



TSE: 2352

# QISDA 2021 ANNUAL REPORT

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Qisda Annual report is available at <https://www.qisda.com/home.aspx>

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### QISDA ON THE INTERNET

Qisda's Investor Relations home page on the worldwide website offers a wealth of corporate information, including the latest annual report and financial results.  
Website: Qisda.com

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### OVERSEAS SECURITY EXCHANGE LISTING

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

## Letter to Shareholders

Qisda Group's consolidated revenue for 2021 was NT\$226 billion, a substantial increase of NT\$34.3 billion over the previous year. The consolidated operating income was NT\$7.4 billion. The consolidated net income was NT\$10.5 billion. The consolidated net income attributed to Qisda Corporation was NT\$8.3 billion. The earnings per share after tax was NT\$4.22.

In recent years, Qisda has been active in transforming its business. Together with the Group's core resources as a platform, Qisda consolidates hidden champions to be a grand fleet. Domestic publicly listed companies who identify with this concept joined us. Therefore, Qisda's consolidated revenue hitting new record highs in four consecutive years under the uncertain conditions such as the COVID-19 pandemic, supply chain challenges and rise in global trade conflict. In 2021. The revenue ratio of high value-added businesses continues to move toward the goal of more than half. We are dedicated to expand Qisda's business under the four major strategies.

- (1) **Optimization on current business operations:** The two major products, flat panel displays and projectors, continuously gain stable results and leading position in the market. The display business outperforms the entire industry and ranks second in the world. Qisda continues to develop high-end, high unit price, professional and medical displays. Qisda also keeps its global leading position in DLP projectors.
- (2) **Fast expansion in medical business:** In 2021, the revenue of two hospitals in Suzhou and Nanjing continued to grow and improved medical quality and management. At the same time, Nanjing Hospital started the second phase of construction, and was committed to build up smart healthcare. In terms of medical appliances and channel expansion, BenQ Qflux Dialyzer produced by BenQ Dialysis expanded into the Mainland China and Indonesian markets, and continued to create a one-stop service from production to distribution of dialyzer, dialysate and disinfectant; through investment, new smart pharmacy and medical management services were added to expand the service base.
- (3) **Acceleration on solution development:** Qisda completed its strategic allocation in Information Technology (IT) and Operational Technology (OT). The purpose is to become a full-fledged total system integration solution services provider. The consolidated revenue of smart solutions in 2021 was NT\$30 billion. Qisda continuously satisfying the six main intelligence vertical markets to meet the needs of contactless and cloud under the epidemic situation. In addition to actively expanding the business opportunities of cloud market and cloud integration, Qisda also assisted the manufacturing industry to improve automation, and created an omni-channel platform solution integrating online and offline in smart catering to meet customer needs.
- (4) **Strategic investment in 5G Network Business:** Qisda look to further increase in network communication in future technological life. Through subsidiaries such as Alpha Networks Inc., Hitron Technologies Inc., Interactive Digital Technologies Inc., to create broadband services that integrate wired and wireless networks.

Prospecting in 2022, while there are uncertainty such as trade conflicts and COVID, it also brings the long-term opportunities to enhance automation and accelerate digital transformation. Qisda will continue to focus on four major operating directions to create long-term values. The plans are listed as follows:

- (1) **Optimization on current business operations:** We will keep consolidating our global leading position in the display and projector market and continuously developing towards high-end, high-resolution and high-valued professional applications.

- (2) **Fast expansion in medical business:** BenQ Medical Center takes on the goal to be the No.1 private hospital in China. Regarding medical devices, we will prioritize the distribution channel, with focus in Asia and developing countries. Meanwhile, we will focus on self-developed products such as ultrasound, hemodialyzer and intraoral scanner, and lay out professional medical management fields. We development products and services in three field, such us smart medical, epidemic prevention, LOHAS and aesthetic medicine. We will also expand the medical industry alliance via win-win merge & acquisition or strategic cooperation model.
- (3) **Acceleration on solution development:** The horizontal integration on internal technology and channels will continue to meet different vertical market demands. We have aggressively accelerated the integration among DFI Inc., Partner Tech Corp. in recent years to exploit synergies. We've also linked the well-known top-tier international brand of SYSAGE in IT field with the brand of ACE PILLAR in OT field to deliver the best smart solution for customers, help them with digital transformation, and meet the needs of cloud and information security protection.
- (4) **Strategic investment in 5G Network business:** Provide products and services that meet customers' needs with networking, expand 5G networks business, and create seamless and fast all-round broadband services.

Qisda achieves its sustainable competitive advantages through innovation and technical development. Each year, we make effort in product innovation and development, averagely around 2%-3% of revenue. We have obtained 1,174 patents worldwide.

Qisda has dedicated to the corporate sustainable operation. The ESG indicators on environment, society and governance in 2021 still maintained high information transparency. Qisda led partners to practice ESG together with the concept of grand fleet. Therefore, Qisda Group got eight awards in the "Taiwan Corporate Sustainability Awards (TCSA) and Taiwan Sustainability Action Awards(TSAA)". For the first time, Qisda got the "Social Inclusion Leader Award", and also received the "Taiwan Sustainable Enterprise Performance Awards" , three "Sustainability Reporting Awards" and three "Taiwan Sustainability Action Awards(TSAA)".It shows that Qisda and grand fleet partners have implemented lavishly on sustainable development.

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

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

Sincerely,

Chairman: Peter Chen



President: Joe Huang



## Company Profile

### I. Date of Founding: April 21, 1984

### II. Company History:

April, 1984	Company established with a registered capital at NT\$140,000,000 (currency for the following monetary amount would all be NT\$ except specifically specified), the paid in capital was 35,000,000.
April, 1993	The Subsidiary "BenQ" established in Suzhou of mainland China.
November, 1993	The Headquarter and Production Base of the Company established in Guishan of Taoyuan.
July, 1996	Officially listed at TWSE.
November, 1996	First issuance of foreign currency convertible bonds with a total value of US\$110,000,000.
January, 1998	Initiation of construction of BenQ Suzhou Science and Technology Park.
December, 1998	First issuance of domestic debenture with a total value of NT\$2,000,000.
June, 2000	First issuance of domestic unsecured convertible bonds with a total value of NT\$4,000,000,000.
February, 2001	Second issuance of foreign currency convertible bonds with a total value of US\$175,000,000.
January, 2002	The Private Brand "BenQ" created and the English name of the Company changed to "BenQ Corporation".
May, 2002	The Board of Directors collectively elected Mr. K.Y. Lee as the Chairman.
June, 2002	The Shuang-shing Plant in Guishan of Taoyuan activated for production.
February, 2003	Established the joint venture with Royal Philips Electronic.
January, 2004	The Subsidiary Da-zhou Communication System Co., Ltd. (whose 100% of shares were held by the VCompany) merged and acquired by the Company.
June, 2005	First issuance of domestic debenture with a total value of NT\$4,000,000,000. Initiation of construction of BenQ Medical Center in Nanjing.
October, 2005	BenQ became the fourth most valuable out of the Top Ten "Branding Taiwan" brands . M&A with mobile departments of Siemens became officially effective and the operation of BenQ Mobile GmbH & Co OHG started.
December, 2005	Issuance of overseas depository receipt with total volume of 150,000,000 shares.
January, 2006	The first crossover edition of mobile phone product by BenQ-Siemens hit the market.
April, 2006	Production integration of optical storage products with Lite-On IT Corporation. The Board of Directors determined to terminate capital increase to BenQ Mobile.
November, 2006	BenQ included into the TOP 10 Leading Brands of Chinese Consumer Electronic Industry, becoming one of the most influential Chinese brands.
January, 2007	First issuance of unsecured exchangeable bonds with a total amount of NT\$4,500,000,000.
June, 2007	The Shareholders' Meeting approved proposals of brand segmentation, capital reduction for cover accumulated deficits and change of corporate name.
July, 2007	The corporate name was changed from BenQ Corporation to Qisda Corporation.
September, 2007	Capital reduction initiated. The listed company name at TWSE changed to Qisda (2352).
April, 2008	Capital increase by private placement of common stock at the amount of NT\$5,000,000,000.
May, 2008	Operation of BenQ Medical Center in Nanjing initiated.
June, 2008	The Shareholders' Meeting approved the proposals of establishing positions of Independent Directors and the Audit Committee.
July, 2009	Initiation of construction of BenQ Medical Center in Suzhou.
August, 2011	The Board of Directors approved the proposal of establishing the Remuneration Committee.
October, 2011	BenQ won the prize of Best Chinese Enterprise in Human Resources Management for three years in a row and also won the prize of Best Remuneration and Performance Management. BenQ Medical Center in Nanjing rated by the Health Department of Jiangsu Province as the Level 3 Hospital.
September, 2012	Selected by IDB of MOEA as the model enterprise for Outstanding CSR Reports of 2012.
November, 2012	Won the Bronze Medal of Manufacturing Industry of 2012 Taiwan Corporate Sustainability Awards.
May, 2013	Operation of BenQ Medical Center in Suzhou initiated.
October, 2013	BenQ Medical Center was rated the 7 <sup>th</sup> of the top 100 most competitive Chinese private-owned hospitals.
November, 2013	Won the Taiwan Top 50 Corporate Sustainability Report Award and the Climate Leadership Award of 2013 Taiwan Corporate Sustainability Awards
December, 2013	Selected by IDB of MOEA as the model enterprise for Quality CSR Reports of 2013.
November, 2014	Won the Silver Medal of "Large Enterprises, Electronics Industry II" of Taiwan Top 50 Corporate Sustainability Report Awards.

April, 2015	Rated as the top 5% by 2015 Corporate Governance Appraisal System of TWSE.
May, 2015	Won the first prize of Eco-friendly Enterprise of 2015 Global Views Monthly Corporate Sustainability Awards.
May, 2016	Won the prize of Model Enterprise of Electronic Technology Group of 2016 Global Views Monthly Corporate Sustainability Awards.
November, 2016	Won the Gold Medal "Electronic and IT Manufacturing Industry" and the "Climate Leadership Award" of Taiwan Top 50 Corporate Sustainability Report Award of 2016 Taiwan Corporate Sustainability Awards.
April, 2017	Completed the public tender offer of 42.06% of shares of Partner Tech Corp.
May, 2017	"Best Business Continuity Approach of the Year" of StrategicRISK.
November, 2017	"Top 50 Corporate Sustainability Report Awards" and "Top 50 Corporate Sustainability Awards" of 2017 Taiwan Corporate Sustainability Awards of TAISE.
November, 2017	Completed the public tender offer of 36.28% of shares of DFI.
January, 2018	Recognized by Thomson Reuters as one of the entity of the Top 100 Global Technology Leaders.
March, 2018	Recognized as one of the 30 model Taiwanese enterprises by CSRON Reporting.
March, 2018	Participated in the subscription of common stocks from private placement by Alpha Networks Inc. for capital increase by cash with a shareholding ratio of the Company at approximately 18.38%.
August, 2018	Participated in the subscription of common stocks of K2 International Medical Inc. or capital increase by cash with a shareholding ratio of the Company at approximately 29.85%.
November, 2018	Participated in the subscription of common stocks from private placement by Dataimage for capital increase by cash with a shareholding ratio of the Company at approximately 28.82%.
April, 2019	The first safety certification of Human-Robot Collaboration (HRC) around Taiwan
June, 2019	Awarded prize for HR Asia, Best Companies to Work For In Asia Awards
July, 2019	To establish a new joint venture company (BenQ Biotech ( Shanghai ) Co., Ltd) with Shanghai Kunxin Medical Technology Co., Ltd. by cash injection, after the investment, shareholding ratio is 70%.
August, 2019	The Company participates in Topview Optronics Corporation's private placement of common shares with a shareholding ratio of the Company at approximately 20%.
August, 2019	The Company participates in SYSAGETHCHNOLOGY CO., LTD's private placement of common shares with a shareholding ratio of the Company at approximately 35%.
September, 2019	Qisda's Twin Stars Factory has continued to obtain the continuous accreditation to the Green Factory from Industrial Bureau of Taiwan's Ministry of Economic Affairs.
October, 2019	The Subsidiary "Qisda Vietnam Co.,Ltd" established
November, 2019	Awarded prize for Platinum Award for Taiwan Corporate Sustainability Reports "(Electronic Information Manufacturing Industry)" of "2019 Taiwan Corporate Sustainability Awards (TCSA)" from Taiwan Institute for Sustainability Foundation (TAISE) and "Corporate Comprehensive Performance Award.
November, 2019	Qisda Chairman Peter Chen received an annual award for "EY Entrepreneur Of The Year 2019" and Excellent Business Model Entrepreneur Of The Year.
March, 2020	The Company participates in SIMULA TECHNOLOGY INC.'s private placement of common shares with a shareholding ratio of the Company at approximately 37.5%.
July, 2020	Completed the public tender offer of 19% of shares of Alpha Networks Inc..
September, 2020	Won "Best Companies to Work For in Asia" and "HR Asia Most Caring Companies Award".
November, 2020	Won "Top Ten Most Prestigious Sustainability Award", "Corporate Sustainability Report Award", "Growth through Innovation Award" and "Creativity in Communication Award of "Taiwan Corporate Sustainability Reports Platinum Award" running by Taiwan Institute for Sustainability Foundation (TAISE)
December, 2020	Qisda Chairman Peter Chen received M&A Outstanding Achievement Award and National Manager Excellence Award.
January, 2021	Completed the public tender offer of 16% of shares of SYSAGE TECHNOLOGY CO., LTD..
September, 2021	Won "Best Companies to Work For in Asia" and "HR Asia Most Caring Companies Award".
October, 2021	Won "2021 World's Best Employers" from Forbes.
November, 2021	Won "Corporate Sustainability Excellent Performance Award", Gold Award of "Corporate Sustainability Report Award" in the category of IT & IC manufacturing from Taiwan Institute for Sustainable Energy, "Social Inclusion Award", Silver Award of "Taiwan Sustainability Action Award - Employment and Economic Growth", and Bronze Award of "Taiwan Sustainability Action Award - Education Quality", and "Social Inclusion Award" running by Taiwan Institute for Sustainability Foundation (TAISE)

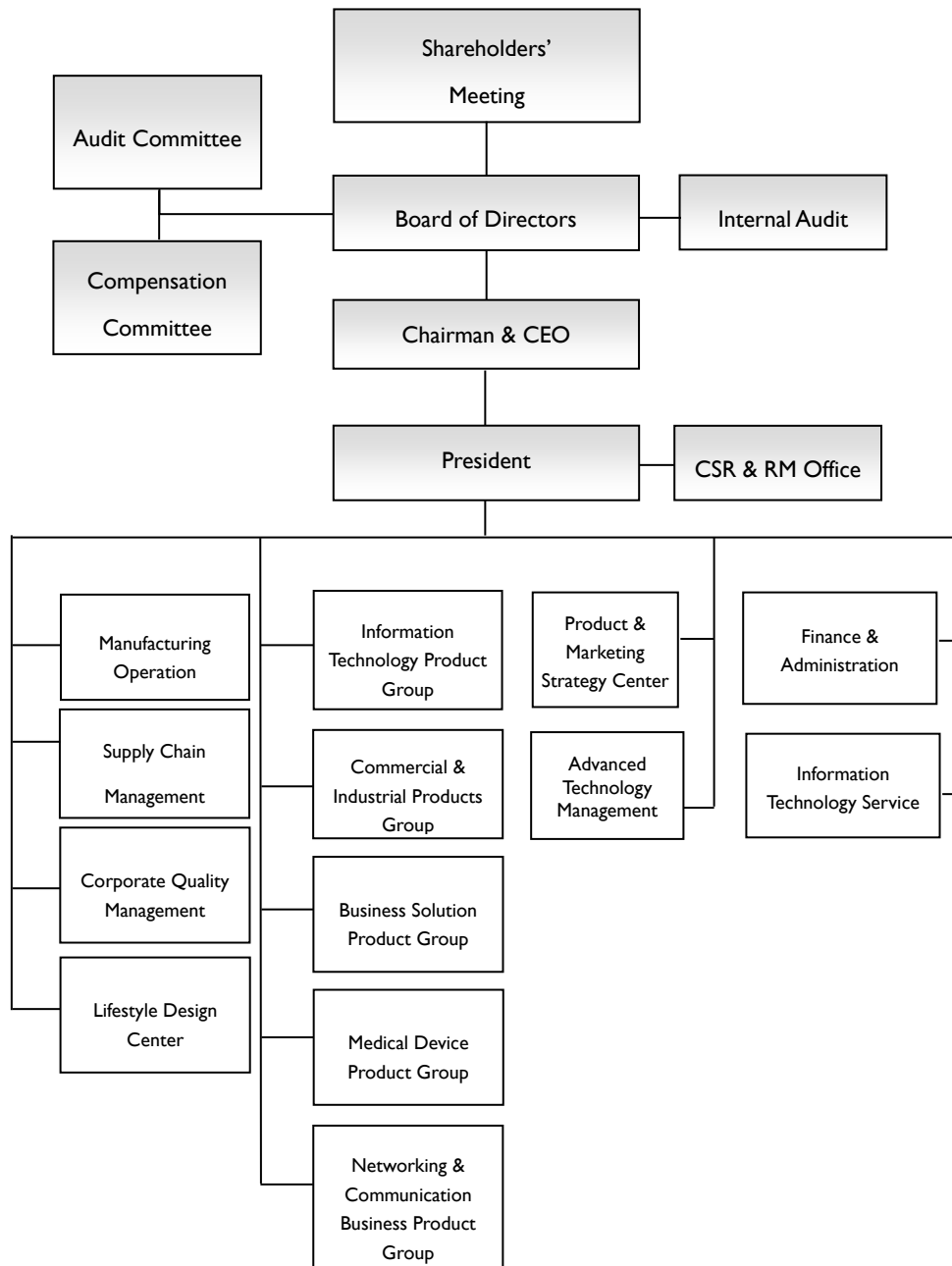
Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its company history.

