.

<u>Advanced Battery Materials:</u> thin films for next-generation lithium-ion power batteries, functional coating materials.

<u>Medical products:</u> hemostasis and antibacterial multifunctional products, wound healing dressing technology development, multifunctional anti-adhesion silicone glue contact lenses, development of individual bags in accordance with medical safety regulations class 4 for the North American market, and steam sterilization indication tapes used in hospitals.

BenQ Materials' combined R&D expenditure in 2020 was approximately NT$ 640 million. In the future, it will continue to develop R&D talents and advanced technology training, increase the added value of existing production capacity through new technologies and new applications, prepare R&D budget according to the planned new product and new technology development schedule, and adapt to changes in the large environmental market and operating conditions to ensure the company's competitive advantage. In 2021, the company expects to invest another NTD 690 million in R&D expenditures, and makes timely planning adjustments based on global market conditions and the company's actual operating conditions.

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

1. Short-term plans:

Functional film: In terms of capacity expansion, in response to the market demand for high-value products, BenQ Materials will increase its high-quality capacity with appropriate investment. Including wearable devices, car displays and elongated public displays. In terms of products, the company provides competitive value-added products based on the current complete product layout, complemented by the advantages of its own core technology. BenQ Materials focuses on core technologies such as polymer, precision coating, ejection and extrusion, optics, precision engraving, and roll-to-roll process. In addition to providing high-value-added optical functional materials, we are committed to R&D to unsatisfy customer's unmet product technical requirement. We continue to deepen the strategic cooperation with customers and terminal brands to create a win-win situation, with a view to consolidating the company's leading position in the technology and value of the polarizer industry.

Advanced Battery Materials:

(1) While stabilizing the existing vehicle power battery markets in South China, East China, and Japan, we expand business in the European and South Korean markets to achieve global deployment and increase market share.

(2) Through our own technology, we integrate upstream raw materials into downstream battery factories and car factories.

Medical products:

In response to the needs of doctors, hospitals, patients, users and other aspects, we develop more appropriate products and further change the service model.

We continue to improve quality and brand promotion, and increase the penetration rate of medical products together with channels; expand foreign markets and enrich product lines.

2. Long-term development plan:

Functional film:

In addition to adopting advanced display technologies such as panel factory, touch module factory, e-book/electronic shelf label to develop corresponding quality-improving functional film, we also continue to invest in R&D resources, cultivate independent technology development capabilities, and maintain technological leadership with the latter. In addition to the establishment of technical obstacles and a complete layout of patents, we obtain a leading opportunity in cooperation with customers and brand factories compared with peers in the industry. In the product part, we focus on value integration and added value enhancement. For upstream supply chain partners, we expand technical exchanges and strategic alliances. At the same time, we strengthen the after-sales service of products to maintain benign interaction and trust with customers, and form a good partnership with customers. Finally, as a member of social resources, BenQ Materials will continue to improve and simplify production processes, save energy and reduce carbon and strengthen green design and waste management, fulfill social responsibilities and strengthen risk management.

BenQ Materials will uphold product differentiation, high quality and high value, and maintain the long-term competitiveness of the industry.

Advanced Battery Materials:

(1) Strengthen the promotion and sales of the Japanese, European and American markets.

(2) Carry out product development in new fields and follow the development trend of new energy in the future.

Medical products:

(1) Complete the establishment of marketing channels in the end consumer market, enhance the value of our own brand, and become a well-known brand of medical care products.

(2) Expand the breadth and depth of operations through strategic cooperation between upstream, midstream and downstream industries.

Marketing and sales overview

(I) Market analysis

1. Sales (provided) area of main products (services)

Unit: NTD `000

Region \ Year		2019		2020	
		Amount	Ratio(%)	Amount	Ratio(%)
Domestic Sales		4,857,802	34.8%	4,899,394	32.6%
Foreign Sales	Asia	9,005,633	64.6%	10,073,977	66.9%
	Others	79,534	0.6%	76,578	0.5%
	Export sales subtotal	9,085,167	65.2%	10,150,555	67.4%
Total		13,942,969	100%	15,049,949	100.00%

2. Market share

According to data from the survey report of the Yano Institute of Economic Research, the top six global polarizer manufacturers in 2020 are LG Chem, Sumitomo Chemical, Nitto Denko, Samsung SDI, BenQ Materials, and Chengmei Materials. BenQ Materials' global market share is about 5.5%.

3. The market's future supply and demand situation and growth, competitive niche and development of the favorable, unfavorable factors and countermeasures

Functional film:

(1) Market supply and demand:

The epidemic drives the development of remote work and housing economy and the demand for monitors, which has led to a shortage of materials in the upstream supply chain. According to the forcast of Omdia, the strong demand for monitors will continue at least until the first half of 2021. Under the premise of not expanding production capacity, we strive for high-value upgrading. Through debottleneck, we increase production capacity by 5% to 10% per year to provide stable supply, and continue to improve the added value of products.

(2) Favorable factors

- High-demand growth market: With the ubiquity of displays and the gradual opening of high-generation panel production capacity, the demand for polarizers has gradually expanded with the increase in the average size of panels and multiple applications.

- Popularization of high-resolution ecosystem and communication technology: Based on its own micro-structured precision engraving, BenQ materials provides a wide-angle polarizer solution for high-resolution large-size TVs. It can effectively improve the problem of uneven viewing angle color caused by the enlargement of the panel size.

- With the company's core technology, it develops solvent-free and light-curing products, and starts to cut into thick optical adhesive products to replace existing solvent-based products, expand the product's application in the market, and differentiate it from other competitors.

- Internet of Things business opportunities: Focusing on smart entertainment, smart retail, smart handheld, smart wearable, and automotive applications, BenQ Materials has launched polarizer solutions that include wide viewing angles, light guides, thinness, high weather resistance, and bending resistance to meet the business opportunities of the Internet of Things.

(3) Unfavorable factors and countermeasures:

- Continuous expansion of factories in mainland China: In recent years, competitors in mainland China have concentrated on investment in ultra-wide production lines and continued to expand production capacity, which has affected the supply and demand of the polarizer industry. However, the immature learning curve and unstable equipment manufacturing process often cause confusion in customer product demand and supply. At the same time, in line with customer needs and planning, BenQ Materials brings value enhancement through technology, flexibility, patent and customer relationship, as well as product differentiation.

- The main materials are still imported: The main raw materials of polarizers are all imported from Japan currently. BenQ Materials maintains at least two or more suppliers to diversify the risk of purchase concentration and maintain long-term contacts and good mutual trust and cooperation.

<u>Advanced Battery Materials:</u>

(1) Market supply and demand: The global market is booming, especially in Japan, Europe, China and the United States.

(2) Favorable factors: Benefiting from the demand for various energy storage equipment, the demand for Advanced Battery Materials continues to grow.

(3) Unfavorable factors: long product verification period, large-scale production line expansion of Chinese competitors , mergers and acquisitions, joint ventures, and low-price competition.

(4) Countermeasure: Maintain a cooperative relationship with large customers, and develop future products by using independent R&D technology, and maintain a niche.

<u>Medical products:</u>

(1) Market supply and demand: The market has high growth.

(2) Favorable factors: The industry is limited by the boom.

(3) Unfavorable factors: The entry barrier is high and the certification time for some products is long. Consumers are mostly price-oriented, and high-quality products need to be promoted.

(4) Countermeasures: make strategic investments to increase items and improve product power while entering the market quickly; increase resources for marketing business and brand promotion, and combine the Group's advantages to produce comprehensive marketing effects

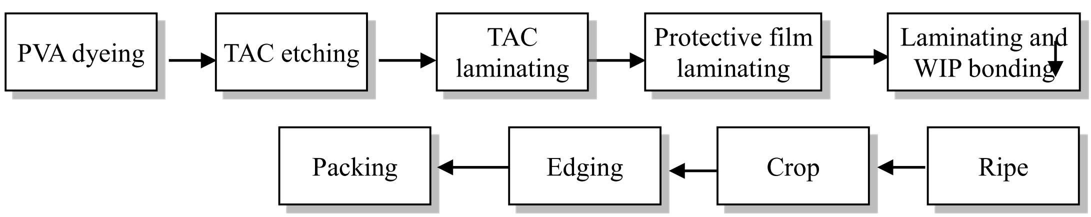
(II) Important uses and production process of main products

1. Important uses of main products

Major products	Important uses or functions
Functional film	Polarizers are the key components necessary for the current mainstream display technology TFT-LCD and AMOLED. Using precision roll-to-roll dyeing extension process and optical design, the optical film material has the effect of polarized light, and then used with the liquid crystal layer of the panel to switch between bright and dark display, or with AMOLED to greatly improve the problem of mirror reflection. With the diversification and popularization of display device applications, it has been widely used in LCD TVs, desktop LCD monitors, tablet computers, notebook computers, mobile phones, wearable devices, and special industrial control and professional displays.

2. Production process of main products

Production process of functional film:



There are three production processes for polarizers:

(1) Front-end stretch dyeing process: The polarizing film raw materials are mainly subjected to precision stretching and dyeing processes, and the iodine molecules are arranged efficiently in the roll-to-roll production process, thereby providing optical effects of high transmittance and high polarization.

(2) Mid-section material bonding process: The polarizing film monomers that have been extended and dyed are attached to the protective layer and the adhesive layer, and the applicable optical film materials and optical adhesives are selected according to the application of the terminal product to provide the different characteristics required by the terminal display device, such as wide viewing angle, high weather resistance, high contrast, and anti-reflection effects.

(3) Back-end sheet material processing process: The finished product in coil state is processed and cut to the size required by the terminal application to meet the appearance of different types of displays, such as general type, long type, circular and drilling and other special applications.

(III) Supply status of main raw materials

The main raw materials required in the production of functional film include PVA films, TAC films, PET films, PMMA films, compensation films, protective films, release films, chemicals etc. Currently, the main suppliers are from Japan, and PVA films, PET films, compensation films belong to the oligopolistic market.

(IV) Major supplier information in the past two years

Unit: NT$ thousand; %

2019				2020			
Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer
A	3,560,696	38	-	A	3,362,594	33	-
B	1,211,155	13	-	B	1,372,842	13	-
Others	4,530,031	49	-	Others	5,492,875	54	-
Net purchase	9,301,882	100	-	Net purchase	10,228,311	100	-

Reasons for changes: The company's major suppliers have not changed significantly in the last two years.

(V) Major sales customer information in the past two years

Unit: NT$ thousand; %

2019				2020			
Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer
A	6,090,776	44	Stakeholders	A	5,762,113	38	Stakeholders
Others	7,852,193	56	-	Others	9,287,835	63	-
Net sales	13,942,969	100	-	Net sales	15,049,948	100	-

Reasons for changes: The company's major customers have not changed significantly in the last two years.

(VI) Production value table in the past two year

Unit: km; NT$ thousand

Year / Main Products	2019			2020		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Functional film	33,703	22,980	11,320,639	35,328	24,698	10,469,986
Others	-	-	29,821	-	-	37,794
Total	33,703	22,980	11,350,460	35,328	24,698	10,507,780

(VII) Sales value table in the past two year:

Unit: km2; NT$ thousand; %

Year / Main Products	2019				2020			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Functional film	10,718	4,364,445	21,659	8,158,862	11,772	4,468,700	25,992	9,213,635
Others	-	493,357	-	926,305	-	430,694	-	936,919
Total	10,718	4,857,802	21,659	9,085,167	11,772	4,899,394	25,992	10,150,554

(I) Employee information for the most recent two years and up to the date of publication of the annual report

Year		2019	2020	2021-04-20
Number of Employees (Person)	Direct employees	930	912	912
	Indirect employees	612	599	601
	Total	1,542	1,511	1,513
Average age (age)		35.2	35.4	35.4
Average years of service (years)		6.1	6.2	6.2
Education distribution ratio (%)	PhD	2	2	2
	Master's	21	22	22
	Bachelor's	40	42	43
	High school	32	32	31
	Below high school	5	2	2

Demonstrate the total amount of losses (including compensation) and punishment suffered by the company for the pollution of the environment in the last two years and as of the date of publication of the annual report, and explain the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses if the countermeasures are not taken). If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.

(I) The total amount of losses (including compensation) and punishment suffered by the company due to environmental pollution

- In June 2020, Taoyuan plant failed to declare the amount of butyl acrylate released to the competent authority before May 10, 2020, violating the toxic chemical substance operation and release record management methods, and each was fined NT$ 60,000. This is missing declaration, however it has not caused environmental pollution.
- In August 2020, Taoyuan factory was fined NT$9,000 for not changing its waste personnel. This is a lack of changes in the setting of dedicated personnel and has not caused environmental pollution.

(II) Future countermeasures (including improvement measures)

Improvement measures:

- For the reporting work of the competent authority, we make a tracking form, include it in the reporting schedule and complete the reporting feedback mechanism.

The company always complies with the government's environmental protection, safety and health laws and regulations, and continuously invests resources every year to contribute to environmental protection. The current discharge values of air pollution and wastewater are far below the legal standards. In order to facilitate the public to understand the company's efforts in corporate social responsibility operations, we also actively apply for awards and certifications.

Recently won public awards:

- In 2016 ~ 2020, Taoyuan plant assisted Taoyuan City Government in the adoption of Nankanxi River and was awarded the Excellent Award.
- In 2015, Yunke plant was awarded the five-star award by Yunlin County Occupational Safety and Health

Unit for three consecutive years.

- In 2015, Nanke plant won the Energy Saving Award of the Ministry of Economic Affairs.
- In 2014, Taoyuan plant passed the conformity judgment of the Cleaner Production Evaluation System of the Industry Bureau of the Ministry of Economic Affairs.
- In 2014, BenQ Materials won the Silver Award of the 23rd Enterprise Environmental Protection Award.
- In 2014, Yunke plant was awarded the excellent unit of labor safety and health in Yunlin County.
- In 2014, Taoyuan plant won the Excellent Performance Award for Energy Saving and Carbon Reduction Action Mark.

BenQ Materials will continue to be committed to the practice and concept promotion of environmental safety and health management. In the future, it will continue to obtain the Green Factory Mark of the Ministry of Economic Affairs and take continuous energy and carbon reduction as the goal. In recent years, the global warming problem has become more and more serious. BenQ Materials hopes that through the above efforts, it can provide a better quality living environment, contribute to the sustainable development of society, and become one of the models of green enterprises.

Employment relations management

(I) List the company's employee welfare measures, further education, training, retirement systems and their implementation, as well as the agreement between labor and management and the various employee rights protection measures

1. BenQ Materials Human Rights Policy

BenQ materials follows the relevant labor laws and international human rights conventions to ensure that the company's human resources unit does not have differential treatment based on gender, race, socioeconomic class, age, marriage and family status, and then implement employment, employment conditions, salary, welfare, training, evaluation and promotion opportunities are equal and fair.

The implementation policy is as follows:

(1) The company regularly holds labor-management meetings. The company sets up an effective and appropriate grievance mechanism for matters that jeopardize labor rights, and formulates work rules to incorporate employment contracts and training materials for new recruits, and occasionally conducts promotional activities.

(2) The Company strives to defend employee's human rights. Besides establishing the AUO Human Rights Policy to promote work protection for the age, working hours, salaries and benefits, humane treatment, non-discrimination, and freedom of association in reference to international labor certifications, the Global Sullivan Principles, UN Guiding Principles on Business & Human Rights, Electronic Industry Code of Conduct (EICC), and Labor Standard Act, the Company also strives to design management mechanism to ensure that employees are appropriately cared for. For instance, diverse communication or grievance channels have been designed to advocate for a corporate culture of willingness to communicate; careful confidentiality for employee identification during grievances or incidents; actively forming a respectful, caring corporate environment that safeguards human rights, protecting the rights to form unions and collective negotiations, and to promote a healthy, positive employer-employee relationship.

2. Employee welfare measures and their implementation:

Respecting human nature and caring for employees is one of the company's important business concepts. To this end, we are committed to creating a friendly workplace, properly taking care of the physical and mental health of colleagues or their families, and establishing various guarantees of their lives, so that they can be unconcerned. The company is striving forward without worries. In addition to being recognized by the company's colleagues, these measures have also been repeatedly recognized by the competent authorities. In 2019, it won the honor of "1111 Human Resource Bank Happy Enterprise" in 2020, and the honor of "Sports Enterprise Certification" issued by the Sports Administration of the Ministry of Education. In actual operation, the company's various welfare plans are made by the Welfare Committee composed of company employees, which is responsible for the planning and implementation of employee welfare matters. The current welfare measures are as follows:

(1) The company provides: universal health insurance, labor insurance, provision for retirement pensions, provision for accrued salary advance fund, provision for occupational disaster insurance, and medical room services.

(2) The company provides in particular: New Year's Day and performance bonuses (related to responsibilities and performance results), group insurance and health examinations, employee dividends, wedding and funeral celebrations, injury and illness sympathy subsidies, dormitory, meal and food subsidies and employee education and training.

(3) Welfare planning: New Year gifts, various tourism and networking activities, sports competitions, scholarships, club activities and movie appreciation.

3. Education and training and its implementation:

(1) Originated from the company's basic management philosophy and high-quality corporate culture, it follows the following system in training:

System Name	Description	Course/ System Example
Core Development	The integrated system structure is based on based on the training and development activities designed in order to "achieve the company's corporate vision, and the core competencies that each employee needs to develop".	Common courses such as company introduction, company system, corporate culture, self-management, team partners, and quality concepts.
Professional Development	The integrated system structure is based on the training and development activities designed in order to effectively complete the professional abilities required for each category and position.	Human resources development training system, quality assurance training system, research and development training system and engineering technology training system.
Management Development	An integrated system structure based on the training and development activities designed for "management capabilities necessary to effectively integrate team strength to achieve team goals."	Divided into high-level management system, middle-level management system and grass-roots management system.

(2) On-the-job postgraduate training:

In order to implement the company's talent cultivation plan and enhance human quality, strengthen its management and professional capabilities, according to the training development list of the training system, reward relevant management or professionals for on-the-job higher education and overseas training and training, for the performance of work ability and the practice of organizational values, apply for training and repair assistance. The training hours and costs in the past two years are as follows:

Item	2019			2020		
	Total person-times (Person)	Total Hours (hour)	Total fees (NT$: thousand)	Total person-times (Person)	Total Hours (hour)	Total fees (NT$: thousand)
New recrit training	561	2,999	423	323	928	37
Professional job training	1,988	6,506	813	1,175	5,060	965
Supervisor training	281	2,034	772	770	4,354	919
General training	978	1,848	284	1,001	2900	505
Total	3,808	13,387	2,292	3,269	13,242	2,426

4. Retirement system and its implementation:

(1) The company has employee retirement methods in accordance with the Labor Standards Law.

(2) Since 1999, the "Retirement Supervision Committee" has been organized by employers and employees to manage and supervise matters related to retirement reserves. From August 1999 onwards, pensions will be set aside from 2% to 15 % Is allocated on a monthly basis.

(3) After the implementation of the new labor retirement system in July 2005, the company will follow the relevant regulations.

(4) For employees who are subject to the pension regulations of the Labor Pension Act, the Company shall make monthly contributions at a rate no less than 6% of the employees' salaries in accordance with the Labor Pension Act. The salaries shall be as prescribed in the Table of Monthly Contribution Wage Classification approved by the Executive Yuan. The contributions are then deposited in the employee pension account at the Labor Insurance Bureau.

5. Negotiations between employer and employees:

The company values employees' opinions. In addition to holding regular company business briefings and monthly supervisor meetings for all employees, we adopt open management methods of supervisors, encourage colleagues to communicate with relevant personnel in an open and transparent manner at any time, and require the supervisor and relevant departments to give a quick as soon as possible in order to achieve the purpose of two-way communication.

6. Protection measures for working environment and employees' personal safety:

The company has long been committed to environmental protection, energy conservation and employee care. It is expected that as the company grows, it will also fulfill its social responsibilities and continue its business. In addition to complying with relevant domestic regulations, all factories have passed the internationally recognized ISO 14001 environmental management system and ISO 45001 occupational health and safety management system certification. The specific measures are as follows:

(1) Focus on source management:

In order to control the relevant hazards from the source, the company introduces the Management of Change (MOC). Any new construction and improvement projects are included in the control, such as the introduction of new chemicals, changes in fire protection divisions, changes in safety protection facilities, adding or relocating machines, adding and modifying pipelines, changes in major conditions and parameters, changes in power facilities, changes in tools and fixtures, other fire and explosion risks, and changes in organizational personnel, etc., to control risks and reduce environmental impact.

(2) Promote safety culture:

The company continues to promote safety culture activities and upgrades the "mutual assistance phase" of "self-safety and self-responsibility" from the "dependence phase" of "employees' safety is the responsibility of supervisors". It hopes that every colleague play his or her safety role in a different position, integrate safety awareness into work and life, and achieve the team's vision of zero disaster.

(3) Strengthen communication and training on hazard prevention

In order to effectively enhance the awareness of all employees on safety and health, the company plans courses for employees, including environmental protection, safety and health, emergency response, management systems, risk management, social responsibility and green products, so that employees can recognize hazards and implement safety standards and procedures to truly protect themselves and others. A monthly environmental safety conference is held to enhance the safety awareness of colleagues, and a departmental environmental safety officer mechanism is established to regularly collect employees' work safety requirements and deliver safety and health management measures and messages to achieve a healthy two-way communication.

(4) Promote employee health

AUO has arranged professional nursing staff to plan an all-inclusive health program. In addition to health checks, medical consultations and various health promotion activities were held regularly. An e-health management platform was also built for employees to access relevant and personal health information at all times. On top of it, services of psychological and legal consultations with professionals were provided to employees in need. In response to the infectious diseases in recent years, such as new influenza, enterovirus, etc., which may cause impact on enterprises and employees, in addition to continuous monitoring of relevant information, the company has established a complete response organization and procedures for epidemic prevention or disaster reduction operations, to protect the health of employees and avoid operational shocks.

(II) Explain the losses incurred by the company due to labor disputes in the most recent two years and up to the date of publication of the annual report, and disclose the current and future estimated amounts and corresponding measures

The company has maintained harmonious labor relations in the most recent two years and up to the date of publication of its annual report, and has not suffered losses due to labor disputes.

Important contract

The important contract signed by the company as of the date of printing of the annual report

2020-04-20

Type of Contract	Party	Contract Duration	Contract Content	Restrictions
Financing	E.Sun Commercial Bank, Ltd.	2018.08-2023.08	Enrich interim operating capital	None

Financial Information

I. Financial Highlights

(I) Condensed balance sheet

1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NTD `000

Item		Most Recent 5-Year Financial Information (2020)	2019	2018	2017	2016
Current assets		5,552,093	4,572,402	4,788,590	4,916,832	4,580,650
Property, plant and equipment		4,349,216	4,357,273	4,331,733	4,586,016	4,784,206
Intangible assets, net		34,254	44,578	44,663	50,155	63,463
Other Assets		1,123,888	1,353,668	1,178,174	657,313	746,590
Total Assets		11,059,451	10,327,921	10,343,160	10,210,316	10,174,909
Current liabilities	Before distribution	4,970,859	3,977,707	4,089,202	4,131,643	3,944,979
	After distribution	Before distribution	4,138,044	4,281,607	4,420,250	3,944,979
Non-current liabilites		1,765,817	2,219,246	2,069,943	1,947,865	2,597,096
Total Liabilities	Before distribution	6,736,676	6,196,953	6,159,145	6,079,508	6,542,075
	After distribution	Before distribution	6,357,290	6,351,550	6,368,115	6,542,075
The right attributable to the owner of the parent company		4,322,775	4,130,968	4,125,863	4,130,808	3,632,834
Share capital		3,206,745	3,206,745	3,206,745	3,206,745	3,206,745
Capital surplus		11,427	5,618	2,734	2,723	2,708
Retained earnings	Before distribution	1,188,137	952,501	911,104	871,162	346,035
	After distribution	Before distribution	792,164	718,699	582,555	346,035
Other rights		(83,534)	(33,896)	5,280	50,178	77,346
Treasury Stock		-	-	-	-	-
Non-controlling rights		-	0	58,152	-	-
Total Equity	Before distribution	4,322,775	4,130,968	4,184,015	4,130,808	3,632,834
	After distribution	Before distribution	3,970,631	3,991,610	3,842,201	3,632,834

Note: All the financial information listed above have been checked and verified by accountants.

2. International Financial Reporting Standards-Individual Financial Statements

Unit: NTD `000

Item		Most Recent 5-Year Financial Information (2020)	2019	2018	2017	2016
Current assets		5,135,563	4,153,215	4,298,318	4,763,679	4,302,276
Property, plant and equipment		3,229,360	3,195,212	3,038,812	3,081,644	3,310,061
Intangible assets, net		21,090	22,125	13,139	13,119	14,784
Other Assets		2,481,066	2,702,663	2,616,341	2,322,645	2,532,372
Total Assets		10,867,079	10,073,215	9,966,610	10,181,087	10,159,493
Current liabilities	Before distribution	4,803,917	3,783,109	3,828,897	4,130,013	3,940,376
	After distribution	Before distribution	3,943,446	4,021,302	4,418,620	3,940,376
Non-current liabilites		1,740,387	2,159,138	2,011,850	1,920,266	2,586,283
Total Liabilities	Before distribution	6,544,304	5,942,247	5,840,747	6,050,279	6,526,659
	After distribution	Before distribution	6,102,584	6,033,152	6,338,886	6,526,659
Share capital		3,206,745	3,206,745	3,206,745	3,206,745	3,206,745
Capital surplus		11,427	5,618	2,734	2,723	2,708
Retained earnings	Before distribution	1,188,137	952,501	911,104	871,162	346,035
	After distribution	Before distribution	792,164	718,699	582,555	346,035
Other rights		(83,534)	(33,896)	5,280	50,178	77,346
Treasury Stock		-	-	-	-	-
Total Equity	Before distribution	4,322,775	4,130,968	4,125,863	4,130,808	3,632,834
	After distribution	Before distribution	3,970,631	3,933,458	3,842,201	3,632,834

Note: All the financial information listed above have been checked and verified by accountants.

(II) Condensed income statement

1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NTD `000

Year / Item	Most Recent 5-Year Financial Information				
	2020	2019	2018	2017	2016
Sales Revenue	15,049,948	13,942,969	12,764,171	11,132,587	12,753,953
Gross Profit	2,273,534	2,142,028	1,850,177	1,745,900	1,278,866
Operating net profit (loss)	547,373	353,857	439,629	295,990	(173,165)
Non-operating income and (expense)	(37,594)	(19,364)	(67,335)	249,306	(227,827)
Net before tax (loss)	509,779	334,493	372,294	545,296	(400,992)
Business unit Net (loss) in the current period	509,779	334,493	372,294	545,296	(400,992)
Loss from Discontinued Operations	-	-	-	-	-
Net (loss) in the current period	395,973	256,740	325,374	525,127	(420,221)
Other comprehensive (loss) in the current period (after Tax)	(49,638)	(39,087)	(44,855)	(27,168)	(178,427)
Comprehensive (loss)	346,335	217,653	280,519	497,959	(598,648)
Net belongs to the owner of the parent company	395,973	257,124	328,579	525,127	(420,221)
Net belongs to non-controlling right	-	(384)	(3,205)	-	-
The total profit and loss is attributed to the owner of the parent company	346,335	217,948	283,681	497,959	(598,648)
Comprehensive profit and loss total attribution from non-controlling right	-	(295)	(3,162)	-	-
Earning per share (loss)	1.23	0.80	1.02	1.64	(1.31)

Note: All the financial information listed above have been checked and verified by accountants.

2. International Financial Reporting Standards-Individual Financial Statements

Unit: NTD `000

Year / Item	Most Recent 5-Year Financial Information				
	2020	2019	2018	2017	2016
Sales Revenue	14,207,202	13,058,534	12,252,741	11,019,282	12,663,408
Gross Profit	1,843,603	1,826,809	1,652,841	1,660,403	1,168,390
Operating net profit (loss)	573,884	514,714	558,115	431,636	(92,068)
Non-operating income and (expense)	-81,945	(193,104)	(194,490)	97,088	(323,591)
Net before tax (loss)	491,939	321,610	363,625	528,724	(415,659)
Net (loss) in the current period	395,973	257,124	328,579	525,127	(420,221)
Other comprehensive (loss) in the current period (after Tax)	(49,638)	(39,176)	(44,898)	(27,168)	(178,427)
Comprehensive (loss)	346,335	217,948	283,681	497,959	(598,648)
Net belongs to the owner of the parent company	-	-	-	-	-
Net belongs to non-controlling right	-	-	-	-	-
The total profit and loss is attributed to the owner of the parent company	-	-	-	-	-
Comprehensive profit and loss total attribution from non-controlling right	-	-	-	-	-
Earning per share (loss)	1.23	0.80	1.02	1.64	(1.31)

Note: All the financial information listed above have been checked and verified by accountants.

(III) Names and auditing opinions of CPAs

Year	2020	2019	2018	2017	2016
CPA	Tsih-Jieh, Tang	Tsih-Jieh, Tang	Wei-Ming, Shih	Wei-Ming, Shih	Wei-Ming, Shih
	Wei-Ming, Shih	Wei-Ming, Shih	Hui-zhen, Zhang	Hui-zhen, Zhang	Hui-zhen, Zhang
Opinion	No reserve	No reserve	No reserve	No reserve	No reserve

II. Financial Analyses for the Past Five Fiscal Years

1. International Financial Reporting Standards-Consolidated Financial Statements

Analysis Item (Year)		Most Recent 5-Year Financial Analysis				
		2020	2019	2018	2017	2016
Financial structure (%)	Debt ratio	60.9	60.0	59.6	59.5	64.3
	Ratio of long-term capital to property, plant, and equipment	140.0	145.7	144.4	132.6	130.2
Debt service ability (%)	Current ratio	111.7	115.0	117.1	119.0	116.1
	Quick ratio	57.3	59.6	64.3	75.2	74.2
	Interest coverage ratio	9.3	5.1	6.1	8.8	-
Operating Ability	Accounts receivable turnover rate (times)	7.2	6.8	5.0	4.2	5.7
	Average days for cash receipts (days)	51	54	73	88	64
	Inventory turnover rate (times)	5.9	6.1	6.1	6.1	7.5
	Accounts payable turnover rate (times)	4.2	4.3	4.3	3.9	3.8
	Average days for sale of goods	62	60	59	60	49
	Property, plant, and equipment turnover rate (times)	3.5	3.2	2.9	2.4	2.7
	Total assets turnover rate (times)	1.4	1.4	1.2	1.1	1.3
Profitability	Return on total assets (%)	4.2	3.1	3.7	5.7	(3.9)
	Return on shareholders' equity (%)	9.3	6.2	7.8	13.5	(11.6)
	Ratio of income before tax to paid-in capital (%)	16.0	10.4	11.6	17.0	(12.5)
	Net profit margin (%)	2.6	1.8	2.5	4.7	(3.3)
	Earnings (loss) per share	1.23	0.80	1.02	1.64	(1.31)
Cash Flows	Cash flow ratio (%)	22.2	28.5	52.2	7.9	18.5
	Cash flow adequacy ratio (%)	93.7	110.0	111.1	152.8	236.5
	Cash reinvestment ratio (%)	15.5	14.8	29.5	5.34	5.5
Leverage	Operating leverage	6.0	8.7	6.7	9.1	-
	Financial leverage	1.1	1.3	1.2	1.3	-

The reasons for the changes in various financial ratios in the last two years of 20% are explained as follows:
Return on assets, Return on shareholders' equity, Ratio of net profit before tax to paid-in capital, Net profit rate, Earnings (loss) per share, Operation leverage: Mainly due to increased revenue.
Cash flow ratio: Mainly due to expansion of operation scale.

Note: All the financial information listed above have been checked and verified by accountants.

2. International Financial Reporting Standards-Individual Financial Statements

Analysis Item (Year)		Most Recent 5-Year Financial Analysis 2020	2019	2018	2017	2016
Financial structure (%)	Debt ratio	60.2	59.0	58.6	59.4	64.2
	Ratio of long-term capital to property, plant, and equipment	187.8	196.9	201.9	196.3	187.9
Debt service ability (%)	Current ratio	106.9	109.8	112.3	115.3	109.2
	Quick ratio	58.6	62.4	65.3	76.1	71.1
	Interest coverage ratio	9.3	5.1	6.3	9.0	-
Operating Ability	Accounts receivable turnover rate (times)	6.7	6.4	4.9	4.1	3.7
	Average days for cash receipts (days)	55	57	74	89	98
	Inventory turnover rate (times)	6.3	6.5	6.4	6.6	7.6
	Accounts payable turnover rate (times)	4.0	3.8	4.0	3.3	3.7
	Average days for sale of goods	58	56	57	56	48
	Property, plant, and equipment turnover rate (times)	4.4	4.1	4.0	3.6	3.8
	Total assets turnover rate (times)	1.3	1.3	1.2	1.1	1.3
Profitability	Return on total assets (%)	3.3	1.9	2.7	5.7	(3.4)
	Return on shareholders' equity (%)	9.4	6.2	8.0	13.5	(10.2)
	Ratio of income before tax to paid-in capital (%)	15.3	10.0	11.3	16.5	(13.0)
	Net profit margin (%)	2.8	2.0	2.7	4.8	(3.3)
	Earnings (loss) per share	1.23	0.80	1.02	1.64	(1.31)
Cash Flows	Cash flow ratio (%)	18.1	29.4	49.8	1.9	17.3
	Cash flow adequacy ratio (%)	91.8	111.3	107.4	133.3	217.9
	Cash reinvestment ratio (%)	11.7	14.6	26.4	1.3	4.8
Leverage	Operating leverage	4.5	5.0	4.6	5.6	-
	Financial leverage	1.1	1.2	1.1	1.2	-

The reasons for the changes in various financial ratios in the last two years of 20% are explained as follows:
Interest coverage ratio, Return on assets, Return on shareholders' equity, Net profit rate, Earnings (loss) per share: Mainly due to increased revenue.
Cash flow ratio, cash reinvestment ratio: Mainly due to expansion of operation scale.

Note: All the financial information listed above have been checked and verified by accountants.

The calculation formula of the analysis item is as follow:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) The ratio of long-term funds to real estate, plant and equipment = (net shareholders' equity + long-term liabilities) / net real estate, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities.
   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable due to business) in each period.
   (2) Average days for cash receipts = 365 / receivables turnover ratio
   (3) Inventory turnover rate = Cost of goods sold/Average inventories.
   (4) Turnover rate of payables (including accounts payable and bills payable) = cost of goods sold / balance of average payables (including accounts payable and bills payable due to business) in each period.
   (5) Average days for sale of goods = 365/Inventory turnover rate.
   (6) Real estate, plant and equipment turnover ratio = net sales / net of real estate, plant and equipment.
   (7) Total asset turnover ratio = net sales / total assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)] / average total assets.
   (2) Return on shareholders 'equity = profit or loss after tax / average net shareholders' equity.
   (3) Net profit margin = Income after tax/Net sales.
   (4) Earnings per share = (net profit after tax-dividends on special shares) / weighted average number of issued shares.
5. Cash flows
   (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other assets + working capital).
6. Leverage
   (1) Operating leverage = (net operating income-variable operating costs and expenses) / operating profit.
   (2) Financial leverage = operating profit / (operating profit - interest expense).