# Corporate Governance

## I. Organization

### (I) Organizational Structure

Date: April 1, 2022



(II) Business Scope for Main Department

Department	Majority Focus
IT Products Group Commercial and Industrial Products Business Group Smart Solution Business Group Medical Equipment Business Group Networking & Communication Business Product Group	<ol style="list-style-type: none"> <li>1. Development and promotion of domestic and foreign market business</li> <li>2. Formulation of marketing plans</li> <li>3. ODM/EMS product development assessment</li> <li>4. Product development and introduction and improvement of new technologies</li> <li>5. Planning of product quality assurance system and preparation of quality management plans</li> </ol>
Manufacturing Headquarter	<ol style="list-style-type: none"> <li>1. Responsible for the manufacturing of various products</li> <li>2. Control and management of yields, capacity planning, and efficiency of production processes</li> <li>3. Coordination of manufacturing resources and completion of required volumes to be shipped</li> <li>4. Implement quality management system to ensure product quality and meet customer needs</li> </ol>
Supply Chains Management	<ol style="list-style-type: none"> <li>1. Global operations planning and management</li> <li>2. Strategic procurement planning and management</li> <li>3. Overall planning and execution of vertical integration of supply chains</li> </ol>
Quality Management	<ol style="list-style-type: none"> <li>1. Promote products quality management supervision and quality strategy planning and implementation</li> <li>2. Promote sustainable business, environmental-friendly and green energy, and continuous improvement activities</li> <li>3. Provide R&amp;D unit measurement with analysis and safety certification application</li> <li>4. Provide customers with after-sales service</li> </ol>
Digital Fashion Design Center	<ol style="list-style-type: none"> <li>1. Product shapes and functions design</li> <li>2. HMI design</li> <li>3. Visual communication design</li> <li>4. Trend analysis of user research and design</li> </ol>
Products and Marketing Strategy Center	<ol style="list-style-type: none"> <li>1. Analysis and planning of syndicate strategy</li> <li>2. Assist each business group in formulating business competition strategies and commercial design</li> <li>3. Assist each business group in STP planning and product portfolio formulation</li> <li>4. Assisting each business group in introduction of design thinking</li> </ol>
Advanced Technology Management	<ol style="list-style-type: none"> <li>1. Collect the latest technical information regarding materials, technologies, and products for the Company's product development</li> <li>2. Integrate the Company's new technology and enhance the product development capability</li> <li>3. Seek internal and external resources to resolve major technical problems within the Company</li> </ol>
Finance and Administration Management (Finance/Human Resources/Legal/Patent Engineering/ Investment)	<ol style="list-style-type: none"> <li>1. Accounting system, accounting taxation processing analysis and planning</li> <li>2. Matters related to the acquisition, operation and dispatching of financial funds</li> <li>3. Utilize various financial statement data to provide guidance for business operation directions</li> <li>4. Stock issuance, stock affairs, taxation and other related businesses</li> <li>5. Establishment and management of personnel systems such as manpower planning, staff recruitment, appointment, assessment, and promotion</li> <li>6. Planning, design and management of remuneration system, business travel and expatriate, insurance, and welfare</li> <li>7. Planning, establishment and implementation of system of education training and talent cultivation</li> <li>8. Planning and promotion of corporate culture and employee interactions</li> <li>9. Comprehensive development, review and provision of legal advisory services related to business affairs</li> <li>10. Intellectual property business such as patent copyright trademarks and technology licenses at domestic and abroad</li> <li>11. Comprehensive administration for legal affairs</li> <li>12. Assist each business group to draw up investment radar charts</li> <li>13. Find investment targets and strategies based on investment radar charts</li> <li>14. Assist each business group to formulate investment plans</li> <li>15. Plan the scope of due diligence and summarize the results</li> </ol>
Information Technology Service	<ol style="list-style-type: none"> <li>1. MIS system management</li> <li>2. Application and maintenance of OA equipment</li> <li>3. Establishment of automatic monitoring system</li> <li>4. Be in charge of the promotion of information security governance, establishment of consistent information security policy, formulation of management standard of information security, and integration and monitoring of implementation, operation, and coordination information security mechanisms.</li> </ol>
CSR & RM Office	<ol style="list-style-type: none"> <li>1. Corporate Sustainability Development Planning and Implementation</li> <li>2. Environment, Safety and Health Planning and Implementation</li> <li>3. Enterprise Risk Management Planning and Implementation</li> <li>4. Group Companies Insurance Planning and Implementation</li> </ol>
Internal Audit	To assist inspecting and reviewing defects in the internal control systems as well as measuring operational effectiveness and efficiency.



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

(I) Director Information

April 1, 2022; Unit of shares: unit

Title	Nationality or Place of Registration	Name	Gender	Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies (Note2)	Note 3
								Shares	%	Shares	%	Shares	%	Shares	%			
Honorary Chairman	Republic of China	Kuen-Yao (K.Y.) Lee	Male	61-70	2020.06.19	3	1999.05.19	9,719,540	0.49%	9,719,540	0.49%	0	0.00%	Note 1	Note 1	- MBA, Switzerland IMD - B.S., Electrical Engineering, National Taiwan University(1974) - Chairman, Qisda Corporation (2007-2017) - Chairman, AU Optronics Corp(1996-2015)	Chairman: BenQ Foundation Director: AU Optronics Corp. Darfon Electronics Corp.(Note2)	The reason why the chairman also serves as the CEO is to represent the company externally and effectively coordinating the management team to effectively implement investment and
Chairman	Republic of China	Chi-Hong (Peter) Chen	Male	61-70	2020.06.19	3	2014.01.01	309,919	0.02%	409,123	0.02%	0	0.00%	0	0.00%	- Technology Management Program, National Chengchi University - EMBA, Thunderbird American Graduate School, U.S.A.(2001) - B.S., Electrical Engineering, National Cheng Kung University(1985) - President, Qisda Corp.(2014-2022) - Technology Product Center EVP, BenQ Corp.	Chief Executive Officer: Qisda Corp. Director: Darfon Electronics Corp. BenQ Foundation(Note2)	mergers and acquisitions, lead the value transformation of Qisda, quickly strengthen the medical business, accelerate on solution development, expand 5G networks business, and play a comprehensive effect.
Director	Republic of China	AU Optronics Corp.	-	-	2020.06.19	3	2005.05.18	335,230,510	17.04%	335,230,510	17.04%	0	0.00%	0	0.00%	- MBA, Heriot-Watt University - President, AU Optronics Corp. (2012-2015)	Chairman and Chief Executive Officer: AU Optronics Corp. Chairman: Konly Venture Corp. Ronly Venture Corp. AU Optronics (Xiamen) Corp. AU Optronics (Suzhou) Corp., Ltd. AU Optronics Manufacturing (Shanghai) Corp., AU Optronics (Kunshan) Corp. Ltd. AUO Digital Technology Service (Suzhou) Co. Ltd. AU Optronics (Shanghai) Co., Ltd. AUO Foundation Vice Chairman: Ennostar Inc. Director: Qisda Corp. AU Optronics (L) Corp. AU Optronics Singapore Pte. Ltd. AUO Digitech (CAYMAN) Limited AUO Digitech Holding Limited AUO Digitech Pte. Ltd.	
	Republic of China	Representative Shuang-Lang (Paul) Peng	Male	61-70	2020.06.19	3	2010.06.18	9,164	0.00%	9,164	0.00%	65,032	0.00%	0	0.00%			

Title	Nationality or Place of Registration	Name	Gender	Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Qisda and Other Companies (Note2)	Note 3
								Shares	%	Shares	%	Shares	%	Shares	%			
Director	Republic of China	BenQ Foundation	-	-	2020.06.19	3	2017.06.22	608,083	0.03%	608,083	0.03%	0	0.00%	0	0.00%	- EMBA, Tsing Hua University in Beijing - MBA, Greenwich University - Senior Vice President, Qisda(-2022) - GM of Global Supply Chain General Manager,Qisda (2011) - COO, BenQ China (2005) - VP of Global Manufacturing, BenQ	President, Qisda Corp. Director: BenQ Foundation (Note2)	At the same time, in order to strengthen the independence and supervision function of the board of directors, the board of directors of the company has three independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
	Republic of China	Representative Han-Chou (Joe) Huang	Male	51-60	2020.06.19	3	2017.06.22	240,952	0.01%	267,009	0.01%	686	0.00%	0	0.00%			
Independent Director	Republic of China	Cheng-Ju (Allen) Fan	Male	61-70	2020.06.19	3	2011.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	- B.S., Electrical Engineering, National Taiwan University - President, Microsoft Taiwan(1992-2000) - General Manager, WKT Technology Fund - VP, Twinhead International Corp.(1989-1991) - VP, HP Taiwan(1980-1989)	Chairman: Yu Xuan Corp. Director: K KINGDOM INC. K K INTELLIGENT TECHNOLOGY INC. Independent Director: Wistron Information Technology and Services Corporation	
Independent Director	Republic of China	Lo-Yu (Charles) Yen	Male	61-70	2020.06.19	3	2020.06.19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	- Master in Accounting, National Cheng Chi University - Vice Chairman and GM, Vincera Capital - Chief Strategy Officer, Deloitte China(2004-2011) - CPA, Deloitte Touche Tohmatsu Limited(1982-1994) - President, DELOITTE CONSULTING CO.(1995-2003)	Director: Chinese Television System Inc.  Independent Director: Chunghwa Telecom Sinyi Realty Inc. Alibaba Entrepreneurs Fund	
Independent Director	Republic of China	Jyuo-Min Shyu	Male	61-70	2020.06.19	3	2020.06.19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	- Ph.D. in Electrical Engineering and Computer Science, University of California, Berkeley(1984-1988) - Minister, Ministry of Science and Technology(2015-2016) - President, Industrial Technology Research Institute(2010-2015) - Professor, Department of Computer Science, National Tsing Hua University(2007-2010) - Professor Emeritus, National Tsing Hua University(2016-)	Director: Iridium Medical Technology Co., Ltd. GeoThings, Inc. Alpha Ring Asia Inc.  Independent director: United Microelectronics Corp. FAR EASTONE TELECOMMUNICATIONS CO., LTD.	

Note 1: According to the Judgment No. 61 of the major lawsuit in 2009 of Taiwan High Court, Mr. Kuen-Yao (K.Y.) Lee held total 2,323,225 shares in the name of others when shares acquired as an Employee's Bonus (including the subsequent stock dividends) in 2000, 2003, and 2004. According to the investigate No. 11642 indictment in 2012 the Prosecutor of Taiwan Taoyuan District Court, Mr. Kuen-Yao (K.Y.) Lee held 400,000 shares and 300,000 shares in the name of others in 2003 and 2004. After the company consulted Mr. Kuen-Yao (K.Y.) Lee about his holding shares in the name of others as of the date of April 1, 2022, Mr. Kuen-Yao (K.Y.) Lee replied this is not confirmed yet due to this case is a long time ago and not being handled by him. For the above information, investors are required to make discretionary judgments to protect their rights and interests.

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

Note 3: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.

Note 4: Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.

## Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
AU Optronics Corp (Note2)	Qisda Corporation	6.90%
	Trust Holding for Employees for AU Optronics Corp.	4.88%
	Quanta Computer Inc.	4.61%
	ADR of AU Optronics Corp.	4.19%
	Yuanta Taiwan Dividend Plus ETF	1.40%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.05%
	New Labor Pension Fund	0.91%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.79%
	GOLDMAN SACHS INTERNATIONAL	0.77%
	Fubon Life Insurance Co., Ltd	0.62%
BenQ Foundation (Note 3)	Qisda Corporation (Note 4)	100%

Note 1: For directors acting as the representatives of institutional shareholders

Note 2: Source of information for AUO is recorded as of the book closure date of AUO on June 28, 2021.

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

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

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

Name of institutional shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
Quanta Computer Inc. (Note1)	Qianyu Investment Co., Ltd.	14.82%
	Barry Lin	10.76%
	Government of Singapore	2.84%
	Liang Tzu Chen	2.14%
	Labor Pension	2.13%
	Ho, Sha Trust Property.	2.07%
	Yijiaxin Investment Co., Ltd.	1.64%
	Cathay Life Insurance Co., Ltd.	1.64%
	Nan Shan Life Insurance Co., Ltd.	1.60%
	Xinmin Investment Co., Ltd.	1.57%
Fubon Life Insurance Co., Ltd. (Note2)	Fubon Financial Holdings Co., Ltd.	100%

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

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

Professional qualifications and independence analysis of directors

Condition Name	Key board qualifications, expertise and attributes	Meet conditions of independence ( Note I )	Number of other public companies where the Director concurrently serves as an Independent Director
Honorary Chairperson. Kuen-Yao (K.Y.) Lee	(1) Profile: MBA, International Institute for Management Development, Switzerland and Chairperson, AU Optoelectronics Corp. (2) Current Position: Director, AU Optoelectronics Corp and Chairperson, BenQ Foundation. (3) Experienced in multi-industry and brand marketing, familiar with industry-related contacts and emphasis on public welfare. Not been involved in any of situations defined in Article 30 of the Company Act.	Not applicable.	0
Chairperson. Chi-Hong (Peter) Chen	(1) Profile: EMBA, Thunderbird American Graduate School, USA and EVP of Technology Product Center, BenQ Corporation and President, Qisda Corporation. (2) Current Position: CEO, Qisda Corporation and Director, BenQ Foundation. (3) Possess multi-industry experience and leadership skills, is familiar with industry-related contacts and attaches importance to public welfare. Not been involved in any of situations defined in Article 30 of the Company Act.	Not applicable.	0
Director. AU Optronics Corp. Representative: Shuang-Lang (Paul) Peng	(1) Profile: MBA, Heriot-Watt University, UK and President, AU Optoelectronics Corp. (2) Current Position: Chairperson and CEO, AU Optoelectronics Corp. and Chairperson, AUO Foundation. (3) With rich industry experience and leadership, he is concerned about sustainable development management and public welfare. Not been involved in any of situations defined in Article 30 of the Company Act.	Not applicable.	0
Director. BenQ Foundation Representative: Han-Chou (Joe) Huang	(1) Profile: EMBA, Tsinghua University, China and resident, Global Supply Chains, Qisda Corporation. and Vice president, Qisda Corporation. (2) Current Position: President, Qisda Corporation and Director, BenQ Foundation. (3) Rich industry experience, familiar with industry-related contacts and emphasis on public welfare. Not been involved in any of situations defined in Article 30 of the Company Act.	Not applicable.	0
Independent Director. Cheng-Ju (Allen) Fan	(1) Profile: B.S., Electrical Engineering, National Taiwan University and CEO, Microsoft Taiwan and General Manager, WKTechnology Fund and VP, HP Taiwan. (2) Current Position: Chairman, Yu Xuan Corp. and Independent Director, Wistron Information Technology and Services Corporation. (3) Rich experience in industrial and venture capital investment. Not been involved in any of situations defined in Article 30 of the Company Act.	Compliant	1
Independent Director. Lo-Yu (Charles) Yen	(1) Profile: Master in Accounting, National Cheng Chi University and President, DELOITTE CONSULTING CO. and Vice Chairman and GM, Vincera Capital. (2) Current Position: Independent Director, Chunghwa Telecom and Independent Director, Sinyi Realty Inc. and Director, Chinese Television System Corp. (3) Professional in financial accounting and venture capital. Not been involved in any of situations defined in Article 30 of the Company Act.	Compliant	2
Independent Director. Jyuo-Min Shyu	(1) Profile: Ph.D. in Electrical Engineering and Computer Science, University of California, Berkeley. and Minister, Ministry of Science and Technology. And President, Industrial Technology Research Institute. And Professor Emeritus, National Tsing Hua University. (2) Current Position: Independent director, United Microelectronics Corp. and Independent director, FAR EASTONE TELECOMMUNICATIONS CO., LTD. And Director, GeoThings, Inc. (3) Specialized in academic research, committed to sustainable development management. Not been involved in any of situations defined in Article 30 of the Company Act.	Compliant	2

Note 1: Independence: including but not limited to whether the person, spouse, relatives within the second degree of kin act as directors, supervisors or employees of the company or its related enterprises; ) The number and proportion of shares held in the company; whether he is a director, supervisor or subject of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). Employed persons; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

## The Borad of Director Diversity and Independence.

### 1. The Borad of Director Diversity:

On May 5, 2015, Qisda passed the “Corporate Governance Principles” of which the diversified approaches have been adopted in “Enhancing the Function of Board of Directors” of Chapter 3. The nomination and selection of Board Members comply with articles of incorporation that the Company adopts the candidate nomination system. Aside from evaluating each candidate’s qualifications including education and experience, the Company also refers to stakeholders’ opinions as well as comply with “Rules for Director and Supervisor Elections” and “Corporate Governance Principles” in order to ensure the diversity and independency of Board Members. According to Qisda’s “Corporate Governance Principles”, the composition of Board Members shall be determined by taking diversity into consideration and formulating an appropriate approach on diversity based on the company’s business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1). Basic requirements and values: Age, identity, and more.
- (2). Professional knowledge and skills: Professional background, professional skills, industry experience, and more.

### 2. The status of implementing diversification of Qisda’s Board Members in 2021 is as follows:

Title	Name	Gender	Diverse Industry and Professional Skills							Term of Office of Independent Directors
			Business Management	Sustainable Development	Venture Capital Investment	Sustainable development	Finance and Accounting	Information Technology	Academic Research	
Honorary Chairperson	K.Y. Lee	Male	V	V		V				
Chairperson	Peter Chen	Male	V	V	V	V				
Director	Paul SL Peng	Male	V	V	V	V				
Director	Joe Huang	Male	V	V		V				
Independent Director	Cheng-Ju (Allen) Fan	Male	V		V			V		More than three terms (note)
Independent Director	Lo-Yu Yen	Male	V		V		V			Three terms or less
Independent Director	Jyuo-Min Shyu	Male				V		V	V	Three terms or less

Note: Although independent director Cheng-Ju (Allen) Fan has been independent director for three consecutive terms, the Company still relies on his professional insight to lead the future direction of the Company. The board of directors believes that during the determination and execution of duties, necessary independence still needs to be maintained, and no special relationship is established with the management (or other parties) that may damage the fair judgment of the maximum interest of the Company or unbiased attitude during the execution of job duties.

Concurrently an employee of the Company accounts for 28.57% and 42.86% of independent directors respectively. one director is aged between 51-60 and Six directors between 61-70 years of age.

Management goals has been achieved:

- (i) Number of Directors who concurrently serve as Company managers do not exceed one-third of all Directors.
- (ii) Number of independent directors exceed one-third of all Directors.

### 3. In consideration of the list for Qisda’s Board Members, Number of Directors who has experience in business management, multi-industry knowledge, and venture capital investment, and is committed to environmentally sustainable development and public welfare contributions exceed half of all Directors; besides that, the Independent Director Lo-Yu (Charles) Yen have possess financial accounting expertise, the Independent Director Cheng-Ju (Allen) Fan and Jyuo-Min Shyu have a background in information technology industry and academia, respectively. The diverse experience and capabilities of the members of the Board of Directors of the Company have greatly contributed to the overall business operation of the Company.

### 4. The Borad of Director Independence:

The company currently has a total of 7 directors, including 3 independent directors (accounting for 28.57% of the directors respectively), and the number of independent directors exceeds one-third.

By the end of 2021, all independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act. and the matter of item 4. In conclusion, the Board of Directors of the Company is independent.

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

April 1, 2022

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Primary work or academic experiences	Position concurrently held in other companies (Note 2)	Note 3
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			
Chairman and CEO	Republic of China	Peter Chen	Male	2022.04.01	409,123	0.02%	0	0.00%	Technology Management Program, National Chengchi University EMBA, Thunderbird American Graduate School, U.S.A. B.S., Electrical Engineering, National Cheng Kung University Technology Product Center EVP, BenQ Corp.	Director: Darfon Electronics Corp., BenQ Foundation (Note 2)	The reason why the chairman also serves as the CEO is to represent the company externally and effectively coordinating the management team
President	Republic of China	Joe Huang	Male	2022.04.01	267,009	0.01%	686	0.00%	EMBA, Tsing Hua University in Beijing	BenQ Foundation (Note 3) (Note 2)	to effectively implement
Senior Vice President	Republic of China	Mark Hsiao	Male	2007.09.01	139,170	0.01%	0	0.00%	B.S., Chemical Engineering, Tamkang University	Note 2	investment and mergers and
Vice President	Republic of China	CY Ho	Male	2014.03.20	437,628	0.02%	0	0.00%	EMBA, National Taiwan University	Note 2	acquisitions, lead the
Vice President	Republic of China	Harry Yang	Male	2017.03.09	53,581	0.00%	0	0.00%	M.S., Computer Science, University of Florida	Note 2	value transformation of Qisda, quickly
Vice President	Republic of China	Daniel Hsueh	Male	2019.09.01	313,272	0.02%	0	0.00%	M.S., Business Management National Sun Yat-sen University	Note 2	strengthen the medical business,
Vice President	Republic of China	Michael CH Lee	Male	2019.11.08	169,061	0.01%	6,000	0.00%	Ph.D., Electrical Engineering National Taiwan University	Note 2	accelerate on solution
Vice President	Republic of China	Daven Wu	Male	2020.03.27	420,012	0.02%	0	0.00%	M.S., College of Management, Yuan Ze University	None	development, expand 5G networks
Vice President	Republic of China	Jasmin Hung	Female	2021.03.23	421,396	0.02%	0	0.00%	MBA, California State University, Fullerton	Director: Darfon Electronics Corp., (Note 2)	business, and play a comprehensive effect.
Vice President	Republic of China	T.S.Wu	Male	2021.08.11	205,609	0.01%	0	0.00%	M.S., Institute of Electrical and Control Engineering National Chiao Tung University	None	
Vice President	Republic of China	Danny Lin	Male	2021.08.11	8,389	0.00%	10,000	0.00%	Ph.D., National Kaohsiung University of Science and Technology	Note 2	

Title	Nationality or Place of Registration	Name	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Primary work or academic experiences	Position concurrently held in other companies (Note 2)	Note 3
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			
Associate vice president	Republic of China	Rex Wu	Male	2009.04.01	155,000	0.01%	0	0.00%	EMBA, Pacific Western University	Note 2	At the same time, in order to strengthen the independence and supervision function of the board of directors, the board of directors of the company has three independent directors and more than half of the directors are not an employee or a manager of the Company, so as to improve the operation of the board of directors and comply with the principles of corporate governance.
Associate vice president	Republic of China	Eric Lee	Male	2009.04.01	227,209	0.01%	6,000	0.00%	MBA, Pacific Western University	Note 2	
Associate vice president	Republic of China	Jack Wang	Male	2010.04.01	47,141	0.00%	0	0.00%	M.S., Business Administration National Central University	None	
Associate vice president	Republic of China	T.H. Lee	Male	2010.04.01	13,030	0.00%	0	0.00%	Electrical Engineering, Cheng Shiu University	None	
Associate vice president	Republic of China	Ray Huang	Male	2011.04.01	197,248	0.01%	0	0.00%	EMBA, National Central University	None	
Associate vice president	Malaysia	Nick Niek	Male	2011.04.01	5,921	0.00%	27,772	0.00%	B.S., Electrical Fu Jen Catholic University	None	
Associate vice president	Republic of China	Calvin Jeng	Male	2013.11.07	125,854	0.01%	0	0.00%	M.S., Shanghai Jiao Tong University	None	
Associate vice president	Republic of China	Tony Lin	Male	2013.11.07	4,828	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	None	
Associate vice president	Republic of China	Y.S. Cheng	Male	2014.01.01	4,440	0.00%	0	0.00%	M.S., Mechanical Engineering at National Taiwan University	Note 2	
Associate vice president	Republic of China	Aaron Ho	Male	2014.04.01	35,730	0.00%	2,006	0.00%	M.S., College of Management, Yuan Ze University	None	
Associate vice president	Republic of China	Joe Lee	Male	2014.04.01	200,907	0.01%	0	0.00%	EMBA, National Central University	Note 2	
Associate vice president	Republic of China	Alex Wu	Male	2014.10.01	178,409	0.01%	0	0.00%	National Taipei University of Technology	None	

The Company's shares held by managers in the name of other persons: None.  
Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None.

## Remarks:

1. Source of information for Number of shares held is recorded as of the book closure date on April 1, 2022
2. Please refer to the section "Directors, supervisors and presidents of affiliates" in annual report.
3. Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto must be disclosed.





Table of compensation ranges

Compensation range for each Director	Names of Director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	Qisda Corp. and its subsidiaries (Note 9)	The Company	Parent Company Qisda Corp. and its subsidiaries and investees (Note 10)
Less than NT 1,000,000	Shuang-Lang (Paul) Peng Han-Chou (Joe) Huang	Shuang-Lang (Paul) Peng	Shuang-Lang (Paul) Peng	
NT\$1,000,000 (included)~2,000,000 (excluded)				
NT\$2,000,000 (included)~3,500,000 (excluded)	Chi-Hong (Peter) Chen	Han-Chou (Joe) Huang		
NT\$3,500,000 (included)~5,000,000 (excluded)				
NT\$5,000,000 (included)~10,000,000 (excluded)				
NT\$10,000,000 (included)~15,000,000 (excluded)	Kuen-Yao (K.Y.) Lee AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan Lo-Yu (Charles) Yen Jyuo-Min Shyu	Chi-Hong (Peter) Chen AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan Lo-Yu (Charles) Yen Jyuo-Min Shyu	Kuen-Yao (K.Y.) Lee AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan Lo-Yu (Charles) Yen Jyuo-Min Shyu	AU Optronics Corp. BenQ Foundation Cheng-Ju (Allen) Fan Lo-Yu (Charles) Yen Jyuo-Min Shyu
NT\$15,000,000 (included)~30,000,000 (excluded)		Kuen-Yao (K.Y.) Lee	Han-Chou (Joe) Huang	Kuen-Yao (K.Y.) Lee Han-Chou (Joe) Huang
NT\$30,000,000 (included)~50,000,000 (excluded)				Shuang-Lang (Paul) Peng
NT\$50,000,000 (included)~100,000,000 (excluded)			Chi-Hong (Peter) Chen	Chi-Hong (Peter) Chen
More than NT\$100,000,000				
Total	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)	9 Persons (including 2 Corporate Directors)

Note 1: Refers to compensation for Directors in 2021 (including salaries, job allowance, severance pay, bonuses, and performance fees).

Note 2: Refers to pension either allocated or paid out per legal requirements in 2021.

Note 3: Refers to Directors' remunerations in 2021.

Note 4: Refers to Directors' business execution expenses in 2021 (including the difference between the salaries paid by the sub-subsidiaries and subsidies for those serving as representatives of Corporate Directors designated by the Qisda's subsidiaries, provisions of compensation, transport fees, special expenses, various subsidies, accommodations, or company vehicles and other physical items)

Note 5: Profit refers to the profit for the year in the 2021 parent company only financial statements of Qisda Corp.

Note 6: Refers to compensation for Directors who also served as President, Vice President, other managers or employees in 2021 including salaries, job remuneration, severance pay, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note 7: Refers to employee's remuneration (including stock and cash) paid to Directors who also served as President, Vice President, other managers, or employees in 2021 according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 7, 2022.

Note 8: Refers to compensation, remunerations (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by Directors who served as Director, supervisor, or manager in investees other than Qisda Corp.'s subsidiaries in 2021.

Note 9: All consolidated entities in the consolidated financial statements (including the company)

Note 10: Total compensation paid to Qisda Corp.'s Directors.

## 2. Remuneration of Supervisors:

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

### 3. Compensation for President and Vice Presidents

December 31, 2021 Unit: NT\$ 1,000

Title	Name	Salary(A) (Note 2)		Pension upon retirement (B) (Note 3)		Bonuses and special expenses etc (C)(Note 4)		Employee's remuneration (D) (Note 5)				Amount and ratio of Total Compensation (A+B+C+D) to Profit (Note 6)		Compensation from investees other than Qisda Corp.'s subsidiaries or Parent Company (Note 7)
		The company	Qisda Corp. and its subsidiaries (Note 8)	The company	Qisda Corp. and its subsidiaries (Note 8)	The company	Qisda Corp. and its subsidiaries (Note 8)	The company		Qisda Corp. and its subsidiaries (Note 8)		The company	Qisda Corp. and its subsidiaries (Note 8)	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Peter Chen													
President	Joe Huang													
Senior Vice President	Mark Hsiao													
Vice President	CY Ho													
Vice President	Harry Yang													
Vice President	Daniel Hsueh	37,166	38,330	924	924	54,288	54,288	126,900	0	126,900	0	219,278 (2.64%)	220,442 (2.65%)	2,244
Vice President	Michael CH Lee													
Vice President	Daven Wu													
Vice President	Jasmin Hung (Note 1)													
Vice President	T.S.Wu (Note 1)													
Vice President	Danny Lin (Note 1)													

Table of compensation ranges

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Parent Company, Qisda Corp. and its subsidiaries and investees (Note 9)
Less than NT 1,000,000		
NT\$1,000,000 (included)~2,000,000 (excluded)		
NT\$2,000,000 (included)~3,500,000 (excluded)		
NT\$3,500,000 (included)~5,000,000 (excluded)		
NT\$5,000,000 (included)~10,000,000 (excluded)	T.S. Wu, Danny Lin	T.S. Wu, Danny Lin
NT\$10,000,000 (included)~15,000,000 (excluded)	CY Ho, Daniel Hsueh, Daven Wu, Jasmin Hung	CY Ho, Daniel Hsueh, Daven Wu, Jasmin Hung
NT\$15,000,000 (included)~30,000,000 (excluded)	Joe Huang, Mark Hsiao, Harry Yang, Michael CH Lee	Joe Huang, Mark Hsiao, Harry Yang, Michael CH Lee
NT\$30,000,000(included)~50,000,000 (excluded)		
NT\$50,000,000 (included)~100,000,000 (excluded)	Peter Chen	Peter Chen
More than NT\$100,000,000		
Total	11 Persons	11 Persons

Note 1: Jasmin Hung was promoted to Vice President, effective March 23, 2021; T.S. Wu and Danny Lin were promoted to Vice President, effective April 11, 2021

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

Note 3: Refers to pension either allocated or paid out per legal requirements in 2021.

Note 4: Refers to compensation for president and vice president in 2021, including the difference between the salaries paid by Qisda and subsidies for those serving as representatives of Corporate Directors designated by Qisda, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, company vehicles, and other physical items, etc. Any salary expenses recognized under IFRS 2 Share-Based Payment, including employee stock option plan, employee restricted stock and cash capital increase by stock subscription shall also be included in compensation.

Note 5: Refers to remunerations for employee in 2021, according to the company's board of directors' meeting has approved the distributions of employees' compensation amount on March 7, 2022.

Note 6: Profit refers to the profit for the year in the 2021 parent company only financial statements of Qisda Corp.

Note 7: Refers to compensation including compensation, remuneration (including remunerations for employees, Directors, and supervisors), business execution expenses, and other related payments received by president and vice president who served as Director, supervisor, or manager in investees other than Qisda Corp.'s subsidiaries in 2021.

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

Note 9: Total compensation paid to managers such as Vice Presidents or above.

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

Unit: NT\$ 1,000

Title (Note1)	Name (Note1)	Stock (Note 2)	Cash (Note2)	Total	Ratio of total amount to the net income after taxes (%) (Note 3)
Chief Executive Officer	Peter Chen	0	156,044	156,044	1.88%
President	Joe Huang				
Senior Vice President	Mark Hsiao				
Vice President	CY Ho				
Vice President	Harry Yang				
Vice President	Daniel Hsueh				
Vice President	Michael CH Lee				
Vice President	Daven Wu				
Vice President	Jasmin Hung				
Vice President	T.S. Wu				
Vice President	Danny Lin				
Associate Vice President	Rex Wu				
Associate Vice President	Eric Lee				
Associate Vice President	Jack Wang				
Associate Vice President	T.H. Lee				
Associate Vice President	Tony Chao				
Associate Vice President	Ray Huang				
Associate Vice President	Nick Niek				
Associate Vice President	Calvin Jeng				
Associate Vice President	Tony Lin				
Associate Vice President	Y.S. Cheng				
Associate Vice President	Aaron Ho				
Associate Vice President	Joe Lee				
Associate Vice President	Alex Wu				
Accounting Manager	Billy Liu				

Note 1: Current Company managers as of the end of 2021. Information on titles of managers are accurate as of the publication date of the Annual Report.

Note 2: Refers to remunerations for employees in 2021.

Note 3: Net income after taxes refers to the net income after taxes on the 2021 parent company only financial statements.

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

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

Item	Year	
	2021	2020
Net income after taxes on the Company's Parent Company Only Financial Statements	8,307,546	4,988,479
Ratio of compensation for Directors paid by the Company	0.96%	1.10%
Ratio of compensation for Directors paid by all companies listed in the Consolidated Financial Statements	1.13%	1.33%
Ratio of compensation for Managers such as Vice President or above paid by the Company	2.64%	2.77%
Ratio of compensation for Managers such as Vice President or above paid by all companies listed in the Consolidated Financial Statements	2.65%	2.79%

2. Compensation policies, standards and combinations, procedures for determining compensation, and their relevance to business performance and future risks.

In order to regularly evaluate the remuneration of directors and managers, the evaluation results of the Company's "Measures for Performance Evaluation of the Board of Directors" and the "Measures for Performance Management" applicable to managers and employees are used as the basis respectively.

(I) The remuneration of the directors of the company is paid by the board of directors in accordance with the authorization of the company's articles of association, according to the director's participation in the company's operation and contribution value, and with reference to the "Remuneration Regulations for Directors and Functional Committee Members" stipulated by the domestic and foreign industry standards. If the company has a surplus, the board of directors may, in accordance with the provisions of Article 16 of the company's articles of association, decide on the remuneration of directors for the current year within 1% of the profit for the current year. The company regularly evaluates the remuneration of directors in accordance with the "Measures for the Performance Evaluation of the Board of Directors", and the relevant performance evaluation and the rationality

of the remuneration have been reviewed and approved by the Remuneration Committee and the Board of Directors.

- (2) The company's managers' remuneration, according to the relevant regulations on remuneration (salary) management, handles various work allowances and bonuses to show compassion and reward employees for their hard work at work. Relevant bonuses also depend on the company's annual operating performance, financial status, operation. In addition, if the company makes a profit in the current year, it will allocate more than 5~20% as employee compensation in accordance with the provisions of Article 16 of the company's articles of association. The performance evaluation results implemented by the company in accordance with the "Performance Management Regulations" are used as a reference for the issuance of managers' bonuses. The performance evaluation items for managers are divided into one. Financial indicators: According to the company's management profit and loss report, each business group department has Distribution of profit contribution, and taking into account the achievement rate of managers' goals; 2. Non-financial indicators: the practice of the company's core values, operational management capabilities, and participation in sustainable operations. Review the remuneration system in a timely manner according to the actual operating conditions and relevant laws and regulations.

### III. Implementation of Corporate Governance

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

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

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

#### (I) Operations of the Board of Directors

The Company had convened 4 Board of Directors meetings in 2021 with the following attendance:

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

Other items that shall be recorded:

- I. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:
  - (1) Matters included in Article 14-3 of the Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee (P.20).
  - (2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None.
- II. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the participation in voting should be stated:

Date of Board Meeting	Name of Directors	Content of the Proposal	Reasons for Abstentions	Participation in Voting
Mar. 23, 2021	Honorary Chairman Kuen-Yao (K.Y.) Lee, Chairman Chi-Hong (Peter) Chen, Director Han-Chou (Joe) Huang, Representative of BenQ Foundation	Approved Donation to BenQ Foundation.	Concurrently serve as a director for BenQ Foundation	Did not participate in discussion or voting
May 11, 2021	Director Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp., Director Han-Chou (Joe) Huang, Representative of BenQ Foundation	Approved to lift non-competition restrictions on current directors and their representatives	Directors who are lifted non-competition restrictions on.	Did not participate in discussion or voting
	Chairman Chi-Hong (Peter) Chen	Approved the proposal for making guarantee for Qisda Labuan with the amount of US\$ 60 million	Concurrently serve as a director for Qisda Labuan	Did not participate in discussion or voting
Nov. 12, 2021	Chairman Chi-Hong (Peter) Chen	Approved the proposal for making guarantee for Qisda's wholly owned subsidiary, Qisda Labuan	Concurrently serve as a director for Qisda Labuan	Did not participate in discussion or voting
	Honorary Chairman Kuen-Yao (K.Y.) Lee, Director Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp.	Approved the proposal of acquisition of the right-of-use asset for business use from a related party	Concurrently serve as a director for AU Optronics Corp.	Did not participate in discussion or voting
	Chairman Chi-Hong (Peter) Chen, Director Han-Chou (Joe) Huang, Representative of BenQ Foundation	Approved the proposal for the Remuneration Policy of Chairman, President, Managers and the head of internal audit.	Concurrently serve as a manager of the Company	Did not participate in discussion or voting
	Chairman Chi-Hong (Peter) Chen, Director Han-Chou (Joe) Huang, Representative of BenQ Foundation	Approved the proposal for the Compensation Plan of Managers	Concurrently serve as a manager of the Company	Did not participate in discussion or voting

### III. Implementation Status of Board Evaluations

The Board of Directors approved the "The Rules for Performance Assessment of the Board of Directors" on November 7, 2018, and approved the amendment on November 11, 2020, which stipulated the requirements of commencing performance appraisal to the Board and the Board members at least once per annual period. That at least one board of directors performance evaluation shall be conducted by an external professional independent institution or external expert and scholar team every three years.

- (1) The Company has entrusted an independent evaluation institution, Taiwan Corporate Governance Association in 2021, to evaluate the performance of the board of directors of the Company. The evaluation was conducted with respect to eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors. The evaluation method includes online self-evaluation, written review of relevant documents, and a field survey that was conducted in September, 2021. The subjects of the evaluation included the chairperson, three independent directors, the corporate governance officer and the Internal auditing officer. And Board meeting to report the evaluation results in November, 2021.
- (2) The Company had completed the performance appraisal to the Board, the Board members and two Functional Committees by the end of 2021 and reported at the Board meeting in March of 2022, the grade is excellent indicating the efficient and good operation by the Board.