III. Audit Committee Check Report

The Board of Directors has prepared the Company's Financial Statement for 2020. Cih Jie, Tang and Wei Ming, Shih, Certified Public Accountants of KPMG, who are entrusted by the board of directors, jointly issued an audit report. The Financial Statements, Business Report, and the proposed Independent Auditors' Report have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Sincerely,
BenQ Materials Co., LTd. 2021 Regaular Shareholders' Meeting

Convener of the Audit Committee:

Fu-Hai Yeh 葉福海

2021-02-25

The Board of Directors has prepared the proposed profit distribution for 2020. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Sincerely,
BenQ Materials Co., LTd. 2021 Regaular Shareholders' Meeting

Convener of the Audit Committee:

Fu-Hai Yeh 葉福海

May 6, 2021

IV. Consolidated Financial Statements and Independent Auditors' Report of the most recent year: please refer to Appendix 1 (pages 84-144).

V. Individual Financial Statements and Independent Auditors' Report for the most recent year: Please refer to Appendix 2 (Pages 145-212).

VI. If the Company or its Affiliates Experienced Financial Difficulties in the Most Recent Year, up to the Date of the Annual Report Publication: None.

Review and Analysis of Financial Conditions, Operating Results, and Risk Management

Review and analysis of financial conditions

Comparison and Analysis of Financial Conditions: The main causes and impacts of major changes in assets, liabilities and shareholders 'equity in the last two years

Unit: NT$ thousand; %

Year / Item	2020	2019	Difference	
			AMOUNT	%
Current assets	5,552,093	4,572,402	979,691	21
Long-term investment	196,876	201,712	(4,836)	(2)
Property, plant and equipment, net	4,349,216	4,357,273	(8,057)	0
Intangible assets, net	34,254	44,578	(10,324)	(23)
Other Assets	927,012	1,151,956	(224,944)	(20)
Total Assets	11,059,451	**10,327,921**	731,530	7
Current liabilities	4,970,859	3,977,707	993,152	25
Non-current liabilities	1,765,817	2,219,246	(453,429)	(20)
Total Liabilities	6,736,676	**6,196,953**	539,723	9
Share capital	3,206,745	3,206,745	0	0
Capital surplus	11,427	5,618	5,809	103
Cumulative profit (loss)	1,188,137	952,501	235,636	25
Other equity interest	(83,534)	(33,896)	(49,638)	146
Non-controlling interest	-	-	0	0
Total shareholder equity	**4,322,775**	**4,130,968**	191,807	5

Explanation of material changes in financial ratios:

1. Current assets: Mainly driven by the expansion of operation scale.
2. Intangible assets: mainly caused by software amortization.
3. Other assets: Mainly caused by the decrease in deferred income tax assets and the reclassification of deferred expenses to current assets.
4. Current liabilities, non-current liabilities: Mainly driven by the expansion of operation scale.
5. Capital reserve: Mainly due to changes in net worth of the shares of the invested company.
6. Cumulative profit and loss: Mainly driven by the increase in net profit this year.
7. Other rights: Mainly due to exchange rate changes.

Evaluation and analysis of operation results

Comparative analysis of financial performance: the main reasons for the significant changes in operating income, operating net profit and pre-tax net profit in the current two years, the expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plans.

Unit: NT$ thousand; %

Year / Item	2020	2019	Change, by Percentage	
			Change, by Amount	%
Net Sales	15,049,948	13,942,969	1,106,979	8
Operating costs	12,776,414	11,800,941	975,473	8
Gross Profit	2,273,534	2,142,028	131,506	6
Operating Expenses	1,726,161	1,788,171	(62,010)	(3)
Operating net profit (loss)	547,373	353,857	193,516	55
Non-operating income and (expense)	(37,594)	(19,364)	(18,230)	94
Net profit (loss) before tax	509,779	334,493	175,286	52
Income tax benefit (fee)	(113,806)	(77,753)	(36,053)	46
Net Income	395,973	256,740	139,233	54

Explanation of material changes in financial ratios:

1. Operating profit (loss), Net profit (loss): Mainly driven by increased revenue and decreased operating expenses.
2. Non-operating income and (expenses): Mainly due to the differeces of exchange rate.
3. Income tax benefits (expenses): Mainly due to the increase in the provision of income tax.

Review and analysis of cash flow

Changes in consolidated cash flow in 2020:

(In Thousands of New Taiwan Dollars)

Year	Cash at Beginning of Year	Net Cash Flows from Operating Activities	Net cash flow from investment activites throughout the year	Net cash flow from financing activites throughout the year	Cash surplus (Including exchange rate influence)
2019	169,013	1,131,775	(718,148)	(402,348)	196,254
2020	196,254	1,103,302	(662,229)	(522,306)	148,244
Change rate(%)	16.12%	-2.52%	-7.79%	29.81%	-24.46%

(I) Notes to increase/decrease:

Financing activities: Mainly due to continuous profit earning.

(II) 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.

(III) Improvement measures for expected cash shortage: no cash shortage.

Annual reinvestment policy, the main reason for its profit or loss, the improvement plan and the investment plan for the coming year

The reinvestment policy of the company focuses on related core business and develops in the field of materials science, making good use of core technologies (polymer, precision coating, ejection and extrusion, optrics, procision engraving and process of roll-to-roll), which will adopt lean production policies, strictly control expenditures, and actively develop potential customers with horizontal integration of industries chain. At the same time, the technical team will continue to derive other applications to create higher added value to enhance the reinvestment business. The Company's net income from equity investments under the equity method that were recognized in 2020 Consolidated Financial Statements were NT$10,510 thousand. In the future, the Company will continue to invest in core business related strategies, and focus on brand management and new business development.

Risk Management

BenQ Material Risk Management focuses on the risk management system and risk transfer planning of corporate governance, clearly sets out BenQ Material Risk Management vision and policy, effectively manages risks that exceed the company's risk tolerance, and achieves cost optimization by using risk management tools.

(I) Risk management vision:

1. Undertake to continue to provide products and services to create long-term value for customers, shareholders, employees and society.
2. Risk management must have systematic risk management procedures and organizations to identify, evaluate, process, report and monitor major risks that affect the company's viability, and enhance the risk awareness of all employees.
3. Risk management is not the pursuit of "zero" risk, but the pursuit of maximum benefit under the condition of acceptable risk to optimize the risk management cost.

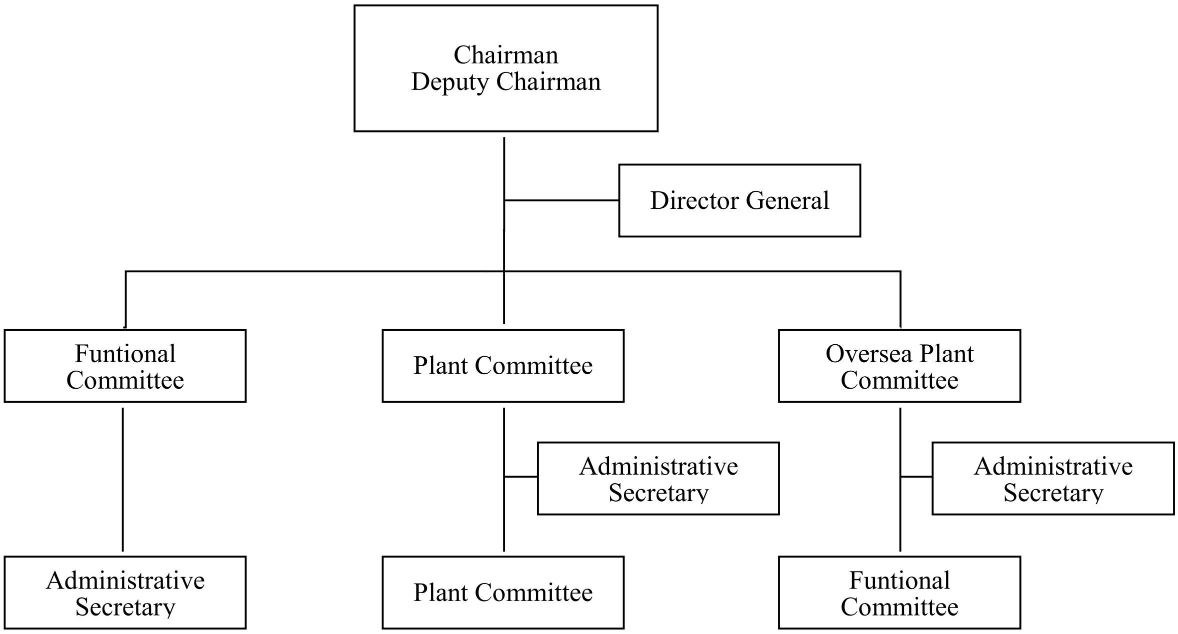
(II) Risk management policy:

1. Ensure the company's sustainable operation, establish a risk management committee, and identify, evaluate, process, report, and monitor the risks that may negatively affect the company's operating goals every year.
2. Identify and control risks before an accident occurs, suppress losses when an accident occurs, and quickly resume product and service provision after an accident; and formulate a business continuity plan for major risk scenarios identified by the Risk Management Committee.

3. For the risk that does not exceed the risk tolerance, the risk management cost must be considered and treated with different management tools, but the following conditions are not limited to this.
   - Negative impact on the safety of employees.
   - Negative impact on the company's goodwill.
   - Cause violation of laws and regulations.

(III) Risk management structure and responsibilities:

Risk Management Committee Organization



To effectively control risk management, the Risk Management Committee (RMC) implements the construction, implementation, supervision, and maintenance of risk management plans. The committee effectively monitors risks through risk self-assessment reports and specific improvement plans for risk improvement plans, , analyze risk distribution and formulate risk improvement guidelines by managing annual reports.

Risk management and evaluation

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

Changes in interest rate:

The main impact of changes in interest rate on the company comes from the floating interest rate debts arising from supporting operations and investment activities. Changes in market interest rate will cause the floating interest rate of borrowings to change accordingly. In order to avoid higher interest rate in the future and increase the uncertainty of financing costs, the company will undertake interest rate exchange transactions at appropriate times according to market conditions, and convert some floating interest rate liabilities to fixed interest rates to reduce the impact of interest rate fluctuations on the company. In terms of assets, the company's capital allocation is based on the principle of conservatism and stability to ensure the security of principal and maintain liquidity. Looking ahead, the benefits of capital expenditures and new product lines will gradually be realized. With sufficient working capital, loans can be repaid one after another to reduce the burden of interest expenses, and the ratio is expected to decline.

Changes in exchange rate:

The company's revenue is mainly derived from the US dollar, and capital expenditure and manufacturing costs are mainly based on the Japanese Yen, supplemented by the New Taiwan dollar and the US dollar, so severe international exchange rate fluctuations may affect foreign currency-denominated operating income, operating costs and even profit performance. In order to avoid the adverse impact of changes in exchange rate on the company's operating results, the company adopts natural hedging and forward foreign exchange hedging transactions to reduce the impact of exchange rate risk on the company's profit and loss, and will continue to conduct hedging transactions in the future.

Inflation:

The price has risen steadily in recent years, which has no significant impact on the results of the company's 2020 consolidated operations. The company and its subsidiaries will continue to pay close attention to the inflation situation and appropriately adjust the product selling price and inventory to reduce the impact of inflation on the company and its subsidiaries.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company and its subsidiaries did not engage in high-risk, high-leverage investments, and acted with the principle of prudence and stability to carry out funds allocation and hedging activities.

When the Company and its subsidiaries are engaged in capital lending, endorsements and guarantees, and derivative transactions, the Company will, in addition to complying with the relevant handling procedures, and to making a public announcement and filing the necessary reports in accordance with the regulations of the competent authorities:

1. Capital lending to others: As of the publication date of the Annual Report, the Company and its subsidiaries are limited to lending its capital to the Company and its subsidiaries.
2. Endorsement guarantee: As of the date of publication of the Annual Report, the company and its subsidiaries did not provide any endorsement guarantee.
3. Derivative transactions: The Company and its subsidiaries engaged in derivative transactions that are in line with the Company's operation. The purpose is to avoid market risks and reduce the Company's operational risks.

The Company and its subsidiaries will continue to conduct hedging under the principle of avoiding risks arising from the fluctuation of foreign currency and interest rate. The Company and its subsidiaries will also take operating conditions and market trends into consideration to periodically examine portions exposed to interest rate and foreign currency risks and adjust the relevant hedging strategies.

(III) Future R&D plan and estimated R&D expenses

For future R&D plans, please refer to page 37 of Operational Highlights of the Annual Report.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

1. The relevant units of the company have always paid close attention to and mastered the policies and laws that may affect the operation of the company, and cooperated with the adjustment of internal systems to ensure the smooth operation. Therefore, recent changes in relevant laws and policies have no significant impact on the company's financial and business operations.
2. The company's business philosophy is compliance with relevant laws and regulations as the highest guiding principle; therefore, the company's management team always pays attention to the changes of various relevant laws and regulations, and expects to respond to the different situations arising from the changes of regulations at any time. To date, the changes are not expected to result in a significant change in the Company's strategy.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

The company has always attached great importance to the investment and development of R&D talents and the development of product technology, and it has been adjusted flexibly in response to the latest changes in technology and industry. In addition, in the fiercely competitive and treacherous technology environment, the company finds forward-looking, high-margin products with existing core technology, and actively invests in the development of new product lines, with a view to making the company sustainable, and the source of profits will not be affected by changes in the technology.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

The company regularly checks the external environment, operation pattern and management system and other matters, understands the situation of any unexpected accidents that may affect the reputation of the company, simulates the possible impact, proposes countermeasures, and reduces the uncertainty of the company to a minimum; and a risk management unit is in charge of operation-related risk and impact analysis, and cooperates with the risk management committee to formulate relevant contingency plans.

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

The company currently does not have other corporate mergers and acquisitions activities, but will make appropriate assessments and avoidance of the cost-effectiveness and possible risks of possible future strategic investments or vertical integration or even horizontal integration.

(VIII) Expected benefits and possible risks of plant expansion

BenQ Materials has successfully transformed into an enterprise focusing on the development of "Material Science" professional field to create a golden triangle operating structure of functional films, medical products and Advanced Battery Materials, and high-value-added products (such as polarizer front-end processes, chemicals/biomedicine/energy and other materials). It will continue to develop and construct new product manufacturing plants in order to achieve the company's sustainable management and development and the philosophy of taking root in Taiwan.

In order to meet the development of the above operation strategy, the company has planned the Yunke plant as a key manufacturing base. According to the company's future operational strategic planning and product development schedule, it will complete the construction of related plants to maximize economic scale benefits.

(IX) Risks encountered in concentration of purchases or sales

1. The risks and countermeasures of purchases concentration:

The Company needs to obtain the raw materials needed for production in due course. Some of the purchased raw materials are supplied by a single manufacturer. Therefore, if there is a shortage of raw materials of the supplier or its upstream manufacturers and the Company fails to find alternative materials in time, it will result in the risk of being unable to meet the needs of customers in a timely manner. As a result, the Company's revenue and profit may decline. The Company continues to bring in local suppliers to reduce the proportion of imported raw materials. In addition to effectively reducing supply chain costs, it also reduces supply chain risks. In addition, for raw materials that come from single supplier, the Company distributes its raw material purchases from upstream in addition to the Company's cooperation with existing suppliers to bring in more than one production plants. The Company is also committed to bring in new suppliers and expects to minimize the risks involved.

2. The risks and countermeasures of sales concentration:

The company's main customers account for a significant proportion of the company's revenue, and in recent years, the company's main customers have been adjusted as the product portfolio changes. If major customers reduce, delay or cancel orders, or experience financial difficulties, it will have an impact on the company's revenue and profit. Therefore, the Company is committed to maintaining a close relationship with our customers and will continue to provide services that satisfy their needs. The Company will also strictly monitor the changes in customers' credit status and is committed to the development of potential customers in order to reduce the risk of concentrated sales.

(X) The impact and risk of significant transfer or replacement of shares of Directors, independent directors or large shareholders holding more than 10% of the shares on the company

There is no significant transfer or replacement of shares of the Company's directors

(XI) Impact and risk of changes in management rights on the company

In the most recent year and up to the date of publication of the annual report, the company has not experienced any change in management rights.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities

1. Major litigation, non-litigation or administrative litigation in which the company is currently involved: None.
2. Where the Directors, Supervisors, general managers, substantive responsible persons, major shareholders and affiliated companies with a shareholding ratio of more than 10% have decided major litigation, non-litigation or administrative litigation events that have been confirmed or are still affiliated in the last two years and up to the date of publication of annual report, and the results may have a significant impact on shareholders' rights and interests or securities prices:

   The lawsuits of the company's corporate director, Qisda Technology Co., Ltd. (referred to as Qisda), are described as follows:

   (1) A number of direct and indirect consumers in the United States filed a class-action lawsuit for damages in September 2010 on the grounds that Qisda was suspected of participating in ODD (Optical Disk Drive) product pricing agreements and violated US anti-trust laws. A settlement has been reached on the part of the class action of the direct consumer on Febuary, 2020. Other cases have been settled by the plaintiffs.

   (2) A number of direct and indirect consumers in Canada filed a class action lawsuit for damages in January 2012 on the grounds that they have participated in the pricing agreement of ODD (Optical Disk Drive) products and violated Canadian antitrust laws. The company has appointed a lawyer to deal with it. The final result is yet to be determined.

(XIII) Impact and risk of information system

In view of the current emerging information security attack trends, such as ransomware, social attacks, and counterfeit emails, which seriously threaten the information security of global companies and individuals. In order to protect the company's rights and the goal of sustainable operation, it has established establish a safe and reliable computerization operating environment to ensure the safety of the company's computer data, systems, equipment, network and maintain normal operation. The company has established the "Information Security Policy Procedures" and the "Information Security Practices" formulated in accordance with the framework in accordance with the ICT Security Management Law, Personal Data Protection Law, Copyright Law, Electronic Signature Law and other regulations. The audit department shall conduct regular audits and report to the board of directors in accordance wtih the established measures.

1. Information Security Management Framework

   Through the Risk Management Committee, the company regularly reviews the company’s information security governance status, reports its operations to the board of directors at the end of each year, continuously pays attention to information security issues, plans response plans and strengthens information security protection software and hardware purchases, including new anti-virus software updates, establishment of a global security network joint protection, internal operating system upgrades and vulnerability repairs, etc.

2. Information Security Policy

   In order to strengthen information security management, the company has established various reliable information application systems to protect electronic information assets, avoid and reduce business damage, enhance business interests and ensure sustainable business operations. It better meets international information security management trends and responds to customer information security requirements, and formulates corporate information security policies with reference to the ISO27001 information security international standard. Over the years, we have continued to improve various internal information security management mechanisms, regularly carry out information security advocacy and employee information security education and training, etc., to implement information security policies, protect customer data and company intelligence output, strengthen information security incident response capabilities and achieve Information security policy metrics.

3. Control of information security and network risks

   Cyber attacks are ever evolving and changing, and information systems cannot completely prevent any third-party denial-of-service attacks. Cyber attacks may introduce malware to the Company's internal network for intentional damage or information theft via emails, online phishing, or brute-force attacks. Brute-force attacks may force the Company's production and operations to stop, while information theft attacks may lead to leaks of material operating information, or personal information from employees or customers. The Company adopts active information security strengthening procedures. Besides introducing next-generation firewalls, email filtering, Internet access protection, operating system updates, installing anti-virus software, and 24/7 managed security service, the Company also evaluates risks related to information security each quarter through internal risk management system and reports status of risk control and improvement plans to the Risk Management Committee to control and mitigate relevant cyber risks. In view of the recent frequent hacking attacks, in order to reduce the company's huge losses due to major information security incidents, the company has already bought information security insurance in 2020. In order to effectively strengthen the overall information security governance capabilities, it is planned to introduce the ISO27001 information security international standard in 2021.

4. Employee regular information security training

   Information security education and training for the information department, online information security education and training for all company personnel, and information security seminars for senior executives were carried out. Information security month was launched in October, and a total of six sessions of propaganda activities were held in Taoyuan, Longtan, Yunlin, Suzhou and Wuhu. Through various information security education and training courses, it not only enhances the information security awareness of colleagues, but also ensures that the concept of information security can be integrated into daily operations. In addition, the company regularly promotes relevant information security knowledge to employees through emails. In order to further reduce the risk of employees clicking malicious emails by mistake, the company plans to conduct monthly social engineering drills in 2021.

5. The company did not have any major cyber attacks that impacted the company's operations in 2020.

(XIV) Impact and Risk of Intellectual Property Management

1. Strategies and Targets of Intellectual Property

   Intellectual property aims to protect the performance of R&D achievements and technological competitiveness. The company actively encourages innovation and independent R&D. The strategy of intellectual property rights focuses on the core technology and integrates the company's technology and product development layout of quality patents as the first priority. It continues to promote the layout of patents, develop high-potential technologies, innovations in the production and operation processes, and effectively manage and use high-quality patents.

2. Intellectual Property Management System

   According to the company's technology development and product strategy, it formulates medium and long-term intellectual property strategies, and enhances the overall patent strength by strengthening the company's patent layout and regularly reviews the implementation results to protect the company's freedom of operation and strengthen its competitive advantage.

The company values intellectual property and uses effective management to ensure the company's technical competition and the use of intangible assets. The company sets up an intellectual property special unit and adopts the following management systems:

(1) It develops patent management and reward methods and documents in accordance with ISO requirements, covering intellectual asset planning, intellectual asset acquisition procedures, intellectual asset maintenance and management procedures, and encourages employees to actively transform R&D achievements into intellectual property rights protection (including patent applications or business secrets, etc.)；

(2) Establish a patent management system to implement intellectual asset management. The management system is set up to effectively control the maintenance process of domestic and foreign patent documents and patent assets. Irregularly update the management system and control procedures in accordance with changes in domestic and foreign intellectual rights laws and regulations to maintain the effectiveness of the patent management system;

(3) Establish a patented technology system and regularly provide patented technology trends for the heads of technology research and product development units to share technical information and review company strategies;

(4) In order to protect the company's intellectual property rights, employees sign relevant employment contracts at the time of taking office. The contracts legally stipulate that the job invention is the company's intellectual property rights, and during term of office and after resignation, and the company's intellectual property rights and business secrets shall be kept confidential;

(5) and R&D cycle internal audit procedures are regularly initiated to confirm that the acquisition, maintenance and use of intellectual property rights are handled in accordance with the company's regulations.

3. Intellectual property achievements

   As of December 2020, the company has filed a total of 1,130 patent applications worldwide, and has obtained 738 patents, with layout in major markets and countries such as Taiwan, the United States, the European Union, Japan, China, and India. Material science and technology are the core, including polymer, optics, roll-to-roll process, precision coating process, precision engraving, extrusion/ejection molding and other related technologies, as well as polarizing film, non-polarizing optical film, contact lens, medical, battery separators.
   The huge amount of patent information is systematically managed through the BenQ material patent database to effectively grasp the patent application, certification progress, and subsequent maintenance and operation.

4. Education Training

   Intellectual property related courses are regularly organized to enhance the concept of intellectual property of the company's colleagues and promote the company's intellectual property management system, so as to jointly implement the intellectual property strategy and implement the intellectual property management system.

5. The company has no major intellectual property-related litigation or non-litigation cases in 2020.

(XV) Other important risks and countermeasures: None.

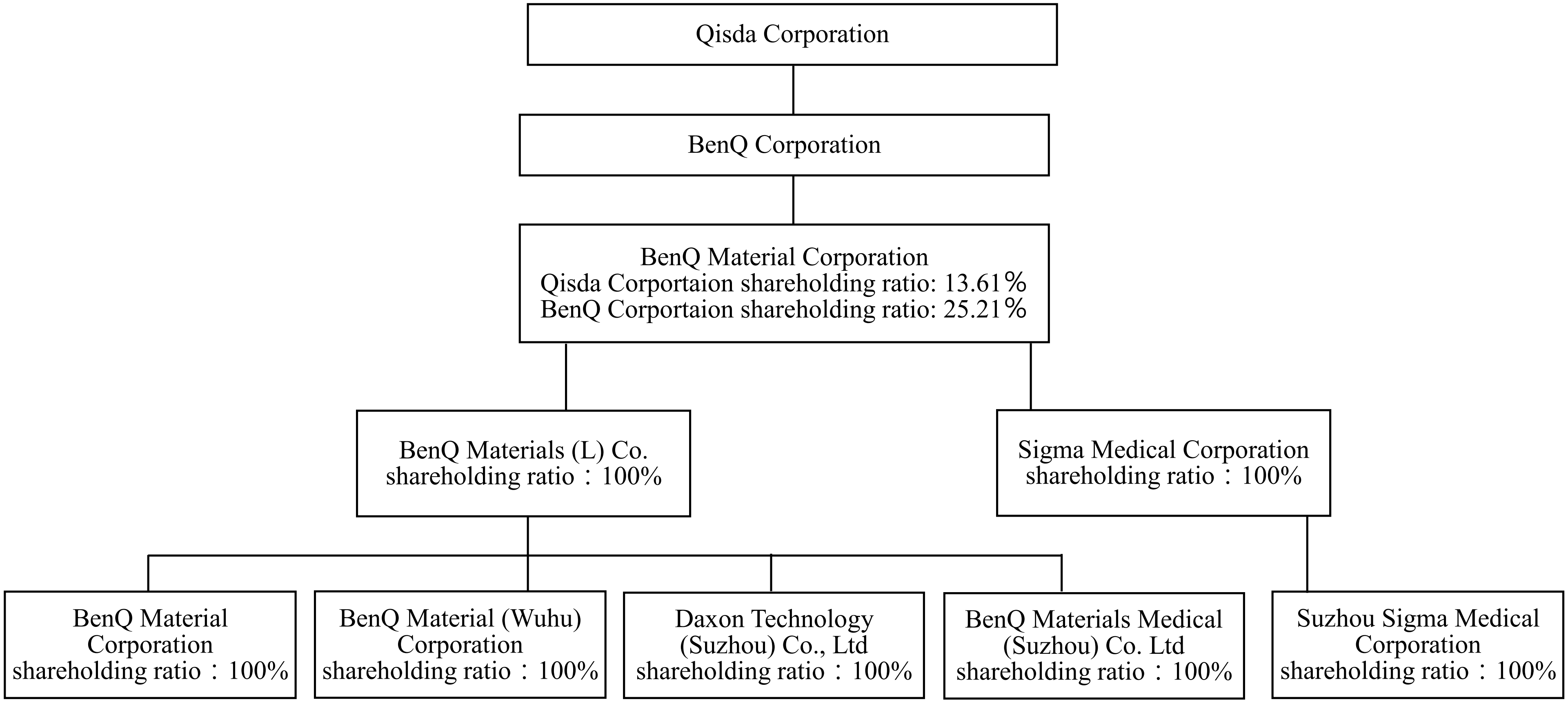
Other important matters

None

Special Disclosure

Affliated Company Related Information

(I) Organization chart



(II) Basic information of related companies

2020-12-31; Unit: NT$ thousand

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
BenQ Materials (L) Co.	2000.09.07	Level 15(B), Main office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	1,141,340	Investment holding company
BenQ Material Corporation	2000.09.29	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	822,150	Processing of functional film products
Daxon Technology (Suzhou) Co., Ltd	2009.05.08	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	47,538	Provide services and sales of medical devices and other related products
BenQ Material (Wuhu) Corporation	2010.11.05	No. 106 Huajin South Road, High-tech Development Zone, Yijiang District, Wuhu City, Anhui Province, China	345,728	Manufacturing and sales of functional films and cosmetic-related products
BenQ Materials Medical (Suzhou) Co. Ltd	2019.07.08	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	64,824	Manufacturing and sales of medical devices
Sigma Medical Corporation	1979.04.21	No. 29 Jianguo East Road, Guishan District, Taoyuan City	400,000	Manufacturing and sales of medical devices
Suzhou Sigma Medical Corporation	2000.12.15	No. 33, Yuexi Mulin Road, Wuzhong District, Suzhou city, China	45,133	Manufacturing and sales of medical devices

(III) Presumed to have the same shareholder information as those with control and affiliation: None.

(IV) Overall relationship with the industries covered by the company's operations, and explain the division of labor

The main business of the company is the production and manufacturing of materials science products, mainly based in Taiwan, for international production and sales division. The Taiwan headquarters is responsible for product development and process design, new product trial production and sales of all products; In part, they are responsible for the manufacturing of the rear section of polarizers and the sales of materials science products in China. This system of division of labor enables the company to fully exert its comprehensive effects in R&D, manufacturing and marketing, thereby generating the best competitiveness.

(V) Information of directors, supervisors and general managers of related companies

2020-03-31; Unit: thousand share; %

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
BenQ Materials (L) Co.	Director	BenQ Material Corporation Representative: Zhien-Chi (Z.C) Chen James, Wang	35,082	100%
BenQ Material Corporation	Director	BenQ Materials (L) Co. Representative: Ting-yuan Chiang Oliver Liu Charles Liu	-	100%
	Supervisor	James, Wang		
	General manager	Ting-yuan Chiang		
Daxon Technology (Suzhou) Co., Ltd	Director	BenQ Materials (L) Co. Representative: Wei Chen Ting-yuan Chiang Oliver Liu	-	100%
	Supervisor	James, Wang		
	General manager	Wei Chen		
BenQ Material (Wuhu) Corporation	Director	BenQ Materials (L) Co. Representative: Ting-yuan Chiang Chih-ping Wang Oliver Liu	-	100%
	Supervisor	James, Wang		
	General manager	Ting-yuan Chiang		
BenQ Materials Medical (Suzhou) Co. Ltd	Director	BenQ Materials (L) Co. Representative: Ching-chi Hsu Chih-ping Wang Charles Liu		100%
	Supervisor	James, Wang		
	General manager	Ching-chi Hsu		
Sigma Medical Corporation	Director	BenQ Material Corporation Representative: Zhien-Chi (Z.C) Chen	40,000	100%
Suzhou Sigma Medical Corporation	Director	Sarah Lin Chih-ping Wang Charles Liu	-	100%
	Supervisor	James, Wang		
	General manager	Sarah Lin		

(VI) Financial status and operating results of related companies

2020-12-31; Unit: NT$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Operating Income	Profit or loss for the period (After tax)	Earnings Per Share (NT$) (After tax)
BenQ Materials (L) Co.	1,141,340	2,174,458	645,530	1,528,928	1,485,041	12,207	13,349	-
BenQ Material Corporation	822,150	2,134,628	245,503	1,889,124	805,084	15,875	19,843	-
Daxon Technology (Suzhou) Co., Ltd	47,538	50,808	59,064	(8,256)	336,717	(9,032)	(7,726)	-
BenQ Material (Wuhu) Corporation	345,728	747,751	1,164,478	(416,727)	223,069	25,029	10,226	-
BenQ Materials Medical (Suzhou) Co. Ltd	64,824	307,589	250,944	56,645	267,252	(13,567)	(6,830)	-
Sigma Medical Corporation	400,000	516,351	172,530	343,821	877,522	(48,411)	(43,874)	-
Suzhou Sigma Medical Corporation	45,133	107,310	77,163	30,147	245,558	(11,505)	(11,844)	-

(VII) Related companies consolidated financial statements：

Statement of Declaration

The company's 2020 (from January 1 to December 31, 2020) should be included in the preparation of financial statements of related company consolidations in accordance with the "Relationship Business Combination Business Reports and Related Enterprise Consolidation Financial Statements and Relationship Report Preparation Guidelines" The company is the same as the company that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies according to the International Financial Reporting Standard No. 10 recognized by the Financial Supervisory Commission, and the related information of the consolidated financial statements of the related companies should be disclosed in the consolidated financial statements of the parent and subsidiary companies. All have been disclosed, and no longer prepare separate consolidated financial statements of related enterprises.

Sincerely,

Company Name:
BenQ Material Corporation

Chairman: Zhien-Chi (Z.C) Chen
Date: Febuary 25, 2021

(VIII) Affiliated enterprise report: Not applicable

Other necessary supplement

(I) In the most recent year and as of the date of publication of the annual report, the handling of private equity securities: none.

(II) In the most recent year and up to the date of publication of the annual report, the situation of subsidiaries holding or disposing of the company's stock: None.

(III) Other necessary supplementary notes: None.

(IV) In the most recent year and up to the date of publication of the annual report, if there is an event that has a significant impact on shareholders' equity or the price of securities specified in Item 2 Paragraph 3 of Article 36, of this law, it shall also be stated item by item: none.

Statement of Declaration

The entities that are required to be included in the combined financial statements of BenQ Materials Corporation and subsidiaries as of and for the year ended December 31, 2020 under the "Criteria Governing 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 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the Consolidated Financial Statements. Consequently, BenQ Materials Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Hereby certify

Company Name: BenQ Materials Corporation

Chairman: Zhien-Chi (Z.C.) Chen

Date: February 25, 2021

Independent Auditor's Report

To: The Board of Directors of BenQ Materials Corporation

Opinions on the audit

We have audited the Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries (the BenQ Corporation) as of December 31, 2020 and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of BenQ Materials Corporation and subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis of opinions on the audit

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Consolidated Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 Consolidated Financial Statements of BenQ Materials Corporation and its subsidiaries. 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. The accountant's judgment should communicate the key audit matters on the audit report as follows:

1. Inventory Valuation

   For the accounting policies of inventories, please refer to Note 4 (8) of the Consolidated Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Consolidated Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 [6] of the Consolidated Financial Statements.

Description:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of the Consolidated Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

2. Impairment of property, plant, and equipment and intangible assets
For the accounting policies for impairment of non-financial assets, please refer to Note 4 (14) of the Consolidated Financial Statements; for accounting estimates and uncertainties of real estate, plant and equipment, and intangible assets, please refer to Note 5 of the Consolidated Financial Statements.

Description:

BenQ Materials (Wuhu) Co., Ltd., a consolidated subsidiary of BenQ Materials Corporation, is still in a state of loss due to its main business, so the impairment of its real estate, plant and equipment, and intangible assets may be subject to significant risks. Since the assessment of asset impairment losses requires the use of forecasting and discounting future cash flows to estimate the recoverable amount of assets, and the estimated future cash flows involve subjective judgments of the Group management and are subject to significant uncertainty; therefore, the assessment of asset impairment is one of the important assessment items for the accountants to perform the audit of the Consolidated Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key audit items are in addition to comparing the discount rate used by the management of BenQ Materials Corporation with internal and external information when estimating the recoverable amount of assets to assess its rationality. For the estimation of future cash flow, the main verification procedures include assessing the reasonableness of the forecast made by the Company's management in the past; compare the relevant information available internally and externally with the main assumptions made by the Company's management (including revenue growth rate, gross profit margin, operating expense rate) to assess the rationality of the assumptions.

Other Matters

BenQ Materials Corporation has also compiled Individual Financial Statements for 2020 and 2019, and they have also received an unqualified audit opinion from our CPA for your reference.