## (3) Implementation status:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Every three years	July 2020 to June 2021	Effectiveness of the Board of Directors	The evaluation institution paper review and field survey	The eight main aspects: the composition, guidance, authorization, supervision, communication, self-discipline, internal control, and risk management of the board of directors.
Annually	January 2021 to December 2021	Board and Board members	Internal Self-Evaluation made by the Board and Board members	1. Alignment of the goals and missions of the company 2. Participation in the operation of the company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee 4. Makeup of Audit Committee and election of its members 5. Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1. Participation in the operation of the company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members

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

- The Company had established positions of Independent Directors and the Audit Committees in 2008 to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations. In 2011, the Remuneration Committee was established to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company.
- Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, Qisda has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of Qisda Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

## (II) Operations of the Audit Committee

The Company had convened 4 (A) Audit Committee meetings in 2021 with the following attendance:

Title	Name	Attendance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director	Cheng-Ju (Allen) Fan	4	0	100%	
Independent Director	Lo-Yu (Charles) Yen	4	0	100%	
Independent Director	Jyuo-Min Shyu	4	0	100%	

Other items that shall be recorded:

- If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be clearly described:
  - Matters included in Article 14-5 of the Securities and Exchange Act: (Please see III. Corporate Governance Report – Material Resolutions from the Shareholders' Meeting and the Board of Directors on Page 51 of the Annual Report):  
All resolutions have been approved with the consent of one-half or more of all Audit Committee members before a resolution has been reached at the Board meeting. There were no resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors.
  - Except the items in the preceding issues, other resolutions which had not been approved with the concurrence of one-half or more of all Audit Committee members but were undertaken upon the consent of two-thirds or more of all directors: None.

- (II) For the implementation of Directors' avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting and resolution: None.
- (III) Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be described in details):  
 The Audit Committee of the Company would regularly convene internal meetings and invite CPAs, internal auditors, legal affairs staff, financial accounting staff and other units on a quarterly basis to discuss or discuss the information of discoveries during the examination of financial statements of the most recent period (including the accountant's duties and independence, scope and methods for examination or verification, examination or verification results of Q2 or annual financial report, analysis of key financial ratios, major accounting treatment, major regulatory updates and other related issues), internal audit verification results (including report of verification of current audit, the follow-up report and the important audit regulatory updates after the implementation), major lawsuits, and financial business profiles, etc.. All Independent Directors had communicated well and efficiently with the Internal Audit Director and CPAs. In order to make the members of the Audit Committee more aware of the relevant laws and regulations and the actual operation of the Company, the Company, on a random basis, also organized meetings for other special reports such as risk management, so that the Audit Committee members can assist investors to ensure the credibility and reliability of the Company's corporate governance and information transparency, further ensuring the interests of shareholders.

#### IV. Annual key functions and operations:

- (I) Annual key functions
1. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
  2. Communicate with CPA regularly over financial statement review or audit results in each quarter.
  3. Review financial reports.
  4. Assessment of the effectiveness of internal control system.
  5. Review the hiring, dismissal, compensation and service matters concerning CPAs
  6. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
  7. Legal compliance.
- (II) 2021 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.
- (III) Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons:

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

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	Summary Description	
<p>implement the risk management and firewall mechanism between affiliated enterprises?</p> <p>d. Does the Company establish the internal guidelines prohibiting company insiders from trading securities using information not disclosed to the market?</p>	V		<p>Finance and Sales Departments, as well as the detached factories with data-independent preservation, off-site backup and clear management responsibility. The Company will further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with, customers and suppliers, as well as implement the integrated risk assessment to reduce credit risk.</p> <p>d. Qisda has established the "Operating Procedures for Handling Material Information and Preventing Insider Trading", which covers the relevant regulations on prevention of insider trading. Please refer to the Company's official website.</p>	
<p>C. Organization and Responsibilities of the Board of Directors</p> <p>a. Does the Board of Directors formulate the diversified approaches and implement aimed at Board Member organization?</p> <p>b. Aside from establishing the Remuneration Committee and Audit Committee, does the Company also voluntarily establish other types of functional committees?</p> <p>c. Does the Company establish the rules for the board performance evaluation and its assessment methods for annual performance evaluation on an annual basis, as well as report its result to the Board of Directors by applying that as a reference to remuneration of individual director and to nomination and continuous employment?</p> <p>d. Does the Company regularly evaluate and the independency of an attesting</p>	V	V	<p>a. For the formulation and implementation of the Company's policy on diversity of board members, please refer to the chapter on diversity and independence of the board of directors (P10).</p> <p>b. Qisda has established the Risk Management Committee. For more details on the operations, please see the chapter (P81-P82) regarding risk management of the annual report. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent directors) shall be submitted by the shareholders holding more than 1% of the total number of outstanding Shares or by the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.</p> <p>c. On November 7, 2018, the Board of Directors of the Company has passed the "Rules for Board Performance Evaluation". Please see the chapter of Implementation of Corporate Governance. (P.19) According to the provisions in Article 16 specified in the Articles of Incorporation, the Company's director compensation shall not exceed the 1% of annual profit. The directors' compensation is prescribed based on the Company's operating results and the "Remuneration Guidelines for Directors and Committee Members of Functional Committee" with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors. According to the results of performance evaluation, the remuneration of directors is determined and the nomination for renewal is considered.</p> <p>d. Qisda may, by a resolution adopted by the Audit Committee and Board of Directors, regularly hire the</p>	No differences.



Evaluation Item	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons																		
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CPA?			<p>attesting CPA (including independence assessment) on an annual basis. The Company shall require the CPA to provide the independence statement and his / her brief biography document before meeting, ensure that the accounting firm (attesting CPAs and members of audit team) follows the request for independence.</p> <p>Independence assessment indicators of CPA :</p> <table border="1"> <thead> <tr> <th>Evaluation Items</th> <th>Independency</th> </tr> </thead> <tbody> <tr> <td>1. No direct or indirect substantial financial interest between the CPA and the Company.</td> <td>YES</td> </tr> <tr> <td>2. No borrowing/lending of fund between the CPA and the Company.</td> <td>YES</td> </tr> <tr> <td>3. No potential employment relationship exists when the CPA audits the Company's report.</td> <td>YES</td> </tr> <tr> <td>4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.</td> <td>YES</td> </tr> <tr> <td>5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.</td> <td>YES</td> </tr> <tr> <td>6. The CPA does not promote or sell shares or other securities issued by the Corporation.</td> <td>YES</td> </tr> <tr> <td>7. The CPA is not representing the Corporation in litigation of a third party or other disputes.</td> <td>YES</td> </tr> <tr> <td>8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.</td> <td>YES</td> </tr> </tbody> </table> <p>The Company evaluates the CPA's independence and competency once per year. The evaluation result of 2021 has been proposed for a resolution by the board of directors and was reviewed and approved by the Audit Committee and the Board of Directors on Nov 12, 2021, the CPA met the Company's requirement about independence and competency and should be held qualified to act as the Company's CPA</p>	Evaluation Items	Independency	1. No direct or indirect substantial financial interest between the CPA and the Company.	YES	2. No borrowing/lending of fund between the CPA and the Company.	YES	3. No potential employment relationship exists when the CPA audits the Company's report.	YES	4. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director /supervisor, managerial officer, or any position materially critical to the audited case in the most recent 2 years, and will never hold said positions in the future audit period.	YES	5. Non-audit services provided by CPA to the Corporation have no direct impact on the major items of audit services provided.	YES	6. The CPA does not promote or sell shares or other securities issued by the Corporation.	YES	7. The CPA is not representing the Corporation in litigation of a third party or other disputes.	YES	8. The CPA and members of the audit team have no familial relationships with directors, managers, or people in positions that have major impact on Corporation audits at the Corporation.	YES
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D. Does the TWSE/GTSM Listed Companies allocate the adaptation and appropriate number of corporate governance personnel as well as assign the corporate governance supervisors to be responsible for matters related to corporate governance (including but not limited to required information provided to directors and supervisors performing their duties, assistance provided to directors, legal compliance of supervisors, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, and more.)?	V		<p>Qisda may, after having a resolution adopted by the Board of Directors in 2019, hire Jasmin Hung to take part as a role of corporate governance personnel responsible for supervision and planning of corporate governance. Hung's qualifications for the position meet the provisions regarding Corporate Governance Supervisors set out in Paragraph One of Article 3-1 of Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies. The official powers performed by the corporate governance supervisors include: Providing the information required by the directors and Audit Committee and the latest regulations regarding corporate operation, providing assistance in legal Compliance of the directors and Audit Committee, regularly reporting the operations of corporate governance to Corporate Governance Committee and Board of Directors on an annual basis, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, providing assistance in assuming office to directors and Audit Committee members and continuing education.</p> <p>The operation in 2021 is updated as follows:</p> <p>I. Assist the independent directors and general directors to perform their duties, provide the required information</p>																		

No differences.

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons																				
	Yes	No	Summary Description																					
			<p>and arrange the continuing education for directors.</p> <p>2. Regularly inform the Board members dedicated to the revised regulations regarding corporate operating domain and corporate governance.</p> <p>3. Inspect the confidential levels of relevant information and provide the corporate information required by the directors to maintain the communication and smooth interaction between directors and supervisors.</p> <p>4. Review the release of announcement of material news upon the adoption of important resolutions after meetings to ensure the lawfulness and correctness as well as protect the equal information on transactions for investors.</p> <p>5. All the Board members have completed at least 6 credits of refresher courses.</p> <p>6. The Company has convened four times of the Board of Directors and four times of Audit Committee in 2021.</p> <p>7. The Company has convened the regular shareholders' meeting once in 2021.</p> <p>8. Qisda has helped the directors and important employees apply for liability insurance and has reported to the Board of Directors after renewal of insurance, and Board meeting to report the situation in August, 2021.</p> <p>9. The Company has engaged a board performance evaluation and the evaluation result showed excellence, and Board meeting to report the evaluation results in March, 2022. In the same year, The Company has completed an external agency evaluation of the performance of the board of directors was carried out, and board meeting to report the evaluation results in November 2021.</p> <p>10. The board of directors' performance evaluation has been conducted, and the evaluation result was ranked as excellent. Regarding the 2020 7th term of Corporate Governance Evaluation of the Company, the result was 6-20%, and since 2019, the Company has been included in the Taiwan Corporate Governance 100 Index.</p> <p>11. Corporate governance training undertaken by corporate governance personnel:</p> <table border="1"> <thead> <tr> <th>Organizer</th> <th>Course Name</th> <th>Date of continuing education</th> <th>Length of The curriculum</th> </tr> </thead> <tbody> <tr> <td>Accounting Research and Development Foundation.</td> <td>Companies cooperate with accountants to check and verify: "Check Evidence" and "Employing Experts' Work".</td> <td>2020/5/28</td> <td>3</td> </tr> <tr> <td>Accounting Research and Development Foundation.</td> <td>How to Analyze Key Financial Information of Enterprises and Strengthen Crisis Warning Ability.</td> <td>2020/7/13</td> <td>6</td> </tr> <tr> <td>Taiwan Institute of Directors</td> <td>Corporate Transformation in the Era of Change.</td> <td>2020/8/18</td> <td>3</td> </tr> <tr> <td>Taiwan Institute of Directors</td> <td>Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.</td> <td>2020/11/19</td> <td>3</td> </tr> </tbody> </table>	Organizer	Course Name	Date of continuing education	Length of The curriculum	Accounting Research and Development Foundation.	Companies cooperate with accountants to check and verify: "Check Evidence" and "Employing Experts' Work".	2020/5/28	3	Accounting Research and Development Foundation.	How to Analyze Key Financial Information of Enterprises and Strengthen Crisis Warning Ability.	2020/7/13	6	Taiwan Institute of Directors	Corporate Transformation in the Era of Change.	2020/8/18	3	Taiwan Institute of Directors	Opportunities and Challenges for Corporates amidst the USChina Trade Conflict.	2020/11/19	3	
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			Note: By the end of 2021.																						
E. Does the Company build the channels of communication with stakeholders (including but not limited to shareholders, employees, customers, suppliers and so on.) as well as designate a stakeholder area on its website in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith?	V		Qisda has built the stakeholder mailbox on its website that is used as the channels of communication in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith. We also regularly disclose the financial and business information of financial conditions and operations on the Market Observation Post System (MOPS) and on the website established by the Company. Moreover, we will timely release announcement of material news dedicated to events that result in significant impact on stakeholders.		No differences.																				
F. Does the Company engage a professional shareholder services agent to handle shareholders meeting matters?	V		Qisda has appointed Taishin Securities Stock Affairs Department that plays a role of its shareholder services agent to handle shareholders meeting matters.		No differences.																				
G. Information Disclosure a. Does the Company set up a website containing the information regarding financial or business operations as well as corporate governance? b. Does the Company adopt other methods of information disclosure (such as set up the English website, appoint personnel responsible for gathering and disclosing the information, establish a spokesperson system, display the Company's website during the investor conference briefing, and more.)? c. Does the Company publicly announce the annual financial reports within two months after the close of each fiscal year, as well as the financial reports in Q1, Q2 and Q3, plus the addition of monthly operating status prior to the designated deadlines in advance?	V  V  V		<p>a. Qisda has established the Investor Relations in its website in Traditional Chinese, Simplified Chinese and English (Qisda.com) that discloses the information regarding financial or business operations as well as corporate governance.</p> <p>b. Qisda has adopted various methods of information disclosure, such as set up the English website, specified personnel responsible for gathering and disclosing the information, establish a spokesperson system, regularly or irregularly hold the operations conference briefing and upload the presentation materials to the Company's website and establish investor mailbox in response to investors' questions.</p> <p>c. On March 7, 2022, Qisda has publicly announced the consolidated and Standalone financial reports in 2021; the financial reports in 2021 Q1, Q2 and Q3, in addition to the monthly operating status will be publicly announced on the Market Observation Post System (MOPS) prior to the designated deadlines and then upload them to the Company's website.</p>		No differences.																				
H. Does the Company have other important information helping understand the operations of					No differences.																				

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	Summary Description	
corporate governance as follows?				
a. Employee rights and caring for the employees	V		a. Promoting the ideal of building a happy and healthy workplace, Qisda plans the diverse employee benefits allowing all colleagues to experience the ideal workplace environment and wellbeing corporate culture. The Company creates various benefit plans, and the Welfare Committee consists of the Company's colleagues. For more details on employee rights, please see Labor-Management Relations (P72-P74) of Business Overview in Chapter 5.	
b. Investor relations	V		b. Qisda's specified personnel shall publicly announce with timely information on company financial conditions, businesses and event of changes regarding insider shareholdings on the Market Observation Post System (MOPS) in accordance with the provisions to achieve the information disclosure and transparency. Moreover, the information regarding investor contact person on the Company's official website.	
c. Supplier relationship	V		c. Qisda has established the hiring procedure for suppliers based on the future products in demand and purchase strategies. The purpose is to investigate whether a potential supplier's management system can meet the Company's requirements used as the basis for future hiring. This includes capacity, technological innovation capability, quality and service. Moreover, comply with revised "Operation Procedure for Regulations Governing the Review of Hiring Suppliers" as well as online system update in 2015, we've added three indicators (such as environment, human rights and morality as well as worker interests) to investigation items of new suppliers so as to screen the new suppliers through environmental and social items.	
d. Stakeholder rights	V		d. The setup of Qisda's official website provides different interaction ways of different stakeholders that is disclosed annually in the corporate social responsibility report; in addition, the Company shall report to the Board of Directors aimed at communication with stakeholders at the beginning of every year that allows the Board to understand and listen to stakeholders' opinions and Regular reporting to the Board of Directors at least once a year, and the 2021 Annual Stakeholders Meeting has been reported to the Board of Directors in March 2022.	
e. Progress of training of directors and supervisors.	V		e. Qisda unregularly informs the directors and supervisors of the Company and its subsidiaries to participate in continuous education on relevant professional knowledge. In addition, we have also arranged the directors to participate in courses held by Securities & Futures Institute and Digital Governance Association dated August and November 2020 aimed at "Employee remuneration strategy and instrument utilization study" and "Corporate ethical governance and insider trading control". Please see the for corporate governance training undertaken by senior executives. (P50).	
f. Risk management policy and execution of risk measurement standards	V		f. Qisda has established the Risk Management Committee to formulate the risk management policies and regularly evaluate the Company's risk for risk mitigation. For more details on relevant information, please see Book Chapter	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTS M-Listed Companies And Their Reasons
	Yes	No	Summary Description	
g. Execution of customer policy	V		Risk Management. (P81-P82). g. Qisda will get primary consideration for enhancing customer and business partner satisfaction that fulfills the promises of satisfaction on due date, cost, technology, quality, customer service, relevant regulations, overall evaluation to continuously ensure satisfying customers' needs. In order to timely respond and satisfy customers' various needs, the Company has established the Customer Service Division (CSD) to fully understand and listen to the Voice of Customer as well as help customers resolve problems.	
h. Liability insurance purchased by the Company for directors and supervisors.	V		h. Qisda and its subsidiaries have purchased the liability insurance for directors and supervisors so that it can carefully execute the business operations as starting point for investor rights without worries, and Board meeting to report the situation in August, 2021.	
	V		i. Qisda has donated and established the BenQ Foundation since 2003 dedicated to enhancing the society, culture and education, increasing self / communities' relations, promoting quality of life as well as caring for disadvantaged groups. For more details on social responsibility practices, please see Status of Social Responsibility Status (P30-P45).	
<p>i. Please describe the improvement status according to the evaluation results of Corporate Governance Evaluation publicly announced by Governance Center of Taiwan Stock Exchange Corporate (TWSE) in recent years. In addition, the Company shall propose the matters and measures given priority to strengthen.                      The company's 2019~2021 corporate governance evaluation results are in the top 6%-20%                      The company has disclosed a specific dividend policy: On March 23, 2021, the resolution of the board of directors and the 2021 general meeting of shareholders was passed, and Article 17 of the articles of association was revised. When the Company has a profit at the end of each fiscal year and the retained earnings available for distribution of the current year reaches 2% of the paid in capital of the Company, no less than 10% of the retained earnings available for distribution of the current year shall be distributed as dividend.</p>				

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP, SIMULA TECHNOLOGY INC. and Alpha Networks Inc. Networks Inc. to respectively see its corporate governance.

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

1. Information on the members of the Remuneration Committee

Position	Criteria		Meet conditions of independence ( Note 1 )	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Name	Key board qualifications, expertise and attributes		
Independent Director (Convener)	Cheng-Ju (Allen) Fan	Please refer to Professional qualifications and independence analysis of directors. (P.10)	Compliant	1
Independent Director	Lo-Yu (Charles) Yen		Compliant	2
Independent Director	Jyuo-Min Shyu		Compliant	1

Note 1: Independence; including but not limited to whether the person, spouse, or relatives within the second degree act as directors, supervisors or employees of the company or its related enterprises; ) The number and proportion of shares held in the company; whether he is a director, supervisor or subject of a company that has a specific relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to be Complied with). Employed persons; the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

2. Responsibilities of the Remuneration Committee:

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

3. Operation of Remuneration Committee:

(1) The Company has a Remuneration Committee composed of three members.

(2) Term of the current Committee: From June 19, 2020 to June 18, 2023.

The Company had convened third (A) Remuneration Committee meetings in 2021 and up to the publication date of this annual report, with the following attendance:

Position	Name	Attendance in Person (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Cheng-Ju (Allen) Fan	4	0	100%	
Committee Member	Lo-Yu (Charles) Yen	4	0	100%	
Committee Member	Jyuo-Min Shyu	4	0	100%	

(3) Discussion from the Remuneration Committee in 2021 and up to the publication date of this annual report, resolutions, and ways the Company handled opinions from committee members:

Meeting date	Period	Item	Resolutions	The Company handled opinions from committee members
March 23	First 2021	1. Approved the 2020 distribution of employees and directors' remuneration. 2. Proposed the 2021 compensation distributions to senior managerial officers. 3. Approved Salary and remuneration case for New Vice President.	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
August 11	Second 2021	Approved Salary and remuneration case for New Vice President.	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
November 12	Third 2021	1. Remuneration policy plan for chairman, general manager, appointed managers and audit supervisors. 2. Appointed manager retirement benefits plan.	The proposal was approved by all the members of the Compensation and Compensation Committee after modifying the text description.	The proposal was approved without dissent and submitted for resolution at the Board meeting.
March 7	First 2022	1. Approved the 2021 distribution of employees and directors' remuneration. 2. Approved the 2021 Employee compensation discussion case for senior managers and internal audit supervisors. 3. Approved Salary and remuneration case for CEO. 4. Approved Salary and remuneration case for General Manager and Manager of Hsinchu Branch. 5. Proposed the 2022 compensation distributions to senior managerial officers. 6. Proposed the 2022 Bonus and Salary Adjustment Policy Discussion for Senior Managers and Audit Supervisors. 7. Approved the amendments to "Compensation Policy to the Directors and Functional Committee Members".	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.

Other items that shall be recorded:

1. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.

2. For the decisions made by the Remuneration Committee, if there are members who hold objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, session, contents of proposals, all members' opinions, and ways in handling these opinions should be elaborated:

None

(V) Implementation of the promotion of sustainable development and the differences and reasons for the code of practice for sustainable development of listed OTC companies.

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons							
	Yes	No		Summary Description						
A. Does the Company establish the specified (concurrent) units to promote the corporate social responsibility while being handled by the senior management authorized by the Board of Directors as well as being reported to the Board of Directors regarding the process status?	V		<p>A. Since 2010, Qisda has formally established the “Corporate Sustainable Development Commission” that is in charge of presentation and implementation on corporate social responsibility policies, systems or relevant management approaches as well as concrete promotion programs. The Chairman and CEO (Peter) is selected to serves as the Chairperson of the committee, and senior executives of each department are selected to serves as the members of each aspect. The chief executive is responsible for coordinating and promoting the cross department matters relating to corporate sustainable development, as well as integrating the related departments to draft and promote the goals and KPI aimed at five major aspects are as follows: eco-friendly products, green building operations, green supply chain, corporate social responsibility and financial performance. There will be quarterly presentation reports and examination of implementation performance regarding each aspect by turns. The information will be integrated to control the KPI progress through management platform that shall be regularly reported to the Board of Directors on an annual basis. The 2021 implementation situation has been reported in March 2022. The management team reports to the chairman on a quarterly basis to supervise whether the team implements the sustainable development aspect according to the plan, and gives suggestions on whether there are opportunities for improvement according to the tasks</p>	No differences.						
B. Does the Company conduct the risk assessment on environmental, social and corporate governance issues related to corporate operation according to materiality principle? And any establishment of relevant risk management policy or strategies?	V		<p>B. This disclosure covers the company's sustainable development performance at its key locations from January to December in 2021. The risk assessment boundary is mainly based on the headquarters in Taiwan, and the manufacturing base in Suzhou, China and Vietnam. Qisda annually conducts the risk evaluation through material issues and identification by complying with GRI Standards. The Company regularly send out questionnaires on an annual basis to know the material issues of four major aspects with which the stakeholders are mostly concerned as follows: economy / governance, environment, society, health and safety. We not only manage the meaning of material issues identified in the year for Qisda as well as the scope, but also establish the annual target of risk management. Review targets annually and disclose management target results.</p> <p>According to the assessed risks, the relevant risk management policies or strategies are as follows:</p> <table border="1"> <thead> <tr> <th>Material Topics</th> <th>Risk assessment</th> <th>Risk management Strategy</th> </tr> </thead> <tbody> <tr> <td>Economy/ Governance</td> <td>Code of Conduct</td> <td> <p>1. Qisda fully participates in compliance policies and improves implementation performance through inter-departmental cooperation. Within the company, we require our staff to actively maintain ethical practices, and provide a safe and healthy working environment. As well as conduct pollution prevention to enhance labor safety.</p> <p>2. Regarding the whole life cycle of products, we actively reduce the use of environment-related substances, in addition to complying with environmental laws and regulations, and continuously reduce the impact on the environment.</p> <p>3. In 2021, Qisda will not impose any major fine for violation of laws and regulations, and fully implement the company's internal anti-trust law</p> </td> </tr> </tbody> </table>	Material Topics	Risk assessment	Risk management Strategy	Economy/ Governance	Code of Conduct	<p>1. Qisda fully participates in compliance policies and improves implementation performance through inter-departmental cooperation. Within the company, we require our staff to actively maintain ethical practices, and provide a safe and healthy working environment. As well as conduct pollution prevention to enhance labor safety.</p> <p>2. Regarding the whole life cycle of products, we actively reduce the use of environment-related substances, in addition to complying with environmental laws and regulations, and continuously reduce the impact on the environment.</p> <p>3. In 2021, Qisda will not impose any major fine for violation of laws and regulations, and fully implement the company's internal anti-trust law</p>	No differences
Material Topics	Risk assessment	Risk management Strategy								
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Evaluation	The Operations		Summary Description	Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No		
			<p>compliance plan, including new employees' education and training, e-newsletter sending, online course training and relevant poster promotion, etc.</p> <p>4. In response to the implementation of GDPR, the company has implemented internal measures including education and training, analysis of the impact of relevant regulations on relevant departments, and the project team has introduced and established relevant management procedures or public form documents and other compliance mechanisms.</p>	
			<p>Quality management</p> <p>1. Quality:  (1) Keep the effectiveness of new-version certificates of quality-related management system. (ISO9001, ISO13485, IATF 16949)  (2) Finish the extension for intraoral scanner GMP inspection to ensure the effectiveness of the medical device GMP plant.  2. Product Health: Maintain the effectiveness of the Hazardous Substance Process Management System (IECQ QC080000) certificate.  3. Product Safety  (1) The models exported to Canada conform to Canada ICE-003 issue 7.  (2) The models exported to Europe conform to ErP Lot 5 and 2021 EU Energy Label.  (3) The models exported to UK conform to UKCA as required by the customer.</p>	
			<p>Code of Conduct</p> <p>1. Report and Suggestion Communication Mechanism:  The company compiled the "Report Channel and Investigation Procedure" while setting up the President's Mailbox and announcing that on our website. For serious inappropriate behaviors such as violating principles of integrity, interest conflict and avoidance, fair trade, bribery and illegal payments or any illegal and mistreatment behaviors, we have a complete set of reporting, suggesting and communicating operational flow.  2. Code of Conduct training: Conduct the code of Conduct online training every year (including anti-corruption content) and there were no breaches of the code of conduct in 2021.  3. Members of board of directors: Besides ethical communication and training, we started regularly sending</p>	



Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
			anti-corruption promotional letters to members of board of directors (currently seven members) each year in 2014.	
		Society	<p>Customer privacy Protection</p> <p>To ensure the effectiveness of current management methods, we regularly verify whether there are any incidents of customers reporting data losses each year. Should there be any, we will launch a full-range review. In 2020, there were no of complaints of data losses, leakage or threats from customers and appeal incidents from audit units.</p>	
			<p>Human rights</p> <p>To safeguard social welfare equity, including employees, customers, consumers, suppliers and communities, the relevant implementation measures are as follows:</p> <p>1. Protection of Labor rights: Qisda respects and supports internationally recognized human rights norms and principles, including SA 8000, UN Universal Declaration of Human Rights, UN Global Compact, International Labor Organization Conventions, California Transparency Act, UK Modern Slavery Act. Qisda has established our own "Child and Young Labor Management Regulations". We have a simple recruiting channel while all employees sign employment agreements to verify their willingness to be employed to avoid forced labor source. After the launch of SA8000 management system, the company has never used child labor or forced labor due to operational careless mistakes.</p> <p>2. Equal treatment: The company follows the RBA Code of Conduct and promises it will not let elements such as race (including aborigine), ethic, class, skin color, age, gender, sexual preference, sexual identification and expression, nationality or area, physical disability, pregnancy, religious belief, political stand, group background, family responsibility, retired soldier, gene information or marital status and other stipulated by regulations to affect the chances of recruit, salary, welfare, promotion, reward, training opportunity, resignation or retirement for employees. Qisda treats all employees equally and ensures execution of the above-mentioned flow is without flaw via internal and external audits of SA8000 each year. In 2020, there were no discrimination incidents</p>	

Evaluation	The Operations		Summary Description	Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No		
			<p>in the company.</p> <p>3. Human rights related education and training: Qisda launches RBA Code of Conduct and SA8000 educational trainings each year, with the rate of employee receiving trainings reached 86% in 2021.</p> <p>Talent development</p> <ul style="list-style-type: none"> <li>● Digital courses cost 60.4%</li> <li>● Cost controller rotation rate 90.6% (actual rotation/number of people to be rotated)</li> <li>● Participates in the interpretation and analysis of 149 talent assessments</li> </ul> <p>A. Diversified career development of employees: job rotation across units: to enhance the learning of practical experience in various aspects for the mid - and long-term development of employees</p> <ol style="list-style-type: none"> <li>(1) Define the term of rotation of positions of directors at each level</li> <li>(2) Take inventory of candidates qualified for rotation every year, and provide the list to the relevant supervisor for confirmation</li> <li>(3) Communicate with the rotation candidate and his/her supervisor about his/her career direction in order to confirm the position suitable for rotation development in the next stage</li> <li>(4) Status and performance tracking after rotation</li> </ol> <p>B. Talent development of directors and potential pioneers:</p> <ol style="list-style-type: none"> <li>(1) Define and strengthen the core management function system</li> <li>(2) Through the interpretation of talent evaluation results and in-depth interviews, understand personal management style and characteristics, analyze its strengths and weaknesses and development direction</li> <li>(3) According to the talent's past performance, evaluation results, future potential and personal development intention, evaluate the talent's personal positioning</li> <li>(4) According to the 3P(forward-looking/interpersonal/professional) function requirements of different levels of management positions, and referring to item 2.3 above, formulate Individual Development Plan (IDP) with the parties concerned and their supervisors.</li> <li>(5) Implement the talent personal</li> </ol>	

Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons		
	Yes	No	Summary Description			
			<p>development plan through the 3E (Experience learning/exchange guidance/training) Model</p> <p>Industrial relations To maintain a fair labor/management relationship between the company and employees, we establish smooth communication channels such as business briefing, Welfare Committee meeting and labor/management meeting for employees to immediately understand corporate messages. We also encourage them to offer advice for overall corporate operations and developments for the management to refer to. The complete communication channels not only promote labor/management relationship, but enable us to fully understand employees' needs, offering a better working environment.</p> <p>Environment Waste management</p> <ul style="list-style-type: none"> <li>● The percentage of recyclable wastes reached 91%.</li> <li>● The accumulated recyclable volume from 2009 reached 288,128 tons.</li> </ul> <p>Qisda launches GHG check each year and convenes meeting each quarter to inspect the goal-reaching status of energy-preservation and volume reduction. Also, we introduce ecological design, actively improving the energy efficiency of our products, establishing a carbon management platform for products to calculate product footprints, meeting demand for product carbon label and offering competitiveness of Qisda's products. We also set up an energy management system (ISO 50001) to improve energy consumption efficiency and reduce operational costs.</p>			
<p>C. Environmental Issues</p> <p>a. Does the Company establish a suitable environmental management system according to its industrial characteristics?</p> <p>b. Whether the company is committed to improving energy efficiency and using recycled materials with low impact on the environment?</p>	V	V	<p>a. Since 1997, Qisda has obtained ISO 14001 environmental management system certification. Each manufacturing area in the world carries out internal audit and external audit regularly every year to ensure the operation of various environmental management standards. In addition, since 2012, Qisda has obtained ISO 50001 energy management system certification, and continues to pass the certification in 2021. We conduct annual greenhouse gas inventory in accordance with ISO 14064-1 specification to improve energy performance and further reduce greenhouse gas emissions, tracking emission reduction results, and publicly disclosed in the sustainability report on the company's website. (<a href="https://www.qisda.com.tw/page.aspx?uid=8">https://www.qisda.com.tw/page.aspx?uid=8</a>)</p> <p>b. In order to reduce the impact of energy use on global warming, Qisda draws up a greenhouse gas emission reduction program. In the greenhouse gas emission reduction program, we use engineering improvement and administrative improvement to save energy, so as to achieve the goal of reducing greenhouse gas emissions.</p> <table border="1"> <tr> <td>Engineering improvement part</td> <td>(1) Lighting energy saving A. Continue to replace the whole factory to save lamp tubes. B. Improved lighting control in basement area..</td> </tr> </table>	Engineering improvement part	(1) Lighting energy saving A. Continue to replace the whole factory to save lamp tubes. B. Improved lighting control in basement area..	No differences.
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			<p>(2) Air conditioning energy saving  A. Replace the high-efficiency ice water host device.  B. Replace the high-efficiency pump.  C. Improve the dormitory air conditioning system.</p> <p>(3) Other measures  A. Improvement of passenger and freight elevator moving system.  B. Complete solar power generation systems in Taiwan and Suzhou.</p> <p>Administrative department</p> <p>(1) Personnel  A. Office energy saving activities and publicity</p> <p>(2) Equipment part  A. Operation management of air compressor and ice water machine  B. Improve process efficiency  C. Manage and stop using electrical equipment according to flow rate</p> <p>(3) Method part  A. Manage special air conditioner requirements in an independent area  B. Night energy management  C. Centralized production arrangements to reduce local overtime  D. Turn on and off the air conditioner host with production</p> <table border="1"> <thead> <tr> <th></th> <th>2009 (Base year)</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>Reduction % (compared with base year)</th> </tr> </thead> <tbody> <tr> <td>Total Greenhouse Gas Emissions (10,000 tonnes of CO2e)</td> <td>6.49</td> <td>9.36</td> <td>9.75</td> <td>9.56</td> <td>10.6</td> <td>63</td> </tr> <tr> <td>Carbon Emissions per person per hour (kg CO2e)</td> <td>2.86</td> <td>2.1</td> <td>2.4</td> <td>2.3</td> <td>2.5</td> <td>13</td> </tr> <tr> <td>Electricity consumption per MILLION DOLLARS of output value (KWH)</td> <td>35,219</td> <td>23,283</td> <td>26,530</td> <td>29,338</td> <td>26,284</td> <td>25</td> </tr> <tr> <td>Greenhouse Gas Emissions per MILLION US dollars of output (Metric tons of CO2e)</td> <td>35.01</td> <td>20.63</td> <td>22.61</td> <td>23.06</td> <td>21.91</td> <td>37</td> </tr> </tbody> </table> <p>Qisda is committed to improving the utilization efficiency of various resources, actively implementing resource recycling and classification in source management, greatly reducing waste generation and increasing the amount of resource recycling, and the proportion of waste that can be recovered and reused reaches 91% in 2021. In terms of water resource management, there is no waste water in the manufacturing process, and only domestic sewage in each manufacturing plant, so there is no water and water pollution risk are very low. In addition, sewage recycling system is set up in each manufacturing plant around the world, and the domestic sewage recycled is mostly used for watering green plants in the plant. On the product side, the concept of green product is taken as the starting point from product development and design to manufacturing stage, and consideration is given to prolonging product life cycle, energy saving, easy recycling, low toxicity and reducing environmental hazards.</p> <p>For products that might use chemical substances during production process that might affect the environmental safety, we compile the "Hazardous Chemical Substance Control List" according to the requirements of international regulations and customers. With strict control in recognizing component materials and inspection on finished products, we ensure our</p>					2009 (Base year)	2018	2019	2020	2021	Reduction % (compared with base year)	Total Greenhouse Gas Emissions (10,000 tonnes of CO2e)	6.49	9.36	9.75	9.56	10.6	63	Carbon Emissions per person per hour (kg CO2e)	2.86	2.1	2.4	2.3	2.5	13	Electricity consumption per MILLION DOLLARS of output value (KWH)	35,219	23,283	26,530	29,338	26,284	25	Greenhouse Gas Emissions per MILLION US dollars of output (Metric tons of CO2e)	35.01	20.63	22.61	23.06	21.91	37	
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Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons																											
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<p>c. Does the Company evaluate the current and future potential risks and opportunities of the enterprises brought about by climate change and adopt response measures of climate-related issues?</p>	V		<p>products meet the requirements of international regulations and customers by a systematic management mechanism. We expect to reduce usage of hazardous chemical substances each year while avoiding harms done to human bodies and the environment by products when delivered, used and discarded.</p> <p>c. Qisda has integrated related departments to form the Corporate Sustainable Development Committee (CSD Committee). Peter Chen, chairman and CEO, is the chairman of the committee while high-level executives of each department are members of various dimensions and secretary general is responsible to deploy and promote cross-department corporate sustainable development matters and convene quarterly meetings; members of each dimension update work status of the key performance indicators and corporate sustainability report. In addition, according to Qisda's "Principle of Corporate Social Responsibility", the committee regularly reports the management results and the material topics of the year to the Board of Directors each year.</p> <p>According to the company's internal risk identification process, Qisda evaluates the risks and opportunities of climate change, and divides them into risks/opportunities arising from regulations, risks/opportunities arising from climate variability, and other climate-related risks/opportunities, focusing on the following six opportunities and risks: risk of environmental regulations, climate variation, other climate related risks (meet customer demand for green design). Through the operation of the enterprise sustainable development committee, develop individual strategies and management objectives for "green products", "green operations" and "green supply chain", and manage them with key performance indicators (KPIs). According to the disclosure information of TCFD, which is recommended for climate-related financial disclosure, the company has disclosed the content in detail. Please refer to the "Climate Strategy and Carbon Management" chapter of the ESG report on the official website.</p>																											
<p>d. Does the Company tabulate the greenhouse gas emissions, water consumption and total weight of waste over the past two years and formulate policies regarding carbon reduction, greenhouse gas reduction, less water consumption or other waste management?</p>	V		<p>d. All the manufacturing sites of the company have passed the inventory and third-party verification of ISO 14064-1 scope 1,2 and 3 in Greenhouse gas emission inventory in 2021. The company's annual greenhouse gas emissions, water consumption and total waste weight data are as follows:</p> <p>1. The last two years of greenhouse gas emissions: (scope 1, 2 to cover all the factory information, three contains only staff travel)</p> <table border="1"> <thead> <tr> <th>Years</th> <th>scope 1</th> <th>scope 2</th> <th>scope 3</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>2,236</td> <td>93,412</td> <td>46</td> </tr> <tr> <td>2021</td> <td>2,289</td> <td>104,382</td> <td>76</td> </tr> </tbody> </table> <p>In 2020, Scope 1 and Scope 2 greenhouse gas emissions totaled 106,671 tons, mainly from Scope 2 electricity emissions, accounting for 97.9% of the previous opening; followed by fuel emissions (such as gas) used in public systems used in Scope 1, accounting for 2.1%. Through engineering improvement and administrative improvement measures, such as the use of energy-saving lamps, air compressors, and ice water hosts for factory-run lighting fixtures to improve energy efficiency...etc.</p> <p>2. Water consumption Qisda focuses on energy conservation and environmental protection of water resources issues for years. In terms of water saving plan, we start from the full implementation of daily life to save water.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>The total water consumption (ton)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>561</td> </tr> <tr> <td>2021</td> <td>517</td> </tr> </tbody> </table> <p>3. The total weight of waste: 2021 is 41700 tons; In 2020 to 35000 tons.</p> <table border="1"> <thead> <tr> <th>Years</th> <th>Hazardous waste (mt)</th> <th>Non-hazardous waste (mt)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>479</td> <td>2,873</td> </tr> <tr> <td>2021</td> <td>627</td> <td>3,003</td> </tr> </tbody> </table>	Years	scope 1	scope 2	scope 3	2020	2,236	93,412	46	2021	2,289	104,382	76	Year	The total water consumption (ton)	2020	561	2021	517	Years	Hazardous waste (mt)	Non-hazardous waste (mt)	2020	479	2,873	2021	627	3,003
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Evaluation	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons												
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			<p>To increase the proportion of resource recycling waste, Qisda has set waste management procedures and recycling targets, and reviews the action plan and targets at the Corporate Sustainability Development (CSD) meeting on a quarterly basis to achieve long-term monitoring results. The performance of waste management in 2020 is shown in the table above. The company's overall production volume has increased a lot compared to 2009, and the types and volumes of resource recycling waste have also increased. After promoting energy conservation and waste reduction activities, the proportion of recyclable waste has reached 91%; Since 2009, the cumulative amount has reached 250,595 metric tons globally, with the Qisda's factory in Suzhou accounting for 241,339 metric tons, and the hazardous waste output weight of 477 metric tons, with the Suzhou factory accounting for the majority.</p>													
<p>D. Social Issues</p> <p>a. Does the Company follow relevant laws and regulations as well as the International Bill of Human Rights to establish related management policies and procedures?</p>	V		<p>a. Qisda respects and supports internationally recognized human rights norms and principles, including SA 8000, UN Universal Declaration of Human Rights, UN Global Compact, International Labor Organization Conventions, California Transparency Act, UK Modern Slavery Act. Qisda has established our own "Child and Young Labor Management Regulations". All employees sign employment agreements to verify their willingness to be employed to avoid forced labor source. After the launch of SA8000 management system, the company has never used child labor or forced labor due to operational careless mistakes.</p> <p>Our management policy and the concrete scheme of human rights, this paper are as follows:</p> <table border="1"> <thead> <tr> <th>Object</th> <th>Management target</th> <th>Specific solution</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Internal: employees</td> <td rowspan="3">Planning of employee benefits, let all colleagues experience excellent enterprise culture environment, health and happiness in the workplace.</td> <td>Employee Salary and Pension</td> <td>Keep the starting salary standard unified for new comers no matter the gender.</td> </tr> <tr> <td>Employee Welfare</td> <td>Currently, the major welfare measures Qisda offers are as follows. The company provides performance bonus for full-time employees, whereas the welfare of contractors is the same as that of full-time employees. Only a few contractors are not included in the range of welfare, as they are short-term (less than six months) contractors.</td> </tr> <tr> <td>Build a Smooth and Fair Labor/Management Communication Channel and Relationship</td> <td>Qisda selected 16 (0.27% of staff at its Suzhou manufacturing site) and 12 (0.72% of staff at its Taoyuan headquarter) from the Suzhou (China) manufacturing site and Taiwan headquarter, respectively, according to the labor regulations and SA8000 regulation to 100% represent the employees in all business units, regularly convening Welfare Committee meetings and labor/management meetings to communicate with corporate management representatives for related</td> </tr> </tbody> </table>	Object	Management target	Specific solution	Results	Internal: employees	Planning of employee benefits, let all colleagues experience excellent enterprise culture environment, health and happiness in the workplace.	Employee Salary and Pension	Keep the starting salary standard unified for new comers no matter the gender.	Employee Welfare	Currently, the major welfare measures Qisda offers are as follows. The company provides performance bonus for full-time employees, whereas the welfare of contractors is the same as that of full-time employees. Only a few contractors are not included in the range of welfare, as they are short-term (less than six months) contractors.	Build a Smooth and Fair Labor/Management Communication Channel and Relationship	Qisda selected 16 (0.27% of staff at its Suzhou manufacturing site) and 12 (0.72% of staff at its Taoyuan headquarter) from the Suzhou (China) manufacturing site and Taiwan headquarter, respectively, according to the labor regulations and SA8000 regulation to 100% represent the employees in all business units, regularly convening Welfare Committee meetings and labor/management meetings to communicate with corporate management representatives for related	No differences.
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				<p>matters regulated by SA8000. With the quarterly labor/management meetings, they can discuss and decide on the labor expedient matters with management representative for issues such as labor/management relationship, labor conditions and labor welfare with feasibility to be evaluated by the company and included into improvement operations.</p> <p>Employee health management</p> <p>Six Aspects of Health Management Model:</p> <ol style="list-style-type: none"> <li>1. Wellness Outpatient (Workplace Health Care) Set up health insurance outpatient for convenience of employees in outpatient and health consultancy needs, offering medical services, reaching the ends of no-boundary of medical care service and serving employees at any time.</li> <li>2. Workplace Breastfeeding Promotion Starting from 2007, Qisda promoted workplace breastfeeding for career moms to pump milk at ease when working. The Wellness Center expanded more convenient and private nursery environment and facilities (refrigerator, sterilizer, milk-collection bag, breast pump, electric heater, etc.) according to the needs of the users and starting from the viewpoint of being thoughtful.</li> <li>3. Disease Prevention and Care We provide messages of domestic and overseas epidemic and infectious diseases for employees while sharing the right concept of health and epidemic-prevention according to the messages of global epidemic and Taiwan Centers of Disease Control (CDC) while setting up global epidemic reporting system to instantly understand the</li> </ol>