The Management's Responsibility and Governing Body of the Consolidated Financial

Statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the Consolidated Financial Statement, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation and its subsidiaries (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

The Accountants' Responsibilities in Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Consolidated Financial Statements. Misstatements can arise from fraud or error. Misstatements 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.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ

Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present related transactions and events fairly.

6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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 provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the Consolidated Financial Statements of BenQ Materials Corporation of 2020. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

CPA	CPA
Tsih-Jieh, Tang	Wei-Ming, Shih
Approved audit number:	Approved audit number:
FSC (6) No. 0940100754	FSC (6) No. 0950103298

February 25, 2021

Notice to Readers

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2020 and 2019

Unit: NT$ thousand

Code	Assets	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 [1])	$ 148,243	1	196,254	2
1110	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	18,258	-	8,696	-
1120	Financial assets at fair value through other comprehensive income - Current (Note 6 [3])	57,809	-	101,232	1
1170	Notes receivable, net account (Note 6 [4], [21])	1,396,423	13	1,761,951	17
1180	Notes and accounts receivable - related parties net amount (Note 6 [4], [21] and 7)	954,445	9	69,628	1
1200	Other receivables (Note 6 [4], [5] and 7)	221,153	2	228,504	2
1210	Other receivables-related parties (Note 6 [5] and 7)	55	-	164	-
1310	Inventories, net (Note 6 [6])	2,404,889	22	1,963,517	19
1470	Other current assets	334,982	3	237,817	2
1476	Other financial assets-current	15,836	-	4,639	-
	Total current assets	5,552,093	50	4,572,402	44
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - Non-current (Note 6 [3])	1,500	-	-	-
1550	Investments accounted for using equity method (Note 6 [7])	196,876	2	201,712	2
1600	Real estate, plant, and equipment (Notes 6 [9], 7, and 8)	4,349,216	39	4,357,273	43
1755	Right-of-use asset (Notes 6 [10])	221,590	2	306,572	3
1760	Net investment property (Note 6 [11])	457,097	4	483,964	5
1780	Intangible assets (Note 6 [12] and 7)	34,254	-	44,578	-
1840	Deferred tax assets (Note 6 [18])	174,259	2	245,132	2
1920	Guarantee deposits paid	13,930	-	17,202	-
1995	Other non-current assets (Note 6 [17])	58,636	1	99,086	1
	Total non-current assets	5,507,358	50	5,755,519	56
	Total assets	**$ 11,059,451**	**100**	**10,327,921**	**100**

Code	Liabilities and Equity	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 6 [13])	$ 150,000	1	56,800	1
2120	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	5,838	-	1,991	-
2170	Accounts payable	3,421,461	31	2,570,518	25
2180	Accounts payable - related parties (Note 7)	29,766	-	21,830	-
2200	Other payables (Note 6 [8] [22])	1,183,091	11	1,108,900	11
2220	Other Payables to Related Parties (Note 7)	16,218	-	18,277	-
2281	Lease liabilities - Current (Note 6 [15])	2,626	-	3,252	-
2282	Lease liabilities - Related parties - Current (Note 6 [15] and 7)	82,289	1	80,467	1
2399	Other current liabilities	79,570	1	115,672	1
	Total current liabilities	4,970,859	45	3,977,707	39
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 [14] and 8)	1,614,624	15	1,993,000	19
2570	Deferred tax liabilities (Note 6 [18])	7,018	-	5,953	-
2581	Lease liabilities-non-current (Note 6 [15])	5,745	-	7,567	-
2582	Lease liabilities - Related parties - Non-current (Note 6 [15] and 7)	91,779	1	181,602	2
2600	Other non-current liabilities (Note 6 [14], [17])	46,651	-	31,124	-
	Total non-current liabilities	1,765,817	16	2,219,246	21
	Total liabilities	6,736,676	61	6,196,953	60
	Equity (Note 6 [19])				
3110	Common stock	3,206,745	29	3,206,745	31
3200	Capital reserve	11,427	-	5,618	-
	Retained earnings:				
3310	Legal reserve	277,665	3	251,953	2
3320	Special reserve	33,896	-	-	-
3350	Balance of retained earnings	876,576	8	700,548	7
3400	Other equity	(83,534)	(1)	(33,896)	-
	Total equity	4,322,775	39	4,130,968	40
	Total liabilities and equity	**$ 11,059,451**	**100**	**10,327,921**	**100**

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen **General Manager: Ray, Liu** **Accounting Manager: James, Wang**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

Code	Item	2020 Amount	2020 %	2019 Amount	2019 %
4110	**Net sales revenue (Notes 6 [21], 7, and 14]**	$ 15,049,948	100	13,942,969	100
5000	**Operating expenses (Notes 6 [6], [9], [10], [11], [12], [15], [16], [17], [22], 7, and 12)**	(12,776,414)	(85)	(11,800,941)	(85)
	Gross operating profit	2,273,534	15	2,142,028	15
	Operating expenses (Notes 6 [4], [9], [10], [12], [15], [17], [22], 7, and 12):				
6100	Selling expenses	(869,894)	(6)	(880,320)	(6)
6200	General and administrative expenses	(216,498)	(1)	(221,548)	(2)
6300	Costs of research and development	(639,769)	(4)	(686,303)	(5)
		(1,726,161)	(11)	(1,788,171)	(13)
	Net Operating Income	547,373	4	353,857	2
	Non-operating income and expenses (Notes 6 [7], [14], [15], [23] and 7):				
7100	Interest revenue	975	-	1,575	-
7010	Other income	14,762	-	37,002	-
7020	Other profit and loss	(2,449)	-	(33,528)	-
7050	Financial cost	(61,392)	(1)	(81,957)	(1)
7370	Shares of profits of associates accounted for using the equity method	10,510	-	57,544	1
		(37,594)	(1)	(19,364)	-
	Income before income tax	509,779	3	334,493	2
7950	**Less: Income tax expense (Note 6[18])**	(113,806)	-	(77,753)	-
	Net profit	395,973	3	256,740	2
	Other comprehensive profit (loss)				
8310	**Items that will not be reclassified to profit or loss (Notes 6 [17], [19])**				
8311	Remeasurement of defined benefit plans	(2,134)	-	(3,859)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	(43,423)	(1)	22,832	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		(45,557)	(1)	18,973	-
8360	**Items that may be reclassified subsequently to profit or loss (Note 6 [7] [19])**				
8361	Exchange differences arising on translation of financial statements of foreign operations	2,096	-	(57,835)	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(6,177)	-	(225)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		(4,081)	-	(58,060)	-
	Other Comprehensive Income (Loss)	(49,638)	(1)	(39,087)	-
8500	**Total comprehensive income for the period**	**$ 346,335**	**2**	**217,653**	**2**
	Net profit after tax for the period attributable to:				
8610	Owners of the parent company:	$ 395,973	3	257,124	2
8620	Non-controlling interests	-	-	(384)	-
		$ 395,973	**3**	**256,740**	**2**
	Total comprehensive income attributable to:				
8710	Owners of the parent company	$ 346,335	2	217,948	2
8720	Non-controlling interests	-	-	(295)	-
		$ 346,335	**2**	**217,653**	**2**
	Earnings per share (Unit: NT$) (Note 6[20])				
9750	**Basic earnings per share**	**$ 1.23**		**0.80**	
9850	**Diluted earnings per share**	**$ 1.23**		**0.80**	

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen **General Manager: Ray, Liu** **Accounting Manager: James, Wang**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	Profit and/or loss attributable to the owners of parent company												
			Retained earnings				Other equity item						
	Common stock	Capital reserve	Legal reserve	Special reserve	Balance of retained earnings	Total	Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined welfare plan	Total	Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2019	$ 3,206,745	2,734	219,095	-	692,009	911,104	21,284	-	(16,004)	5,280	4,125,863	58,152	4,184,015
Effects of retrospective application of new IFRSs	-	-	-	-	(19,779)	(19,779)	-	-	-	-	(19,779)	(117)	(19,896)
Adjusted balance as of January 1, 2019	3,206,745	2,734	219,095	-	672,230	891,325	21,284	-	(16,004)	5,280	4,106,084	58,035	4,164,119
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	32,858	-	(32,858)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(192,405)	(192,405)	-	-	-	-	(192,405)	-	(192,405)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	2,885	-	-	-	-	-	-	-	-	2,885	-	2,885
Difference between prices of shares acquired from subsidiaries and book value	-	(1)	-	-	(3,543)	(3,543)	-	-	-	-	(3,544)	(57,740)	(61,284)
Net profit after tax	-	-	-	-	257,124	257,124	-	-	-	-	257,124	(384)	256,740
Other Comprehensive Income (Loss)	-	-	-	-	-	-	(58,149)	22,832	(3,859)	(39,176)	(39,176)	89	(39,087)
Total comprehensive income for the period	-	-	-	-	257,124	257,124	(58,149)	22,832	(3,859)	(39,176)	217,948	(295)	217,653
Balance as of December 31, 2019	3,206,745	5,618	251,953	-	700,548	952,501	(36,865)	22,832	(19,863)	(33,896)	4,130,968	-	4,130,968
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	25,712	-	(25,712)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	33,896	(33,896)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(160,337)	(160,337)	-	-	-	-	(160,337)	-	(160,337)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	5,809	-	-	-	-	-	-	-	-	5,809	-	5,809
Net profit	-	-	-	-	395,973	395,973	-	-	-	-	395,973	-	395,973
Other Comprehensive Income (Loss)	-	-	-	-	-	-	(4,081)	(43,423)	(2,134)	(49,638)	(49,638)	-	(49,638)
Total comprehensive income for the period	-	-	-	-	395,973	395,973	(4,081)	(43,423)	(2,134)	(49,638)	346,335	-	346,335
Balance as of December 31, 2020	**$3,206,745**	**11,427**	**277,665**	**33,896**	**876,576**	**1,188,137**	**(40,946)**	**(20,591)**	**(21,997)**	**(83,534)**	**4,322,775**	**-**	**4,322,775**

(See the attached notes to Consolidated Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen **General Manager: Ray, Liu** **Accounting Manager: James, Wang**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	2020	2019
Cash flows from operating activities		
Income before income tax for the period	$ 509,779	334,493
Adjusted items		
Depreciation	579,840	646,025
Amortization expenses	40,296	29,091
Expected credit losses (reverse benefits)	79	(630)
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	(5,715)	11,125
Interest expenses	61,392	81,957
Interest revenue	(975)	(1,575)
Dividend income	(2,400)	-
Share of profit of affiliated companies accounted for under the equity method	(10,510)	(57,544)
Loss (profits) from disposal of real estate, plant, and equipment	479	(276)
Profits from disposal of investment	(11,975)	-
Other non-current assets amortized to expenses	127,429	108,281
Amortization of syndication fee costs	1,900	1,900
Total adjustments to reconcile profit (loss)	779,840	818,354
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease (Increase) in notes receivable and accounts	295,456	(155,639)
Account receivables - Decrease (increase) in related parties	(807,260)	525,806
Decreases (increases) in other receivables	(7,758)	5,718
Other account receivables - related parties decrease	109	114
Increase in inventory	(441,372)	(32,849)
Increase in other financial instruments - current	(58,792)	(9,576)
Decrease (increase) in other current assets	40	(1,690)
Total net changes in operating assets	(1,019,577)	331,884
Total net changes in operating liabilities:		
Increase (decrease) in account payables	850,943	(302,593)
Increase (decrease) in account payables - related parties	7,936	(18,815)
Increase in other payables	79,813	27,452
Increase (decrease) in other payables - related parties	(2,059)	2,752
Increase (decrease) in other current liabilities	(36,102)	48,144
Decrease in net defined benefit liability	(1,924)	(1,983)
Total net changes in operating liabilities	898,607	(245,043)
Total net changes in operating assets and liabilities	(120,970)	86,841
Total adjustments	658,870	905,195
Cash inflow generated from operations	1,168,649	1,239,688
Interests received	975	1,575
Interest payment	(61,707)	(81,671)
Income tax paid	(4,615)	(27,817)
Net cash flow from operating activities	1,103,302	1,131,775

(Continued on the next page)

(Continued from the previous page)

		2020	2019
Cash flows from investing activities			
Proceeds from acquisition of financial assets at fair value through profit or loss	$	(1,500)	(78,400)
Acquisition of investment using the equity method.		(16,001)	-
Disposal of investment using the equity method.		14,955	-
Acquisition of real estate, plants and equipment		(520,211)	(484,064)
Disposal of real estate, plants and equipment		198	1,974
Decrease in guarantee deposits paid		3,272	4,668
Acquisition of intangible assets		(30,884)	(34,598)
Acquisition of investment properties		(6,048)	-
Decrease (increase) in other financial assets		(11,197)	1,205
Increase in other non-current assets		(125,169)	(130,930)
Dividends received		30,355	1,997
Net cash outflows from investing activities		(662,230)	(718,148)
Cash flows from financing activities			
Increase in short-term loans		93,200	6,800
Proceeds from long-term borrowings		7,165,810	10,893,000
Repayments of long-term borrowings		(7,527,500)	(10,950,221)
Decrease in guarantee deposits received		(1,369)	(647)
Repayments of lease principal		(92,110)	(99,261)
Issuance of cash dividend		(160,337)	(192,405)
Purchase of subsidiaries' equity from non-controlling interests		-	(59,614)
Net cash outflows from financing activities		(522,306)	(402,348)
Impact on exchange rates changes		33,223	15,962
Increase (decrease) in cash and cash equivalents for the period		(48,011)	27,241
Cash and cash equivalents at beginning of year		196,254	169,013
Cash and cash equivalents at end of year	$	**148,243**	**196,254**

(See the attached notes to Consolidated Financial Statements)

Chairman:	**General Manager:**	**Accounting Manager:**
Zhien-Chi (Z.C.) Chen	**Ray, Liu**	**James, Wang**

1. Company History

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 1999) was established on July 16, 1998, with the approval of the Ministry of Economic Affairs. The registered address is No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.). The main business items of the Company and its subsidiaries (hereinafter referred to as "the Combined Company") are manufacturing and sales of film sheet products and medical equipment.

2. Date and Procedures of Authorization of Financial Statements

The Consolidated Financial Statements were published upon approval by the Board of Directors on February 25, 2021.

3. Application of New, Amended and Revised Accounting Standards and Interpretations

a. The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The Combined Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Consolidated Financial Statements since January 1, 2020.

- Amendment to IFRS 3, "Definition of Business."
- Amendments to IFRS 9, IAS 39, and IFRS 7 "Changes in Interest Rate Indicators"
- Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

b. Impacts of IFRS Endorsed by FSC but yet to come into effect

The Combined Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2021, will not have a material impact on the Consolidated Financial Statements.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16 "Changes in Interest Rate Indicators - Phase 2."

c. Newly issued and amended standards and interpretations yet to be endorsed by the FSC

Impact of IFRSs Issued by IASB but not yet endorsed by the FSC on the Combined Company is as follows:

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether 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 in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	2023.1.1

The Combined Company is continuously evaluating the impact of the impacts on the financial status and operating results of the Combined Company, and the relevant impact will be disclosed when the evaluation is completed.

The Combined Company expects that the following other newly issued and revised standards that have not yet been approved by the FSC will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- 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 IFRSs 2018-2020 cycle-
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

4. Summary of Significant Accounting Polices

The summary of the significant accounting policies used in this consolidated financial statement are described below. The following accounting policies have been consistently applied to all periods of the financial statements.

a. Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

b. Basis of preparation

1) Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following significant accounts:

a) Financial instruments (including derivative financial instruments) measured at fair value through profit and loss;

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

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 [18].

2) Functional Currency and Presentation Currency

Every individual entity of the Combined Company takes the currency of the economic environment its operation domiciles are in as the functional currency. The Consolidated Financial Statements were expressed in New Taiwan Dollars, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

c. Basis of consolidation

1) Principle of preparation of the Consolidated Financial Statements

The preparation of the Consolidated Financial Statements includes the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual.

From the date of attaining control over the subsidiary, its financial statements shall be included in the Consolidated Financial Statements until the date of losing control. The transactions, balances and, any unrealized income and expenses between the Combined Company have been eliminated in full at the time of preparing the Consolidated Financial Statements. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Combined Company.

When a change in the Combined Company's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

2) List of subsidiaries in the Consolidated Financial Statements

Investment company name	Subsidiary name	Business type	Proportion of Ownership (%) Dec. 31, 2020	Proportion of Ownership (%) Dec. 31, 2019	Description
The Company	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	-
The Company	Sigma-Medical Co., Ltd. (Sigma-Medical)	Medical materials and equipment manufacturing and sale	100.00	100.00	-
BMLB	BenQ Materials (BMS)	Processing of functional film products	100.00	100.00	-
BMLB	Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Corporation (BMW)	Manufacture and sales of film sheet and cosmetic-related products	100.00	100.00	-
BMLB	BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Medical materials and equipment manufacturing and sale	100.00	100.00	(Note I)
Sigma-Medical	Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Medical materials and equipment manufacturing and sale	100.00	100.00	-

(Note 1): It is a newly established subsidiary company on July 8, 2019.

3) List of subsidiaries which excluded in the Consolidated Financial Statements: None

d. Foreign currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. The foreign currency items at the terminal date of report (hereinafter referred to as reporting date) are translated into functional currency according to the exchange rate of the date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2) Foreign operations

The assets and liabilities of foreign operation, including the business reputation and fair value adjustment are translated into functional currency according to the exchange rate on the reporting date; the income and expense items are converted into the expression currency of this consolidated financial statement based on the average exchange rate of the current period. And the exchange difference amount will be recognized as other comprehensive incomes.

Upon disposal of a foreign operating organization results in loss of control or significant influence, the accumulated exchange differences related to the foreign operating organization are fully reclassified as profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

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 related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

e. Classification of current and non-current items

The Company shall classify an asset as current when:

1) It is expected to be realized when the Combined Company is operating, or intended to be sold or consumed in the normal operating cycle;
2) Assets are held primarily for trading purposes;
3) It is expected to be realized within twelve months after the reporting period; or
4) 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.

The Company shall classify all other assets as non-current. The Company shall classify a liability as current when:

1) It is expected to be settled in the normal operating cycle;
2) Liabilities held primarily for trading purposes;
3) It is due to be settled within twelve months after the reporting period; or
4) Liabilities that do not have the right to unconditionally defer the repayment period to at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

f. Cash and Cash Equivalents:

Cash includes cash on hand, check deposits and demand deposits. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

g. Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were originally recognized when the Combined Company became a party to the contractual terms of financial instruments. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1) Financial assets

At the time of initial recognition, financial assets are classified into: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, and financial assets measured at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted.

The Combined Company shall reclassify all the affected financial assets from the first day of the next reporting period only when changing the business model for managing financial assets.

a) Financial assets measured at amortized cost

When financial assets meet the following conditions and not designated at fair value through profit or loss, they are measured at amortized cost:

- The financial assets are held under the operation mode with the purpose of collecting contract cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

After the initial recognition of these assets, the effective interest rate method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

b) Financial assets at fair value through other comprehensive income

A debt investment is measured at FVTOCI 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.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

The Combined Company may, at initial recognition, make an irrevocable choice to report subsequent changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investors who are debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses and impairment losses calculated according to the effective interest method are recognized in profit and loss, and the remaining net gains or losses are recognized as other comprehensive gains and losses. At the time of derecognition, the accumulated other comprehensive profit and loss amount under equity is reclassified to profit or loss.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profits or losses are recognized as other comprehensive profits and losses. At the time of derecognition, other comprehensive profits and losses accumulated under equity are reclassified to retained earnings instead of to profits or losses.

The dividend income of equity investment shall be recognized on the date when the Combined Company is entitled to receive dividends (usually the ex-dividend date).

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, 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 measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net profits and losses (including dividend and interest incomes) originated from remeasurement are recognized in profit or loss.

d) Evaluate whether the contractual cash flow is entirely the interest of the payment of the principal and the amount of principal in circulation

According to the purpose of the evaluation, the principal is the fair value of the financial asset upon initial recognition and the interest is comprised of the following considerations: time value of money, credit risk associated with outstanding principal amounts in the period, other basic lending risks and costs, and profit margins.

When evaluating whether the contractual cash flows consist entirely of payments of the principal and interest on the principal amount outstanding, the Combined Company considers the contractual terms of financial instruments including evaluations on whether financial assets include a provision in the contract that changes the timing or amount of the contractual cash flows in a way that would cause it not to meet this condition. When evaluating, the Combined Company considers the following:

- Any contingency that changes the timing or amount of the contractual cash flows.
- Terms that may adjust the coupon rate of the contract including the characteristics of floating interest rates.
- Attributes of prepayments and deferrals; and
- The Combined Company's claim is limited to the terms of the cash flows from specific asset (e.g., non-recourse terms).

e) Impairment of financial assets

The Combined Company recognizes an allowance loss for expected credit losses of financial assets (including cash and cash equivalents, notes and accounts receivable, other receivables, deposits, and other financial assets, etc.) measured at amortized cost.

The loss allowance of the following financial assets is measured based on the expected credit losses amount in 12 months, and the remaining are measured based on the lifetime expected credit loss amount:

- The credit risk of bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance loss for accounts receivable is measured by the amount of expected credit loss during the duration.

Lifetime expected credit loss refers to the expected credit loss out of all possible defaults during the expected survival period of financial instruments

Twelve-month expected credit loss refers to the expected credit loss (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months) incurred by a financial instrument that may default within twelve months after the reporting date.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Combined 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 Group' s historical experience, credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Combined Company can collect according to the contract and the expected cash flow that the Combined Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets.

When the Combined Company fails to carry out a reasonable expectation of recovery of financial assets in part or whole, the total carrying amount of the financial assets directly decreases. The Combined Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Combined Company expects that the written off amount will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Combined Company to recover the overdue amount.

f) Derecognition of financial assets

The Combined Company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other companies, or almost no ownership has been transferred or retained. When all risks and rewards are not kept under the control of the financial assets, the financial assets are derecognized.

When the Combined Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

Debt and equity instruments issued by the Combined Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument refers to any contract that recognizes the remaining equity after deducting all liabilities from the assets of the Combined Company. The equity instrument issued by the Combined Company shall be recognized by the payment net of the direct cost of issuance.

b) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit and loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit and loss.

Financial liabilities measured at amortized cost are subsequently measured at the amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

c) Derecognition of financial liabilities

The Combined Company derecognizes financial liabilities when the contractual obligations have been fulfilled, canceled or matured. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

d) Offsetting of financial assets and financial liabilities

The Combined Company presents financial assets and liabilities on a net basis when the Combined 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.

3) Derivative financial instruments

The Combined Company holds derivative financial instruments to avoid risks of foreign currency and interest rates. The original recognition of derivatives is measured at fair value, and transaction costs are recognized as profit or loss; subsequent measurement is based on fair value, and the profits or losses arising from remeasurement are directly included in profit or loss. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

h. Inventory

Inventory is measured by the lower of cost and NRV. Cost includes cost and other costs for acquisition, manufacturing or processing to reach the usable place and status, and is calculated through weighted averaging. Among them, fixed manufacturing expenses are allocated to finished products and work-in-progress according to the normal production capacity or actual output of the production equipment, whichever is higher, and variable manufacturing expenses are allocated based on the actual output. The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale.

i. Investment in the associates

Affiliated companies refer to those for which the Combined Company has material influence upon their financial and operation policies but without controlling or joint controlling.

The Combined Company adopts the equity method for handling the equity of affiliated companies. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss. To assess impairment, the Combined Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized within the scope of subsequent increase in the recoverable amount of the investment.

From the date of significant impact to the date of losing significant impact, the Combined Company shall, after making adjustments for consistency with the Combined Company's accounting policies, recognizes the amount of profit and loss and other comprehensive profits and losses of each investment related company based on the proportion of equity. When the equity of affiliated companies changes, not including profit and loss and other comprehensive profit and loss, and do not affect the shareholding ratio of the Combined Company, the Combined Company shall recognize all the equity changes as capital surplus according to the shareholding ratio.

Unrealized profits resulting from the transaction between the Combined Company and the affiliated companies shall be recognized in the financial statements only within the scope of the interests of non-related party investors in the affiliated companies.

When the loss share of affiliated companies to be recognized by the Combined Company is equal to or over its equity in them, the recognition of the loss is suspended, and only in the case of legal obligations, constructive obligations or within the scope of making payment for the invested company, additional loss or relevant liability will be recognized.

When an affiliated company issues new shares, if the Combined Company does not subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and thus the net equity value of the investment increases or decreases, the increase or decrease is adjusted to the capital reserve and the investment using the equity method; if this adjustment is to reduce the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus. However, if the Combined Company does not subscribe in proportion to the shareholding ratio, which reduces its ownership and interest in the affiliated company, the amount previously recognized in other comprehensive profit and loss related to the related company is reclassified according to the reduction ratio, and the basis of accounting treatment is the same as the basis that the related company must follow if the related company directly disposes of the related assets or liabilities.

j. Investment properties

Investment property is real estate held for rent or assets appreciation or both. Investment property is initially measured by cost and subsequently measured by cost minus accumulated depreciation and accumulated impairment. Its depreciation method, service life, and residual value are treated following the provisions of property, plant, and equipment. Cost includes the expenses that can be directly attributable to the acquisition of investment real estate and any directly attributable costs and borrowing capitalization costs to bring the investment real estate to a usable state.

The profit or loss from the disposal of investment real estate (calculated as the difference between the net disposal price and the book value of the item) is recognized in the profit and loss.

Rental income from investment property is recognized on a straight-line basis during the lease term. The lease incentive is recognized as part of the lease income during the lease term.

When the use of investment real estate is changed and reclassified as real property, plant, and equipment, it shall be reclassified according to the book value at the time of the change of use.

k. Real estate, plants and equipment

1) Recognition and measurement

Real estate, plant, and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the service years of material part of property, plant, and equipment vary, they are deemed as independent items (main components) for treatment.

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

2) Subsequent costs

Subsequent expense will only be capitalized when its future economic benefits are most likely to flow into the Combined Company.

3) Depreciation

The depreciation is calculated by capital cost less scrap value and is recognized in profit or loss based on the estimated service years of each component using the straight-line method. The land does not need to be depreciated. The rest of the estimated service life is: Machinery and equipment, 3-15 years; other equipment, 2-15 years; and houses and buildings are depreciated based on the estimated service life of their major components: main buildings, 20-40 years; mechanical and electrical engineering and another engineering, 5-20 years.

The depreciation method, service life, and residual value are reviewed on each reporting day, and adjustments are postponed for the impact of any changes in estimates.

4) Reclassification to investment real estate

When the real estate for self-use is changed to investment real property, the real estate is reclassified as investment real property based on the book value at the time of the change of use.

l. Leases

1) Identifying a lease

The Combined Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease. To evaluate whether the contract is a lease, the Combined Company evaluates the following items:

a) The contract involves the use of an identified asset, which is explicitly designated in the contract or implicitly designated when it is available for use, and its substance can distinguish or represent all the actual production capacity. If the supplier poses substantive rights to replace the asset, the asset is not an identified asset; and

b) the customer has the right to obtain substantially all of the economic benefits from use of an identified asset; and

c) To obtain the right to lead the use of identified assets when one of the following conditions is met:

- The client has the right to dominate the use method of identified assets and the purpose of use throughout the use period.
- The relevant decisions about the use method and purpose of use of the asset are determined in advance, and:
  - The client has the right to operate the asset throughout the use period, and the supplier has no right to change the operating instructions; or
  - The way in which the client plans the asset has pre-determined the way and purpose of use for the entire period of use.

2) Lessee

The Combined Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing 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 Combined Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the interest rate implicit in the lease is easy to determine, the discount rate shall be the interest rate; if it is not easy to determine, the incremental borrowing rate of interest of the Combined Company shall be used. Generally, the Combined Company uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

a) fixed payments, including in-substance fixed lease payments;

b) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

a) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

b) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

c) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Combined Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the consolidated balance sheets.

For short-term leases of office equipment and leases of low-value underlying assets, the Combined Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease benefits as expenses on the straight-line basis during the lease term.

3) Lessor

When the Combined Company acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Combined Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership 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. At the time of evaluation, the Combined Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

For operating leases, the Combined Company uses a straight-line basis to recognize the lease payments received as rental income during the lease period.

m. Intangible assets

The patented technology acquired by the Combined Company as a result of mergers and acquisitions is recorded at its fair value on the acquisition date; other intangible assets are recorded at cost, and then measured at cost minus accumulated amortization and accumulated impairment. The amortization amount is calculated based on the following estimated service life based on the straight-line method, and the amortization amount is recognized in the profit and loss: patented technology, 6.5 years; purchased software, 1 to 3 years; other intangible assets, 5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

n. Impairments of Financial Assets

The Combined Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (except for assets arising out of inventory, deferred income tax assets and employee welfare) may be impaired. If there is an indication that an asset may be impaired, then the Combined Company estimates the recoverable amount of such asset. Goodwill is subject to impairment tests on a regular basis every year or when there are signs of impairment.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount is the higher of the fair value of the individual asset or cash-generating unit minus the cost of disposal and its value in use, whichever is higher. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized. The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

o. Liability reserve

The recognition of liability provision means current obligation for past events, so that in the future the Combined Company is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated.

The reorganization liability provision is recognized when the Combined Company approves the detailed and formal reorganization plan and starts to proceed or publicly announces the reorganization plan. Provisions are not recognized for future operating losses.

p. Revenue recognition

The Combined Company recognizes the income upon transfer of control over product. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Delivery occurs when the product is delivered to a specific location, the risk of loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, or the Combined Company has objective evidence that all acceptance conditions have been met.

The Combined Company recognizes revenue on the basis of the contract price minus the estimated quantity discount and discount. The amount of the quantity discount and discount is estimated based on the expected value based on the accumulated experience in the past, and recognizes income within the scope of a major turnaround. As of the reporting date, the amount discounts and discounts expected to be paid to customers for related sales are recognized as refund liabilities (other current liabilities are accounted for).

The Combined Company recognizes accounts receivable upon delivery of goods, because it enjoys the entitlement of collecting consideration unconditionally at this timing.

q. Government subsidies and government assistance

Government subsidies are only recognized when they can be reasonably assured that the Combined Company shall comply with the conditions imposed by government subsidies and that such subsidies can be received. If the government subsidy is used to compensate fees or losses that had occurred, or is given to the Combined Company for the purpose of immediate financial support without related future costs, it can be recognized as income within the collectible period.

For borrowings obtained from financial institutions by means of government credit guarantees, the Combined Company calculates the fair value of the loans based on market interest rates. The difference between it and the amount received is recognized as deferred income. During the borrowing period, the deferred income is recognized as non-operating income - other income on a systematic basis.

r. Employee benefits

1) Defined contribution plans

Assignment obligations that should be contributed to defined contribution retirement benefit plans are recognized as employee benefit expenses under profit and loss when employees have rendered service.

2) Defined benefit plans

The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value for each benefit plan and deducting the amount of the fair value of any plan assets. The discount rate is the yield on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The net obligation of the defined benefit plan is calculated annually by a qualified actuary using the projected unit credit method.

When the benefit in the plan improves, the relevant expense for the part of incremental benefit for previous services by employees is immediately recognized as profit or loss.

The number of remeasurement of net defined benefit liabilities (assets) includes (1) actuarial profit or loss; (2) planned asset rewards, excluding the amount contained in net interest of net defined benefit liability (asset); and (3) any change in upper limit influence number of assets, excluding amount contained in net interest of net defined benefit liability (asset). The remeasured amount of net defined benefit liabilities (assets) is recognized in other comprehensive profit and loss and recognized in other equity.

The Combined Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gains or losses on the curtailment or settlement include any change in fair value of planned assets and current value of defined benefit obligations.

3) Short-term employee benefits

The obligation for short-term employee benefits is measured on undiscounted basis, and recognized as expense at the time of provision of relevant services. For expected payment amount under short-term cash bonus or bonus plan, if the Combined Company undertakes current obligation of legal or constructive payment for the previous provision of services by employees and the obligation can be reliably estimated, the amount is recognized as liability.

s. Income taxes

Income taxes include current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or income tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to the income tax payable or income tax refund receivable in previous year. The amount is the best estimate of the amount expected to be paid or received after reflecting the uncertainty (if any) related to income tax, according to the statutory tax rate on the reporting date or the tax rate of the substantive legislation.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1) Originally recognized asset or liability not falling to the transaction of corporate consolidation, without influencing accounting profit and levy duty gain (loss) at the transaction.
2) Due to temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, the Combined Company can control the timing of the reversion of the temporary differences and it is very likely that they will not revert in the foreseeable future; and
3) Taxable temporary differences arising from the original recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period, and has reflected the uncertainty related to income tax (if any).

The Combined Company only offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met simultaneously:

1) The entity has the legal right to settle tax assets and liabilities on a net basis; and
2) The amounts of deferred tax assets and liabilities are:
   a) Levied by the same taxing authority; or
   b) Levied by different entities that intend to realize the asset and settle the liability at the same time.

For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

t. Business mergers

The Combined Company uses the acquisition method to handle business mergers. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, deduct the net amount of identifiable assets acquired and liabilities assumed (Usually fair value). If the balance after the deduction is negative, the Combined Company will reassess whether all acquired assets and all liabilities assumed have been correctly identified before recognizing the benefits of cheap purchases in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the amalgamating company when incurred.

Among the non-controlling interests of the acquiree, if it is a current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the Combined Company is measured on a transaction-by-transaction basis based on the fair value at the acquisition date or the proportion of the current ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the International Financial Reporting Standards recognized by the FSC.

If the original accounting treatment of the business combination has not been completed before the reporting date of the merger transaction, the Combined Company recognizes the incomplete accounting treatment items at a tentative amount, and makes retrospective adjustments or recognizes additional assets or liabilities during the measurement period to reflect the new information about the facts and circumstances that existed on the acquisition date obtained during the measurement period. The measurement period is no more than one year from the acquisition date.

u. Earnings per share

The Combined Company presents the basic and diluted earnings per share of shareholders of common stock equity. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding. The potential diluted ordinary shares of the Combined Company are employees' compensation that can choose to use stocks.

v. Segment information

The operation department, as part of the Combined Company, is engaged in operating activities for gaining income or incurring expenses (including income and expenses related to the transaction with other departments in the Company). The operation results of all operation segments are regularly re-checked by major operation decision-makers of the Combined Company, to make decisions on resource allocation and assess the performance. Every operation segment has its independent financial information.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the Consolidated Financial Statements according to preparation standards and IFRS recognized by FSC, the management may have to make judgment, estimate, and assumption, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The management has to continuously check the estimate and basic assumptions, and the accounting estimate is recognized during the period of change and during the future influenced period.