Evaluation	The Operations				Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons	
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				<p>material stock and employee health tracking status of each office. We also provide irregular e-letters about epidemic prevention and health to remind employees of the importance of health and epidemic prevention.</p> <p>4. Emergency Wounded Patient Treatment We extended the 2016 emergency training plan, continuing to unfold a two-year training. We finished the new-version of American Heart Association (AHA) emergency program training for new-comers during January, 2007 and December, 2011 (220 in total).</p> <p>5. Health Management Tracking Using electronic health management system for employees' health check data and adopt the coronary heart disease (CHD) model (Framingham Risk Score) of the Adult Treatment Panel III (ATP III) of National Cholesterol Educational Program (NCEP) for assessment of the opportunity and risk of ischemic heart disease happening in ten years to screen out those with high risks while finishing health education and tracking 70% of the subhealth group when ensuring their privacy is protected.</p> <p>6. LOHAS Activities Qisda holds health promotion lectures and activities, such as cancer-prevention health screening and special health vaccination to better control the disease and treat the illness as early as possible.</p>		
			External: supplier	Improve Supplier Corporate Social Responsibility	Banned forced labor. Supplier contracts are under terms of the human rights, and	I. In 2006, Qisda started gradually expanding its request for suppliers to sign social responsibility and business ethics agreements,



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b. Does the Company establish and implement the rational employee benefit measures (including remuneration, paid vacation and other benefits...etc.)? And any reflection on the corporate business performance or achievements in the employee remuneration?	V		<p>to carry out the on-site audit.</p> <p>asking them to abide by the RBA Code of Conduct and social responsibility standard (SA8000).</p> <p>2. By the end of 2020, the key first-tier supplier 10 paper investigations and on-site audit investigation completion rate was 96%. All suppliers participating in the paper investigations and on-site audit did not use child labor or had forced labor. Other results met our requirements.</p>
			<p>Qisda launches RBA Code of Conduct and SA8000 educational trainings each year, with the rate of employee receiving trainings reached nearly 80% (82.25%)<sup>23</sup> in 2019.</p> <p>b. Qisda consistently applies its management philosophy based on respect for human dignity and care of employees. In order to fully support the mental and physical health of employees and their families and build life guarantees, we specifically provide the bonuses for Taiwan's three main annual festivals, performance bonuses, operation bonus, paid vacation, group insurance, health inspections, dormitories and employees' continuing education programs. Moreover, relevant regulations on remuneration, attendance requirements and wide-ranging benefits have been established in the work rules so that our employees can concentrate their attention to put considerable effort into work.</p> <p>1. Employee Salary and Pension To provide employees with a compensation policy that is competitive in the market, we adjust salary according to personal academic/career experiences, professional skills and employee performances to ensure their salary meets the market status and is fair. Each year, Qisda mainly refers to the salary survey reports from third-party independent compensation consulting company and corporate operational status while inspecting whether our goals are reached at year-end. For salary of high-level executives, we inspect whether related annual performance goals are reach at the Compensation Committee while regulating their annual compensation.</p> <p>2. Employee Welfare The company has established an employee welfare committee to allocate welfare funds every year. In 2021, the number of participants in the event will reach 10,000, and the average employee satisfaction with the activity throughout the year will reach 4.5 points (out of 5). In addition, various high-quality benefits for colleagues are provided every year: Employee relative group insurance at one's own expense, free health check, corporate product employee sales, Quarterly employee activity expense subsidies, Subsidies of wedding, funeral, injury and disease and other benefits.</p> <p>3. The diversity and equality of opportunity</p>

No differences.

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c. Does the Company provide a safe and healthy working environment to employees? And any regular implementation on safety and health education for employees?	V		<p>All male and female employees have equal pay for work and equal opportunities for promotion. In 2021, we maintain more than 18% of female executive positions in Taiwan, promoting sustainable and common prosperity economic growth.</p> <table border="1"> <thead> <tr> <th rowspan="2">Qisda</th> <th colspan="2">Taiwan (number of people)</th> <th colspan="2">Suzhou, China (number of people)</th> <th colspan="2">Vietnam (number of people)</th> <th colspan="2">Taiwan (rate)</th> <th colspan="2">Suzhou, China (rate)</th> <th colspan="2">Vietnam (rate)</th> </tr> <tr> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr> <td>under 30</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> </tr> <tr> <td>30-50 years old</td> <td>15</td> <td>7</td> <td>6</td> <td>0</td> <td>4</td> <td>0</td> <td>25.4%</td> <td>11.9%</td> <td>46.2%</td> <td>0.0%</td> <td>57.1%</td> <td>0.0%</td> </tr> <tr> <td>over 50 years old</td> <td>33</td> <td>4</td> <td>6</td> <td>1</td> <td>3</td> <td>0</td> <td>55.9%</td> <td>6.8%</td> <td>46.2%</td> <td>7.7%</td> <td>42.9%</td> <td>0.0%</td> </tr> </tbody> </table> <p>(Above) Senior management by gender and age</p> <table border="1"> <thead> <tr> <th rowspan="2">Gender</th> <th colspan="2">Basic wage rates</th> <th colspan="2">Reward ratio</th> </tr> <tr> <th>Taiwan</th> <th>Suzhou, China</th> <th>Taiwan</th> <th>Suzhou, China</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>Male</td> <td>1.06</td> <td>0.99</td> <td>1.03</td> <td>1.08</td> </tr> </tbody> </table> <p>(Above) Base Salary Ratio and Compensation Ratio of Women to Men</p> <p>In order to achieve equal remuneration and equal promotion opportunities for men and women for equal work, Qisda conducts a performance communication and career development review every six months. In 2021, the male and female ratios of indirect personnel who have completed performance appraisals are as follows: (1410 people in total) 474 women (33.6%) and 936 men (66.4%); 471 females (99.4%) and males 932 (99.6%) completed performance communication.</p> <p>The committee convenes at least twice a year and will have temporary meetings according to needs. Related information of compensation of our high-level management team such as the board of directors meeting and managers are also appropriately disclosed in the annual report for all interest parties to fully understand the connection between the compensation of high-level executives and corporate operational performances.</p> <p>4. Business performance is reflected in employee compensation The committee convenes at least twice a year and will have temporary meetings according to needs. Related information of compensation of our high-level management team such as the board of directors meeting and managers are also appropriately disclosed in the annual report for all interest parties to fully understand the connection between the compensation of high-level executives and corporate operational performances.</p>										Qisda	Taiwan (number of people)		Suzhou, China (number of people)		Vietnam (number of people)		Taiwan (rate)		Suzhou, China (rate)		Vietnam (rate)		M	F	M	F	M	F	M	F	M	F	M	F	under 30	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30-50 years old	15	7	6	0	4	0	25.4%	11.9%	46.2%	0.0%	57.1%	0.0%	over 50 years old	33	4	6	1	3	0	55.9%	6.8%	46.2%	7.7%	42.9%	0.0%	Gender	Basic wage rates		Reward ratio		Taiwan	Suzhou, China	Taiwan	Suzhou, China	Female					Male	1.06	0.99	1.03	1.08	No differences.
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		<p>c. Since 2007, the RBA (Responsible Business Alliance Code of Conduct) has been introduced into the company's management system. This management system covers labor, environmental protection, safety and health, and ethics, and safety and health. It also continues to obtain ISO 45001 certification every year. Make management more perfect. In addition, the company has set up sports venues and equipment in the factory area for employees to exercise, and arranges doctors to visit. For more information, please refer to our safety and hygiene management website (<a href="https://csr.qisda.com/ch/cpd.asp?ca=10&amp;ia=32&amp;pi=6">https://csr.qisda.com/ch/cpd.asp?ca=10&amp;ia=32&amp;pi=6</a>)</p> <p>Follow the project and frequency stipulated by national laws and regulations</p>																																																																																														

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	Yes	No	
d. Does the Company build the efficient training programs of career planning ability for employees?	V	<p>of each manufacturing points. (1) Occupational safety and health education training; (2) Independent inspection of production equipment and operation (3) Monitoring of workplace environment; (4) Employee physical examination; (5) Fire system inspection, (6) Emergency response drill, through the annual ISO 45001 external verification check, occupational safety and health units will regularly or irregularly check spot, and to confirm the implementation of each authority and responsibility units. In terms of construction safety management, contractors have set standard operating procedures and inspection record forms from entry application, hazard notification, construction application, hazardous operation application, and inspection before, during and after operation to reduce the risk of construction hazards in the factory. In terms of chemical management, the use of chemicals in the production process has always been the focus of occupational safety and health management, and it is necessary to effectively manage, if the leakage of chemical solvents, may cause a negative impact on the safety and health of employees and the environment of the factory. In 2021, no chemical, oil or fuel leakage occurred at any of Qisda's global manufacturing sites.</p> <p>Note:            ISO 450001 certificate validity period:            1. Taoyuan Twin-Star Factory: 2019.12.01-2022.11.30            2. Suzhou, China:            Photoelectric power plant:2019.12.30-2022.12.26            Precision Factory: 2019.12.29-2023.01.06            Electric flux Factory: 2020.12.25-2023.01.06            Electronics Factory: 2019.12.29-2022.12.25            3. Vietnam's Factory: 2021.5.13-2024.5.13</p>	
		<p>d. Since 2018, in order to continue to promote the sustainable growth of the company and the needs of business talents under the development of the company's strategy, the company has started to build a potential elite talent development project, select potential talents through evaluation tools, confirm the development needs of each talent and Provide a corresponding personal development plan.</p> <p>The management priorities for 2021 and the plans for 2022 are as follows:</p> <p>1. Employee learning            (1) In 2021, promote the digitalization and online training of training, so that colleagues can learn immediately.            (2) Re-examine the leadership function model in 2022, focusing on the future leadership development direction of supervisors.</p> <p>2. Diversified career development of employees: job rotation across units and enhance multi-faceted practical experience learning.            (1) Define the job rotation period for managers at all levels.            (2) Count the candidates who meet the rotation qualifications every year, and provide the list to the heads of each unit for confirmation.            (3) Communicate with the rotation candidates and their supervisors about the future career direction to confirm the suitable rotation positions in the next stage.            (4) Performance tracking after rotation.</p> <p>3. Development of potential elite talents            (1) Establish a core management function system            (2) Evaluate the future potential and past performance of talents to determine the placement of talents            (3) Evaluate the development needs and readiness of potential talents through expert talent assessment tools            (4) According to the evaluation results, formulate the individual development plan (IDP) of talents            (5) Implement the talent personal development plan through the three methods of 3E model (experience learning/communication</p>	No differences.

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e. For customer health and safety, customer privacy, marketing and labeling regarding the Company's products and services, does the Company follow relevant laws, regulations and international guidelines? And any establishment of policies on consumer rights and interests as well as procedures for accepting consumer complaints?	V	e. sharing/training) The health and safety for products, service marketing and content designators of Qisda can be divided into hazardous substances and product waste. The description is as follows: 1. Hazardous substance management: The "Hazardous Chemical Substance Control List" is established according to international regulations and customers' requirements. The purpose is to ensure that the products can comply with the international regulations and meet the customers' requirements through strict control toward an effective recognition of the components and final inspection. Since 2008, Qisda has passed IECQ QC 080000 Hazardous Substance Process Management System Certification. 2. Product waste and recycling: The RD engineers are required to consider the product recycling rate and degree of difficulty for breakdown. The internal platform of breakdown and evaluation study for WEEE is used to calculate the product recycling rate in Mid-term design so as to ensure that the standards of recycling rate have fulfilled the WEEE requirements. Moreover, the major consideration before entering in the next design stage is the need of WEEE recycling logo and marking location or not. In the aspect of customer privacy, when Qisda's employees download the confidential document, the document background will show "Confidential" and the employee's name via watermark to remind the sensitivity and confidentiality of document, provide customer privacy and corporate assets various layers of protection against information disclosure; based on the fundamental principles and common legal requirements of General Data Protection Regulation (GDPR), the Company has established the personal information protection and code of conduct regarding management, which will be used as the behavior framework complied by the corporate and all employees. Such engagement in corporate operations and business practices will not violate the code of conduct. In the aspect of customer rights and complaints, Qisda regularly conducts the customer satisfaction surveys to ensure the understanding and satisfaction for the individual's needs. And, customers' complaints and reports requiring the Company to improve or help can be handled through the questionnaire. Qisda also conducts a comprehensive customer service satisfaction survey in January and July of each year. The Customer Service Department will send out the notification letters to customers' corresponding contact window and ask the customers to perform the scoring in Qisda Questionnaires Evaluation System.	No differences.
f. Does the Company establish the supplier management policy and ask the suppliers to follow the related rules for the issues such as environmental protection, occupational safety and health or labor and human rights? And any implementation status?	V	f. Qisda provides layers of inspection to evaluate the suppliers through hiring procedure for suppliers. The aspects of inspection include corporate basic information, product information, major customers and financial status, contracts related to purchasing liabilities and obligations with the Corporate as well as hazardous and harmless Substance control document. Moreover, we abide the "Qisda Supplier Social Responsibility and Procedures for Environmental Safety and Health Audit Management". The purpose is to cover the topics (including environmental protection, occupational health and safety or labor and human rights) in an annual survey of key suppliers, as well as confirm the matching degree of topics and having obtained relevant certifications or not.  Supplier Election Procedure When we evaluate a new supplier, we form a team of evaluation consisting of purchase, quality assurance, R&D, and component approval units to offer a questionnaire form for various abilities of the supplier, whereas the team will verify the final review results. Only those passing the procedure can become a qualified Qisdasuppliersr and start verification for its new product.  Also, in 2015, Qisda revised its online system to meet the	No differences.