The accounting policy involves significant judgments and information that has a material impact on the amount recognized in the Consolidated Financial Statements is as follows:

a. Judgment on whether the invested company has substantial control or significant influence

The Combined Company holds 17.97% of the voting shares of Visco Co., Ltd. and is the single largest shareholder. Although the remaining 82.03% of Visco's shares are not concentrated in specific shareholders, The Combined Company was still unable to obtain more than half of the board seats of Visco, and it did not obtain more than half of the voting rights of shareholders attending the shareholders meeting. Instead, it only obtained one Board of Directors and participated in decision-making. Therefore, it was determined that the Combined Company had no control over Visco and only had significant influence is evaluated using the equity method.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year and have reflected the impact of Covid-19.The relevant information is as follows:

a. Inventory Valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Combined Company's evaluation report date, the inventory is unqualified, outdated, or has no market value, the inventory cost shall be offset to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future but may cause major changes.

b. Impairment assessment of real estate, plant and equipment, and intangible assets

In the process of asset impairment assessment, the Combined Company must rely on subjective judgments and determine the independent cash flow of a specific asset group, the number of years of asset durability, and the possible future gains and expenses based on asset usage patterns and industrial characteristics. Any changes in estimates due to changes in economic conditions or company strategies may cause significant impairment in the future or reverse recognized impairment losses.

6. Descriptions of Material Accounting Subjects

a. Cash and Cash Equivalents

	Dec. 31, 2020	Dec. 31, 2019
Working capital	$ 199	397
Demand deposit and cheque deposit	148,044	195,857
	$ 148,243	196,254

b. Financial assets and liabilities measured at fair value through profit and loss - Current

	Dec. 31, 2020	Dec. 31, 2019
Mandatory financial assets measured at fair value through profit and loss - Current:		
Foreign currency forward contracts	$ 11,112	2,173
Foreign exchange swaps	7,146	6,523
	$ 18,258	8,696

	Dec. 31, 2020	Dec. 31, 2019
Financial liabilities held for transaction - current		
Foreign currency forward contracts	$ (5,838)	(1,991)

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [24] for details.

1) Derivatives

The Combined Company engages in derivative financial instrument transactions to avoid exchange rate risks exposed by business and financing activities. Because hedging accounting is not applied, the details of the derivative instruments of financial assets and liabilities measured at fair value through profit and loss are as follows:

a) Foreign currency forward contracts

December 31, 2020		
Contract amount (NT$ thousand)	Type of currency	Due Date
RMB 39,244	Sell RMB /Buy USD	Jan. 8, 2021
USD 48,000	Sell USD /Buy JPY	Jan. 22, 2021~ Mar. 24, 2021
USD 12,000	Sell USD /Buy NTD	Jan. 4, 2021~ Jan. 22, 2021

December 31, 2019		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD 1,000	Sell RMB /Buy USD	Jan. 10, 2020
USD 33,000	Sell USD /Buy JPY	Jan. 22, 2020~ Mar. 24, 2020
USD 9,000	Sell USD /Buy NTD	Jan. 14, 2020~ Jan. 22, 2020

b) Foreign exchange swaps

December 31, 2020		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD 40,000	Sell USD /Buy NTD	Jan. 29, 2021

December 31, 2019		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD 43,000	Sell USD /Buy NTD	Jan. 31, 2020

c. Financial assets at fair value through profit or loss

	Dec. 31, 2020	Dec. 31, 2019
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 57,809	101,232
Unlisted stocks	1,500	-
	$ 59,309	101,232
Current	$ 57,809	101,232
Non-current	1,500	-
	$ 59,309	101,232

The Combined Company designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.

For the years ended December 31, 2020 and 2019, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.

d. Note and account receivables

		Dec. 31, 2020	Dec. 31, 2019
Note receivables	$	16,804	20,977
Accounts receivable		1,403,099	1,764,333
Deduction: Allowance for loss		(23,480)	(23,359)
		1,396,423	1,761,951
Account Receivables - Related Parties		954,445	69,628
	$	**2,350,868**	**1,831,579**

1) The Combined Company adopts a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of note receivables and account receivables (including related-parties) of the Combined Company as of December 31, 2020 and 2019 was as follows:

	December 31, 2020			
		Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$	2,349,987	0.0169%	397
Pass due 1 - 30 days		1,303	1.9186%	25
Past due more than 91 days		23,058	100%	23,058
	$	**2,374,348**		**23,480**

	December 31, 2019			
		Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$	1,831,586	0.014%	258
Pass due 1 - 30 days		138	10.14%	14
Pass due 31 to 90 Days		219	42.01%	92
Past due more than 91 days		22,995	100%	22,995
	$	**1,854,938**		**23,359**

2) The table of changes in allowance loss for notes receivable and accounts receivable of the Combined Company is as follows:

		2020	2019
Balance at beginning of year	$	23,359	24,773
Impairment loss (gain on reversal of impairment loss)		79	(630)
Foreign currency conversion gains and losses		42	(784)
Balance at end of year	$	23,480	23,359

3) The Combined Company and the financial institution sign a non-recourse agreement for the sale of account receivables. According to the contract, the Combined Company does

not have to bear the risk that the account receivables cannot be recovered, but only bears the losses caused by commercial disputes. Since the Combined Company has transferred almost all the risks and rewards of the ownership of the above account receivables and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on accounts receivable, the claims on financial institutions are listed in other receivables. Relevant information about undue factoring accounts receivable on the reporting date was as follows:

December 31, 2020

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other importa nt matters
Taipei Fubon Commercial Bank	$ 573,865	-	469,322	104,543	0.82%~1.13%	None
KGI Bank	233,957	-	208,894	25,063	1.04%~1.05%	None
E.Sun Bank	156,469	-	140,616	15,853	0.88%	None
	$ 964,291	-	818,832	145,459		

December 31, 2019

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other importa nt matters
Taipei Fubon Commercial Bank	$ 336,546	-	269,237	67,309	2.85%~2.98%	None
E.Sun Bank	81,568	-	73,411	8,157	2.36%	None
	$ 418,114	-	342,648	75,466		

For the relevant information about the account receivables that meet the derecognition conditions - the transfer of creditor's rights of related parties, please refer to Note 7.

e. Other receivables

	Dec. 31, 2020	Dec. 31, 2019
Other receivables - account receivables sale minus advance price balance (Note 6 [4] and 7)	$ 219,012	226,576
Other receivables - Others	2,141	1,928
Other Receivables - Related Parties	55	164
	221,208	228,668
Deduction: Allowance for loss	-	-
	$ 221,208	228,668

The Combined Company's other receivables as of December 31, 2020 and 2019 have no expected credit losses after assessment.

f. Inventories

	Dec. 31, 2020	Dec. 31, 2019
Raw Material	$ 1,252,982	742,877
Work in progress	520,005	672,761
Finished goods	631,902	547,879
	$ 2,404,889	1,963,517

The details of inventory-related costs and expenses recognized in the cost of goods sold in the current period are as follows:

	2020	2019
Inventory cost has been sold	$ 12,713,501	11,831,122
Reversal of allowance for inventory market price decline	23,329	(80,984)
	$ 12,736,830	11,750,138

The loss of inventory falling price is the loss of inventory falling price recognized as the net realizable value due to inventory write-down. Inventory falling price recovery benefit is due to the increase in the price of some raw materials for which allowance for falling price loss has been provided at the beginning of the period, or the inventory has been sold or used, resulting in a decrease in the amount of allowance for inventory falling price loss to be recognized.

g. Investments accounted for using the equity method

	Dec. 31, 2020	Dec. 31, 2019
Affiliated companies	$ 196,876	201,712

1) Affiliated companies

In August 2020, the Combined Company disposing of some of the equity of Visco with a cash amount of NT$ 14,955 thousand resulting in disposal of an investment benefit of NT$ 11,975 thousand but it did not result in a significant loss of influence.

In July and September 2020, the Combined Company invested NT$ 10,001 thousand and NT$ 6,000 thousand in cash in Taikebio Co., Ltd. and MLK Bioscience Co., Ltd. both of which acquired 20% of the equity, because it served as the Company directors also have the ability to participate in decision-making, so they have significant influence and are evaluated by the equity method.

As the affiliated companies of the Combined Company adopting the equity method are individually insignificant, their financial information is summarized as follows. Such financial information is the amount included in the Consolidated Financial Statements:

	Dec. 31, 2020	Dec. 31, 2019
The carrying amount of equity of individually immaterial associates at end of period	$ 196,876	201,712

	2020	2019
Share attributable to the Combined Company:		
Net profit	$ 10,510	57,544
Other comprehensive profit (loss)	(6,177)	(225)
Total comprehensive profit	$ 4,333	57,319

h. Changes in ownership interests in subsidiaries

In the second quarter of 2019, the Combined Company acquired an equity interest in Sigma-Medical with an increase of NT$ 38,889 thousand in cash, which increased the Combined Company's equity in Sigma-Medical to 96.00%.

In order to integrate the Company's resources and improve operational efficiency, the Board of Directors of the Company has resolved on May 6, 2019 that the Company will acquire the remaining shares of the subsidiary, Sigma-Medical at a consideration of NT$ 14 per share in cash (as of December 31, 2019, NT$ 20,725 thousand in cash has been paid, and the remaining NT$ 1,670 thousand is listed under other payables) according to the base date for share conversion, June 17, 2019, and Article 30 of the Business Mergers and Acquisitions Act. After such share conversion, the Company holds 100% equity in Sigma-Medical.

i. Real estate, plants and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2020	$ 1,477,219	3,115,137	5,780,134	2,115,547	12,488,037
Addition	-	8,186	72,631	404,062	484,879
Disposal	-	(292)	(89,678)	(15,959)	(105,929)
Reclassification and effect of foreign exchange rate changes	-	85,110	81,980	(171,186)	(4,096)
Balance as of December 31, 2020	$1,477,219	3,208,141	5,845,067	2,332,464	12,862,891
Balance as of January 1, 2019	$ 1,477,219	3,128,759	5,594,506	1,882,875	12,083,359
Addition	-	13,400	81,530	466,980	561,910
Disposal	-	(1,762)	(37,405)	(25,257)	(64,424)
Reclassification and effect of foreign exchange rate changes	-	(25,260)	141,503	(209,051)	(92,808)
Balance as of December 31, 2019	$1,477,219	3,115,137	5,780,134	2,115,547	12,488,037
Accumulated depreciation:					
Balance as of January 1, 2020	$ -	1,771,061	4,828,067	1,531,636	8,130,764
Depreciation for the period	-	123,046	209,938	126,589	459,573
Disposal	-	(292)	(89,043)	(15,917)	(105,252)
Reclassification and effect of foreign exchange rate changes	-	1,496	21,614	5,480	28,590
Balance as of December 31, 2020	$ -	1,895,311	4,970,576	1,647,788	8,513,675
Balance as of January 1, 2019	$ -	1,672,239	4,659,081	1,420,306	7,751,626
Depreciation for the period	-	120,250	245,331	139,351	504,932
Disposal	-	(1,669)	(37,076)	(23,981)	(62,726)
Reclassification and effect of foreign exchange rate changes	-	(19,759)	(39,269)	(4,040)	(63,068)
Balance as of December 31, 2019	$ -	1,771,061	4,828,067	1,531,636	8,130,764
Carrying Value:					
December 31, 2020	$1,477,219	1,312,830	874,491	684,676	4,349,216
December 31, 2019	$1,477,219	1,344,076	952,067	583,911	4,357,273
January 1, 2019	$1,477,219	1,456,520	935,425	462,569	4,331,733

For the details of real estate, plant, and equipment that have been used as guarantees for long-term loans and financing lines, please refer to Note 8 for details.

j. Right-of-use assets

		Land use rights	Housing and structures	Total
Right-of-use assets cost:				
Balance as of January 1, 2020	$	62,883	465,035	527,918
Addition		-	1,661	1,661
Disposal		-	(40,165)	(40,165)
Effect of changes in exchange rates		124	-	124
Balance as of December 31, 2020	$	**63,007**	**426,531**	**489,538**
Balance as of January 1, 2019	$	65,183	454,371	519,554
Addition		-	10,664	10,664
Effect of changes in exchange rates		(2,300)	-	(2,300)
Balance as of December 31, 2019	$	**62,883**	**465,035**	**527,918**
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2020	$	12,356	208,990	221,346
Depreciation for the period		1,271	85,457	86,728
Disposal		-	(40,165)	(40,165)
Effect of changes in exchange rates		39	-	39
Balance as of December 31, 2020	$	**13,666**	**254,282**	**267,948**
Balance as of January 1, 2019	$	11,478	112,782	124,260
Depreciation for the period		1,332	96,208	97,540
Effect of changes in exchange rates		(454)	-	(454)
Balance as of December 31, 2019	$	**12,356**	**208,990**	**221,346**
Carrying Value:				
December 31, 2020	$	**49,341**	**172,249**	**221,590**
December 31, 2019	$	**50,527**	**256,045**	**306,572**
January 1, 2019	$	**53,705**	**341,589**	**395,294**

The land use right (including the land use right listed in investment real estate) is the Combined Company signed with the Mainland China Land and Resources Bureau to obtain the land use right of Suzhou Industrial Park and Gejiang District High-tech Industrial Development Zone in Wuhu City for the purpose of building factories. The period of use was from 2005 to 2055 and from 2012 to 2062.

k. Investment properties

		Housing and structures	Land use rights	Total
Cost:				
Balance as of January 1, 2020	$	877,685	67,209	944,894
Addition		6,048	-	6,048
Effect of changes in exchange rates		1,795	132	1,927
Balance as of December 31, 2020	$	**885,528**	**67,341**	**952,869**
Balance as of January 1, 2019	$	909,777	69,667	979,444
Effect of changes in exchange rates		(32,092)	(2,458)	(34,550)
Balance as of December 31, 2019	$	**877,685**	**67,209**	**944,894**
Accumulated depreciation:				
Balance as of January 1, 2020	$	442,272	18,658	460,930
Depreciation for the period		32,170	1,369	33,539
Effect of changes in exchange rates		1,250	53	1,303
Balance as of December 31, 2020	$	**475,692**	**20,080**	**495,772**
Balance as of January 1, 2019	$	416,397	17,908	434,305
Depreciation for the period		42,118	1,435	43,553
Effect of changes in exchange rates		(16,243)	(685)	(16,928)
Balance as of December 31, 2019	$	**442,272**	**18,658**	**460,930**
Carrying Value:				
December 31, 2020	$	**409,836**	**47,261**	**457,097**
December 31, 2019	$	**435,413**	**48,551**	**483,964**
January 1, 2019	$	**493,380**	**51,759**	**545,139**
Fair value:				
December 31, 2020				$ **771,271**
December 31, 2019				$ **609,886**

Investment real estate is a factory area used for lease. The fair value of investment real estate is evaluated based on the market evidence of similar real estate transaction prices in the same area by the management, and the input value used in its fair value evaluation technology belongs to the third level.

l. Intangible assets

	Patented technology	Purchased software	Others	Total
Cost:				
Balance as of January 1, 2020	$ 50,034	187,279	1,488	238,801
Separate acquisition	-	30,884	-	30,884
Reduction of the period	-	(11)	-	(11)
Reclassification and influence of exchange rate change	(2,918)	3	2	(2,913)
Balance as of December 31, 2020	**$ 47,116**	**218,155**	**1,490**	**266,761**
Balance as of January 1, 2019	$ 51,046	152,669	8,525	212,240
Separate acquisition	-	34,598	-	34,598
Reduction of the period (Note)	-	-	(7,002)	(7,002)
Reclassification and influence of exchange rate change	(1,012)	12	(35)	(1,035)
Balance as of December 31, 2019	**$ 50,034**	**187,279**	**1,488**	**238,801**
Accumulated amortization:				
Balance as of January 1, 2020	$ 28,903	164,352	968	194,223
Amortization for the year	7,581	32,419	296	40,296
Reduction of the period	-	(11)	-	(11)
Reclassification and influence of exchange rate change	(2,009)	4	4	(2,001)
Balance as of December 31, 2020	**$ 34,475**	**196,764**	**1,268**	**232,507**
Balance as of January 1, 2019	$ 21,624	141,533	4,420	167,577
Amortization for the year	7,904	22,865	(1,678)	29,091
Reduction of the period (Note)	-	-	(1,752)	(1,752)
Reclassification and influence of exchange rate change	(625)	(46)	(22)	(693)
Balance as of December 31, 2019	**$ 28,903**	**164,352**	**968**	**194,223**
Carrying Value:				
Balance as of December 31, 2020	**$ 12,641**	**21,391**	**222**	**34,254**
Balance as of December 31, 2019	**$ 21,131**	**22,927**	**520**	**44,578**
Balance as of January 1, 2019	**$ 29,422**	**11,136**	**4,105**	**44,663**

(Note) It is a relative write-off of other payables

m. Short-term loans

	Dec. 31, 2020	Dec. 31, 2019
Unsecured Bank Notes	**$ 150,000**	**56,800**
Unused limit	**$ 8,665,088**	**8,844,183**
Interest rate range	**0.82%**	**1.44%~1.60%**

n. Long-term borrowings

		Dec. 31, 2020	Dec. 31, 2019
Unsecured Bank Notes	$	864,624	-
Secured Bank Notes		750,000	1,993,000
Total	$	**1,614,624**	**1,993,000**
Unused limit	$	**3,318,690**	**1,407,000**
Expiry year (in year of Republic of China)		112-119	112
Interest rate range		**1.25%~1.30%**	**1.43%~1.79%**

1) Collateral for bank loans

Refer to Note 8 for details on collateral pledged on secured bank borrowings.

2) Government low-interest loans

The Combined Company obtained low-interest bank loans in accordance with the " Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan " in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of December 31, 2019, the actual amount of transfer amounted to NT$ 881,310 thousand. The fair value of the loan was NT$ 861,860 thousand based on the market interest rate of 1.25%~1.3%, and the difference of NT$ 19,450 thousand is regarded as a government subsidy and recognized as deferred income. In 2020, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$ 2,764 thousand.

3) Financial ratio agreement in loan contract

According to the provisions of the joint loan contract with the bank, the Combined Company shall calculate and maintain the agreed current ratio, debt ratio, and minimum tangible net worth, and other financial ratios during the duration of the loan in accordance with the annual Consolidated Financial Statements verified by the accountant. If the aforementioned financial ratios do not meet the agreed standards, the Combined Company may submit an exemption application and improvement plan to the management bank in accordance with the provisions of the joint loan contract. Most syndicated lending banks do not regard it as a breach of contract until they reach a resolution.

The financial ratios of the Combined Company as of December 31, 2020 and 2019 were in compliance with the agreed standards in the joint loan contract.

o. Lease liability

The book value of the Combined Company's lease liabilities is as follows:

		Dec. 31, 2020	Dec. 31, 2019
Current:			
Related parties	$	82,289	80,467
Non-related parties	$	2,626	3,252
Non-current			
Related parties	$	91,779	181,602
Non-related parties	$	5,745	7,567

Please refer to Note 6 [25] for expiry analysis.

The amounts recognized in profit or loss were as follows:

		2020	2019
Short-term lease expense	$	8,737	7,099
Interest expense – lease obligations payable	$	4,287	5,817

The amounts recognized in the statements of cash flows are:

		2020	2019
Total cash flows on lease	$	105,134	112,177

1) Lease of buildings and constructions

The Combined Company leases houses and buildings as factories. The lease term of the plant is usually five years. If the lease expires, a new contract and price must be negotiated, the Combined Company will reassess the relevant right-of-use assets and lease liabilities.

2) Other leases

The lease period for the part of the factory and automobiles that the Combined Company leases is one year. These leases are short-term leases. The Combined Company chooses to apply the exemption requirements and does not recognize its related right-of-use assets and lease liabilities.

p. Operating leases

The investment property leased by the Combined Company does not transfer all risks and remuneration attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. Please refer to Note 6 [11] investment property for details.

The maturity analysis of the lease payment is listed as follows according to the non-discounted future cash flows of lease receivable after the reporting date:

		Dec. 31, 2020	Dec. 31, 2019
Less than 1 year	$	24,902	33,808
1~5 years		20,216	53,428
Non-discounted future cash flows of lease	$	45,118	87,236

The rental income from investment real estate in 2020 and 2019 was NT$ 66,798 thousand and NT$ 67,508 thousand, respectively, which were reported under operating income. The direct operating expenses incurred by investment real estate (listed in "Operating Costs") are as follows:

		2020	2019
Direct operating expenses of investment properties that generated rental income	$	39,584	50,803

q. Employee benefits

1) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets for defined benefit plans was as follows:

		Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligations	$	51,269	49,556
Fair value of plan assets		(42,491)	(40,988)
Net defined benefit liabilities (listed as other non-current liabilities)	$	8,778	8,568

	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligations	$ 8,438	7,808
Fair value of plan assets	(9,567)	(8,977)
Net defined benefit asset (listed as "other non-current assets")	$ (1,129)	(1,169)

The Combined Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

a) Composition of plan assets

The retirement fund contributed by the Combined Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be 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 balances of the Taiwan Bank's special account for labor retirement reserves of the Combined Company were NT$ 52,058 thousand and NT$ 49,965 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

	2020	2019
Service cost and interest of the period	$ 57,364	66,577
Current service costs and interest cost (income)	708	1,197
Reduced benefits	-	(733)
Remeasurement of net defined benefit liabilities		
- Actuarial profits and losses due to experience adjustments	(176)	3,515
- Actuarial profits or losses arising out of changes in financial assumptions	4,022	2,083
Benefits that are planned to pay	(2,211)	(15,275)
Service cost and interest of the end period	$ 59,707	57,364

c) Changes in the fair value of planned assets

	2020	2019
Fair value of plan assets at beginning period	$ 49,965	59,364
Interest revenue	641	857
Remeasurement of net defined benefit liabilities		
- Actuarial loss	1,712	1,739
Funds contributed by the employer	1,951	3,280
Benefits paid by the plan	(2,211)	(15,275)
Fair value of plan assets at end period	$ 52,058	49,965

d) Change of asset upper limit impacts

The Combined Company did not determine the impact of the maximum number of assets of the benefit plans in 2020 and 2019.

e) Expenses recognized in profit or loss (interest)

	2020	2019
Service cost of period	$ -	263
Net interest on net defined benefit liability assets	67	77
Reduced benefits	-	(733)
	$ 67	(393)
Operating costs	$ 33	(368)
Operating Expenses	34	(25)
	$ 67	(393)

f) Re-measurements of the net defined benefit liability recognized as other comprehensive revenue

	2020	2019
Accumulated balance at beginning period	$ (19,790)	(15,931)
Recognition of the period	(2,134)	(3,859)
Accumulated balance at end of period	$ (21,924)	(19,790)

g) Actuarial assumptions

The significant actuarial assumptions used by the Combined Company to determine the present value of welfare obligations at the financial reporting date are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.75%	1.125%~1.25%
Future salary increases rate	2.00%	2.00%

The Combined Company expects to pay NT$ 1,956 thousand to the definitive benefit plan within one year after the reporting date in 2020. The weighted average duration of defined benefit plans is 15.27~19.48 years.

h) Sensitivity analysis

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	Impact on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2020		
Discount rate	(2,390)	2,505
Future salary increases rate	2,438	(2,334)
December 31, 2019		
Discount rate	(2,399)	2,516
Future salary increases rate	2,455	(2,353)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2) Defined contribution plans

The definite allocation plan of the Company and its domestic subsidiaries is in accordance with the provisions of the Labor Pension Regulations, and is allocated to the labor pension individual account of the Labor Insurance Bureau at a rate of 6% of the labor's monthly salary; foreign subsidiaries pay pensions in accordance with local laws and regulations. Under such plans, after the Combined Company allocates a fixed amount in accordance with regulations, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the method of determining the appropriation of pensions are as follows:

		2020	2019
Operating costs	$	38,012	44,860
Operating Expenses		23,643	25,624
	$	**61,655**	**70,484**

r. Income tax

1) Income tax expenses:

		2020	2019
Income tax expenses of the period			
Accrued in current year	$	41,090	15,481
Adjustments to income tax expenses of precious period		594	688
		41,684	16,169
Deferred income tax expenses			
Occurrence and reversal of temporary differences		57,933	49,039
Changes in unrecognized temporary differences		(301)	26,826
Unrecognized loss carryforwards changes		14,490	(14,281)
		72,122	61,584
Income tax expense	$	**113,806**	**77,753**

There was no income tax that was directly recognized in equity or other comprehensive profits and losses for the Combined Company in 2020 and 2019.

The reconciliation of income tax expenses and income before income tax was as follows:

	2020	2019
Income before income tax	$ 509,779	334,493
Income tax calculated by domestic tax rate of the Company's domicile	$ 101,956	66,899
Impact of tax rate difference in foreign administrative areas	784	(5,589)
Surtax on undistributed earnings	-	5,165
Non-deductible impairment and expenses	18,353	6,404
Changes in unrecognized temporary differences	(301)	26,826
Unrecognized loss carryforwards changes	14,490	(14,281)
Investment deduction	-	(1,549)
Previous income tax adjustment	594	688
Others	(22,070)	(6,810)
Income tax expense	$ 113,806	77,753

2) Deferred income tax assets and liabilities

a) Unrecognized deferred tax assets and liabilities

The temporary difference related to the investment subsidiary on December 31, 2020 and 2019, since the Company can control the time when the temporary difference turns back and is convinced that it will not be in the foreseeable future reverted, therefore, the related deferred income tax liabilities were not recognized; in addition, the Company and some of its subsidiaries assessed on each reporting date that it is not likely to have sufficient taxable income in the future for loss deduction, so the relevant deferred income tax assets have not been recognized, and the amounts are as follows:

Unrecognized deferred tax assets:

	Dec. 31, 2020	Dec. 31, 2019
Deductible loss	$ 222,020	207,530

Unrecognized deferred tax liabilities:

	Dec. 31, 2020	Dec. 31, 2019
Summary amount of temporary differences related to investment in subsidiaries	$ 79,862	79,561

As of December 31, 2020, the loss deduction and tax amount of the Combined Company's unrecognized deferred income tax assets, the deduction period is as follows:

Amount of deductible losses		The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$	4,568	1,142	2021
	106,431	26,608	2023
	89,924	22,481	2024
	136,640	34,160	2025
	81,083	20,271	2026
	119,945	29,986	2027
	165,176	39,934	2028
	165,452	39,253	2029
	40,927	8,185	2030
$	910,146	222,020	

b) Recognized deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

Deferred income tax assets:

		Allowance for loss of inventory depreciation	Deductible loss	Fixed asset tax differential	Others	Total
January 1, 2020	$	62,332	111,185	34,326	37,289	245,132
(Debit) credit revenue statement		6,632	(83,734)	(623)	6,760	(70,965)
Exchange differences arising on translation of financial statements of foreign operations		-	-	92	-	92
December 31, 2020	$	68,964	27,451	33,795	44,049	174,259
January 1, 2019	$	72,401	158,946	33,085	47,068	311,500
(Debit) credit revenue statement		(10,069)	(47,761)	1,568	(9,779)	(66,041)
Exchange differences arising on translation of financial statements of foreign operations		-	-	(327)	-	(327)
December 31, 2019	$	62,332	111,185	34,326	37,289	245,132

Deferred tax assets and liabilities:

		Reserve for land value increment tax	Others	Total
January 1, 2020	$	2,780	3,173	5,953
Debit (credit) income statement		-	1,157	1,157
Exchange differences arising on translation of financial statements of foreign operations		-	(92)	(92)
December 31, 2020	$	2,780	4,238	7,018
January 1, 2019	$	2,780	7,555	10,335
Debit (credit) income statement		-	(4,457)	(4,457)

Exchange differences arising on translation of financial statements of foreign operations	-	75	75
December 31, 2019	$ 2,780	3,173	5,953

As of December 31, 2019, the Combined Company has been recognized as deferred income tax assets for the loss deduction and its tax amount. The deduction period is as follows:

Amount of deductible losses	The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$ 108,268	21,654	2026
10,639	2,128	2027
4,363	872	2028
13,986	2,797	2029
$ 137,256	27,451	

c) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns through 2018.

s. Capital and other equity

1) Common stock

As of December 31, 2020 and 2019, the total value of nominal common stocks amounted to NT$ 4,000,000 thousand, with a par value of NT$ 10 per share, consisting of 4,000,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

The details of capital surplus of the Combined Company were as follows:

	Dec. 31, 2020	Dec. 31, 2019
Changes in net equity of associates accounted for using equity method	$ 11,427	5,618

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

3) Retained earnings

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, tax should be paid first to make up for previous losses, 10% of the statutory surplus reserve should be raised, and the special surplus reserve should be set aside or converted according to laws and regulations. If there is still surplus and accumulate undistributed surplus, the Board of Directors shall draft a surplus distribution plan and submit it to the shareholders meeting for resolution and distribution.

If the aforementioned profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders meeting.

According to the Company's Articles of Incorporation, the Company is a technology- and capital-intensive industry that is in the midst of a growth period. In order to cooperate with long-term capital planning and meet shareholders' demand for cash flow, the Company's dividend policy adopts a residual dividend policy to improve the Company's growth and sustainable operation. If the Company has a surplus after the annual final accounts, it shall pay taxes in accordance with the regulations to make up for the previous losses. The 10% of the second increase is the statutory surplus reserve, and after the special surplus reserve is drawn or converted in accordance with the law. If there is still a surplus, the dividend distribution shall not be less than 10% of the aforementioned calculated surplus. When dividends are distributed, in order to consider the needs of future expansion of the scale of operations and cash flow, the proportion of annual cash dividends shall not be less than 10% of the combined cash and stock dividends of the current year.

a) Legal reserve

When there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in amount.

b) Special reserve

According to FSC No. 1010012865 dated April 6, 2002, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the same amount of special surplus reserve is drawn from the current profit and loss and the undistributed surplus in the previous period; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

c) Earnings distribution

The 2019 and 2018 distributions of earnings were resolved at the shareholders' meetings on June 18, 2020 and June 19, 2019, respectively. The dividends distributed to owners are as follows:

	2019		2018	
	Earnings Per Share (NT$)	**Amount**	**Earnings Per Share (NT$)**	**Amount**
Dividends to shareholders:				
Cash	$ 0.50	160,337	0.60	192,405

Relevant information can be inquired through channels such as public information observatories.

4) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined welfare plan	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2020	$ (36,865)	(19,863)	22,832	(33,896)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	2,096	-	-	2,096
Affiliated companies	(6,520)	-	-	(6,520)
Proceeds from the disposal of affiliated companies accounted for using equity method	343	-	-	343
Remeasurement of defined welfare plan	-	(2,134)	-	(2,134)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(43,423)	(43,423)
Balance as of December 31, 2020	$ (40,946)	(21,997)	(20,591)	(83,534)
January 1, 2019	$ 21,284	(16,004)	-	5,280
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	(57,924)	-	-	(57,924)
Affiliated companies	(225)	-	-	(225)
Remeasurement of defined welfare plan	-	(3,859)	-	(3,859)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	22,832	22,832
Balance as of December 31, 2019	$ (36,865)	(19,863)	22,832	(33,896)

5) Non-controlling equity (after tax)

	2020	2019
Balance at beginning of year	$ -	58,152
Effects of retrospective application of new IFRSs	-	(117)
Balance after restatement at the beginning of period	-	58,035
Share attributable to non-controlling interests:		
Net loss of the period	-	(384)
Changes in ownership interests in subsidiaries	-	(57,740)
Exchange differences arising on translation of financial statements of foreign operations	-	89
	$ -	-

t. Earnings per share

1) Basic earnings per share

	2020	2019
Net profit attributable to holders of common equity of the Company	$ 395,973	257,124
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Basic earnings per share (NT$)	$ 1.23	0.80

2) Diluted earnings per share

	2020	2019
Net profit attributable to holders of common equity of the Company	$ 395,973	257,124
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):		
Impact of employee compensation	2,304	2,250
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)	322,979	322,925
Diluted earnings Per Share (NT$)	$ 1.23	0.80

u. Revenue from contracts with customers

1) Disaggregation of revenue

	2020		
	Film sheet segment	Other sectors	Total
Primary geographical markets:			
China	$ 8,990,614	701,394	9,692,008
Taiwan	4,468,700	430,694	4,899,394
Others	223,021	235,525	458,546
	$ 13,682,335	1,367,613	15,049,948
Main products/services:			
Functional sheet	$ 13,682,335	-	13,682,335
Others	-	1,367,613	1,367,613
	$ 13,682,335	1,367,613	15,049,948

	2019		
	Film sheet segment	Other sectors	Total
Primary geographical markets:			
China	$ 8,043,901	605,787	8,649,688
Taiwan	4,364,445	493,358	4,857,803
Others	114,961	320,517	435,478
	$ 12,523,307	1,419,662	13,942,969
Main products/services:			
Functional sheet	$ 12,523,307	-	12,523,307
Others	-	1,419,662	1,419,662
	$ 12,523,307	1,419,662	13,942,969

2) Contract balances

	Dec. 31, 2020	Dec. 31, 2019	Jan. 1, 2019
Notes receivables and accounts receivables (including related parties)	$ 2,374,348	1,854,938	2,317,660
Deduction: Allowance for loss	(23,480)	(23,359)	(24,773)
Total	$ 2,350,868	1,831,579	2,292,887

Refer to Note 6 [4] for details on accounts receivable and related loss allowance.

v. Employee and directors' compensation

According to the Company's Articles of Incorporation, if there is any profit in the year, 5-20% shall be allocated for employee compensation and no more than 1% for directors' compensation When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The employee compensation in the preceding paragraph may include employees of affiliated companies who meet certain conditions for the payment of stocks or cash.

In 2020 and 2019, the Company's employee bonus was set aside for NT$55,119 thousand and NT$ 36,035 thousand, respectively, and the director's bonus was set aside for NT$ 4,134 thousand and NT$ 2,703 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2020 and 2019. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company decided by the Board of Directors is not different from the estimated amount in the Company's individual financial reports for the year of 2020 and 2019, and it is issued in cash. For the relevant information, please refer to the public information observatory Inquire.

w. Non-Operating Profit and Loss

1) Interest revenue

	2020	2019
Interests on bank deposits	$ 975	1,575

2) Other income

	2020	2019
Government subsidy revenue	$ 12,362	37,002
Dividend income	2,400	-
	$ 14,762	37,002

3) Other gains or losses

		2020	2019
Disposal of real estate, plant and equipment interests (losses)	$	(479)	276
Disposal of investments profits		11,975	-
Net foreign currency exchange losses		(80,982)	(33,759)
Net profits (losses) from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments		52,628	(20,267)
Others		14,409	20,222
	$	**(2,449)**	**(33,528)**

4) Financial costs

		2020	2019
Interest expense of bank loans	$	(57,105)	(76,140)
Lease liabilities		(4,287)	(5,817)
	$	**(61,392)**	**(81,957)**

x. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

		Dec. 31, 2020	Dec. 31, 2019
Financial assets at fair value through profit or loss			
Foreign currency forward contracts	$	11,112	2,173
Foreign exchange swaps		7,146	6,523
Subtotal		18,258	8,696
Disposal of financial assets at fair value through profit or loss		59,309	101,232
Financial assets at amortized cost			
Cash and cash equivalents		148,243	196,254
Note receivables, account receivables, and other receivables (including related parties)		2,572,076	2,060,247
Other financial assets - Current-		15,836	4,639
Guarantee deposits paid		13,930	17,202
Subtotal		2,750,085	2,278,342
Total	$	**2,827,652**	**2,388,270**

b) Financial liabilities

	Dec. 31, 2020	Dec. 31, 2019
Financial liabilities at fair value through profit and loss		
Foreign currency forward contracts	$ 5,838	1,991
Financial liabilities measured at amortized cost:		
Short-term borrowings	150,000	56,800
Account payables and other receivables (including related parties)	4,617,207	3,715,910
Long-term borrowings (including loans due within one year)	1,614,624	1,993,000
Lease liabilities - Current and non-current (including related parties)	182,439	272,888
Guarantee deposits received	21,187	22,556
Subtotal	6,585,457	6,061,154
Total	$ 6,591,295	6,063,145

2) Information of fair value

a) Financial instruments that is not measured at fair value

The management of the Combined Company believes that the financial assets and financial liabilities of the Combined Company classified as amortized cost is close to their fair value in the Consolidated Financial Statements.

b) Financial instruments measured at fair value

The following financial instruments are measured at fair value on the basis of repeatability. The table below provides an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

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

ii. Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., price) or indirectly (i.e., derived from prices).

iii. Level 3: Level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable parameters).

	Dec. 31, 2020				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign currency forward contracts	$ 11,112	-	11,112	-	11,112
Foreign exchange swaps	7,146	-	7,146	-	7,146
	$ 18,258	-	18,258	-	18,258
Financial assets measured at fair value through profit or loss					
Stocks listed in the emerging stock market in Taiwan	$ 57,809	-	57,809	-	57,809
Non-listed Stocks	1,500	-	-	1,500	1,500
	$ 59,309	-	57,809	1,500	59,309
Financial liabilities at fair value through profit and loss					
Foreign currency forward contracts	$ (5,838)	-	(5,838)	-	(5,838)

	Dec. 31, 2019				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign currency forward contracts	$ 2,173	-	2,173	-	2,173
Foreign exchange swaps	6,523	-	6,523	-	6,523
	$ 8,696	-	8,696	-	8,696
Financial assets measured at fair value through profit or loss					
Stocks listed in the emerging stock market in Taiwan	$ 101,232	-	101,232	-	101,232
Financial liabilities at fair value through profit and loss					
Foreign currency forward contracts	$ (1,991)	-	(1,991)	-	(1,991)

3) The assessment methods and assumptions followed for assessing fair value

a) Non-derivative financial instruments

If there is open quotation to financial instruments at active market, then the open quotation will be taken as fair value.

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the aforesaid conditions fail, the market is not deemed as active.

The fair value of the domestic stocks held by the Combined Company is estimated based on the average transaction price of the stock market on the day.

The fair value of the Combined Company's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, the net worth of an entity and the operating performance. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Company does not disclose the quantitative information.

b) Derivative financial instruments

It is evaluated with evaluation model widely accepted by market users. Forward exchange contracts and exchange contracts are usually valued based on current forward exchange rates.

4) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2020 and 2019.

5) Statement of changes in Level 3 fair value hierarchy:

Financial assets measured at fair value through profit or loss

	2020	**2019**
Balance at beginning of year	-	-
Purchase of the period	1,500	-
Changes in other comprehensive profit and loss recognized in the current period	-	-
Balance at end of year	**1,500**	**-**

y. Financial risk management

The Combined Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and equity instrument price risk) due to its business activities. This note demonstrates the risk information of the aforementioned various risks of the Combined Company, and the Combined Company's policies and procedures for measuring and managing these risks, and quantitative disclosure.

The Board of Directors of the Combined Company is responsible for developing and controlling the risk management policy of the Combined Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Combined Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Combined Company's activities.

The management of the Combined Company supervises and reviews financial activities in accordance with relevant regulations and internal control systems. Internal auditors play a supervisory role and regularly report the review results to the Board of Directors.

1) Credit risk

Credit risk refers to the risk of the financial loss of the Combined Company due to the failure of the counterparty to perform the contractual obligations. As of the financial report date, the main potential credit risk of the Combined Company comes from financial assets such as bank deposits and accounts receivable from customers. The book value of the Combined Company's financial assets represents the maximum credit risk amount.

The deposits and derivative financial products of the Combined Company are traded in banks with good credit, and no significant credit risk will arise.

Due to the characteristics of the industry, the film sheet products of the Combined Company are concentrated in a small number of customers, which makes the Combined Company have a significant concentration of credit risk. As of December 31, 2020 and 2019, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 51% and 48%, respectively. The Combined Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2) Liquidity Risks

Current risk refers to the risk that the Combined Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations. The Combined Company regularly monitors current and expected medium and long-term funding needs, and manages liquidity risks by maintaining sufficient cash and cash equivalents and bank financing lines, and ensuring compliance with the terms of the loan contract.

The unused loan amounts of the Combined Company as of 31 December, 2020 and 2019 totaled NT$ 11,983,778 thousand and NT$10,251,183 thousand, respectively.

The following table illustrates the analysis of the remaining contractual maturity of financial liabilities during the agreed repayment period of the Combined Company, including interest payable, which is based on the earliest date on which the Combined Company may be required to repay and is compiled with undiscounted cash flows.

	Contract cash flow	Within 6 Months	612 months-	15 years-	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 151,052	617	150,435	-	-
Account payables (including related parties)	3,451,227	3,451,227	-	-	-
Other payables (including related parties)	1,165,980	1,165,980	-	-	-
Long-term borrowings (Floating rate)	1,692,558	8,059	8,155	1,310,787	365,557
Lease liabilities (including related parties)	186,104	39,854	47,708	98,542	-
Guarantee deposits received	21,187	4,074	912	15,981	220
	$ 6,668,108	4,669,811	207,210	1,425,310	365,777
Derivatives					
Foreign currency forward contracts - Total delivery:					
Inflows	$ (1,878,274)	(1,878,274)	-	-	-
Outflows	1,873,000	1,873,000	-	-	-
Foreign exchange swaps - Net delivery	(7,146)	(7,146)	-	-	-
	$ (12,420)	(12,420)	-	-	-
December 31, 2019					
Non-derivative financial liabilities					
Short-term borrowings	$ 56,849	56,849	-	-	-
Account payables (including related parties)	2,592,348	2,591,783	565	-	-
Other payables (including related parties)	1,123,562	1,123,562	-	-	-
Long-term borrowings (Floating rate)	2,090,222	14,785	14,706	2,060,731	-
Lease liabilities (including related parties)	280,800	40,081	47,913	192,806	-
Guarantee deposits received	22,556	2,992	3,529	15,756	279
	$ 6,166,337	3,830,052	66,713	2,269,293	279
Derivatives					
Foreign currency forward contracts - Total delivery:					
Inflows	$ (1,291,763)	(1,291,763)	-	-	-
Outflows	1,291,581	1,291,581	-	-	-
Foreign exchange swaps - Net delivery	(6,523)	(6,523)	-	-	-
	$ (6,705)	(6,705)	-	-	-

The Combined Company does not expect that the occurrence timing of cash flow analyzed on due date would arrive significantly earlier, or the actual amount would significantly vary.

3) Market risk

Market risk refers to the risk that changes in market prices, such as exchange rate, interest rate, and equity instrument price will affect the earnings of the Combined Company or the value of the financial instruments it holds. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment.

In order to manage market risks, the Combined Company engages in derivative transactions, and its use is regulated by the policies adopted by the Board of Directors. Generally, the Combined Company adopts hedging operations to manage profit and loss fluctuations.

a) Exchange Rate Risk

The Combined Company is exposed to exchange rate risk arising out of sales, procurement, and loan transactions through the functional currency valuation of the Group's enterprises. The functional currency of the Group enterprises is mainly NTD, followed by RMB and USD. These non-functional currency transactions are mainly denominated in USD and JPY.

The hedging strategy of the Combined Company is to sign forward foreign exchange contracts and exchange contracts to manage the exchange rate risk of the net foreign currency positions generated by the sales and purchase transactions that have occurred.

i. Risk and sensitivity analysis of exchange rate risk

The exchange rate risk of the Combined Company mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable (payment) (including related parties), other receivables (payments) (including related parties), bank loans, etc. Foreign currency exchange gains and losses occur at the time of conversion. The book values of major monetary assets and liabilities of the Combined Company that are not denominated in functional currencies at the reporting date are as follows (including monetary items denominated in non-functional currencies that have been offset in the Consolidated Financial Statements):

Currency Unit: NT$ Thousand

	December 31, 2020				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 92,367	28.350	2,618,604	1%	26,186
JPY	102,723	0.2749	28,239	1%	282
Financial liabilities					
USD	36,787	28.350	1,042,911	1%	10,429
JPY	7,228,465	0.2749	1,987,105	1%	19,871

	December 31, 2019				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**

Financial assets						
USD	$	68,255	30.106	2,054,885	1%	20,549
JPY		47,920	0.2771	13,279	1%	133
Financial liabilities						
USD		33,556	30.106	1,010,237	1%	10,102
JPY		5,218,153	0.2771	1,445,950	1%	14,460

As the Combined Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2020 and 2019, the foreign exchange gains (losses), including both realized and unrealized, amounted to NT$ 80,982 thousand and NT$ 33,759 thousand, respectively.

b) Interest rate risk

The Combined Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Combined Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Combined Company's net profit before tax for the year of 2020 and 2019 will decrease or increase by NT$ 17,646 thousand and NT$ 20,498 thousand, respectively, which was due to the floating interest rate borrowings of the Combined Company.

c) Price of equity instruments

The stocks of domestic listed companies and non-listed companies held by the Combined Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive profits and losses in 2020 and 2019 will increase/decrease by NT$ 2,965 thousand and NT$ 5,062 thousand.

z. Capital management

The Combined Company plans the capital management of the Combined Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

aa. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Combined Company through leasing in 2020 and 2019, please refer to Note 6 [10].

2) The adjustment of liabilities from financing activities is as follows:

	Jan. 1, 2020	Cash flow	Non-cash flow: Lease changes	Non-cash flow: Evaluation adjustment	Dec. 31, 2020
Short-term borrowings	$ 56,800	93,200	-	-	150,000
Long-term borrowings	1,993,000	(361,690)	-	(16,686)	1,614,624
Guarantee deposits received	22,556	(1,369)	-	-	21,187
Lease liabilities (including related parties)	272,888	(92,110)	1,661	-	182,439
Total liabilities from financing activities and capitalization	$ 2,345,244	(361,969)	1,661	(16,686)	1,968,250

	Jan. 1, 2019	Cash flow	Non-cash changes: Lease changes	Dec. 31, 2019
Short-term borrowings	$ 50,000	6,800	-	56,800
Long-term loan (including long-term loan due within one year)	2,050,221	(57,221)	-	1,993,000
Guarantee deposits received	23,203	(647)	-	22,556
Lease liabilities (including related parties)	361,485	(99,261)	10,664	272,888
Total liabilities from financing activities and capitalization	$2,484,909	(150,329)	10,664	2,345,244

7. Related Party Transactions

a. The names and relationships of related parties

Name of related parties	Relationship with the Combined Company
Qisda Corporation	Parent company of the Combined Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Combined Company
Cenefom Corp. (Cenefom)	Affiliated company of the Combined Company
MLK Bioscience Co., Ltd.	Affiliated company of the Combined Company
Visco Technology Sdn. Bhd.	A subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
AU Optronics Corporation (AUO)	Affiliated company of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Affiliated company of Qisda
Suzhou Darfon Electronics Co., Ltd.	A subsidiary of Darfon
AU Optronics (L) Co. (AUL)	A subsidiary of AUO
AFPD Pte., Ltd.	A subsidiary of AUO
AU Optronics (Suzhou) Corporation (AUS)	A subsidiary of AUO
AU Optronics (Kunshan) Corporation	A subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	A subsidiary of AUO
AU Optronics (Shanghai) Co., Ltd.	A subsidiary of AUO

(Continued on the next page)

(Continued from the previous page)

AU Optronics (Slovakia) Co., Ltd.	A subsidiary of AUO
AUO Care (Suzhou) Co., Ltd.	A subsidiary of AUO
Jingzhi Electronics (Hefei) Co., Ltd.	A subsidiary of AUO
Darwin Precision Industry (Xiamen) Co., Ltd.	A subsidiary of AUO
Darwin Precision Industry (Suzhou) Co., Ltd.	A subsidiary of AUO
Darwin Precision Industry Corporation	A subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co., Ltd.	A subsidiary of AUO
Dazhihui Intelligent Manufacturing (Suzhou) Co., Ltd.	A subsidiary of AUO
Edgetech Info-Technology (Suzhou) Co., Ltd.	A subsidiary of AUO
U-Fresh Sustainable Technology (Suzhou) Co., Ltd.	A subsidiary of AUO
DFI Inc.	A subsidiary of Qisda
Nanjing BenQ Medical Hospital (NMH)	A subsidiary of Qisda
Suzhou BenQ Medical Hospital (SMH)	A subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou) Co., Ltd.	A subsidiary of Qisda
Aon Medical Equipment Co., Ltd.	A subsidiary of Qisda
Darly Venture Inc.	A subsidiary of Qisda
Darly Consulting Corporation	A subsidiary of Qisda
BenQ Asia Pacific Corporation	A subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	A subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	A subsidiary of Qisda
BenQ Asia Pacific India Co., Ltd.	A subsidiary of Qisda
BenQESCO	A subsidiary of Qisda
BenQ Guru Corporation	A subsidiary of Qisda
BenQ Corporation	A subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	A subsidiary of Qisda
BenQ Dialysis Technology Corporation	A subsidiary of Qisda
Partner Tech Corp.	A subsidiary of Qisda
BenQ Medical Technology Corporation	A subsidiary of Qisda
BenQ AB DentCare Corporation	A subsidiary of Qisda
Best-Sound International Trading Co., Ltd.	A subsidiary of Qisda
BenQ Business Solution (Shanghai) Co., Ltd.	A subsidiary of Qisda
Suzhou Qisda Optoelectronics Co., Ltd.	A subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	A subsidiary of Qisda
Suzhou Qisda Co., Ltd.	A subsidiary of Qisda
Suzhou Qisda Precision Industry Co., Ltd.	A subsidiary of Qisda
Sysage Technology Co., Ltd.	A subsidiary of Qisda
Expert Alliance System & Consultancy Co., Ltd.	A subsidiary of Qisda
Ace Pillar Co., Ltd.	A subsidiary of Qisda
Data Image Corporation	A subsidiary of Qisda
Aewin Technologies Co., Ltd.	A subsidiary of Qisda

b. Significant transactions with related parties:

1) Operating revenue

		2020	2019
Other related parties:			
AUO	$	3,967,849	4,052,092
AUS		1,084,361	1,227,025
AUX		699,625	807,828
AUL		-	3,731
Others		26,469	10,421
Affiliated companies		72,305	49,977
Parent company		57	129
	$	5,850,666	6,151,203

The transaction price sold to related parties is not significantly different from the general sales price, except that there is no general transaction price to compare due to the different specifications of some commodities. The collection period is 90~120 days, which is not significantly different from ordinary transactions.

2) Purchases

		2020	2019
Affiliated companies	$	218,095	225,911
Other related parties		25	627
	$	218,120	226,538

The price at which the Combined Company purchases goods from related parties cannot be compared with the general transaction price due to different product specifications. It is performed in accordance with the agreed purchase price and conditions.

3) Property transaction

The acquisition prices of various assets acquired by the Combined Company from related parties are summarized as follows:

Related parties category	Account item		2020	2019
Parent company	Intangible assets	$	1,535	1,031
Other related parties	Machinery equipment		-	672
Other related parties	Intangible assets		5,422	2,363
		$	6,957	4,066

4) Lease

The Combined Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. The recognized interest expenses in 2020 and 2019 were NT$ 4,117 thousand and NT$ 5,570 thousand respectively. The balance of lease liabilities as of December 31, 2020 and 2019 was NT$ 174,068 thousand and NT$ 262,069 thousand, respectively.

The Combined Company leases workshops and offices to other related parties, and the rental income is summarized as follows:

	2020	2019
Other related parties	$ 1,755	1,363

5) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Combined Company are as follows:

Account item	Related parties category	Dec. 31, 2020	Dec. 31, 2019
Account Receivables - Affiliates Net Amount	Other related parties - AUO	$ 694,443	13,217
	Other related parties - AUX	83,116	26,818
	Other related parties - AUS	141,989	10,893
	Other related parties - Others	16,265	3,349
	Affiliated companies	18,632	15,351
	Subtotal	954,445	69,628
Other receivables—related parties	Other related parties	55	159
	Affiliated companies	-	5
	Subtotal	55	164
		$ 954,500	69,792

The Combined Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

December 31, 2020

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Mega International Commercial Bank	$ 423,739	-	379,786	43,953	1.05%	Guaranteed promissory note	150,000
CTBC Bank Co., Ltd. ESG	293,008	-	263,408	29,600	1.00%	Guaranteed promissory note	51,030
	$ 716,747	-	643,194	73,553			201,030

December 31, 2019

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Mega International Commercial Bank	$ 986,245	-	887,620	98,625	2.54%~2.66%	Guaranteed promissory note	150,000
CTBC Bank Co., Ltd. ESG	524,853	-	472,368	52,485	2.35%	Guaranteed promissory note	54,191
	$1,511,098	-	1,359,988	151,110			204,191

6) Payables to related parties

In summary, the details of the amounts due to related parties by the Combined Company are as follows:

Account item	Related parties category	Dec. 31, 2020	Dec. 31, 2019
Accounts payable - related parties	Affiliated companies	$ 29,766	21,830
Other payables - related parties	Other related parties	16,180	18,277
	Affiliated companies	38	-
	Subtotal	16,218	18,277
		$ 45,984	40,107

c. Compensation of major managerial personnel

	2020	2019
Short-term employee benefits and compensation	$ 46,357	46,783
Retirement benefits	324	324
	$ 46,681	47,107

8. Pledged Assets

The details of the carrying value of pledged assets by the Combined Company were as follows:

Asset name	Purpose of Pledge	Dec. 31, 2020	Dec. 31, 2019
Land, buildings and structures	Long-term borrowings	$ 650,368	698,407
Other financial assets current deposit certificates--	Customs deposits	10,668	-
Other financial assets current deposit certificates--	Letter of credit guarantee	198	-
		$ 661,234	698,407

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

Significant unrecognized contract commitment:

	Dec. 31, 2020	Dec. 31, 2019
Unused letters of credit issued	$ 933,883	932,174
Signed and unpaid major engineering and equipment payments	205,457	169,532

10. Significant Loss from Disaster: None

11. Significant Subsequent Events: None.

12. Others:

a. The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions	2020			2019		
Types of functions	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,222,760	615,920	1,838,680	1,174,251	595,024	1,769,275
Labor insurance and national health insurance	85,349	39,043	124,392	93,171	40,958	134,129
Pension expenses	38,045	23,677	61,722	44,492	25,599	70,091
Other employee benefits expenses	70,679	25,194	95,873	67,901	24,467	92,368
Depreciation	517,791	62,049	579,840	524,778	121,247	646,025
Amortization expenses	14,164	26,132	40,296	10,853	18,238	29,091

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2020, the Combined Company shall re-disclose the relevant information of significant transactions as follows:

1) Financing provided to other parties:

Currency Unit: NTD Thousand

No.	Creditor	Borrower	General ledger account	Related party	Maximum balance during the period	Ending balance	Amount Actually Drawn	Interest rate	Nature of loan (Note 2)	Transaction Amounts	Reason for short-term financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	BMS (Note I)	BenQ Material (Wuhu) Co., Ltd.	Other receivables-related parties	Yes	1,149,120 (RMB265,000)	1,145,224 (RMB265,000)	893,275 (RMB206,700)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124
2	BMS (Note I)	BenQ Materials Medical Supplies (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	130,089 (RMB30,000)	129,648 (RMB30,000)	30,251 (RMB7,000)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124
3	BMS (Note I)	Suzhou Sigma Medical Supply Co., Ltd.	Other receivables-related parties	Yes	86,726 (RMB20,000)	86,432 (RMB20,000)	38,894 (RMB9,000)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124

(Note 1) The total amount of the BMS fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of BMS with the certificate of accountant.

(Note 2) Those who have business dealings with the nature of capital loans are 1, and 2 for those who require short-term financing.

(Note 3) It has already been written off during compilation of the Consolidated Financial Statements.

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint equity):

Name of Company Held	Type and Name of Marketable Securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Highest Ownership Level or Capital Invested during the Period		Note
				Shares	Book amount	%	Fair value	Shares	%	
The Company	Shares of Biodenta Corporation	-	Financial assets at fair value through profit or loss	225	(Note)	2.50%	-	225	2.50%	
The Company	Shares of Lagis Corporation	-	Disposal of financial assets at fair value through profit or loss	1,680	57,809	5.25%	57,809	1,680	5.25%	
The Company	Kangde Biomedical Corporation	-	Disposal of financial assets at fair value through profit or loss	150	1,500	11.03%	1,500	150	11.03%	

(Note): It was recognized in full as impairment losses.

4) The cumulative amount of purchase or selling the same securities reaches NT$ 300 million or more than 20% of the paid-in capital: None.

5) The amount of real estate acquired reaches NT$ 300 million or more than 20% of the paid-in capital: None.

6) The amount of disposition of real estate reaches NT$ 300 million or more than 20% of the paid-in capital: None.

7) Those who purchase or sell with a related party in the amount of NT$100 million or more than 20% of the paid-in capital:

Vendor/ Customer	Counter-party	Relationship	Transaction details				Unusual Transaction Terms and Reasons		Note and account receivables (paid)		Commentary
			Purchase (sale) goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,967,849	28%	OA90	(Note I)	(Note 2)	694,443	29%	-
The Company	AUS	Other related parties	Sale	1,084,361	8%	OA90	"	"	141,989	6%	-
The Company	AUX	Other related parties	Sale	699,625	5%	OA90	"	"	83,116	3%	
The Company	BMM	Parent company and subsidiaries	Sale	144,835	1%	OA120	"	"	85,126	4%	(Note 4)
The Company	BMW	Parent company and subsidiaries	Sale	110,988	1%	OA180	"	"	99,660	4%	(Note 4)
Suzhou Sigma-Medical	BMM	Other related parties	Sale	101,493	42%	OA90	"	"	79,218	77%	(Note 4)
The Company	BMS	Parent company and subsidiaries	Purchase	(760,711)	7%	OA90	(Note 2)	"	(73,537)	2%	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Purchase	(261,107)	2%	OA90	"	"	(141,075)	4%	(Note 4)
The Company	Visco	Affiliated companies	Purchase	(217,502)	2%	OA30	"	"	(29,740)	1%	-
The Company	BMW	Parent company and subsidiaries	Purchase	(105,597)	1%	OA90	"	"	(6,347)	-	(Note 4)

(Note 1): The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

(Note 2): The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

(Note 3): There is no significant difference between the transaction price and general transaction.

(Note 4): already written off during compilation of the Consolidated Financial Statements.

(Note 5): For purchases and sales with related parties, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counter-party	Relationship	Balance Dues from Related Parties	Turnover rate (Note I)	Overdue amount receivables from related parties		Subsequently Recovered Amount from Related Party	Allowance for allowance for loss amount
					Amount	Way of disposal		
The Company	AUO	Other related parties	694,443	3.75	-	-	-	-
The Company	AUS	Other related parties	141,989	3.30	-		-	-
Sigma-Medical	The Company	Parent company and subsidiaries	141,075	3.70	-	-	7,800	-

(Note 1): The turnover rate is calculated by adding back the amount of account receivables sold to financial institutions.

9) Engaged in derivative transaction: For information on the transaction of derivative financial products by the Combined Company, please refer to Note 6 [2] of the Consolidated Financial Statements.

10) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Counter-party	Transaction object	Relationship with Counter-party	Transaction details (Note 3)			Ratio to consolidated total operating income or total assets (Note 4)
				Accounts	Amount	Transaction conditions	
1	The Company	DTB	1	Sale	22,875	OA120	0.15%
1	The Company	DTB	1	Accounts receivable	165	OA120	-
2	The Company	BMM	1	Sale	144,835	OA120	0.96%
2	The Company	BMM	1	Accounts receivable	85,126	OA120	0.77%
3	The Company	BMW	1	Sale	110,988	OA180	0.74%
3	The Company	BMW	1	Accounts receivable	99,660	OA180	0.90%
4	BMS	The Company	2	Processing income	760,711	OA90	5.05%
4	BMS	The Company	2	Accounts receivable	73,537	OA90	0.66%
5	Sigma-Medical	The Company	2	Sale	261,107	OA90	1.73%
5	Sigma-Medical	The Company	2	Accounts receivable	141,075	OA90	1.28%
6	Suzhou Sigma-Medical	BMM	3	Sale	101,493	OA90	0.67%
6	Suzhou Sigma-Medical	BMM	3	Accounts receivable	72,918	OA90	0.66%

(Note 1): Instruction for numbering.

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

(Note 2): The type of relations with transaction party is marked as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries

(Note 3): For business relations and important transactions between parent-subsidiary companies, only the date about sales and accounts receivable is disclosed, to the exclusion of the other party's sales and accounts receivable.

(Note 4): Divide the transaction amount by the consolidated operating income or consolidated total assets.

(Note 5): already written off during compilation of the Consolidated Financial Statements.

b. Information on reinvestment:

The information on the reinvestment business of the Combined Company in 2020 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Highest Ownership Level or Capital Invested during the Period		Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount	Shares	%			
The Company	BMLB	Malaysia	Holding company	1,141,340	1,141,340	35,082	100.00%	1,512,863	35,082	100.00%	13,349	13,349	(Note I)
The Company	Sigma-Medical	Taiwan	Sales and manufacturing of medical equipment	560,000	560,000	40,000	100.00%	451,871	40,000	100.00%	(43,874)	(43,012)	(Note I)
The Company	Visco	Taiwan	Manufacturing and sales of contact lenses	177,811	180,523	9,834	17.97%	168,232	9,984	18.58%	126,819	13,525	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	29,127	29,127	1,095	12.12%	13,137	2,190	12.12%	(20,822)	(2,523)	
The Company	Taikei	Taiwan	Development, manufacturing, and sales of medical equipment	10,001	-	525	20.00%	9,622	525	20.00%	(1,896)	(379)	
The Company	Buticon International Corporation	Taiwan	Sales and development of medical equipment	6,000	-	217	20.00%	5,885	217	20.00%	(564)	(113)	

(Note 1): It has already been written off during compilation of the Consolidated Financial Statements.

c. Information on investments in mainland China:

1) Information on reinvestments in mainland China

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note I)	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - Beginning of the period	Profit or Loss of Invested Company in the Current Period	Percentage of ownership through the Company's direct or indirect investment	Highest Ownership Level or Capital Invested during the Period		Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2019	Investment profits repatriated by the end of the current period
					Remit	Receive				Shares	%			
BENQ Materials (Suzhou) Corp. ("BMS")	Processing of functional film products	822,150 (USD29,000)	(III)	822,150 (USD29,000)	-	-	822,150 (USD29,000)	19,843	100.00%	-	100.00%	19,843 (Note 2)	1,889,124 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,538 (RMB11,000)	(II)	-	-	-	-	(7,726)	100.00%	-	100.00%	(7,726) (Note 2)	(8,256) (Note 4)	-
BenQ Materials	Manufacture and	345,728	(III)	172,864	-	-	172,864	16,536	100.00%	-	100.00%	10,226	(408,622)	-

(Wuhu) Corp.	sales of film sheet and cosmetic-related products	(RMB80,000)		(RMB40,000)			(RMB40,000) (Note 3)					(Note 2)	(Note 4)	
BenQ Materials Medical Supplies (Suzhou) Co. Ltd. (BMM)	Sales and manufacturing of medical equipment	64,824 (RMB15,000)	(II)	-	-	-	-	(6,830)	100.00%	-	100.00%	(6,830) (Note 2)	56,645 (Note 4)	-
Suzhou Sigma Medical Supply Co., Ltd.("SGS")	Sales and manufacturing of medical equipment	45,133 (USD1,592)	(I)	45,133 (USD1,592)	-	-	45,133 (USD1,592)	(11,844)	100.00%	-	100.00%	(11,844) (Note 2)	30,147 (Note 4)	-

(Note 1): Ways of investments are as follows:

1. Direct investment in mainland companies.
2. Reinvestment the surplus of BMLB to China.
3. Investing in mainland companies through the establishment of companies in the third region.

(Note 2): The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.

(Note 3): Excluding the reinvestment of RMB 10,950 thousand reinvested by BMLB.

(Note 4): It has already been written off during compilation of the Consolidated Financial Statements.

2) Limits on investments in mainland China:

Currency Unit: NTD Thousand

Company name	**Cumulative investment amount remitted from Taiwan to the mainland at the end of the period**	**Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee**	**Upper Limit on Investment Authorized by MOEAIC**
BMC	995,014 (USD29,000 and RMB40,000)	1,107,160 (USD29,000 and RMB65,950)	(Note)
SGM	45,133 (USD1,592)	45,133 (USD1,592)	206,293

It is converted according to the exchange rate of USD to NTD of 28.350 and RMB to NTD of 4.3216 at the end of the period.

(Note) The Company has already acquired the certificate of corporate operation headquarters, so there is no limit on investment in mainland China.

3) Material transactions with investee companies in Mainland China: None

Please refer to the "Information on significant transactions" section for direct or indirect transactions between the Combined Company and investees in mainland China for 2020 which have been written off during the preparation of the Consolidated Financial Statements.

d. Information on major shareholders

Unit: Shares

Shareholding / Name	**Holding Shares**	**Share Ownership %**
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

The reportable business segment of the Combined Company is only the film sheet segment. The film sheet segment is mainly engaged in the sales, manufacturing and research, and development of various electronic chemical membrane products.
Other operating departments of the Combined Company include sales, manufacturing and research and development of medical products and sales of contact lenses. These segments did not meet any quantitative thresholds for reporting segments in 2020 and 2019.
The accounting policies of the transportation segment, except for operating expenses and non-operating income (expenses) that cannot be directly attributable to each operating department, it is calculated based on the proportion of the revenue (or headcount) of each operating segment to the total revenue (or headcount). The income tax expense is not apportioned but directly included outside the film sheet segment, and the rest is the same as the summary of the important accounting policies described in Note 4. In addition to the non-apportionment of the profit and loss share of the Combined Company that adopts the equity method, the profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating performance. The Combined Company deems the inter-unit sales and transfer as transaction with third parties.
The information and adjustments to operating units of the Combined Company are as follows:

	2020			
	Film sheet segment	**Other sectors**	**Adjustments and elimination**	**Total**
Revenue from external customers	$ 13,682,335	1,367,613	-	15,049,948
Intersegment revenue	-	-	-	-
Total revenue	**$ 13,682,335**	**1,367,613**	**-**	**15,049,948**
Segment profit or loss	**$ 376,848**	**8,615**	**-**	385,463
Shares of profits of associates accounted for using the equity method				10,510
Net profit				**$ 395,973**

	2019			
	Film sheet segment	**Other sectors**	**Adjustments and elimination**	**Total**
Revenue from external customers	$ 12,523,307	1,419,662	-	13,942,969
Intersegment revenue	-	-	-	-
Total revenue	**$ 12,523,307**	**1,419,662**	**-**	**13,942,969**
Segment profit or loss	**$ 158,757**	**40,439**	**-**	199,196
Shares of profits of associates accounted for using the equity method				57,544
Net profit				**$ 256,740**

a. Product and service information

The Combined Company's revenue information from external customers is as follows:

Product and service name	**2020**	**2019**
Functional sheet	$ 13,682,335	12,523,307
Others	1,367,613	1,419,662
	$ 15,049,948	**13,942,969**

b. Regional information

The Combined Company distinguishes the following information with the revenue based on geographic location of customers and non-current assets based on geographical location of assets.

Region		**2020**	**2019**
Revenue from external customers:			
Mainland China	$	9,692,008	8,649,688
Taiwan		4,899,394	4,857,803
Other countries		458,546	435,478
	$	**15,049,948**	**13,942,969**

Region		**Dec. 31, 2020**	**Dec. 31, 2019**
Non-current assets:			
Taiwan	$	3,660,489	3,784,518
Mainland China		1,459,175	1,505,786
	$	**5,119,664**	**5,290,304**

Non-current assets include real estate, plant and equipment, right-of-use assets, investment real estate, intangible assets and other assets, but non-current assets that do not include financial instruments, deferred income tax assets and assets for retirement benefits.

c. Major customer information

		2020	**2019**
Customer A	$	3,967,849	4,052,092
Customer B		1,290,302	1,320,598
Customer C		1,084,361	1,227,025
	$	**6,342,512**	**6,599,715**

Independent Auditor's Report

To: The Board of Directors of BenQ Materials Corporation

Opinions on the audit

We have audited the Balance Sheets of BenQ Materials Corporation as of December 31, 2020 and 2019, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Individual Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of BenQ Materials Corporation as of December 31, 2020 and 2019, and its individual financial performance and cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis of opinions on the audit

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and Generally Accepted Auditing Standards. Our responsibility under those standards will be further described in the section titled "The Accountants' Responsibilities in Auditing the Individual Financial Statements." We have stayed independent from BenQ Materials Corporation as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 Individual Financial Statements of BenQ Materials Corporation and its subsidiaries. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters individually. The accountant's judgment should communicate the key audit matters on the audit report as follows:

I. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 (7) of the Individual Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Individual Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 [6] of the Individual Financial Statements.

Description:

Inventories of BenQ Materials Corporation are mainly film sheet products. Inventory is measured by the lower of cost and NRV. As BenQ Materials Corporation's inventory is easily affected by the market demand of the products used and the yield rate of the production process, resulting in sluggish or falling prices, inventory evaluation is one of the important evaluation items for the accountants to perform the review of Individual Financial Statements.

Our audit procedures performed in respect of the above area included the following:

The accountant's main audit procedures for the above key verification items include reviewing the inventory age report and analyzing the changes in the inventory age in each period; sampling and testing the inventory cost and net realizable value provided by BenQ Materials Corporation, as well as the inventory age report, reviewing the management and sales meeting to evaluate the situation of inventory depletion; evaluating whether the assessment of inventory has been in accordance with the accounting policies established by BenQ Materials Corporation; performing inventory retrospective testing to verify the rationality of the provision of bad debt losses.

II. Impairment of Property, plant, and equipment and intangible assets

For the accounting policies for impairment of non-financial assets, please refer to Note 4 (13) of the Individual Financial Statements; for accounting estimates and uncertainties of real estate, plant and equipment, and intangible assets, please refer to Note 5 of the Individual Financial Statements. For investment-related disclosures using the equity method, please refer to Note 6 [7] of the Individual Financial Statements.

Description:

The main business of BenQ Materials (Wuhu) Co., Ltd., a subsidiary of BenQ Materials Corporation (under the equity method of investment), is still in a state of loss, and there may be a significant risk of asset impairment. Since the assessment of asset impairment losses requires the use of forecasting and discounting future cash flows to estimate the recoverable amount of assets, and the estimated future cash flows involve subjective judgments of the Group management and are subject to significant uncertainty; therefore, the assessment of asset impairment is one of the important assessment items for the accountants to perform the audit of the Individual Financial Statements.