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
		<p>“Supplier Election Review Regulation Operational Procedure, adding indicators of environment, human right ethics, and labor rights to new supplier review items. Therefore, our new suppliers in 2021 were all selected with environmental and social items.</p> <p>Supplier audit After supplies become qualified Qisda suppliers, they still receive regular evaluations. The QISDC evaluation is divided into five aspects: Quality, Innovation/Technology, Speed/Response, Delivery and Cost Leadership. After each evaluation of supplier performance, the result will become an important reference of purchasing strategies; this means purchasing strategies will discuss with related departments, establishing a key component strategic supplier list and renewing that half a year. We select strategic companies for each product line for our key component suppliers. Those not listed will be defined as ordinarily qualified suppliers. Those selected will be prioritized in usage or increasing volume of purchase.</p>	
E. Does the Company prescribe the report on non-financial information disclosure such as CSR report by referring to international reports to prescribe the standards or guidelines? Does the Company obtain a third-party assurance or verification for the foregoing reports?	V	Since 2009, in order to ensure the quality of “Qisda Corporate Social Responsibility Report”, create the GRI standard ((G3, G3.1, G4, Standards) and matching degree of AA1000AS (Accountability 1000 Assurance Standard), the Company commissions an independent third-party assurance to verify the Report. Our reports starting from 2009 have passed the verification of GRI G3 &G3.1 A+ &G4 Core & G4 &Standards Comprehensive as well as AA 1000AS Standard. The Reports starting from 2009 were conducted by Bureau Veritas Certification (Taiwan) Co., Ltd. (BVC). (The 2020 Report has been issued in June 2021. And, the 2021 Report is expected to be published in June, 2022.)	No differences.
F. For the companies establishing their own corporate social responsibility principles based on the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the operations and comparisons. Qisda has formally established the “Corporate Sustainable Development Commission” since 2010 that is responsible for promoting activities related to corporate sustainable development and social responsibility. Since 2007, Qisda has published the “Corporate Social Responsibility Report”. For more details on operations, please see P 28-31. In 2015, we established the “Corporate Social Responsibility Practice Principles”, and there is no material difference between the overall operations and “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”.			
G. Other important information that helps to understand the operations of corporate social responsibility: As the aforesaid operations. For more details on Qisda’s corporate sustainable development and corporate social responsibility as well as published environmental reports in recent years and content of corporate responsibility report, please go to the Corporate Social Responsibility Section of our official website Qisda.com.			
H. Other important information that helps to understand the operations of corporate social responsibility: 1. Using 24” LCD Monitor (EW2430) to obtain the China’s CarbonLabel by complying with customer’s needs in 2011; the projectors (MP772ST) has obtained the dual certification of EPD and CarbonLabel from Taiwan Environmental Protection Agency. In 2013, Qisda obtained the certifications of integrated design ISO 14006 (Incorporating Ecodesign) and eco design IEC 62430 (Environmentally Conscious Design for electrical and electronic products and systems) regarding the products such as displays, projectors, smart phones, scanners, multimedia players and lights. And the lighting products (Be-Light) also won the 3rd Green Classics Product Award. In 2015, the Company further received the first prize in Environmentally Friendly Group in the Corporate Sustainability Award from Global Views Monthly. 2. In addition to factory greening planting and greenery, plus the addition of having received the first prize in the National “2011 Plant Greening Contest” from Industrial Development Bureau, Ministry of Economic Affairs (MOEA), Qisda puts effort into green factory and clean production. In 2012, Qisda passed the clean production certification, obtained the first green factory certification in 2017, and then the continuing certification of green factory in 2019. 3. In 2011, Qisda received the Gold Prize in Corporate Branding for Ranking of Well-Being Marriage and Fertility Index Around Taiwan held by Ministry of the Interior, Executive Yuan. The Company outshone the other corporates participating in evaluation, earning the highest honors. This shows that Qisda’s performance on being continuously promoted to build a friendly and healthy workplace has earned recognition from national awards. The Company further has been included in the 2012 Best Companies to Work For Award from Taipei City Government, received the “Relaxed Work Award” from Department of Labor and Employment in 2016, and won the “Best Companies to Work for in Asia 2019 Awards” in 2019. 4. In 2011, Qisda obtained the “Bronze Medal Award in Manufacturing Industry for 2012 Taiwan Corporate Sustainability Report Awards” by using CSR Reports, and then “Top 50 Excellent Enterprise Awards in Manufacturing Industry for “2013 Taiwan CSR			

Evaluation	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	
			<p>(Corporate Sustainability Reports) Awards". The Company were also simultaneously given the "The Model of The Best Climate Leadership Awards" with excellent weather change strategies and carbon management.</p> <p>5. In 2012 and 2013, Qisda has been included in the excellent entrepreneur for "Excellent Cases of CSR Reports" from Industrial Development Bureau, Ministry of Economic Affaris (MOEA). The invited content of reports will be presented in the excellent case introduction on the topic of "Implementation of Low Carbon and Effort of Green Growth" from Industrial Development Bureau.</p> <p>6. In 2014, Qisda obtained the "Silver Award in Corporate Sustainability Reporting of Computer-Related Manufacturing for Large-Scale Enterprises" for "2014 Taiwan CSR (Corporate Sustainability Reports) Awards" by using the 2013 CSR Reports. In 2016, the Company also obtained the Gold Award in "Electronic and Information Manufacturing" of Top 50 Taiwan Corporate Sustainability Report for "2016 Taiwan Corporate Sustainability Awards (TCSA)" as well as "Climate Leadership Awards". In 2017, Qisda has obtained the "Gold Award in Taiwan CSR (Corporate Sustainability Reports) Awards" and "Corporate Comprehensive Performance Awards - Taiwan Top 50" of "2017 Taiwan Corporate Sustainability Awards (TCSA)". In 2018, Qisda obtained the "Gold Award in Taiwan CSR (Corporate Sustainability Reports) Awards" and "Corporate Comprehensive Performance Awards". In 2019, Qisda further received the Platinum Award in "Electronic and Information Manufacturing" of Corporate Sustainability Report Category for "2019 Taiwan Corporate Sustainability Awards (TCSA)" and "Corporate Comprehensive Performance Awards" with the most excellent grades in recent years. Both the quality of reports and transparency have earned further recognition.</p> <p>7. Qisda's performance on corporate social responsibility ranked twelfth in the 2015 Asia Sustainable Development Index, and then ranked fifth in 2016. In 2016, the Company was also simultaneously given the "The Model of Electronic Technology Group for Corporate Social Responsibility Awards" from Global Views Monthly.</p> <p>8. Qisda was selected as a member of the Hong Kong and South East Asia Climate Disclosure Leadership Index, HK-SE CDLI for 2015 Carbon Disclosure Project (CDP). Similarly, Qisda has received an "A-" rating at leadership level for a second straight year since 2016.</p> <p>9. In 2017, Qisda obtained the "Annual Best Business Continuity Management (BCM) Awards" from StrategicRISK. In 2018, the Company was named as a member of the Top 100 Global Technology Leaders by Thomson Reuters.</p> <p>10. In 2018, Qisda was named a member of Taiwan 30 Benchmarking Enterprises for "CSRone Sustainability Reporting Platform". At the same time, the Company was named as a constituent of the "Taiwan Sustainability Index (TWSI)".</p> <p>11. In 2018, Qisda was significantly introduced by the "Sustainable Industrial Development Quarterly" from Industrial Development Bureau, Ministry of Economic Affaris (MOEA) by using its "Integrated Design Management System", in which the invited content will be presented in the category of "Sustainable Innovation" for "Corporate Sustainable Development Story Collection".</p> <p>12. In 2019, Qisda passed the first safety certification of Human-Robot Collaboration (HRC) around Taiwan.</p> <p>13. Qisda Chairman Peter Chen has received an annual award for "EY Entrepreneur Of The Year 2019" and Excellent Business Model Entrepreneur Of The Year.</p> <p>14. 2020 awards and recognition: Consecutive Green Factory Certification; Best Companies to Work for in Asia; Comprehensive Performance Award Top 10 Sustainability Model; Corporate Sustainability Outstanding Performance Innovative Growth Award; Corporate Sustainability Outstanding Performance Communication Award; Corporate Sustainability Report Platinum Award</p> <p>15. 2021 awards and recognition: Corporate Sustainability Report-Golden Award; Taiwan Sustainable Enterprise Certificate of Merit; Social Inclusion Leadership Award; Taiwan Sustainable Action Award-Silver Award; Best Companies to Work for in Asia; Global Best Employer</p>

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP, SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its fulfillment of social responsibilities.

(VI) Implementation of Ethical Management and Implemented Measures:

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
<p>A. Establish ethical management policies and plans</p> <p>a. Does the Company establish the ethical management policies passed by the Board of Directors and then publicly specify the policies and methodology of ethical management in regulations and document as well as the commitment in terms of management policies actively fulfilled by the Board of Directors and senior management?</p> <p>b. Does the Company establish the evaluation mechanism on higher risk of unethical behavior, regularly analyze and evaluate the business activities with higher risk of unethical behavior, as well as adopt the preventative measures at least covering the Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?</p> <p>c. Are the operational procedures, guidelines, disciplinary and appeal system of impairment included in the Company's prevention programs of unethical behavior thorough implementation? And any regular review of the foregoing programs for better implementation?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>a. "Treat customers, suppliers, creditors, shareholders, employees and public with integrity" serves as Qisda's corporate mission and all employees' responsibility. Qisda prohibits any behavior such as corruption, bribery and extortion. We ask our employees to aggressively clarify and actively improve our daily practices so as to increase our ethical integrity. Qisda has created the "Integrity Handbook" and "Ethical Corporate Management Best Practice Principles for Qisda Corporation" passed by the Board of Directors that shows the concrete norms of behavior aimed at policies or methodology of ethical management.</p> <p>b. Integrity Handbook serves as the highest code of conduct for all Qisda employees in proceeding with business activities. New employees are reminded to abide the relevant rules through education training while joining in the Company. We will strengthen the promotional efforts on code of conduct such as "Do not receive external gifts" at major holidays such as dragon-boat and mid-autumn festivals and Chinese New Year, as well as our employees' awareness of integrity. Qisda employees must absolutely abide the related regulations in Integrity Handbook. Any employee, in case of an event in the form of corruptions and fraud occurring, may be most severely punished by the expulsion according to the Company's "Management Guidelines for Punishment". The serious inappropriate manners, such as practices graft and fraud, embezzlement, any person who accepts of a bribe and commission; where the conflicts occurred between the Company's interest and business is materially affected due to external engagement in operating other enterprises; imitating the immediate supervisor's signature or misappropriation of seals, shall be regarded as violation cases where expulsion shall be made. The Risk Management Department regularly evaluates the risk of unethical behavior on an annual basis so as to adopt the preventative measures.</p> <p>c. The code of conduct regarding "Conflicts of Interest", "Legal Compliance" as well as "Trade Secret and Corporate Asset" are specified in Qisda's Integrity Handbook. Once we discover violation of integrity philosophy by someone or related to some matter, or regulations of integrity principles are violated, it will be delivered for the Material Disciplinary Committee consisting of cross department senior managers to review. Should the material matter related to violation of integrity principles occurred, it will be reported to the Audit Committee or the Board of Directors in accordance with the relevant laws and operating procedures. The Risk Management Auditing Office will conduct a random assessment aimed at relevant processes and operation description to avoid the possible unethical behavior occurring. In November 2015, Qisda established the "Prevention and Management Guidelines for Serious Misconduct" to enhance the corporate governance, in which the Company strengthen the management system covering from three major aspects of prevention, detection and response dedicated to serious misconduct, such as conflicts of interest, inappropriate acceptance of a bribe, and more. The Human Resources Department will deliver the reminder of ethical conduct such as "Principles for External Gifts" as e-newsletters to the email account of each employee at major holidays.</p>	<p>No differences.</p>

Evaluation Item	The Operations		Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons	
	Yes	No		Summary Description
<p><b>B. Implementation on ethical management</b></p> <p>a. Does the Company consider the ethical practices of the transaction partner as well as the clauses regarding ethical conduct contained in the agreement with the other party?</p> <p>b. Does the Company establish the designated unit set up under the Board of Directors responsible for promoting the corporate ethical management and regularly (at least once a year) reporting its ethical management policies, prevention programs of unethical behavior and implementation to the Board of Directors?</p> <p>c. Does the Company establish the policies for preventing conflicts of interest, provide the appropriate presentation channel and implement?</p> <p>d. Has the Company established the effective accounting system and internal control system for implementing the ethical management, where the relevant audit plans are devised based on evaluation results of the risk of unethical behavior by internal audit unit, or by commissioning the accountant to review the information related to prevention programs of unethical behavior?</p> <p>e. Does the Company regularly organize the internal and external training sessions on ethical management?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>a. Qisda clearly stipulates the cooperative principle of honesty and integrity in the purchase contract. Should the matter related to violation of integrity principles occurred, it allows the Company to terminate the contract or permanently stop the cooperation with the suppliers if the other party is involved in unethical conduct.</p> <p>b. The Ethical Management Task Force Team is contained in Qisda's organization. The group's members are professional personnel drawn mainly from human resources, risk management, and audit. The group is responsible for formulating rules, organizing educational training sessions, appeal channels and reviews on ethical risk as well as reporting their findings to the Board of Directors; and board meeting to report the 2021 implementation in March, 2022.</p> <p>c. Regarding conflicts of interest, Qisda has created the "Integrity Handbook", "Code of Ethical Conduct of the Board Directors and Executives", "Ethical Corporate Management Best Practice Principles", "Management Guidelines for Whistleblowing and Appeal Procedures", "Prevention and Management Guidelines for Serious Misconduct" and "Investigation and Management Guidelines for Serious Misconduct". The Company conducts the implementation status on norms of behavior, misconduct prevention, informing as well as investigation on each aspect.</p> <p>d. Qisda complies with legal requirements, continuously revises the internal control system as well as review and evaluate the effectiveness of internal control system implementation. The Auditing Office devises the relevant audit plans according to evaluation results of the risk of unethical behavior as well as regularly reviews the related information. The legal requirements of Auditing Office are covered in annual review items, and the relevant results and improvement status are quarterly reported to the Audit Committee and the Board of Directors. All the corporate accounting system will follow the legal requirements to establish the regulations. The attesting CPA also quarterly reviews or evaluates the Company's financial statements, issues the reports and regularly reports on evaluation results to the Audit Committee members in Audit Committee.</p> <p>e. Qisda annually provides an online training session regarding overview of Integrity Handbook to all employees. In 2021, 100% of employees have completed the training course.</p>	<p>No differences.</p>
<p><b>C. The operations of corporate whistleblowing system</b></p> <p>a. Does the Company establish the concrete whistleblowing and rewards systems, set up the convenient reporting channel as well as assign the appropriate special personnel to process complaints dedicated to the person being accused?</p> <p>b. Does the Company establish the standard operating procedures for the investigation, as well as the follow-up measures and relevant confidentiality mechanisms that shall be adopted after investigation?</p>	<p>V</p> <p>V</p>		<p>a. Qisda's Integrity Handbook clearly stipulates that anyone who discovers the illegal event must immediately inform all levels of Executive; the reporting channels include but not limited to President's Mailbox, Integrity Mailbox and HR Mailbox. In November 2015, the Company passed the "Management Guidelines for Whistleblowing and Appeal Procedures", clearly stipulating that the internal and external whistleblowing and appeal channels include President's Mailbox, Integrity Mailbox and HR Mailbox.</p> <p>b. Regarding the case response of reported misconduct, Qisda has established the "Management Guidelines for Whistleblowing and Appeal Procedures" that regulates the standard operating procedures for appeal matters and relevant confidentiality mechanisms.</p>	<p>No differences.</p>



Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
c. Does the Company adopt the measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	V		c. Qisda's Integrity Handbook and relevant rules clearly stipulates that the Company will strictly keep investigation content and results confidential for whistleblowers, as well as ensure that the rights of relevant personnel will not be damaged.	
D. Strengthening the information disclosure Does the Company disclose their ethical corporate management best practice principles and the effectiveness of the promotion on the websites or on the Market Observation Post System (MOPS)?	V		The "Corporate Social Responsibility" section set up in Qisda's official website: In this section, relevant information of the corporate governance and ethical management is honestly, clearly and publicly disclosed. We have established the principles for integrity in the front page of our internal employee website in Chinese and English. The purpose is to actively remind that our employees should clarify and aggressively improve our daily practices so as to increase our ethical integrity, as well as provide the anti-corruption channels for suppliers. Moreover, the "Investor Relations" section also provides the information related to corporate governance, important resolutions reached by the Board of Directors and operational description presentation. We can know that Qisda discloses its ethical corporate management best practice principles and the effectiveness of the promotion on the Market Observation Post System (MOPS).	No differences.
E. For the companies establishing their own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe the operations and comparisons. In May 2015, Qisda established the "Qisda Ethical Corporate Management Principles" and revised it in November 2020, and there is no material difference between the overall operations and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies".				
F. Other important information that helps to understand the operations of corporate social responsibility: (For example, the Corporate reviews the presented results to facilitate the timely amendment of the ethical corporate management principles, and more.) 1. Qisda has set up the anti-corruption channels for suppliers. In case of any violation of "ethical" moral principles and integrity, the suppliers can react through integrity mailbox: Integrity@Qisda.com. The Company will handle the case in a timely manner. In addition, Qisda will strictly keep investigation content and results confidential for whistleblowers, as well as ensure that the rights of relevant personnel will not be damaged. 2. The Human Resources Department (HR) annually carries out the company-wide online training sessions regarding "Integrity and Against Corruption" on an annual basis. The content includes introduction to Integrity Handbook, summarization and practical example description. We also provide the tests after session to evaluate employees' learning results. Beyond the original Integrity Handbook in Traditional Chinese and English versions, Qisda also completed the Simplified Chinese version dedicated to overseas branch in 2010. The purpose is to propagate the Integrity Handbook as well as provide education related training sessions. 3. For various operating procedures of daily operation activities, Qisda has designed the appropriate internal control mechanism to decrease the possible corruption occurring as well as take measures to prevent its occurrence. The Company's Audit Unit regularly evaluates the management effect of internal control mechanism, collect the suggestions on various potential risks (including fraud and corruption) from each department head, set the appropriate audit plans for the basis of relevant check, as well as regularly report the findings to Audit Committee and the Board of Directors that allows the top management to understand the status of corporate governance in pursuit of the management goals. 4. For more details on Qisda's ethical management, please refer to the Company's corporate sustainable development reports in recent years, or go to the Corporate Social Responsibility Section of our official website Qisda.com.				