Our audit procedures performed in respect of the above area included the following:
The accountant's main audit procedures for the above key audit items are in addition to comparing the discount rate used by the management of BenQ Materials Corporation with internal and external information when estimating the recoverable amount of assets to assess its rationality. For the estimation of future cash flow, the main verification procedures include assessing the reasonableness of the forecast made by the Company's management in the past; compare the relevant information available internally and externally with the main assumptions made by the Company's management (including revenue growth rate, gross profit margin, operating expense rate) to assess the rationality of the assumptions.

The Management's Responsibility and Governing Body of the Individual Financial Statements

It is the management's responsibility to fairly present the Individual Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Individual Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing for the individual financial statement, responsibilities of the management also included assessment of the capacity to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of BenQ Materials Corporation if there was not any other option except liquidation or suspension of the Company's business.

The governing bodies of BenQ Materials Corporation (including the Audit Committee or the supervisors) have the responsibility to oversee the process by which the financial statements are prepared.

The Accountants' Responsibilities in Auditing the Individual Financial Statements

Our objectives are to obtain reasonable assurance on whether the Individual Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Individual Financial Statements. Misstatements can arise from fraud or error. Misstatements 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 Individual Financial Statements.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work in accordance with the generally accepted auditing standards. We also:

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Individual Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant 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. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.

3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Individual Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.

5. Evaluated the overall presentation, structure, and content of the Individual Financial Statements (including the related notes), and determined whether the Individual Financial Statements present related transactions and events fairly.

6. Acquire sufficient and appropriate audit evidence for the financial information of the investee company that adopts the equity method to express opinions on Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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 provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the Individual Financial Statements of BenQ Materials Corporation of 2020. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

CPA	CPA
Tsih-Jieh, Tang	Wei-Ming, Shih
Approved audit number:	Approved audit number:
FSC (6) No. 0940100754	FSC (6) No. 0950103298

February 25, 2021

<u>Notice to Readers</u>

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

BENQ MATERIALS CORPORATION

Balance Sheets
December 31, 2020 and 2019

Unit: NT$ thousand

Code	Assets	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 [1])	$ 95,267	1	137,623	1
1110	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	18,258	-	8,696	-
1120	Financial assets at fair value through other comprehensive income - Current (Note 6 [3])	57,809	1	101,232	1
1170	Notes receivable, net account (Note 6 [4], [18])	1,191,123	11	1,584,332	16
1180	Notes and accounts receivable - related parties net amount (Note 6 [4], [18] and 7)	1,183,882	11	292,984	3
1200	Other receivables (Note 6 [5] and 7)	219,033	2	226,774	2
1210	Other receivables-related parties (Note 6 [5] and 7)	5,462	-	5,367	-
1310	Inventories, net (Note 6 [6])	2,210,236	20	1,718,249	17
1470	Other current assets	149,523	1	73,319	1
1476	Other financial assets - current	4,970	-	4,639	-
	Total current assets	5,135,563	47	4,153,215	41
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - Non-current (Note 6 [3])	1,500	-	-	-
1550	Investments accounted for using equity method (Note 6 [7])	2,161,610	20	2,191,359	22
1600	Real estate, plant, and equipment (Notes 6 [8], 7, and 8)	3,229,360	30	3,195,212	32
1755	Right-of-use asset (Notes 6 [9])	172,249	2	256,045	3
1780	Intangible assets (Note 6 [10] and 7)	21,090	-	22,125	-
1840	Deferred tax assets (Note 6 [15])	137,353	1	206,028	2
1920	Guarantee deposits paid	3,717	-	3,661	-
1995	Other non-current assets	4,637	-	45,570	-
	Total non-current assets	5,731,516	53	5,920,000	59
	Total assets	$ 10,867,079	100	10,073,215	100

Code	Liabilities and Equity	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 [11])	$ 150,000	1	-	-
2120	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	5,838	-	1,991	-
2170	Accounts payable	3,312,781	30	2,462,865	24
2180	Accounts payable - related parties (Note 7)	255,599	3	153,433	2
2200	Other payables (Note 6 [7] [19])	899,311	8	867,461	9
2220	Other Payables to Related Parties (Note 7)	34,407	-	117,413	1
2281	Lease liabilities - Current (Note 6 [13])	2,626	-	3,252	-
2282	Lease liabilities - Related parties - Current (Note 6 [13] and 7)	82,289	1	80,467	1
2300	Other current liabilities	61,066	1	96,227	1
	Total current liabilities	4,803,917	44	3,783,109	38
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 [12] and 8)	1,614,624	15	1,960,000	19
2570	Deferred tax liabilities (Note 6 [15])	2,525	-	1,371	-
2581	Lease liabilities - Non-current (Note 6 [13])	5,745	-	7,567	-
2582	Lease liabilities - Related parties - Non-current (Note 6 [13] and 7)	91,779	1	181,602	2
2600	Other non-current liabilities (Note 6 [12], [14])	25,714	-	8,598	-
	Total non-current liabilities	1,740,387	16	2,159,138	21
	Total liabilities	6,544,304	60	5,942,247	59
	Equity (Note 6 [16])				
3110	Common stock	3,206,745	30	3,206,745	32
3200	Capital reserve	11,427	-	5,618	-
	Retained earnings:				
3310	Legal reserve	277,665	3	251,953	2
3320	Special reserve	33,896	-	-	-
3350	Balance of retained earnings	876,576	8	700,548	7
3400	Other equity	(83,534)	(1)	(33,896)	-
	Total equity	4,322,775	40	4,130,968	41
	Total liabilities and equity	$ 10,867,079	100	10,073,215	100

(See the attached notes to Individual Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen **General Manager: Ray, Liu** **Accounting Manager: James, Wang**

BENQ MATERIALS CORPORATION

Statements of Comprehensive Income
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

Code		2020 Amount	%	2019 Amount	%
4000	**Operating revenue (Note 6 [18] and 7)**	$ 14,207,202	100	13,058,534	100
5000	**Operating expenses (Notes 6 [6], [8], [9], [10], [13], [14], [19], 7, and 12)**	(12,366,320)	(87)	(11,220,817)	(86)
	Gross operating profit	1,840,882	13	1,837,717	14
5910	(Un) realized sales profit and loss	2,721	-	(10,908)	-
	Realized operating profit and loss	1,843,603	13	1,826,809	14
	Operating expenses (Notes 6 [4], [8], [9], [10], [13], [14], [19], 7, and 12):				
6100	Selling expenses	(483,161)	(4)	(485,919)	(4)
6200	General and administrative expenses	(163,361)	(1)	(163,375)	(1)
6300	Costs of research and development	(623,197)	(4)	(662,801)	(5)
	Total operating expenses	(1,269,719)	(9)	(1,312,095)	(10)
	Net Operating Income	573,884	4	514,714	4
	Non-operating income and expenses (Notes 6 [7], [12], [13], [20] and 7):				
7100	**Interest revenue**	207	-	843	-
7010	Other income	9,666	-	32,153	-
7020	Other profit and loss	(13,141)	-	(44,372)	-
7050	Financial cost	(59,524)	(1)	(78,930)	(1)
7070	Shares of profits of associates accounted for using the equity method	(19,153)	-	(102,798)	(1)
		(81,945)	(1)	(193,104)	(2)
	Income before income tax	491,939	3	321,610	2
7950	**Less: Income tax expense (Note 6 [15])**	(95,966)	-	(64,486)	-
	Net profit	395,973	3	257,124	2
	Other comprehensive profit (loss)				
8310	**Items that will not be reclassified to profit or loss (Notes 6 [7], [14], [16])**				
8311	Remeasurement of defined benefit plans	(2,067)	-	(2,297)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	(43,423)	(1)	22,832	-
8330	Share of other comprehensive income from subsidiaries accounted for using equity method	(67)	-	(1,562)	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		(45,557)	(1)	18,973	-
8360	**Items that may be reclassified subsequently to profit or loss (Note 6 [16])**				

8361	Exchange differences arising on translation of financial statements of foreign operations	(4,081)	-	(58,149)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		(4,081)	-	(58,149)	-
	Other comprehensive profit (loss)	(49,638)	(1)	(39,176)	-
8500	**Total comprehensive profit for the period**	**$ 346,335**	**2**	**217,948**	**2**
	Earnings per share (Unit: NT$) (Note 6[17])				
9750	**Basic earnings per share**	**$ 1.23**		**0.80**	
9850	**Diluted earnings per share**	**$ 1.23**		**0.80**	

(See the attached notes to Individual Financial Statements)

Chairman: **Zhien-Chi (Z.C.) Chen** **General Manager:** **Ray, Liu** **Accounting Manager:** **James, Wang**

BENQ MATERIALS CORPORATION

Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

			Retained earnings				Other equity item				
	Common stock	**Capital reserve**	**Legal reserve**	**Special reserve**	**Balance of retained earnings**	**Total**	**Exchange differences arising on translation of financial statements of foreign operations**	**Unrealized profits and losses of financial assets at fair value through other comprehensive income**	**Remeasurement of defined welfare plan**	**Total**	**Total equity**
Balance as of January 1, 2019	$ 3,206,745	2,734	219,095	-	692,009	911,104	21,284	-	(16,004)	5,280	4,125,863
Effects of retrospective application of new IFRSs	-	-	-	-	(19,779)	(19,779)	-	-	-	-	(19,779)
Adjusted balance as of January 1, 2019	3,206,745	2,734	219,095	-	672,230	891,325	21,284	-	(16,004)	5,280	4,106,084
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	32,858	-	(32,858)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(192,405)	(192,405)	-	-	-	-	(192,405)
Other changes in capital surplus:											
Change in capital surplus from investments in associates under equity method	-	2,885	-	-	-	-	-	-	-	-	2,885
Difference between prices of shares acquired from subsidiaries and book value	-	(1)	-	-	(3,543)	(3,543)	-	-	-	-	(3,544)
Net profit	-	-	-	-	257,124	257,124	-	-	-	-	257,124
Other comprehensive profit (loss)	-	-	-	-	-	-	(58,149)	22,832	(3,859)	(39,176)	(39,176)
Total comprehensive profit for the period	-	-	-	-	257,124	257,124	(58,149)	22,832	(3,859)	(39,176)	217,948
Balance as of January 1, 2019	3,206,745	5,618	251,953	-	700,548	952,501	(36,865)	22,832	(19,863)	(33,896)	4,130,968
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	25,712	-	(25,712)	-	-	-	-	-	-
Account for special reserve	-	-	-	33,896	(33,896)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(160,337)	(160,337)	-	-	-	-	(160,337)
Other changes in capital surplus:											
Change in capital surplus from investments in	-	5,809	-	-	-	-	-	-	-	-	5,8

associates under equity method											09
Net profit	-	-	-	-	395,973	395,9 73	-	-	-	-	395,9 73
Other comprehensive profit (loss)	-	-	-	-	-	-	(4,08 1)	(43, 423)	(2,13 4)	(49,63 8)	(49,63 8)
Total comprehensive profit for the period	-	-	-	-	395,973	395,9 73	(4,08 1)	(43, 423)	(2,13 4)	(49,63 8)	346,3 35
Balance as of December 31, 2020	**$ 3,206,745**	**11,427**	**277,665**	**33,896**	**876,576**	**1,188,137**	**(40,946)**	**(20,591)**	**(21,997)**	**(83,534)**	**4,322,775**

(See the attached notes to Individual Financial Statements)

Chairman: Zhien-Chi (Z.C.) Chen **General Manager: Ray, Liu** **Accounting Manager: James, Wang**

BENQ MATERIALS CORPORATION

Statements of Cash Flows
From January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

	2020	2019
Cash flows from operating activities		
Income before income tax for the period	$ 491,939	321,610
Adjusted items		
Depreciation	421,292	466,004
Amortization expenses	31,919	20,284
Expected credit losses	94	18
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss	(5,715)	11,125
Interest expenses	59,524	78,930
Interest revenue	(207)	(843)
Dividend income	(2,400)	-
Share of profit of subsidiaries accounted for under the equity method	19,153	102,798
Profits from disposal of real estate, plant, and equipment	(51)	-
Profits from disposal of investment using equity method	(11,975)	-
(Un)realized sales profits	(2,721)	10,908
Other non-current assets amortized to expenses	107,542	95,026
Amortization of syndication fee costs	1,900	1,900
Total adjustments to reconcile profit (loss)	618,355	786,150
Changes in operating assets/liabilities:		
Net changes in operating assets:		
Decrease (Increase) in note receivables and accounts	323,122	(147,636)
Account receivables - Decrease (increase) in related parties	(813,341)	355,126
Decreases (increases) in other receivables	177	(188)
Other account receivables - related parties decrease	(95)	63,011
Gain (less) in inventories	(491,987)	6,543

Increase in other financial instruments - current	(38,356)	(1,013)
Total net changes in operating assets	(1,020,480)	275,843
Total net changes in operating liabilities:		
Increase (decrease) in account payables	849,916	(267,975)
Increase (decrease) in account payables - related parties	102,166	(65,927)
Increase (decrease) in other payables	6,228	(2,515)
Increase (decrease) in other payables - related parties	(83,006)	96,973
Increase (Decrease) in other current liabilities	(35,161)	59,084
Decrease in net defined benefit liability	(1,857)	(1,983)
Total net changes in operating liabilities	838,286	(182,343)
Total net changes in operating assets and liabilities	(182,194)	93,500
Total adjustments	436,161	879,650
Cash inflow generated from operations	928,100	1,201,260
Interests received	207	843
Interest payment	(59,838)	(78,641)
Refund (payment) of income tax	24	(12,863)
Net cash flow from operating activities	868,493	1,110,599

(Continued on the next page)

(Continued from the previous page)

	2020	2019
Cash flows from investing activities		
Proceeds from acquisition of financial assets at fair value through profit or loss	(1,500)	(78,400)
Acquisition of investment using the equity method.	(16,001)	-
Disposal of investment using the equity method.	14,955	-
Acquisition of real estate, plants and equipment	(371,236)	(478,806)
Disposal of real estate, plants and equipment	1,154	3,850
Increase in Guarantee Deposits Paid	(56)	(808)
Acquisition of intangible assets	(30,884)	(34,520)
Decrease (increase) in other financial assets	(331)	1,205
Increase in other non-current assets	(106,388)	(105,211)
Dividends received	30,355	1,997
Dividends received	(479,932)	(690,693)
Net cash outflows from investing activities		
Increase in short-term borrowings	150,000	-
Proceeds from long-term borrowings	7,131,310	10,860,000
Repayments of long-term borrowings	(7,460,000)	(10,900,000)
Increase in guarantee deposits received	220	-
Repayments of lease principal	(92,110)	(86,644)
Issuance of cash dividend	(160,337)	(192,405)
Purchase of subsidiaries' equity from non-controlling interests	-	(59,614)
Net cash outflows from financing activities	(430,917)	(378,663)
Increase (decrease) in cash and cash equivalents for the period	(42,356)	41,243
Cash and cash equivalents at beginning of period	137,623	96,380
Cash and cash equivalents at end of period	$ 95,267	137,623

(See the attached notes to Individual Financial Statements)

Chairman:	**General Manager:**	**Accounting Manager: James,**
Zhien-Chi (Z.C.) Chen	**Ray, Liu**	**Wang**

1. Company History

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 1999) was established on July 16, 1998, with the approval of the Ministry of Economic Affairs. The registered address is No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.). The main business items of the Company are manufacturing and sales of film sheet products and medical equipment.

2. Date and Procedures of Authorization of Financial Statements

The Individual Financial Statements were published upon approval by the Board of Directors on February 25, 2021.

3. Application of New, Amended and Revised Accounting Standards and Interpretations

a. The Impact of Adopting Newly Released and Revised Standards and Interpretations Endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Individual Financial Statements since January 1, 2020.

Amendment to IFRS 3, "Definition of Business."

Amendments to IFRS 9, IAS 39, and IFRS 7 "Changes in Interest Rate Indicators"

Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'

Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

b. Impacts of IFRS Endorsed by FSC but yet to come into effect

The Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2021, will not have a material impact on the Individual Financial Statements.

Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16 "Changes in Interest Rate Indicators - Phase 2."

c. Newly issued and amended standards and interpretations yet to be endorsed by the FSC

Impact of IFRSs Issued by IASB but not yet endorsed by the FSC on the Company is as follows:

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether 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 in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	2023.1.1

The Company is continuously evaluating the impact of the impacts on the financial status and operating results of the Company, and the relevant impact will be disclosed when the evaluation is completed.

The Company expects that the following other newly issued and revised standards that have not yet been approved by the FSC will not have a significant impact on the Individual Financial Statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- 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 IFRSs 2018-2020 cycle-
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

4. Summary of Significant Accounting Polices

The summary of the significant accounting policies used in this individual financial statement is described below. The following accounting policies have been consistently applied to all periods of the financial statements.

a. Statement of compliance

The Individual Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter refer to as the Regulations).

b. Basis of preparation

1) Basis of preparation

The Individual Financial Statements have been prepared on a historical cost basis except for the following significant accounts:

a) Financial instruments (including derivative financial instruments) measured at fair value through profit and loss;

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

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 [17].

2) Functional Currency and Presentation Currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The Individual Financial Statements were expressed in New Taiwan Dollars, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

c. Foreign Currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. On the end of each subsequent reporting period (hereinafter referred to as the reporting day). Monetary items in foreign currencies are converted into functional currencies at the exchange rate of the day. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2) Foreign operating agency

The assets and liabilities of foreign operation, including the business reputation and fair value adjustment are translated into functional currency according to the exchange rate on the reporting date; the income and expense items are converted into the expression currency of this individual financial statement based on the average exchange rate of the current period. And the exchange difference amount will be recognized as other comprehensive incomes.

Upon disposal of a foreign operating organization results in loss of control or significant influence, the accumulated exchange differences related to the foreign operating organization are fully reclassified as profit or loss. When partially disposing of subsidiaries containing foreign operation, the cumulative exchange difference amount will be re-attached to non-controlling equity according to proportion. When partially disposing of affiliated enterprises or joint investments containing foreign operation, the cumulative exchange difference amount will be re-classified into profit or loss according to proportion.

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 related foreign exchange gains and losses are a part of net investment in that foreign operation and thereon are recognized as other comprehensive income.

d. Assets and liabilities classified as current and non-current

The Company shall classify an asset as current when:

1) It is expected to be realized when the Company is operating, or intended to be sold or consumed in the normal operating cycle;

2) Assets are held primarily for trading purposes;
3) It is expected to be realized within twelve months after the reporting period; or
4) 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.

The Company shall classify all other assets as non-current. The Company shall classify a liability as current when:

1) It is expected to be settled in the normal operating cycle;
2) Liabilities held primarily for trading purposes;
3) It is due to be settled within twelve months after the reporting period; or
4) Liabilities that do not have the right to unconditionally defer the repayment period to at least twelve months after the reporting period. The liabilities provisions may be settled by issuing equity instruments at the option of the counterparty, and will not impact its classification.

e. Cash and Cash Equivalents

Cash includes cash on hand, check deposits and demand deposits. Cash equivalents refer to the short-term and highly liquidity investment that can be converted into quota cash at any time with little risk of value change. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding is to meet the short-term cash commitments rather than investment or other purposes.

f. Financial Instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1) Financial assets

At the time of initial recognition, financial assets are classified into: Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, and financial assets measured at fair value through profit or loss. When purchasing or selling financial assets according to transaction practice, accounting treatment on the transaction date is adopted.

The Company shall reclassify all the affected financial assets from the first day of the next reporting period only when changing the business model for managing financial assets.

a) Financial assets measured at amortized cost

When financial assets meet the following conditions and not designated at fair value through profit or loss, they are measured at amortized cost:

- The financial assets are held under the operation mode with the purpose of collecting contract cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

After the initial recognition of these assets, the effective interest rate method is adopted to measure the amortized cost minus the impairment loss. Interest income, foreign exchange profit or loss, and impairment loss are recognized in profit and loss. When derecognition, gain or loss is recognized in profit and loss.

b) Financial assets at fair value through other comprehensive income

A debt investment is measured at FVTOCI 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.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

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

Investors who are debt instruments are subsequently measured at fair value. Interest income, foreign currency exchange gains and losses and impairment losses calculated according to the effective interest method are recognized in profit and loss, and the remaining net gains or losses are recognized as other comprehensive gains and losses. At the time of derecognition, the accumulated other comprehensive profit and loss amount under equity is reclassified to profit or loss.

Equity instrument investors shall be measured at fair value subsequently. Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in profit and loss. The remaining net profits or losses are recognized as other comprehensive profits and losses. At the time of derecognition, other comprehensive profits and losses accumulated under equity are reclassified to retained earnings instead of to profits or losses.

The dividend income of equity investment shall be recognized on the date when the Company is entitled to receive dividends (usually the ex-dividend date).

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, 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 measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value, and net profits and losses (including dividend and interest incomes) originated from remeasurement are recognized in profit or loss.

d) Evaluate whether the contractual cash flow is entirely the interest of the payment of the principal and the amount of principal in circulation

According to the purpose of the evaluation, the principal is the fair value of the financial asset upon initial recognition and the interest is comprised of the following considerations: time value of money, credit risk associated with outstanding principal amounts in the period, other basic lending risks and costs, and profit margins.

When evaluating whether the contractual cash flows consist entirely of payments of the principal and interest on the principal amount outstanding, the Company considers the contractual terms of financial instruments including evaluations on whether financial assets include a provision in the contract that changes the timing or amount of the contractual cash flows in a way that would cause it not to meet this condition. When evaluating, the Company considers the following:

- Any contingency that changes the timing or amount of the contractual cash flows.
- Terms that may adjust the coupon rate of the contract including the characteristics of floating interest rates.
- Attributes of prepayments and deferrals; and
- The Company's claim is limited to the terms of the cash flows from specific asset (e.g., non-recourse terms).

e) Impairment of financial assets

The Company recognizes an allowance loss for expected credit losses of financial assets (including cash and cash equivalents, notes and accounts receivable, other receivables, deposits, and other financial assets, etc.) measured at amortized cost.

The loss allowance of the following financial assets is measured based on the expected credit losses amount in 12 months, and the remaining are measured based on the lifetime expected credit loss amount:

- The credit risk of bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance loss for accounts receivable is measured by the amount of expected credit loss during the duration.

Lifetime expected credit loss refers to the expected credit loss out of all possible defaults during the expected survival period of financial instruments

Twelve-month expected credit loss refers to the expected credit loss (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months) incurred by a financial instrument that may default within twelve months after the reporting date.

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 s historical experience and credit assessment, as well as forward-looking information.

Expected credit loss refers to the weighted estimate of credit loss probability during the expected survival period of financial instruments. The credit loss is measured by the present value of all cash shortfall, namely the difference between the cash flow that the Company can collect according to the contract and the expected cash flow that the Company will receive. Expected credit loss is discounted at the effective interest rate of financial assets.

The loss allowance of financial assets measured through amortized cost is deducted from the carrying amount of assets.

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount.

f) Derecognition of financial assets

The Company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the ownership of the asset have been transferred to other companies, or almost no ownership has been transferred or retained. When all risks and rewards are not kept under the control of the financial assets, the financial assets are derecognized.

When the Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

Debt and equity instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument refers to any contract that recognizes the remaining equity after deducting all liabilities from the assets of the Company. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

b) Financial liabilities

Financial liabilities are classified as amortized costs or the fair value measurement through profit or loss. Financial liabilities, if held for trading, derivatives or designated at the time of initial recognition, are classified as the fair value measurement through profit or loss. Financial liabilities measured at fair value through profit and loss are measured at fair value, and related net profits and losses, including any interest expenses, are recognized in profit and loss.

Financial liabilities measured at amortized cost are subsequently measured at the amortized cost using the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any profit or loss at the time of derecognize is also recognized in profit and loss.

c) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

d) Offsetting of financial assets and financial liabilities

The Company presents financial assets and liabilities on a net basis 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.

3) Derivative financial instruments

The Company holds derivative financial instruments to avoid risks of foreign currency and interest rates. The original recognition of derivatives is measured at fair value, and transaction costs are recognized as profit or loss; subsequent measurement is based on fair value, and the profits or losses arising from remeasurement are directly included in profit or loss. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

g. Inventory

Inventory is measured by the lower of cost and NRV. Cost includes cost and other costs for acquisition, manufacturing or processing to reach the usable place and status, and is calculated through weighted averaging. Among them, fixed manufacturing expenses are allocated to finished products and work-in-progress according to the normal production capacity or actual output of the production equipment, whichever is higher, and variable manufacturing expenses are allocated based on the actual output. The NRV is the expected selling price in the ordinary course of business, less the estimated cost of construction completion and the estimated costs necessary to make the sale.

h. Investment in the affiliated enterprises

Affiliated companies refer to those for which the Company has material influence upon their financial and operation policies but without controlling or joint controlling.

The Company adopts the equity method for handling the equity of affiliated companies. Under the equity method, the initial acquisition is recognized according to the cost, and the investment cost includes the transaction cost. The carrying amount of invested associates includes the goodwill recognized at the time of initial investment less any accumulative impairment loss. To assess impairment, the Company has to consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts. The cost of impairment identified is to be deemed as part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized within the scope of subsequent increase in the recoverable amount of the investment.

From the date of significant impact to the date of losing significant impact, the Company shall, after making adjustments for consistency with the Company's accounting policies, recognizes the amount of profit and loss and other comprehensive profits and losses of each investment related company based on the proportion of equity. When the equity of affiliated companies changes, not including profit and loss and other comprehensive profit and loss, and do not affect the shareholding ratio of the Company, the Company shall recognize all the equity changes as capital surplus according to the shareholding ratio.

Unrealized profits resulting from the transaction between the Company and the affiliated companies shall be recognized in the financial statements only within the scope of the interests of non-related party investors in the affiliated companies.

When the loss share of affiliated companies to be recognized by the Company is equal to or over its equity in them, the recognition of the loss is suspended, and only in the case of legal obligations, constructive obligations or within the scope of making payment for the invested company, additional loss or relevant liability will be recognized.

When an affiliated company issues new shares, if the Company does not subscribe according to the shareholding ratio, which causes the shareholding ratio to change, and thus the net equity value of the investment increases or decreases, the increase or decrease is adjusted to the capital reserve and the investment using the equity method; if this adjustment is to reduce the capital reserve, but the balance of the capital reserve generated by the investment using the equity method is insufficient, the difference will be debited to the retained surplus. However, if the Company does not subscribe in proportion to the shareholding ratio, which reduces its ownership and interest in the affiliated company, the amount previously recognized in other comprehensive profit and loss related to the related company is reclassified according to the reduction ratio, and the basis of accounting treatment is the same as the basis that the related company must follow if the related company directly disposes of the related assets or liabilities.

i. Investment in Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the Individual Financial Statements. The book value of the investment subsidiary includes the goodwill identified at the time of the original investment, deduct any accumulated impairment losses. Under the equity method, the current profit and loss and other comprehensive profit and loss of the Individual Financial Statements are the same as the apportionment of the current profit and loss and other comprehensive profit and loss attributable to the owners of the parent company in the financial report prepared on the basis of consolidation, and the owner's equity of the Individual Financial Statements is the same as the owner's equity attributable to the owners of the parent company in the financial report prepared on the basis of consolidation.

Changes in the ownership and equity of the subsidiary by the Company that does not result in the loss of control shall be treated as equity transactions with the owner.

j. Real estate, plants and equipment

1) Recognition and measurement

Real estate, plant, and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the service years of material part of property, plant, and equipment vary, they are deemed as independent items (main components) for treatment.

The profit or loss on disposal of the real estate, plant, and equipment is recognized in profit and loss.

2) Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company

3) Depreciation

The depreciation is calculated by capital cost less scrap value and is recognized in profit or loss based on the estimated service years of each component using the straight-line method. The land does not need to be depreciated. The rest of the estimated service life is: Machinery and equipment, 3-10 years; other equipment, 2-10 years; and houses and buildings are depreciated based on the estimated service life of their major components:

main buildings, 20-40 years; mechanical and electrical engineering and another engineering, 10-20 years.

The depreciation method, service life, and residual value are reviewed on each reporting day, and adjustments are postponed for the impact of any changes in estimates.

k. Leases

1) Identifying a lease

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease. To evaluate whether the contract is a lease, the Company evaluates the following items:

a) The contract involves the use of an identified asset, which is explicitly designated in the contract or implicitly designated when it is available for use, and its substance can distinguish or represent all the actual production capacity. If the supplier poses substantive rights to replace the asset, the asset is not an identified asset; and

b) the customer has the right to obtain substantially all of the economic benefits from use of an identified asset; and

c) To obtain the right to lead the use of identified assets when one of the following conditions is met:

- The client has the right to dominate the use method of identified assets and the purpose of use throughout the use period.
- The relevant decisions about the use method and purpose of use of the asset are determined in advance, and:
  - The client has the right to operate the asset throughout the use period, and the supplier has no right to change the operating instructions; or
  - The way in which the client plans the asset has pre-determined the way and purpose of use for the entire period of use.

2) Lessee

The Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing 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 Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Company is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease payments comprise as follows:

a) fixed payments, including in-substance fixed lease payments;

b) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

The lease liability subsequently accrues interest with the effective interest method, and its amount is measured when the following occurs:

a) changes in future lease payments resulting from changes in an index or a rate used to determine those payments;

b) change in the assessment of the lease term resulting from extension or termination of the exercise of the purchase option; or

c) lease modifications of the underlying asset, scope, and other terms and conditions.

When the lease liability is remeasured due to the aforementioned changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset shall be adjusted accordingly, and when the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

The changes in (iv) and (v) decreases the scope of a lease. When a lease modification decreases the scope of a lease, the carrying value of the right-of-use asset is decreased to reflect partial of full termination of the lease liability, and any gain or loss resulting from the aforementioned derecognition is immediately recognized in profit or loss.

The Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the Individual Balance Sheets.

For short-term leases of office equipment and leases of low-value underlying assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the related lease benefits as expenses on the straight-line basis during the lease term.

3) Lessor

For transactions in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

For operating leases, the Company uses a straight-line basis to recognize the lease payments received as rental income during the lease period.

l. Intangible assets

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses. The amortization amount is calculated based on the following estimated service life based on the straight-line method, and the amortization amount is recognized in the profit and loss: Purchased software, 1~3 years; other intangible assets, 5 years.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

m. Impairments of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is an indication that an asset may be impaired, then the Company estimates the recoverable amount of such assets. Goodwill is subject to impairment tests on a regular basis every year or when there are signs of impairment.

The purpose of the impairment test, a group of assets whose cash inflow is mostly independent of other individual assets or asset groups, is regarded as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

When the recoverable amount of an individual asset or a CGU is less than its carrying amount, an impairment loss is recognized . The impairment loss is recognized immediately in profit or loss, firstly by reducing the carrying amount of any goodwill allocated to the CGU, and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

n. Liability reserve

The recognition of provisions means a current obligation for past events so that in the future the Company is most likely to outflow resources with economic benefits to settle it, and the amount of the obligation can be reliably estimated.

The reorganization liability provision is recognized when the Company approves the detailed and formal reorganization plan and starts to proceed or publicly announces the reorganization plan. Provisions are not recognized for future operating losses.

o. Revenue recognition

The Company recognizes revenue when control of the products has transferred. The transfer of control over products means that products are delivered to customers with no unfulfilled obligations that may affect customers' acceptance of the products. Delivery occurs when the product is delivered to a specific location, the risk of loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, or the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes revenue on the basis of the contract price minus the estimated quantity discount and discount. The amount of the quantity discount and discount is estimated based on the expected value based on the accumulated experience in the past, and recognizes income within the scope of a major turnaround. As of the reporting date, the amount discounts and discounts expected to be paid to customers for related sales are recognized as refund liabilities (other current liabilities are accounted for).

The Company recognizes accounts receivable upon delivery of goods, because it enjoys the entitlement of collecting consideration unconditionally at this timing.

p. Government subsidies and government assistance

Government subsidies are only recognized when they can be reasonably assured that the Company shall comply with the conditions imposed by government subsidies and that such subsidies can be received. If the government subsidy is used to compensate fees or losses that had occurred, or is given to the Company for the purpose of immediate financial support without related future costs, it can be recognized as income within the collectible period.

For borrowings obtained from financial institutions by means of government credit guarantees, the Company calculates the fair value of the loans based on market interest rates. The difference between it and the amount received is recognized as deferred income. During the borrowing period, the deferred income is recognized as non-operating income - other income on a systematic basis.

q. Employee benefits

1) Defined contribution plans

Assignment obligations that should be contributed to defined contribution retirement benefit plans are recognized as employee benefit expenses under profit and loss when employees have rendered service.

2) Defined benefit plans

The net obligation of the Company to determine the benefit plan is calculated by converting the future benefit amount earned by the employee in the current period or the previous period into the present value for each benefit plan and deducting the amount of the fair value of any plan assets. The discount rate is the yield on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The net obligation of the defined benefit plan is calculated annually by a qualified actuary using the projected unit credit method.

When the benefit in the plan improves, the relevant expense for the part of incremental benefit for previous services by employees is immediately recognized as profit or loss.

The number of remeasurement of net defined benefit liabilities (assets) includes (1) actuarial profit or loss; (2) planned asset rewards, excluding the amount contained in net interest of net defined benefit liability (asset); and (3) any change in upper limit influence number of assets, excluding amount contained in net interest of net defined benefit liability (asset). The remeasured amount of net defined benefit liabilities (assets) is recognized in other comprehensive profit and loss and recognized in 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 comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized. The gains or losses on the curtailment or settlement include any change in fair value of planned assets and current value of defined benefit obligations.

3) Short-term employee benefits

The obligation for short-term employee benefits is measured on undiscounted basis, and recognized as expense at the time of provision of relevant 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 pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

r. Income tax

Income taxes include current and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or income tax refund receivable calculated based on the taxable income (loss) of the current year, and any adjustments to the income tax payable or income tax refund receivable in previous year. The amount is the best estimate of the amount expected to be paid or received after reflecting the uncertainty (if any) related to income tax, according to the statutory tax rate on the reporting date or the tax rate of the substantive legislation.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The temporary difference for the following conditions will not be recognized as deferred income tax:

1) Originally recognized asset or liability not falling to the transaction of corporate consolidation, without influencing accounting profit and levy duty gain (loss) at the transaction.
2) Due to temporary differences arising from investment in subsidiaries, affiliates, and joint venture equity, the Company can control the timing of the reversion of the temporary differences and it is very likely that they will not revert in the foreseeable future; and
3) Taxable temporary differences arising from the original recognition of goodwill.

   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period, and has reflected the uncertainty related to income tax (if any).

   The Company only offsets the deferred income tax assets and deferred income tax liabilities when the following conditions are met simultaneously:

   a) The entity has the legal right to settle tax assets and liabilities on a net basis; and
   b) The amounts of deferred tax assets and liabilities are:
      i. Levied by the same taxing authority; or
      ii. Levied by different entities that intend to realize the asset and settle the liability at the same time.

   For unused tax losses and unused income tax deduction at the later stage of the transfer and deductible temporary differences, they are recognized as deferred income tax assets to the extent that there is likely to be future taxable income available for use. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

s. Business mergers

The Company uses the acquisition method to handle business mergers. Goodwill is the fair value of the consideration transferred on the acquisition date, including the amount attributable to any non-controlling interests of the acquiree, deduct the net amount of identifiable assets acquired and liabilities assumed (Usually fair value). If the balance after the deduction is negative, the Company will reassess whether all acquired assets and all liabilities assumed have been correctly identified before recognizing the benefits of cheap purchases in profit or loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the amalgamating company when incurred.

Among the non-controlling interests of the acquiree, if it is a current ownership interest, and its holder is entitled to a proportional share of the net assets of the enterprise when the liquidation occurs, the Company is measured on a transaction-by-transaction basis based on the fair value at the acquisition date or the proportion of the current ownership instrument to the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at their fair value on the acquisition date or other basis as required by the International Financial Reporting Standards recognized by the FSC.

If the original accounting treatment of the business combination has not been completed before the reporting date of the merger transaction, the Company recognizes the incomplete accounting treatment items at a tentative amount and makes retrospective adjustments or recognizes additional assets or liabilities during the measurement period to reflect the new information about the facts and circumstances that existed on the acquisition date obtained during the measurement period. The measurement period is no more than one year from the acquisition date.

t. Earnings per share

The Company presents the basic and diluted earnings per share attributable to the Company's common equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with profit or loss of the Company's common stock holders and weighted average number of common shares outstanding. The potential diluted ordinary shares of the Company are employees' compensation that can choose to use stocks.

u. Segment Information

The Company has disclosed segment information in the consolidated financial statements, so the Individual Financial Statements do not disclose segment information.

5. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When preparing the Individual Financial Statements according to preparation standards and IFRS recognized by FSC, the management may have to make judgment, estimate, and assumption, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes, and expenses. Actual results may differ from these estimates.

The management has to continuously check the estimate and basic assumptions, and the accounting estimate is recognized during the period of change and during the future influenced period.

Accounting policies involve significant judgments. Information that has a significant impact on the Individual Financial Statements is as follows:

a) Judgment on whether the invested company has substantial control or significant influence

The Company holds 17.97% of the voting shares of Visco Co., Ltd. and is the single largest shareholder. Although the remaining 82.03% of Visco's shares are not concentrated in specific shareholders, The Company was still unable to obtain more than half of the board seats of Visco, and it did not obtain more than half of the voting rights of shareholders attending the shareholders meeting. Instead, it only obtained one Board of Directors and participated in decision-making. Therefore, it was determined that the Company had no control over Visco and only had significant influence is evaluated using the equity method.

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year and have reflected the impact of Covid-19. The relevant information is as follows:

a) Inventory Valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Company's evaluation report date, the inventory is unqualified, outdated, or has no market value, the inventory cost shall be offset to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future but may cause major changes.

b) Impairment assessment of real estate, plant and equipment, and intangible assets of subsidiaries

In the process of asset impairment assessment, the Company must rely on subjective judgments and determine the independent cash flow of a specific asset group, the number of years of asset durability, and the possible future gains and expenses based on asset usage patterns and industrial characteristics. Any changes in estimates due to changes in economic conditions or company strategies may cause significant impairment in the future or reverse recognized impairment losses.

6. Descriptions of Material Accounting Subjects

a. Cash and Cash Equivalents

		Dec. 31, 2020	Dec. 31, 2019
Working capital	$	95	200
Demand deposit and cheque deposit		95,172	137,423
	$	95,267	137,623

b. Financial assets and liabilities measured at fair value through profit and loss - Current

		Dec. 31, 2020	Dec. 31, 2019
Mandatory financial assets measured at fair value through profit and loss - Current:-			
Foreign currency forward contracts	$	11,112	2,173
Foreign exchange swaps		7,146	6,523
	$	18,258	8,696
Financial liabilities held for transaction - current			
Foreign currency forward contracts	$	(5,838)	(1,991)

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [20] for details.

1) Derivatives

The Company engages in derivative financial instrument transactions to avoid exchange rate risks exposed by business and financing activities. Because hedging accounting is not applied, the details of the derivative instruments of financial assets and liabilities measured at fair value through profit and loss are as follows:

a) Foreign currency forward contracts

December 31, 2020		
Contract amount (NT$ thousand)	**Type of currency**	**Due Date**
RMB 39,244	Sell RMB /Buy USD	January 8, 2021
USD 48,000	Sell USD /Buy JPY	January 22, 2021~ March 24, 2021
USD 12,000	Sell USD /Buy NTD	January 4, 2021~ January 22, 2021

December 31, 2019		
Contract amount (NT$ thousand)	**Type of currency**	**Due Date**
USD 1,000	Sell RMB /Buy USD	January 10, 2020
USD 33,000	Sell USD /Buy JPY	January 22, 2020~ March 24, 2020
USD 9,000	Sell USD /Buy NTD	January 14, 2020~ January 22, 2020

b) Foreign exchange swaps

December 31, 2020		
Contract amount (NT$ thousand)	**Type of currency**	**Due Date**
USD 40,000	Sell USD /Buy NTD	January 29, 2021

December 31, 2019		
Contract amount (NT$ thousand)	**Type of currency**	**Due Date**
USD 43,000	Sell USD /Buy NTD	January 31, 2020

c. Financial assets at fair value through profit or loss

	Dec. 31, 2020	Dec. 31, 2019
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 57,809	101,232
Unlisted stocks	1,500	-
	$ 59,309	101,232
Current	$ 57,809	101,232
Non-current	1,500	-
	$ 59,309	101,232

The Company designated the aforementioned investments as financial assets at FVTOCI because these equity instruments are held for long-term strategic purposes and not for trading.

For the years ended December 31, 2020 and 2019, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.

d. Notes and accounts receivable

	Dec. 31, 2020	Dec. 31, 2019

Notes receivable	$	5,522	3,499
Accounts receivable		1,185,834	1,580,972
Deduction: Allowance for loss		(233)	(139)
		1,191,123	1,584,332
Account receivables - Related parties		1,183,882	292,984
	$	2,375,005	1,877,316

1) The Company adopts a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of note receivables and account receivables (including related-parties) of the Company as of December 31, 2020 and 2019 was as follows:

	December 31, 2020		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,375,238	0.0098%	233

	December 31, 2019		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 1,877,455	0.0074%	139

2) The table of changes in allowance loss for note receivables and account receivables of the Company is as follows:

		2020	2019
Balance at beginning of year	$	139	121
Recognized impairment loss		94	18
Balance at end of year	$	233	139

3) The Company and the financial institution sign a non-recourse agreement for the sale of account receivables. According to the contract, the Company does not have to bear the risk that the account receivables cannot be recovered, but only bears the losses caused by commercial disputes. Since the Company has transferred almost all the risks and rewards of the ownership of the above account receivables and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on account receivables, the claims on financial institutions are

listed in other receivables. Relevant information about undue factoring account receivables on the reporting date was as follows:

December 31, 2020

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters
Taipei Fubon Commercial Bank	$ 573,865	-	469,322	104,543	0.82%~1.13%	N/A
KGI Bank	233,957	-	208,894	25,063	1.04%~1.05%	N/A
E.Sun Bank	156,469	-	140,616	15,853	0.88%	N/A
	$ 964,291	-	818,832	145,459		

December 31, 2019

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters
Taipei Fubon Commercial Bank	$ 336,546	-	269,237	67,309 3	2.85%~2.98%	N/A
E.Sun Bank	81,568	-	73,411	8,157 3	2.36%	N/A
	$ 418,114	-	342,648	75,466		

For the relevant information about the account receivables that meet the derecognition conditions - the transfer of creditor's rights of related parties, please refer to Note 7.

e. Other receivables

	Dec. 31, 2020	Dec. 31, 2019
Other receivables - account receivables sale minus advance price balance (Note 6 [4] and 7)	$ 219,012	226,576
Other receivables - Others	21	198
Other receivables - Related parties	5,462	5,367
	224,495	232,141
Deduction: Allowance for loss	-	-
	$ 224,495	232,141

The Company's other receivables as of December 31, 2020 and 2019 have no expected credit losses after assessment.

f. Inventories

	Dec. 31, 2020	Dec. 31, 2019
Raw Material	$ 1,174,199	706,654
Work in progress	475,630	571,837
Finished goods	560,407	439,758

	$ 2,210,236	1,718,249

The details of inventory-related costs and expenses recognized in the cost of goods sold in the current period are as follows:

	2020	2019
Inventory cost has been sold	$ 12,321,180	11,253,771
Reversal of allowance for inventory market price decline	45,140	(32,954)
	$ 12,366,320	11,220,817

The loss of inventory falling price is the loss of inventory falling price recognized as the net realizable value due to inventory write-down. Inventory falling price recovery benefit is due to the increase in the price of some raw materials for which allowance for falling price loss has been provided at the beginning of the period, or the inventory has been sold or used, resulting in a decrease in the amount of allowance for inventory falling price loss to be recognized.

g. Investments accounted for using the equity method

	Dec. 31, 2020	Dec. 31, 2019
Subsidiaries	$ 1,964,734	1,989,647
Affiliated companies	196,876	201,712
	$ 2,161,610	2,191,359

1) Subsidiaries

   Please refer to 2020 consolidated financial statements.

2) Changes in ownership equity of subsidiaries

   In the second quarter of 2019, the Company acquired an equity interest in Sigma-Medical with an increase of RMB 38,889 thousand in cash, which increased the Company's equity in Sigma-Medical to 96.00%.

   In order to integrate the Company's resources and improve operational efficiency, the Board of Directors of the Company has resolved on May 6, 2019 that the Company will acquire the remaining shares of the subsidiary, Sigma-Medical at a consideration of NT$ 14 per share in cash (as of December 31, 2019, NT$ 20,725 thousand in cash has been paid, and the remaining NT$ 1,670 thousand is listed under other payables) according to the base date for share conversion, June 17, 2019, and Article 30 of the Business Mergers and Acquisitions Act. After such share conversion, the Company holds 100% equity in Sigma-Medical.

3) Affiliated companies

   In August 2020, the Company disposing of some of the equity of Visco with a cash amount of NT$ 14,955 thousand resulting in disposal of an investment benefit of NT$ 11,975 thousand but it did not result in a significant loss of influence.

   In July and September 2020, the Company invested NT$ 10,001 thousand and NT$ 6,000 thousand in cash in Taikebio Co., Ltd. and MLK Bioscience Co., Ltd. both of which acquired 20% of the equity, because it served as the Company directors also have the ability to participate in decision-making, so they have significant influence and are evaluated by the equity method.

As the affiliated companies of the Company adopting the equity method are individually insignificant, their financial information is summarized as follows. Such financial information is the amount included in the Individual Financial Statements:

	Dec. 31, 2020	Dec. 31, 2019
The carrying amount of equity of individually immaterial associates at end of period	$ 196,876	201,712
Share attributable to the Company:		
Net profit	$ 10,510	57,544
Other comprehensive profit (loss)	$ (6,177)	(225)
Total comprehensive profit	$ 4,333	57,319

h. Real estate, plants and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2020	$ 1,344,108	2,082,643	4,679,532	1,892,228	9,998,511
Addition	-	3,459	28,399	339,228	371,086
Disposal	-	(292)	(52,296)	(5,305)	(57,893)
Reclassification	-	29,176	64,375	(93,551)	-
Balance as of December 31, 2020	$ 1,344,108	2,114,986	4,720,010	2,132,600	10,311,704
Balance as of January 1, 2019	$ 1,344,108	2,066,858	4,428,192	1,675,262	9,514,420
Addition	-	12,647	154,622	374,315	541,584
Disposal	-	-	(38,092)	(19,401)	(57,493)
Reclassification	-	3,138	134,810	(137,948)	-
Balance as of December 31, 2019	$ 1,344,108	2,082,643	4,679,532	1,892,228	9,998,511
Accumulated depreciation:					
Balance as of January 1, 2020	$ -	1,216,629	4,184,289	1,402,381	6,803,299
Depreciation for the period	-	83,057	135,905	116,873	335,835
Disposal	-	(292)	(51,194)	(5,304)	(56,790)
Balance as of December 31, 2020	$ -	1,299,394	4,269,000	1,513,950	7,082,344
Balance as of January 1, 2019	$ -	1,134,186	4,050,297	1,291,125	6,475,608
Depreciation for the period	-	82,443	168,234	130,657	381,334
Disposal	-	-	(34,242)	(19,401)	(53,643)
Balance as of December 31, 2019	$ -	1,216,629	4,184,289	1,402,381	6,803,299
Carrying Value:					
December 31, 2020	$ 1,344,108	815,592	451,010	618,650	3,229,360

December 31, 2019	$ 1,344,108	866,014	495,243	489,847	3,195,212
January 1, 2019	$ 1,344,108	932,672	377,895	384,137	3,038,812

For the details of real estate, plant, and equipment that have been used as guarantees for long-term loans and financing lines, please refer to Note 8 for details.

i. Right-of-use assets

	Housing and structures
Right-of-use assets cost:	
Balance as of January 1, 2020	$ 425,614
Addition	1,661
Disposal	(745)
Balance as of December 31, 2020	**$ 426,530**
Balance as of January 1, 2019	$ 414,950
Addition	10,664
Balance as of December 31, 2019	**$ 425,614**
Accumulated depreciation of right-of-use assets:	
Balance as of January 1, 2020	$ 169,569
Depreciation for the period	85,457
Disposal	(745)
Balance as of December 31, 2020	**$ 254,281**
Balance as of January 1, 2019	$ 84,899
Depreciation for the period	84,670
Balance as of December 31, 2019	**$ 169,569**
Carrying Value:	
December 31, 2020	**$ 172,249**
December 31, 2019	**$ 256,045**
January 1, 2019	**$ 330,051**

j. Intangible assets

	Purchased	Other	Total

	software	intangible assets	
Cost:			
Balance as of January 1, 2020	$ 182,692	512	183,204
Separate acquisition	30,884	-	30,884
Balance as of December 31, 2020	$ 213,576	512	214,088
Balance as of January 1, 2019	$ 148,172	7,514	155,686
Separate acquisition	34,520	-	34,520
Reduction of the period (Note)	-	(7,002)	(7,002)
Balance as of December 31, 2019	$ 182,692	512	183,204
Accumulated amortization:			
Balance as of January 1, 2020	$ 160,729	350	161,079
Amortization for the year	31,817	102	31,919
Balance as of December 31, 2020	$ 192,546	452	192,998
Balance as of January 1, 2019	$ 138,565	3,982	142,547
Amortization for the year	22,164	(1,880)	20,284
Reduction of the period (Note)	-	(1,752)	(1,752)
Balance as of December 31, 2019	$ 160,729	350	161,079
Carrying Value:			
Balance as of December 31, 2020	$ 21,030	60	21,090
Balance as of December 31, 2019	$ 21,963	162	22,125
Balance as of January 1, 2019	$ 9,607	3,532	13,139

(Note) It is a relative write-off of other payables

k. Short-term borrowings

	Dec. 31, 2020	Dec. 31, 2019
Unsecured bank notes	$ 150,000	-
Unused limit	$ 8,217,497	8,790,983
Interest rate range	0.82%	

l. Long-term borrowings

Dec. 31, 2020	Dec. 31, 2019

Unsecured bank notes	$ 864,624	-
Secured bank notes	750,000	1,960,000
Total	$ 1,614,624	1,960,000
Unused limit	$ 3,318,690	1,340,000
Expiry year (in year of Republic of China)	112~119	112
Interest rate range	1.25%~1.30%	1.43%~1.79%

1) Collateral for bank loans

Refer to Note 8 for details on assets pledged as collateral for secured bank borrowings.

2) Government low-interest loans

The Company obtained low-interest bank loans in accordance with the " Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan " in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of December 31, 2019, the actual amount of transfer amounted to NT$ 881,310 thousand. The fair value of the loan was NT$ 861,860 thousand based on the market interest rate of 1.25%~1.3%, and the difference of NT$ 19,450 thousand is regarded as a government subsidy and recognized as deferred income. In 2020, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$ 2,764 thousand.

3) Financial ratio agreement in loan contract

According to the provisions of the joint loan contract with the bank, the Company shall calculate and maintain the agreed current ratio, debt ratio, and minimum tangible net worth, and other financial ratios during the duration of the loan in accordance with the annual consolidated financial statements verified by the accountant. If the aforementioned financial ratios do not meet the agreed standards, the Company may submit an exemption application and improvement plan to the management bank in accordance with the provisions of the joint loan contract. Most syndicated lending banks do not regard it as a breach of contract until they reach a resolution.

The financial ratios of the Company as of December 31, 2020 and 2019 were in compliance with the agreed standards in the joint loan contract.

m. Lease liability

The carrying amount of lease liability is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Current:		
Related parties	$ 82,289	80,467
Non-related parties	$ 2,626	3,252
Non-current		
Related parties	$ 91,779	181,602
Non-related parties	$ 5,745	7,567

Please refer to financial risk management of Note 6 [25] for expiry analysis.

The amounts recognized in profit or loss were as follows:

	2020	2019
Short-term lease expense	$ 2,006	1,052

Interest expense – lease obligations payable	$ 4,287	5,714

The amounts recognized in the statements of cash flows are:

	2020	2019
Total cash flows on lease	$ 98,403	93,410

1) Lease of buildings and constructions

The Company leases houses and buildings as factories. The lease term of the plant is usually five years. If the lease expires, a new contract and price must be negotiated, the Company will reassess the relevant right-of-use assets and lease liabilities.

2) Other leases

The lease period for the part of the factory and automobiles that the Company leases is one year. These leases are short-term leases. The Company chooses to apply the exemption requirements and does not recognize its related right-of-use assets and lease liabilities.

n. Employee Benefits

1) Defined benefit plans

The adjustment of the present value of the defined benefit obligations and the fair value of the plan assets of the Company is as follows:

	Dec. 31, 2020	Dec. 31, 2019
Present value of defined benefit obligations	$ 51,269	49,556
Fair value of plan assets	(42,491)	(40,988)
Net defined benefit liabilities (listed as other non-current liabilities)	$ 8,778	8,568

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement.

a) Composition of plan assets

The retirement fund contributed by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be 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 balances of the Taiwan Bank's special account for labor retirement reserves of the Company were NT$ 42,491 thousand and NT$ 40,988 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

		2020	2019
Service cost and interest of the period	$	49,556	49,467
Current interest cost		619	742
Remeasurement of net defined benefit liabilities			
- Actuarial profits and losses due to experience adjustments		(717)	1,421
- Actuarial profits or losses arising out of changes in financial assumptions		4,022	2,083
Benefits that are planned to pay		(2,211)	(4,157)
Service cost and interest of the end period	$	**51,269**	**49,556**

c) Changes in the fair value of planned assets

		2020	2019
Fair value of plan assets at beginning period	$	40,988	41,213
Interest revenue		525	633
Remeasurement of net defined benefit liabilities			
- Actuarial loss		1,238	1,207
Funds contributed by the employer		1,951	2,092
Benefits paid by the plan		(2,211)	(4,157)
Fair value of plan assets at end period	$	**42,491**	**40,988**

d) Change of asset upper limit impacts

The Company did not determine the impact of the maximum number of assets of the benefit plans in 2020 and 2019.

e) Expenses recognized in profit or loss

		2020	2019
Net interest on net defined benefit liability assets	$	**94**	**109**
Operating costs	$	57	62
Operating Expenses		37	47
	$	**94**	**109**

f) Re-measurements of the net defined benefit liability recognized as other comprehensive revenue

		2020	2019
Accumulated balance at beginning period	$	(18,896)	(16,599)

Recognition of the period	(2,067)	(2,297)
Accumulated balance at end of period	$ (20,963)	(18,896)

g) Actuarial assumptions

The significant actuarial assumptions used by the Company to determine the present value of welfare obligations at the financial reporting date are as follows:

	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.750%	1.250%
Future salary increases rate	2.00%	2.00%

The Company expects to pay NT$ 1,956 thousand to the definitive benefit plan within one year after the reporting date in 2020. The weighted average duration of defined benefit plans is 19.48 years.

h) Sensitivity analysis

	Impact on defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2020		
Discount rate	(2,061)	2,161
Future salary increases rate	2,103	(2,012)
December 31, 2019		
Discount rate	(2,083)	2,185
Future salary increases rate	2,132	(2,043)

With other assumptions unchanged, above sensitivity analysis analyzes effects of changes in single assumption. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The method and assumptions used for the preparation of the sensitivity analysis for the current period are the same as those used in the previous period.

2) Defined contribution plans

The definite allocation plan of the Company is in accordance with the provisions of the Labor Pension Regulations and is allocated to the labor pension individual account of the Labor Insurance Bureau at a rate of 6% of the labor's monthly salary. CMP's contributions to the Bureau of Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

The details of the following methods for determining the appropriation of pensions are as follows:

	2020	2019
Operating costs	$ 30,071	30,907

Operating Expenses	19,468	19,197
	$ **49,539**	**50,104**

o. Income Tax

1) Income tax expenses

	2020	2019
Income tax expenses of the period		
Accrued in current year	$ 29,753	3,616
Adjustments to income tax expenses of precious period	(3,616)	-
	26,137	3,616
Deferred income tax expenses		
Occurrence and reversal of temporary differences	90,676	68,707
Changes in unrecognized temporary differences	(2,670)	25,622
Recognition of the deduction of unrecognized losses in the previous period	(18,177)	(33,459)
	69,829	60,870
Income tax expense	$ **95,966**	**64,486**

There was no income tax that was directly recognized in equity or other comprehensive profits and losses for the Company in 2020 and 2019.

The reconciliation of income tax expenses and income before income tax in 2020 and 2019 was as follows:

	2020	2019
Income before income tax	$ **491,939**	**321,610**
Income tax calculated by domestic tax rate of the Company's domicile	$ 98,388	64,322
Non-deductible impairment and expenses	13,967	4,671
Surtax on undistributed earnings	-	5,165
Changes in unrecognized temporary differences	(2,670)	25,622
Unrecognized loss carryforwards changes	(18,177)	(33,459)
Investment deduction	-	(1,549)
Previous income tax adjustment	4,458	(286)
Income tax expense	$ **95,966**	**64,486**

2) Deferred income tax assets and liabilities

a) Unrecognized deferred tax assets and liabilities

Unrecognized deferred tax assets:

	Dec. 31, 2020	Dec. 31, 2019
Deductible loss	$ -	18,177

Unrecognized deferred tax liabilities:

	Dec. 31, 2020	Dec. 31, 2019
Summary amount of temporary differences related to investment in subsidiaries	$ 81,727	79,057

The aforementioned deductible loss is not recognized as deferred income tax assets because the Company is not likely to have sufficient taxable income for the deduction of such losses in the future. In addition, the related deferred income tax liabilities have not been recognized since the Company can control the timing of the reversal of the temporary difference related to the investment subsidiary, and is sure that it will not revert in the foreseeable future.

b) Recognized deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities for 2020 and 2019 are as follows:

Deferred income tax assets:

	Allowance for loss of inventory depreciation	Deductible loss	Fixed asset tax differential	Others	Total
January 1, 2020	$ 59,936	86,531	23,880	35,681	206,028
(Debit) credit revenue statement	9,028	(86,531)	1,829	6,999	(68,675)
December 31, 2020	**$ 68,964**	**-**	**25,709**	**42,680**	**137,353**
January 1, 2019	$ 66,527	137,292	22,051	43,223	269,093
(Debit) credit revenue statement	(6,591)	(50,761)	1,829	(7,542)	(63,065)
December 31, 2019	**$ 59,936**	**86,531**	**23,880**	**35,681**	**206,028**

Deferred tax assets and liabilities:

	Others
January 1, 2020	$ 1,371
Debit (credit) income statement	1,154
December 31, 2020	**$ 2,525**
January 1, 2019	$ 3,566
Debit (credit) income statement	(2,195)
December 31, 2019	**$ 1,371**

c) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns through 2018.

p. Capital and Other Equity

1) Common stock

As of December 31, 2020 and 2019, the total value of nominal common stocks amounted to NT$ 4,000,000 thousand, with a par value of NT$ 10 per share, consisting of 400,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

The details of capital surplus were as follows:

	Dec. 31, 2020	Dec. 31, 2019
Changes in net equity of associates accounted for using equity method	$ 11,427	5,618

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. The aforementioned realized capital reserve includes capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

3) Retained earnings

According to the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, tax should be paid first to make up for previous losses, 10% of the statutory surplus reserve should be raised, and the special surplus reserve should be set aside or converted according to laws and regulations. If there is still surplus and accumulate undistributed surplus, the Board of Directors shall draft a surplus distribution plan and submit it to the shareholders meeting for resolution and distribution.

If the aforementioned profit distribution proposal is based on cash dividends, the Board of Directors shall be authorized to make a resolution and report to the shareholders meeting.

According to the Company's Articles of Incorporation, the Company is a technology- and capital-intensive industry that is in the midst of a growth period. In order to cooperate with long-term capital planning and meet shareholders' demand for cash flow, the Company's dividend policy adopts a residual dividend policy to improve the Company's growth and sustainable operation. If the Company has a surplus after the annual final accounts, it shall pay taxes in accordance with the regulations to make up for the previous losses. The 10% of the second increase is the statutory surplus reserve, and after the special surplus reserve is drawn or converted in accordance with the law. If there is still a surplus, the dividend distribution shall not be less than 10% of the aforementioned calculated surplus. When dividends are distributed, in order to consider the needs of future expansion of the scale of operations and cash flow, the proportion of annual cash dividends shall not be less than 10% of the combined cash and stock dividends of the current year.

a) Legal reserve

When there is no loss in the Company, the legal reserve will be used to issue new shares or cash upon resolution by the Shareholders' Meeting, to the limit of the part of the reserve that has exceeded 25% of the paid-in amount.

b) Special reserve

According to FSC No. 1010012865 dated April 6, 2002, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the same amount of special surplus reserve is drawn from the current profit and loss and the undistributed surplus in the previous period; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

c) Earnings distribution

The 2019 and 2018 distributions of earnings were resolved at the shareholders' meetings on June 18, 2020 and June 19, 2019, respectively. The dividends distributed to owners are as follows:

	2019		2018	
	Earnings Per Share (NT$)	**Amount**	**Earnings Per Share (NT$)**	**Amount**
Dividends to ordinary shareholders:				
Cash	$ 0.50	**160,337**	0.60	**192,405**

Relevant information can be inquired through channels such as public information observatories.

Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Defined benefit plans remeasurement	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive profit and loss	Total
January 1, 2020	$ (36,865)	(19,863)	22,832	(33,896)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	2,096	-	-	2,096
Affiliated companies	(6,520)	-	-	(6,520)
Proceeds from the disposal of affiliated companies accounted for using equity method	343	-	-	343
Defined benefit plans remeasurement	-	(2,067)	-	(2,067)
The re-measured share of the defined benefit plans of the subsidiary adopting the equity method	-	(67)	-	(67)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive profit and loss	-	-	(43,423)	(43,423)
Balance as of December 31, 2019	$ (40,946)	(21,997)	(20,591)	(83,534)
January 1, 2019	$ 21,284	(16,004)	-	5,280
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	(57,924)	-	-	(57,924)
Affiliated companies	(225)	-	-	(225)
Defined benefit plans remeasurement	-	(2,297)	-	(2,297)
The re-measured share of the defined benefit plans of the subsidiary adopting the equity method	-	(1,562)	-	(1,562)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive profit and loss	-	-	22,832	22,832
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive profit and loss	$ (36,865)	(19,863)	22,832	(33,896)

q. Earnings per share

1) Basic earnings per share

	2020	2019
Net profit attributable to holders of common equity of the Company	$ 395,973	257,124
The weighted average number of shares outstanding		

(thousand shares)	320,675	320,675
Basic earnings per share (NT$)	$ 1.23	0.80

2) Diluted earnings per share

	2020	2019
Net profit attributable to holders of common equity of the Company	$ 395,973	257,124
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):		
Impact of employee compensation	2,304	2,250
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)	322,979	322,925
Diluted earnings Per Share (NT$)	$ 1.23	0.80

r. Revenue from contracts with customers

1) Disaggregation of revenue

	2020		
	Film sheet segment	Other sectors	Total
Primary geographical markets:			
China	$ 8,941,080	219,488	9,160,568
Taiwan	4,447,363	301,279	4,748,642
Others	223,021	74,971	297,992
	$ 13,611,464	595,738	14,207,202
Main products/services:			
Film sheet	$ 13,611,464	-	13,611,464
Others	-	595,738	595,738
	$ 13,611,464	595,738	14,207,202

	2019		
	Film sheet segment	Other sectors	Total
Primary geographical markets:			
China	$ 7,968,068	217,506	8,185,574
Taiwan	4,363,824	232,836	4,596,660

Others	114,961	161,339	276,300
	$ 12,446,853	611,681	13,058,534
Main products/services:			
Film sheet	$ 12,446,853	-	12,446,853
Others	-	611,681	611,681
	$ 12,446,853	611,681	13,058,534

2) Contract balances

	109.12.31	108.12.31	108.1.1
Notes receivables and accounts receivables (including related parties)	$ 2,375,238	1,877,455	2,176,716
Deduction: Allowance for loss	(233)	(139)	(121)
Total	$ 2,375,005	1,877,316	2,176,595

Refer to Note 6 [4] for details on accounts receivable and related loss allowance.

s. Employee and directors' compensation

According to the Company's Articles of Incorporation, if there is any profit in the year, 5-20% shall be allocated for employee compensation and no more than 1% for directors' compensation When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The employee compensation in the preceding paragraph may include employees of affiliated companies who meet certain conditions for the payment of stocks or cash.

In 2020 and 2019, the Company's employee bonus was set aside for NT$55,119 thousand and NT$ 36,035 thousand, respectively, and the director's bonus was set aside for NT$ 4,134 thousand and NT$ 2,703 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2020 and 2019. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company decided by the Board of Directors is not different from the estimated amount in the Company's Individual Financial Statements for the year of 2020 and 2019, and it is issued in cash. For the relevant information, please refer to the public information observatory Inquire.

t. Non-Operating Profit and Loss

1) Interest revenue

	2020	2019
Interests on bank deposits	$ 207	843

2) Other income

	2020	2019
Dividend income	$ 2,400	-
Government subsidy revenue	7,266	32,153
	$ 9,666	32,153

3) Other gains or losses

	2020	2019
Disposal of real estate, plant and equipment interests	$ 51	-
Disposal of investments profits	11,975	-
Net foreign currency exchange losses	(87,673)	(32,338)
Net profits (losses) from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments	52,628	(20,267)
Others	9,878	8,233
	$ (13,141)	(44,372)

4) Financial costs

	2020	2019
Interest expenses of bank loans	$ (55,237)	(73,216)
Lease liabilities	(4,287)	(5,714)
	$ (59,524)	(78,930)

u. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

	Dec. 31, 2020	Dec. 31, 2019
Financial assets at fair value through profit or loss		
Foreign currency forward contracts	$ 11,112	2,173
Foreign exchange swaps	7,146	6,523
Subtotal	18,258	8,696
Disposal of financial assets at fair value through profit or loss	59,309	101,232
Financial assets at amortized cost		
Cash and cash equivalents	95,267	137,623
Note receivables, account receivables, and other receivables (including related parties)	2,599,500	2,109,457
Other financial assets - Current-	4,970	4,639
Guarantee deposits paid	3,717	3,661
Subtotal	2,703,454	2,255,380
Total	$ 2,781,021	2,365,308

b) Financial liabilities

	Dec. 31, 2020	Dec. 31, 2019
Financial liabilities at fair value through profit and loss		
Foreign currency forward contracts	$ 5,838	1,991
Subtotal	5,838	1,991
Financial liabilities measured at amortized cost:		
Short-term borrowings	150,000	-

Account payables and other receivables (including related parties)	4,472,353	3,184,373
Long-term borrowings	1,614,624	1,960,000
Lease liabilities - Current and non-current (including related parties)	182,439	272,888
Guarantee deposits received	250	30
Subtotal	6,419,666	5,417,291
Total	$ 6,425,504	5,419,282

2) Information of fair value

a) Financial instruments that is not measured at fair value

The management of the Company believes that the financial assets and financial liabilities of the Company classified as amortized cost is close to their fair value in the Individual Financial Statements.

b) Financial instruments measured at fair value

The following financial instruments are measured at fair value on the basis of repeatability. The table below provides an analysis of financial instruments measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Each level of the fair value hierarchy is defined as follows:

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

ii. Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., price) or indirectly (i.e., derived from prices).

iii. Level 3: Level 3 inputs are inputs for the asset or liability that are not based on observable market data (unobservable parameters).

	December 31, 2020				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign currency forward contracts	$ 11,112	-	11,112	-	11,112
Foreign exchange swaps	7,146	-	7,146	-	7,146
	$ 18,258	-	18,258	-	18,258
Financial assets measured at fair value through profit or loss					
Stocks listed in the emerging stock market in Taiwan	57,809	-	57,809	-	57,809
Non-listed Stocks	$ 1,500	-	-	1,500	1,500
Subtotal	59,309	-	57,809	1,500	59,309
Financial liabilities at fair value through profit and loss					
Foreign currency forward contracts	$ (5,838)	-	(5,838)	-	(5,838)

	December 31, 2019				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign currency forward contracts	$ 2,173	-	2,173	-	2,173
Foreign exchange swaps	6,523	-	6,523	-	6,523
	8,696	**-**	**8,696**	**-**	**8,696**
Financial assets measured at fair value through profit or loss					
Stocks listed in the emerging stock market in Taiwan	**101,232**	**-**	**101,232**	**-**	**101,232**
Financial liabilities at fair value through profit and loss					
Foreign currency forward contracts	**$ (1,991)**	**-**	**(1,991)**	**-**	**(1,991)**

c) The assessment methods and assumptions followed for assessing fair value

i. Non-derivative financial instruments

If there is open quotation to financial instruments at active market, then the open quotation will be taken as fair value.

If the public quotation of a financial instrument can be obtained from an exchange, broker, underwriter, industry association, pricing service agency or competent authority in a timely and frequent manner, and the price represents the actual and regular fair market transactions, then the financial instrument has an active market quotation. If the aforesaid conditions fail, the market is not deemed as active.

If the aforesaid conditions fail, the market is not deemed as active.

The fair value of the domestic stocks held by the Company is estimated based on the average transaction price of the stock market on the day. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Company does not disclose the quantitative information.

ii. Derivative financial instruments

It is evaluated with evaluation model widely accepted by market users. Forward exchange contracts and exchange contracts are usually valued based on current forward exchange rates.

d) Fair value level and transfer

The Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2020 and 2019.

e) Statement of changes in Level 3 fair value hierarchy:

	2020	2019
Balance at beginning of year	$ -	-
Purchase of the period	1,500	-

Balance at end of year	$ 1,500	-

v. Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including exchange rate risk, interest rate risk, and equity instrument price risk) due to its business activities. This note demonstrates the risk information of the aforementioned various risks of the Company, and the Company's policies and procedures for measuring and managing these risks, and quantitative disclosure.

The Board of Directors of the Company is responsible for developing and controlling the risk management policy of the Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Company's activities.

The Board of Directors of the Company is responsible for developing and controlling the risk management policy of the Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits.

1) Credit risk

Credit risk refers to the risk of the financial loss of the Company due to the failure of the counterparty to perform the contractual obligations. As of the financial report date, the main potential credit risk of the Company comes from financial assets such as bank deposits and accounts receivable from customers. The book value of the Company's financial assets represents the maximum credit risk amount.

The deposits and derivative financial products of the Company are traded in banks with good credit, and no significant credit risk will arise.
Due to the characteristics of the industry, the film sheet products of the Company are concentrated in a small number of customers, which makes the Company have a significant concentration of credit risk. As of December 31, 2020 and 2019, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 51% and 47%, respectively. The Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2) Liquidity Risks

Liquidity risk refers to the risk that the Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations. The Company regularly monitors current and expected medium and long-term funding needs, and manages liquidity risks by maintaining sufficient cash and cash equivalents and bank financing lines, and ensuring compliance with the terms of the loan contract.
The unused loan amounts of the Company as of 31 December, 2020 and 2019 totaled NT$ 11,536,187 thousand and NT$10,130,983 thousand, respectively.
The following table illustrates the analysis of the remaining contractual maturity of financial liabilities during the agreed repayment period of the Company, including interest payable, which is based on the earliest date on which the Company may be required to repay and is compiled with undiscounted cash flows.

	Contract cash flow	Within 6 Months	612 months-	15 years-	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					

Short-term borrowings	$ 151,052	617	150,435	-	-
Account payables (including related parties)	$ 3,568,380	3,568,380	-	-	-
Other payables (including related parties)	903,973	903,973	-	-	-
Long-term borrowings (Floating rate)	1,692,558	8,059	8,155	1,310,787	365,557
Lease liabilities (including related parties)	186,104	39,854	47,708	98,542	-
Guarantee deposits received	250	-	-	30	220
	$ 6,502,317	4,520,883	206,298	1,409,359	365,777
Derivatives					
Foreign currency forward contracts - Total delivery:					
Inflows	$ (1,878,274)	(1,878,274)	-	-	-
Outflows	1,873,000	1,873,000	-	-	-
Foreign exchange swaps - Net delivery	(7,146)	(7,146)	-	-	-
	$ (12,420)	(12,420)	-	-	-
December 31, 2019					
Non-derivative financial liabilities					
Account payables (including related parties)	2,616,298	2,616,298	-	-	-
Other payables (including related parties)	568,075	568,075	-	-	-
Long-term borrowings (Floating rate)	2,055,550	14,537	14,458	2,026,555	-
Lease liabilities (including related parties)	280,800	40,081	47,913	192,806	-
Guarantee deposits received	30	-	-	30	-
	$ 5,520,753	3,238,991	62,371	2,219,391	-
Derivatives					
Foreign currency forward contracts - Total delivery:					
Inflows	$ (1,291,763)	(1,291,763)	-	-	-
Outflows	1,291,581	1,291,581	-	-	-
Foreign exchange swaps - Net delivery	(6,523)	(6,523)	-	-	-
	$ (6,705)	(6,705)	-	-	-

The Company does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

3) Market risk

Market risk refers to the risk that changes in market prices, such as exchange rate, interest rate, and equity instrument price will affect the earnings of the Company or the value of the financial instruments it holds. Financial risk management aims to manage the level of exposure to market risk within an acceptable range and maximize return on investment. In order to manage market risks, the Company engages in derivative transactions, and its use is regulated by the policies adopted by the Board of Directors. Generally, the Company adopts hedging operations to manage profit and loss fluctuations.

a) Exchange Rate Risk

The Company is exposed to exchange rate risk arising out of sales, procurement, and loan transactions through the functional currency valuation of the Group's enterprises. The functional currency of the Company is NTD. These non-functional currency transactions are mainly denominated in USD and JPY.

The hedging strategy of the Company is to sign forward foreign exchange contracts and exchange contracts to manage the exchange rate risk of the net foreign currency positions generated by the sales and purchase transactions that have occurred.

i. Risk and sensitivity analysis of exchange rate risk

The exchange rate risk of the Company mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable (payment) (including related parties), other receivables (payments) (including related parties), bank loans, etc. Foreign currency exchange gains and losses occur at the time of conversion. The book values of major monetary assets and liabilities of the Company that are not denominated in functional currencies at the reporting date are as follows:

Currency Unit: NT$ Thousand

	December 31, 2020				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 87,802	28.350	2,489,187	1%	24,892
JPY	102,003	0.2749	28,041	1%	280
Financial liabilities					
USD	28,936	28.350	820,336	1%	8,203
JPY	7,228,465	0.2749	1,987,105	1%	19,871

	December 31, 2019				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 62,182	30.106	1,872,051	1%	18,721
JPY	28,923	0.2771	8,015	1%	80
Financial liabilities					
USD	25,748	30.106	775,169	1%	7,752
JPY	5,218,153	0.2771	1,445,950	1%	14,460

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2020 and 2019, the foreign exchange gains (losses), including both realized and unrealized, amounted to NT$ (87,673) thousand and NT$ (32,338) thousand, respectively.

b) Interest rate risk

The Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Company's net profit before tax for the year of 2020 and 2019 will decrease or increase by NT$ 17,646 thousand and NT$ 19,600 thousand, respectively, which was due to the floating interest rate borrowings of the Company.

c) Price of equity instruments

The stocks of domestic listed companies and non-listed companies held by the Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive profits and losses in 2020 and 2019 will increase/decrease by NT$ 2,965 thousand and NT$ 5,062 thousand.

w. Capital management

The Company plans the capital management of the Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

x. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Company through leasing in 2020, please refer to Note 6 [9].

2) The adjustment of liabilities from financing activities is as follows:

			Non-cash flow		
	109.1.1	**Cash flow**	**Lease changes**	**Evaluation adjustment**	**Dec. 31, 2020**
Short-Term Loan	$ -	150,000	-	-	150,000
Long-Term Loan	1,960,000	(328,690)	-	(16,686)	1,614,624

Guarantee deposits received	30	220	-	-	250
Lease liabilities (including related parties)	272,888	(92,110)	1,661	-	182,439
Total liabilities from financing activities and capitalization	**$ 2,232,918**	**(270,580)**	**1,661**	**(16,686)**	**1,947,313**

			Non-cash flow		
	109.1.1	**Cash flow**	**Lease changes**	**Evaluation adjustment**	**Dec. 31, 2019**
Long-Term Loan	$ 2,000,000	(40,000)	-	-	1,960,000
Guarantee deposits received	30	-	-	-	30
Lease liabilities (including related parties)	348,868	(86,644)	10,664	-	272,888
Total liabilities from financing activities and capitalization	**$ 2,348,898**	**(126,644)**	**10,664**	**-**	**2,232,918**

7. Related Party Transactions

a. The parent company and the ultimate controlling party

Qisda Corporation (Qisda) is the ultimate controller of the Company and its subsidiaries, and holds 43.56% of the Company's outstanding common stocks. Qisda Corporation.has prepared a consolidated financial statement for public use.

b. Names and relation of affiliates

Name of related parties	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Company
BenQ Materials (L) Co. (BMLB)	Subsidiary of the Company
BenQ Materials Co., Ltd. (BMS)	Subsidiary of the Company
DaShin Medical Technology (Suzhou) Co., Ltd. (DTB)	Subsidiary of the Company
BenQ Materials (Wuhu) Co., Ltd (BMW)	Subsidiary of the Company
BenQ Medical Technology (Suzhou) Co., Ltd. (BMW)	Subsidiary of the Company (Note 1)
Sigma-Medical Corporation	Subsidiary of the Company
Suzhou Sigma-Medical Co., Ltd.	Subsidiary of the Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Company
Cenefom Corp. (Cenefom)	Affiliated company of the Company
MLK Bioscience Co., Ltd.	Affiliated company of the Company
Visco Technology Sdn. Bhd.	Subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
AU Optronics Corporation (AUO)	Affiliated company of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Affiliated company of Qisda
AU Optronics (L) Co. (AUL)	Subsidiary of AUO
AFPD Pte., Ltd.	Subsidiary of AUO

AU Optronics (Suzhou) Corporation (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corporation	Subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	Subsidiary of AUO
AU Optronics (Slovakia) Co., Ltd.	Subsidiary of AUO
Jingzhi Electronics (Hefei) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry (Xiamen) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry Corporation	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
Darly Venture Inc.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corporation	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific India Co., Ltd.	Subsidiary of Qisda
BenQESCO	Subsidiary of Qisda
BenQ Guru Corporation	Subsidiary of Qisda
BenQ Corporation	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corporation	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	Subsidiary of Qisda
Best-Sound International Trading Co., Ltd.	Subsidiary of Qisda
Lily-Medical Corporation	Subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	Subsidiary of Qisda
Sysage Technology Co., Ltd.	Subsidiary of Qisda
Expert Alliance System & Consultancy Co., Ltd.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda

(Note 1) It is a subsidiary company newly established on July 8, 2019.

c. Substantial Transaction with Related Party

1) Operating revenue

	2020	2019
Subsidiaries:		
BMM	$ 144,835	-
BMW	110,988	58,935
DTB	22,875	201,912
Other subsidiaries:	41,71	6

	2	1
Other related parties:		
AUO	3,967,849	4,052,092
AUS	1,084,361	1,227,025
AUX	699,625	807,828
AUL		3,731
Others	22,673	8,370
Affiliated companies	69,685	46,357
Parent company	57	129
	$ 6,164,660	6,406,440

The transaction price sold to related parties is not significantly different from the general sales price, except that there is no general transaction price to compare due to the different specifications of some commodities. The collection period is 90~120 days, which is not significantly different from ordinary transactions.

2) Purchases

	2020	2019
Subsidiary - BMS	$ 760,711	796,802
Subsidiary - Sigma-Medical	261,107	1,307
Subsidiary - BMW	105,597	29,925
Subsidiary - BMLB	-	294,842
Other subsidiaries:	5,234	530
Affiliated companies	218,095	225,911
Other related parties	25	-
	$ 1,350,769	1,349,317

The price at which the Company purchases goods from related parties cannot be compared with the general transaction price due to different product specifications. It is performed in accordance with the agreed purchase price and conditions.

3) Property transaction

The acquisition prices of various assets acquired by the Company from related parties are summarized as follows:

Related parties category	Account item	2020	2019
Parent company	Intangible assets	$ 1,535	1,031
Subsidiary - Sigma-Medical	Machinery equipment	-	91,757
Other related parties	Intangible assets	5,42	2,36

		2	3
Other related parties	Machinery equipment	-	67
			2
		$ 6,95	**95,82**
		7	**3**

4) Lease

The Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. The recognized interest expenses in 2020 and 2019 were NT$ 4,117 thousand and NT$ 5,570 thousand respectively. The balance of lease liabilities as of December 31, 2020 and 2019 was NT$ 174,068 thousand and NT$ 262,069 thousand, respectively.

5) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Company are as follows:

Account item	Related parties category	109.12.31	108.12.31
Receivable Accounts - Affiliates Net Amount	Subsidiary - BMW	$ 99,660	82,656
	Subsidiary - BMM	85,126	-
	Subsidiary - DTB	165	120,417
	Other subsidiaries:	46,540	23,107
	Subsidiary - AUO	694,443	13,217
	Subsidiary - AUX	83,116	26,818
	Subsidiary - AUS	141,989	10,893
	Other related parties - Others	14,426	1,415
	Affiliated companies	18,417	14,461
		1,183,882	292,984
Other receivables - Related parties	Subsidiaries	5,462	5,362
	Affiliated companies	-	5
		5,462	5,367
		$ 1,189,344	298,351

The Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

December 31, 2020

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Mega International Commercial Bank	$ 423,739	-	379,786	43,953	1.05%	Guaranteed promissory note	150,000
CTBC Bank Co., Ltd. ESG	293,008	-	263,408	29,600	1.00%	Guaranteed promissory note	51,030
	$ 716,747	-	643,194	73,553			201,030

December 31, 2019

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters

Mega International Commercial Bank	$ 986,245	-	887,620	98,625	2.54%~2.66%	Guaranteed promissory note	150,000
CTBC Bank Co., Ltd. ESG	524,853	-	472,368	52,485	2.35%	Guaranteed promissory note	54,191
	$ 1,511,098	**-**	**1,359,988**	**151,110**			**201,030**

6) Payables to related parties

In summary, the details of the amounts due to related parties by the Company are as follows:

Account item	Related parties category	Dec. 31, 2020	Dec. 31, 2019
Accounts payable - related parties	Subsidiaries	$ 225,833	131,603
	Affiliated companies	29,766	21,830
		255,599	153,433
Other payables - related parties	Subsidiaries	18,287	99,481
	Other related parties	16,082	17,932
	Affiliated companies	38	-
		34,407	117,413
		$ 290,006	**270,846**

d. Compensation of major managerial personnel

	2020	2019
Short-term employee benefits and compensation	$ 46,357	46,783
Retirement benefits	324	324
	$ 46,681	**47,107**

8. Pledged Assets

The details of the asset carrying value pledged as collateral by the Company are as follows:

Asset name	Purpose of Pledge	Dec. 31, 2020	Dec. 31, 2019
Land, buildings and structures	Long-Term Loan	**$ 650,368**	**671,928**

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

a. Significant unrecognized contract commitments:

	Dec. 31, 2020	Dec. 31, 2019
Unused letters of credit issued	$ 916,125	915,548
Signed and unpaid major engineering and equipment payments	205,45	152,19

7 8

10. Significant Loss from Disaster: None

11. Significant Subsequent Events: None.

12. Others:

The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions	2020			2019		
	Operating costs	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits expenses						
Salary expenses	847,816	507,977	1,355,793	825,963	495,337	1,321,300
Labor insurance and national health insurance	72,138	33,923	106,061	72,654	33,493	106,147
Pension expenses	30,128	19,505	49,633	30,969	19,244	50,213
Board of Directors' remuneration	2,520	13,124	15,644	803	12,300	13,103
Other employee benefits expenses	51,515	20,629	72,144	47,327	20,091	67,418
Depreciation	364,603	56,689	421,292	350,264	115,740	466,004
Amortization expenses	13,505	18,414	31,919	10,441	9,843	20,284

	2020	2019
Number of Staff	1,48 4	1,46 5
Number of directors who do not serve as employees	7	7
Average benefits expenses	$ 1,07 2	1,06 0
Average salary expenses	$ 91 8	90 6
Average salary adjustment	1.32 %	(2.79) %
Supervisor's remuneration	$ -	-

The compensation and remuneration policy (including directors, managers, and employees) of the Company are as follows:

The remuneration of the directors of the Company is authorized by the Board of Directors in accordance with the Articles of Incorporation of the Company, and depends on the degree of participation and contribution value of the directors in the Company's operations. It will also be issued in accordance with the "Remuneration Measures for Directors and Functional Committee

Members" stipulated by the domestic and foreign peers. In addition, if the Company has surplus, the Board of Directors shall resolve the amount of directors' remuneration in accordance with the Articles of Incorporation of the Company.

The appointment, dismissal, and remuneration of the general manager and deputy general managers of the Company shall be performed in accordance with company regulations. The remuneration standard is based on the remuneration policies and principles of the Company's remuneration committee and the Board of Directors, and the remuneration is issued with reference to the usual industry standards, company operating income, profitability, and individual performance of managers.

The main remuneration principle of the Company's employees is to connect responsibilities and performance results and provide market-competitive remuneration to attract, retain and cultivate talents for a long time, reflecting the Company's business risks and corporate governance structure instead of using short-term profit as the only indicator of salary and performance evaluation, and connect the long-term value of shareholders.

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2020, the Company shall re-disclose the relevant information of significant transactions as follows:

1) Financing provided to other parties：

Currency Unit: NTD Thousand

No.	Creditor	Borrower	General ledger account	Related party	Maximum balance during the period	Ending balance	Amount Actually Drawn	Interest rate	Nature of loan (Note 2)	Transaction Amounts	Reason for short-term financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	BMS (Note1)	BenQ Material (Wuhu) Co., Ltd.	Other receivables - Related parties	Yes	1,149,120 (RMB265,000)	1,145,224 (RMB265,000)	893,275 (RMB206,700)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124
2	BMS (Note1)	BenQ Materials Medical Supplies (Suzhou) Co., Ltd.	Other receivables - Related parties	Yes	130,089 (RMB30,000)	129,648 (RMB30,000)	30,251 (RMB7,000)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124
3	BMS (Note1)	Suzhou Sigma Medical Supply Co., Ltd.	Other receivables - Related parties	Yes	86,726 (RMB20,000)	86,432 (RMB20,000)	38,894 (RMB9,000)	1.3%	2	-	Business operation	-		-	1,889,124	1,889,124

(Note 1) The total amount of the BMS fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of BMS with the certificate of accountant.

(Note 2) Those who have business dealings with the nature of capital loans are 1, and 2 for those who require short-term financing.

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint equity):

Name of Company Held	Type and Name of Marketable Securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares (thousand shares)	Book amount	%	Fair value	
The Company	Shares of Biodenta Corporation	-	Measured at fair value through profit and loss	225	(Note)	2.50%	-	
The Company	Shares of Lagis Corporation	-	Disposal of financial assets at fair value through profit or loss	1,680	57,809	5.25%	57,809	
The Company	Kangde Biomedical Corporation	-	Disposal of financial assets at fair value through profit or loss	150	1,500	11.03%	1,500	

(Note): It was recognized in full as impairment losses.

4) The cumulative amount of purchase or selling the same securities reaches NT$ 300 million or more than 20% of the paid-in capital: None.
5) The amount of real estate acquired reaches NT$ 300 million or more than 20% of the paid-in capital: None.
6) The amount of disposition of real estate reaches NT$ 300 million or more than 20% of the paid-in capital: None.
7) Those who purchase or sell with a related party in the amount of NT$100 million or more than 20% of the paid-in capital:

Vendor/ Customer	Counter-party	Relationship	Transaction details						Note and account receivables (paid)		Commentary
			Purchase (Sale) Goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,967,849	28%	OA90	(Note1)	(Note 3)	694,443	29 %	-
The Company	AUS	Other related parties	Sale	1,084,361	8%	OA90	"	"	141,989	6 %	-
The Company	AUX	Other related parties	Sale	699,625	5%	OA90	"	"	83,116	3 %	-
The Company	BMM	Parent company and subsidiaries	Sale	144,835	1%	OA120	"	"	85,126	4 %	(Note 4)
The Company	BMW	Parent company and subsidiaries	Sale	110,988	1%	OA180	"	"	99,660	4 %	(Note 4)
Suzhou Sigma-Medical	BMM	Other related parties	Sale	101,493	42%	OA90	"	"	79,218	77 %	(Note 4)
The Company	BMS	Parent company and subsidiaries	Purchase	(760,711)	7 %	OA90	(Note 2)	"	(73,537)	2 %	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Purchase	(261,107)	2 %	OA90	"	"	(141,075)	4 %	(Note 4)
The Company	Visco	Affiliated companies	Purchase	(217,502)	2 %	OA30	"	"	(29,740)	1 %	-
The Company	BMW	Parent company and subsidiaries	Purchase	(105,597)	1 %	OA90	"	"	(6,347)	-	(Note 4)

(Note 1): The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

(Note 2): The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

(Note 3): There is no significant difference between the transaction price and general transaction.

(Note 5): For purchases and sales with related parties, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counter-party	Relationship	Balance Dues from Related Parties	Turnover rate	Turnover rate		Subsequently Recovered Amount from Related Party	Allowance for allowance for loss amount
					Amount	Way of disposal		
The Company	AUO	Other related parties	694,443	3.75	-	-	-	-
The Company	AUS	Other related parties	141,989	3.30	-	-	-	-
Sigma-Medical	The Company	Parent company and subsidiaries	141,075	3.70	-	-	7,800	-

b. Engaged in derivative transaction: For information on the transaction of derivative financial products by the Company, please refer to Note 6 [2] of the Individual Financial Statements.Information on reinvestment:

The information on the reinvestment business of the Company in 2020 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount			
The Company	BMLB	Malaysia	Holding company	1,141,340	1,141,340	35,082	100.00%	1,512,863	13,349	13,349	
The Company	Sigma-Medical	Taiwan	Sales and manufacturing of medical equipment	560,000	560,000	40,000	100.00%	451,871	(43,874)	(43,012)	
The Company	Visco	Taiwan	Manufacturing and sales of contact lenses	177,811	180,523	9,834	17.97%	168,232	126,819	13,525	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	29,127	29,127	1,095	12.12%	13,137	(20,822)	(2,523)	
The Company	Taikei	Taiwan	Development, manufacturing, and sales of medical equipment	10,001	-	525	20.00%	9,622	(1,896)	(379)	
The Company	MLK BIOSCIENCE CO., LTD.	Taiwan	Sales and development of medical equipment	6,000	-	217	20.00%	5,885	(564)	(113)	

c. Information on investments in mainland China:

1) Information on reinvestments in Mainland China

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note1)	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Cumulative investment amount remitted from Taiwan - Beginning of the period	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2019	Investment Gains Repatriated by the End of the Current Period
					Remit	Receive						
BENQ Materials (Suzhou) Corp. 'BMS")	Processing of film sheet products	822,150 (USD29,000)	(III)	822,150 (USD29,000)	-	-	822,150 (USD29,000)	19,84 3	100.00%	19,843 (Note 2)	1,889,124	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,538 (RMB11,000)	(II)	-	-	-	-	(7,726)	100.00%	(7,726) (Note 2)	(8,256)	-
BenQ Materials (Wuhu) Corp.	Manufacture and sales of film sheet and cosmetic-related products	345,728 (RMB80,000)	(III)	172,864 (RMB40,000)	-	-	172,864 (RMB40,000) (Note 3)	16,53 6	100.00%	10,226 (Note 2)	(408,622)	-
BenQ Materials Medical Supplies (Suzhou) Co. Ltd. (BMM)	Sales and manufacturing of medical equipment	64,824 (RMB15,000)	(II)	-	-	-	-	(6,830)	100.00%	(6,830) (Note 2)	56,645	-
Suzhou Sigma Medical Supply Co., Ltd.("SGS")	Sales and manufacturing of medical equipment	45,133 (USD1,592)	(I)	45,133 (USD1,592)	-	-	45,133 (USD1,592)	(11,844)	100.00%	(11,844) (Note 2)	30,147	-

(Note 1): Ways of investments are as follows:
(I) Direct investment in mainland companies.
(II) Reinvestment the surplus of BMLB to China.
(III) Investing in mainland companies through the establishment of companies in the third region.
(Note 2): The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.
(Note 3): Excluding the reinvestment of RMB 10,950,000 reinvested by BMLB.

2) Limits on investments in mainland China:

Currency Unit: NTD Thousand

Company name	Cumulative investment amount remitted from Taiwan to the mainland at the end of the period	Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee	Upper Limit on Investment Authorized by MOEAIC
BMC	995,014 (USD29,000 and RMB40,000)	1,107,160 (USD29,000 and RMB65,950)	(Note)
SGM	45,133 (USD1,592)	45,133 (USD1,592)	206,293

It is converted according to the exchange rate of USD to NTD of 28.350 and RMB to NTD of 4.3216 at the end of the period.

(Note) The Company has already acquired the certificate of corporate operation headquarters, so there is no limit on investment in mainland China.

3) Material transactions with investee companies in Mainland China: None

Please refer to the "Information on significant transactions" section for direct or indirect major transactions between the Company and investees in mainland China for 2020.

d. Information on major shareholders

Unit: Shares

Shareholding / Name	Holding Shares	Share Ownership %
BenQ Corporation	80,847,76 3	25.21 %
Qisda Corporation	43,659,29 4	13.61 %

Note: The major shareholders in this table are shareholders holding more than 5%

of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

Please refer to the 2020 consolidated financial statement.

BENQ MATERIALS CORPORATION

List of Cash and Cash Equivalents
December 31, 2020

Unit: NT$ thousand

Items	Summary	Amount
Working capital		$ 95
Demand deposit and cheque deposit		43,816
Foreign currency deposit (Note)	USD: 1,361 thousand	38,584
	JPY: 44,147 thousand	12,136
	EUR: 11 thousand	385
	RMB: 58 thousand	251
		$ 95,267

(Note): Foreign currency deposits are converted based on the following spot exchange rates of December 31, 2020

Currency	Exchange rate to NTD
USD	28.350
JPY	0.2749
EUR	34.956
RMB	4.3216

BENQ MATERIALS CORPORATION

Table of Note and Account Receivables
December 31, 2020

Unit: NT$ thousand

Customer name	Amount
Customer A	$ 144,130
Customer B	127,251
Customer C	109,127
Customer D	77,398
Customer E	71,231
Customer F	62,339
Others (all less than 5%)	599,880
Subtotal	1,191,356
Deduction: Allowance for bad debts	(233)
	$ 1,191,123

Statement of Inventories

Items	Amounts: Book value (Note)	Amounts: Net realizable value
Raw Material	$ 1,174,199	1,174,199
Work in progress	475,630	717,152
Finished goods	560,407	609,360
	$ 2,210,236	**2,500,711**

(Note): Net amount after deducting the allowance for inventory depreciation losses and bad debt losses.

BENQ MATERIALS CORPORATION

List of Other Current Assets
December 31, 2020

Unit: NT$ thousand

Items	Amount
Operation tax refundable	$ 52,311
Prepaid materials expenses	38,325
Deferred expenses	37,879
Prepayments for insurance	6,196
Others (all less than 5%)	14,812
	$ 149,523

Financial assets at fair value through other comprehensive income - Current list
January 1~December 31 2020

	Beginning Balance		Increase in the period		Decrease in the period			Ending Balance		
Name	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Changes in unrealized profits and losses of financial assets	Shares (thousand shares)	Amount	Note
Listed company stock - Lagis Enterprise Co., Ltd.	1,600	$ 101,232	80	-	-	-	(43,423)	1,680	57,809	

BENQ MATERIALS CORPORATION

Financial Assets at Fair Value Through Other Comprehensive Income - Non-Current Changes List
January 1~December 31 2020

Unit: NT$ thousand/thousand shares

	Beginning Balance		Increase in the period		Decrease in the period		Changes in unrealized profits and losses of financial assets available for sale	Ending Balance		
Name	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount		Shares (thousand shares)	Amount	Note
Non-listed shares - Kangde Biomedical Corporation	-	$ -	150	1,500	-	-	-	150	1,500	

Statement of Other Financial Assets - Current
December 31, 2020

Items	Summary	Amount
Tariff deposit		$ 4,970

BENQ MATERIALS CORPORATION

List of Investment Changes Using the Equity Method
January 1~December 31 2020

Unit: NT$ thousand/thousand shares

	Balance at beginning of year		Increase of the period (Note 1)		Decrease of the period (Note 2)					Balance at end of year			Net equity		
Name	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Investment profit (loss)**	**Equity method adjustment (Note)**	**Unrealized gross profit**	**Shares**	**Share Ownership %**	**Amount**	**Prize**	**Total price**	**Guarantee or pledge**
BMLB	35,082	$ 1,495,217	-	-	-	-	13,349	1,576	2,721	35,082	100.00%	1,512,863	43.12	1,512,863	N/A
Visco	9,984	186,053	-	-	(150)	(30,636)	13,525	(710)	-	9,834	17.97%	168,232	15.27	150,213	"
Cenefom	1,095	15,659	-	-	-	-	(2,523)	1	-	1,095	12.12%	13,137	3.34	3,661	"
Sigma-Medical	40,000	494,430	-	-	-	-	(43,012)	453	-	40,000	100.00%	451,871	8.60	343,821	"
Taikei	-	-	525	10,001	-	-	(379)	-	-	525	20.00%	9,622	1.98	1,042	"
Buticon International Corporation	-	-	217	6,000	-	-	(113)	(2)	-	217	20.00%	5,885	6.80	1,476	"
Total		$ 2,191,359		16,001		(30,636)	(19,153)	1,318	2,721			2,161,610			

(Note) The equity method is adjusted as follows:

Exchange differences arising on translation of financial statements of foreign operations	$	(4,424)
Remeasurement of defined benefit plans		(67)
Changes in capital reserve		5,809
	$	1,318

(Note 1) The Company used NT$ 10,001 thousand in cash to increase its investment in 525,000 shares of Taikei and NT$ 6,000 in cash to increase its investment in 217,000 shares of MLK.

(Note 2) The decrease in the current period is due to the cash dividend of NT$ 27,955 thousand and the book value of NT$ 2,681 thousand from the sale of 150 thousand shares of Visco.

BENQ MATERIALS CORPORATION

Details on Other Non-Current Assets
December 31, 2020

Unit: NT$ thousand

Items	Summary	Amount
Deferred expenses		$ 4,637

Statement of Short-term Loans

Type of loan	Explanation	Balance at end of year	Contract period	Interest rate range	Financing amount	Pledge or guarantee	Note
nsecured loans	ne Export-Import Bank of the Republic of China	$ 150,000	109.11~110.11	0.82%	150,000	N/A	

Statement of accounts payable

Vendor Names	Amount
Vendor A	$ 978,419
Vendor B	701,004
Vendor C	230,763
Vendor D	194,256
Others (all less than 5%)	1,208,339
	$ 3,312,781

BENQ MATERIALS CORPORATION

Account Payables - List of Related Parties
December 31, 2020

Unit: NT$ thousand

Vendor Names	Summary	Amount
Sigma-Medical		$ 141,075
BMS		73,537
Visco		29,740
Others (all less than 5% of the subject amount)		11,247
		$ 255,599

Statement of Other Payables

Items	Amount
Payable bonus	$ 204,019
Payable for engineering equipment	95,330
Payable bonuses for non-leaving pay	70,767
Payable employee dividends	55,119
Others (all less than 5%)	474,076
	$ 899,311

BENQ MATERIALS CORPORATION

Other Payables - List of Related Parties
December 31, 2020

Unit: NT$ thousand

Name	Summary	Amount
AUO		$ 13,809
Sigma-Medical		12,269
BMS		6,018
Others (all less than 5% of the subject amount)		2,311
		$ 34,407

List of other current liabilities

Items	Summary	Amount
Contract liabilities		$ 21,711
Refund liabilities		16,965
Collection of social welfare insurance		6,374
Others		16,016
		$ 61,066

BENQ MATERIALS CORPORATION

List of Long-Term Borrowings
December 31, 2020

Unit: NT$ thousand

Creditor	Summary	Borrowing amount	Contract period	Interest rate %	Mortgage or pledge
Bank syndicated loan (Host: E-Sun Commercial Bank)	5-year long-term joint loan	$ 750,000	Aug. 2018~ Aug. 2023	1.25%	Please refer to note 8 for details
Bank of Changhua	Taiwanese businessmen return to Taiwan project loan	429,354	2020~2030	1.25%	-
Bank of Taiwan	Taiwanese businessmen return to Taiwan project loan	435,270	2020~2030	1.30%	-
		$ 1,614,624			

List of lease liabilities (current and non-current)

Items	Lease period	Discount rate	Balance at end of year
Housing and structures	Apr. 2016~May. 2024	1.79%	**$ 182,439**
Current:			
Related party - AUO			**$ 82,289**
Non-related parties			**$ 2,626**
Non-current			
Related party - AUO			**$ 91,779**
Non-related parties			**$ 5,745**

BENQ MATERIALS CORPORATION

List of Other Non-current Liabilities
December 31, 2020

Unit: NT$ thousand

Items	Summary	Amount
Deferred government subsidy income		$ 16,686
Liabilities of defined benefit plans		8,778
Guarantee deposits received		250
		$ 25,714

Operating revenue statement
January 1~December 31 2020

Items	Amount
Film sheet products	$ 13,611,464
Others	595,738
	$ 14,207,202

BENQ MATERIALS CORPORATION

Operating Cost Statement
January 1~December 31 2020

Unit: NT$ thousand

Items	Amount
Raw materials	
Raw materials of beginning period (including inventory in transit)	$ 877,928
Add: Input amount, net	10,109,913
Deduction: Raw materials of end period (including inventory in transit)	(1,385,551)
Relisted expenses of current period	(266,271)
Raw materials on sale	(54,203)
Raw materials consumed of period	9,281,816
Direct labor	664,899
Manufacturing expenses	1,685,226
Manufacturing cost	11,631,941
Add: work-in-process at beginning of period	630,929
Transfer in various expenses	4,178
Work in process purchased	78,336
Deduction: work-in-process at end of period	(502,860)
Sell semi-finished products	(494,026)
Cost of finished goods	11,348,498
Add: finished products at beginning of period	509,070
Purchase finished products	575,863
Transfer in various expenses	6,162
Finished goods - Ending	(666,642)
Sale cost	11,772,951
Loss of inventory fall	45,140
Sell raw materials	54,203
Sell semi-finished products	494,026
Operating costs	**$ 12,366,320**

BENQ MATERIALS CORPORATION

Statement of Sales and Marketing Expenses
January 1~December 31 2020

Unit: NT$ thousand

Items	Amount
Compensation expenditure	$ 166,976
Advertising expenses	84,349
Commission expenses	75,012
Shipping expenses	35,204
Insurance expenses	26,312
Other expenses (all less than 5%)	95,308
	$ 483,161

Statement of Management Expenses

Items	Amount
Compensation expenditure	$ 90,781
Service expenses	12,825
Directors and supervisors' remuneration	11,064
Miscellaneous expenses	10,199
Insurance expenses	8,262
Other expenses (all less than 5%)	30,230
	$ 163,361

BENQ MATERIALS CORPORATION

List of Research Expenses
January 1~December 31 2020

Unit: NT$ thousand

Items	Amount
Compensation expenditure	$ 250,217
Indirect materials	173,009
Depreciation	49,270
Test expenses	29,826
Other expenses (all less than 5%)	120,875
	$ 623,197

Financial assets measured at fair value through profit and loss - Please refer to Note 6 [2] of the Individual Financial Statements for the current list

Please refer to Note 6 [5] of the Individual Financial Statements for the list of other receivables

Please refer to Note 6 [8] of the Individual Financial Statements for the list of changes in real estate, plant and equipment

Please refer to Note 6 [8] of the Individual Financial Statements for the list of changes in accumulated depreciation of real estate, plant and equipment

Please refer to Note 6 [9] of Individual Financial Statements for the list of changes in right-of-use assets

Please refer to Note 6 [10] of the Individual Financial Statements for the list of changes in intangible assets

Please refer to Note 6 [15] of the Individual Financial Statements for the list of deferred income tax assets

Financial liabilities measured at fair value through profit and loss - Please refer to Note 6 [2] of the Individual Financial Statements for the current list

Please refer to Note 6 [15] of the Individual Financial Statements for the list of deferred income tax liabilities

Please refer to Note 6 [20] of the Individual Financial Statements for the list of other income

Please refer to Note 6 [20] of the Individual Financial Statements for the list of other net profits and losses

Please refer to Note 6 [20] of the Individual Financial Statements for the list of financial cost

Account receivables - Please refer to Note 7 of the Individual Financial Statements for the list of related parties

Other receivables - Please refer to Note 7 of the Individual Financial Statements for the list of related parties