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its implementation of ethical management and implemented measures.

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

The Company has established the Corporate Governance Best Practice Principles on May 5, 2015. For the Company's corporate governance operations, please refer to the chapter of Implementation of Corporate Governance (P18-P50) of this Annual Report and corporate governance report. Regulations such as Regulations for Procedures of Shareholders' Meetings, Organizational Rules for Audit Committees, Organizational Procedures for Remuneration Committee, Corporate Governance Best Practice, Corporate Social Responsibility Best Practice, Ethical Corporate Management Best Practice, Directors and Managers Ethical Practice, Regulations for the Election of Directors, Regulations Governing Loaning of Funds, Regulations Governing Making of Endorsements/Guarantees, Regulations Governing the Acquisition and Disposal of Assets, Procedures for Financial Derivatives Transactions, Regulations for Disclosure of Financial Business Information, Guidelines for Management of Subsidiaries and Process of Internal Major Information and Insider Trading Prevention Management, etc., have been issued by the Company, please visit [contact Qisda.com](http://Qisda.com) for details of these regulations.

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

1. On August 27, 2009, the Company reached the resolutions of the Audit Committee and the Board of Directors for approving "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management". On November 11, 2020, the Company approved to amend the Guidelines, and then announce the revised version in the regulation area of the Company's internal public folder so that managers and employee can be generally known.
2. On November 7, 2018, the Board of Directors made the resolution of appointing corporate governance personnel to protect shareholders' rights and enhance the functions of the Board of Directors.
3. The newly-elected Directors of the Company will be given the brochure of published by the Company, which has the content including various laws and regulations (including the major information processing and insider trading prevention procedures specified in the preceding Paragraph) and precautions to facilitate legal compliance.

(IX) The Company regularly arranges for senior executives to attend corporate governance courses. Please see the following table for corporate governance training undertaken by senior executives in 2021:

Title	Name	Date of continuing From	Organizer	Course Name	Training Hours
Honorary Chairman	Kuen-Yao (K.Y.) Lee	2021/07/27	Taiwan Corporate Governance Association	Overseas holding company organization restructuring – Migration evaluation and the impact of the global lowest tax rate on international companies	1.5
		2021/08/19	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/11/18	Digital Governance Association	Corporate ethical governance and insider trading control	3
Chairman and President	Chi-Hong (Peter) Chen	2021/03/15	Association of Publicly Listed Taiwanese Companies	50 years of Taiwan past and future: Talent cultivation and disaster prevention	2
		2021/08/19	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/11/18	Digital Governance Association	Corporate ethical governance and insider trading control	3
Director	Shuang-Lang (Paul) Peng	2021/04/27	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/07/27	Taiwan Corporate Governance Association	Overseas holding company organization restructuring – Migration evaluation and the impact of the global lowest tax rate on international companies	1.5
		2021/09/01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3
		2021/10/26	Taiwan Corporate Governance Association	Management power disputes and case study analysis	3
Director	Han-Chou (Joe) Huang	2021/08/19	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/11/18	Digital Governance Association	Corporate ethical governance and insider trading control	3
Independent Director	Cheng-Ju (Allen) Fan	2021/10/29	Taiwan Corporate Governance Association	Corporate management and public opinion and news crisis management strategy	3
		2021/10/29	Taiwan Corporate Governance Association	Discussion on corporate governance roadmap 3.0 and responsibilities of directors	3
		2021/11/18	Digital Governance Association	Corporate ethical governance and insider trading control	3
Independent Director	Lo-Yu (Charles) Yen	2021/05/06	Taiwan Corporate Governance Association	CSR and ESG in practice through green energy and renewable energy case studies	3
		2021/08/19	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/08/27	Taiwan Corporate Governance Association	Real estate sustainability thinking and brand development sharing	3
		2021/11/05	Taiwan Corporate Governance Association	Net zero emissions by 2030/2050 – Sustainability challenges and opportunities for global enterprises	3
		2021/11/30	Taiwan Corporate Governance Association	Digital opportunities and digital talent	3
		2021/12/07	Taiwan Stock Exchange	Cathay Sustainable Finance and Climate Change Summit	6
Independent Director	Jyuo-Min Shyu	2021/04/27	Securities & Futures Institute	Employee remuneration strategy and instrument utilization study	3
		2021/09/01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
		2021/09/08	Taiwan Academy of Banking and Finance	Corporate Governance Seminar – Enterprise Digital Transformation	3
		2021/11/19	Taiwan Corporate Governance Association	Enterprise risk management	3
Accounting Manager	Billy Liu	2021/04/22	Accounting Research and Development Foundation.	Analysis of Important Policy Measures of the Latest "Corporate Governance 3.0 - Blueprint for Sustainable Development"	3
		2021/05/27	Accounting Research and Development Foundation.	"Insider Trading" Practical Case cum Legal Liability Discussion	3
		2021/11/24	Accounting Research and Development Foundation.	Legal Compliance of Corporate Sustainable ESG-Renewable Energy and Investing in Green Energy	6

Note: 1. All of the Directors Training compliance with requirements.  
2. The accounting Manager has met the required training hours.

(X) Status of Implementation of Internal Control System

I. Statement of internal control system

Qisda Corporation  
Statement of Internal Control System

Date: March 7 2022

Based on the findings of a self-assessment, Qisda Corporation (Qisda) states the following with regard to its internal control system during the year 2021:

1. Qisda's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Qisda takes immediate remedial actions in response to any identified deficiencies.
3. Qisda evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities.
4. Qisda has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Base on the findings of such evaluation, Qisda believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Qisda's annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on March 7, 2022, with seven attending directors all affirming the content of this Statement.

Qisda Corporation



Chairman & President  
Peter Chen,



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

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

(XII) Material Resolutions Approved by Board Meetings

Date	Meeting of 2021	Resolutions
Mar. 23, 2021	1 <sup>st</sup> Board Meeting	<ol style="list-style-type: none"><li>1. Approved the proposal of 2020 financial statements (Note)</li><li>2. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement (Note)</li><li>3. Approved the termination of private security offering approved by 2020 shareholders' meeting (Note)</li><li>4. Approved the proposal of the convene date of 2021 Shareholders' Meeting and meeting agenda</li><li>5. Approved the proposal of donation to BenQ Foundation</li></ol>
May 11, 2021	2 <sup>nd</sup> Board Meeting	<ol style="list-style-type: none"><li>1. Approved the proposal of cash dividends distribution of 2020 earnings</li><li>2. Approved the proposal of financial statement of Q1, 2021</li><li>3. Proposal for making guarantee for Qisda (L) Corp. with the amount of US\$ 60 million (Note)</li><li>4. Approved the proposal of Subsidiary, Qisda Electronics (Suzhou) Co. Ltd., for obtaining of common shares of JIANGSU YUDI OPTICAL CO.,LTD (Note)</li></ol>
Aug. 11, 2021	3 <sup>rd</sup> Board Meeting	Approved the proposal of financial statement of Q2, 2021
Aug. 27, 2021	Shareholders' Meeting	<ol style="list-style-type: none"><li>1. Recognized the proposal of 2020 financial statements and business report Status: Proposal was recognized.</li><li>2. Recognized the proposal of 2020 distribution of surplus Status: Proposal was recognized.</li><li>3. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Status: Resolution was passed which authorized the Board to deal with the fundraising. The Company didn't issue any fundraising until the printed date.</li><li>4. Approved the amendment to Articles of Incorporation Status: Resolution was passed, and the amended Articles of Incorporation became effective on Aug. 27, 2021.</li><li>5. Approved the amendment to Handling Procedures for Acquisition or Disposal of Assets and Handling Procedures for Conducting Derivative Transactions Status: Resolution was passed, and the amended Acquisition or Disposal of Assets and Handling Procedures for Conducting Derivative Transactions became effective on Aug. 27, 2021</li><li>6. Approved the amendment to Handling Procedures for Lending Funds to Other Parties and Handling Procedures for Endorsements and Guarantees Status: Resolution was passed, and the amended Handling Procedures for Lending Funds to Other Parties and Handling Procedures for Endorsements and Guarantees became effective on Aug. 27, 2021.</li><li>7. Approved to lift non-competition restrictions on current directors and their representatives Status: Resolution was passed.</li></ol>
Nov. 12, 2021	4 <sup>th</sup> Board Meeting	<ol style="list-style-type: none"><li>1. Approved the proposal of financial statement of Q3, 2021</li><li>2. Approved the proposal of acquisition of the right-of-use asset for business use from a related party (Note)</li></ol>

Date	Meeting of 2022	Resolutions
Mar. 7, 2022	1 <sup>st</sup> Board Meeting	<ol style="list-style-type: none"><li>1. Approved the proposal of 2021 financial statements (Note)</li><li>2. Approved the proposal of issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new preferred shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement (Note)</li><li>3. Approved the termination of private security offering approved by 2021 shareholders' meeting (Note)</li><li>4. Approved the proposal of the convene date of 2022 Shareholders' Meeting and meeting agenda</li><li>5. Approved the proposal of donation to BenQ Foundation</li></ol>
Apr. 1, 2022	2 <sup>nd</sup> Board Meeting	Approved the proposal of Subsidiary, BenQ Corporation for selling the 100% shareholdings of BenQ (Hong Kong) Limited (Note)

Note: Matters included in Article 14-5 of the Securities and Exchange Act.

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

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

#### IV. Information on CPA fees

Unit: NT\$1,000

Accounting Firm	Name of CPA	CPAs Audit Period	Audit Fee	Non-audit Fee	Total	Remark
KPMG	Chang, Huei-Chen Shi, Wei-Ming	2021.1.1~2021.12.31	8,700	1,160	9,860	

Note: Fees mainly related to tax services.

Note 1. Non-audit fees paid to the CPA, accounting firm of CPA and its affiliates were more than 25% of the audit fees: None

Note 2. Replacement of accounting firm and the audit fees in the replacing year is less than that in the previous year: Not applicable.

Note 3. Audit fees were reduced by over 10% compared with the previous year: None

#### V. Information on replacement of CPAs

##### (I) Regarding former CPA

Replacement date	January 01, 2021		
Reason and explanation for replacement	The CPAs are changed from Tang, Tzu-Chieh and Chang, Huei-Chen to Chang, Huei-Chen and Shih, Wei-Ming because of the internal adjustment from the accounting firm.		
Explain why the appointor or CPA terminated or refused to accept the appointment	Partie	CPA	Appointor
	Status	Not applicable	
	Appointment terminated		
Refused to accept (continue) appointment			
Audit report opinions other than unqualified opinion over the last two years and reason	None		
Did issuer have a different opinion	None		
Other items requiring disclosure (disclosures for Clause 6.1.4~7, Article 10 of these guidelines)	None		

##### (II) Regarding the Succeeding CPA

Name of CPA firm	KPMG
Name of CPAs	Chang, Huei-Chen and Shih, Wei-Ming
Date of Appointment	January 01, 2021
Inquiries regarding the accounting treatment methods of specific transactions, accounting principles or opinions provided on financial report prior to the appointment and results	None
Written opinion of successor CPA regarding discrepancies in opinion with the prior CPA	None

(III) Former CPA Letters Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines: Not applicable

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

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

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

Title	Name	As of April 1, 2022		2021	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Honorary Chairman	Kuen-Yao (K.Y.) Lee	0	0	0	0
Chairman	Chi-Hong (Peter) Chen	0	0	99,204	0
Director	AU Optronics Corp.	0	0	0	0
Representative of Corporate Director	Shuang-Lang (Paul) Peng	0	0	0	0
Director	BenQ Foundation	0	0	0	0
Representative of Corporate Director	Han-Chou (Joe) Huang	0	0	26,057	0
Chief Executive Officer	Peter Chen	0	0	99,204	0
President	Joe Huang	0	0	26,057	0
Vice President	Mark Hsiao	0	0	16,770	0
Vice President	CY Ho	0	0	19,002	0
Vice President	Harry Yang	0	0	21,581	0
Vice President	Daniel Hsueh	0	0	9,832	0
Vice President	Michael CH Lee	0	0	40,957	0
Vice President	Daven Wu	0	0	16,447	0
Vice President	Jasmin Hung	0	0	14,531	0
Vice President	T.S. Wu	0	0	6,268	0
Vice President	Danny Lin	0	0	8,389	0
Associate Vice President	Rex Wu	0	0	5,000	0
Associate Vice President	Eric Lee	0	0	6,385	0
Associate Vice President	Jack Wang	0	0	6,094	0
Associate Vice President	T.H. Lee	0	0	2,414	0
Associate Vice President	Ray Huang	0	0	3,448	0
Associate Vice President	Nick Niek	0	0	5,921	0
Associate Vice President	Calvin Jeng	0	0	4,498	0
Associate Vice President	Tony Lin	0	0	4,828	0
Associate Vice President	Y.S. Cheng	0	0	4,198	0
Associate Vice President	Aaron Ho	0	0	3,448	0
Associate Vice President	Joe Lee	0	0	0	0
Associate Vice President	Alex Wu	0	0	6,572	0
Major shareholder	AU Optronics Corp.	0	0	0	0
Independent director	Cheng-Ju (Allen) Fan	0	0	0	0
Independent director	Lo-Yu (Charles) Yen	0	0	0	0
Independent director	Jyuo-Min Shyu	0	0	0	0
Finance Supervisor	Jasmin Hung	0	0	14,531	0
Accounting Supervisor	Billy Liu	0	0	0	0

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

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

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

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

### Information of relationships between Top 10 shareholders are related parties

April 1, 2022

Name (Note1)	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships (Note2)	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Title (or Name)	Relationships
AU Optronics Corp.	335,230,510	17.04%	0	0.00%	0	0.00%	Konly Venture Corp.	Subsidiary
AU Optronics Corp. Representative : Shuang-Lang (Paul) Peng	9,164	0.00%	65,032	0.00%	0	0.00%	Note 3	
ACER INCORPORATED	81,712,690	4.15%	0	0.00%	0	0.00%	None	None
ACER INCORPORATED Representative : Jason Chen	0	0.00%	0	0.00%	0	0.00%	None	None
Konly Venture Corp.	50,145,113	2.55%	0	0.00%	0	0.00%	AU Optronics Corp.	Parent Company
Konly Venture Corp. Representative : Shuang-Lang (Paul) Peng	9,164	0.00%	65,032	0.00%	0	0.00%	Note 3	
Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	40,975,791	2.08%	0	0.00%	0	0.00%	None	None
Darfon Electronics Corp.	39,859,000	2.03%	0	0.00%	0	0.00%	None	None
Darfon Electronics Corp. Representative : Andy Su	284,234	0.01%	0	0.00%	0	0.00%	None	None
Polunin Developing Countries Fund, LLC	20,295,762	1.03%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	20,171,059	1.03%	0	0.00%	0	0.00%	None	None
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	18,819,620	0.96%	0	0.00%	0	0.00%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	18,240,660	0.93%	0	0.00%	0	0.00%	None	None
CREO VENTURE CORP	17,095,234	0.87%	0	0.00%	0	0.00%	None	None

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

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

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



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

December 31, 2021

Investment business (Note 1)	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectly- controlled business (Note 2)		Combined investment	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)
Darfon Electronics Corp.,	58,004,667	20.72%	17,443,943	6.23%	75,448,610	26.95%
QS CONTROL CORP.	6,000,000	20.00%	-	-	6,000,000	20.00%
VISCO VISION INC.	-	-	13,697,037	25.03%	13,697,037	25.03%
MLK BIOSCIENCE CO., LTD.	-	-	217,030	20.00%	217,030	20.00%
COATMED INCORPORATION	-	-	598,000	20.00%	598,000	20.00%
BenQ Medical Technology (Shanghai) Ltd.	-	-	-	40.00%	-	40.00%
DMC Components International, LLC	-	-	300,000	30.00%	300,000	30.00%
Jiangsu Yudi Optical Co., Ltd.	-	-	16,182,000	20.01%	16,182,000	20.01%
Nanjing Silvertown Health & Development Co., Ltd	-	-	-	15.75%	-	15.75%
Guigang Donghui Hospital Co.,Ltd	-	-	-	14.13%	-	14.13%
UNISAGE DIGITAL CO., LTD.	-	-	67,390	38.01%	67,390	38.01%
GRANDSYS INC.	-	-	5,643,373	23.58%	5,643,373	23.58%
ADVANCEDTEK INTERNATIONAL CORP.	-	-	1,152,800	34.09%	1,152,800	34.09%
Everlasting Digital ESG Co., Ltd.	-	-	500,000	29.41%	500,000	29.41%
MCURICH INC.	-	-	645,000	23.33%	645,000	23.33%

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

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

# Capital and Shares

## I. Capital and shares

### (I) Source of Share Capital

April 1, 2022; Unit: NTD

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
1984.04	10	14,000	140,000	3,500	35,000	Establishment			-	-
1984.11	10	14,000	140,000	7,000	70,000	Capital increase by cash 35,000			-	-
1986.12	10	14,000	140,000	14,000	140,000	Capital increase by retained earnings 70,000			-	-
1989.12	30	17,000	170,000	17,000	170,000	Capital increase by cash 30,000	1989.12.30	Ministry of economic affairs certificate no. 135215	-	-
1992.05	10	50,000	500,000	27,200	272,000	Capital increase by capital surplus 17,850 Capital increase by retained earnings 84,150	1992.05.07	Ministry of economic affairs certificate no. 106307	-	-
1992.11	10	50,000	500,000	42,000	420,000	Capital increase by capital surplus 17,952 Capital increase by retained earnings 130,048	1992.11.27	Ministry of economic affairs certificate no. 125134	-	-
1993.02	25	60,000	600,000	60,000	600,000	Capital increase by cash 180,000	1993.02.10	Ministry of economic affairs certificate no.127799	-	-
1994.03	10	110,000	1,100,000	79,500	795,000	Capital increase by retained earnings 195,000	1994.03.22	Moeaic certificate no.1392	-	-
1994.09	10	150,000	1,500,000	114,350	1,143,500	Capital increase by retained earnings 348,500	1994.09.22	Moeaic certificate no.5835	-	-
1995.07	10	250,000	2,500,000	190,000	1,900,000	Capital increase by retained earnings 756,500	1995.07.06	Ministry of economic affairs certificate no.108683	-	-
1996.06	60	250,000	2,500,000	250,000	2,500,000	Capital increase by cash 600,000	1996.06.09	Ministry of economic affairs certificate no.109348	-	-
1996.08	10	800,000	8,000,000	371,500	3,715,000	Capital increase by retained earnings 1,215,000	1996.08.23	Ministry of economic affairs certificate no.113452	-	-
1997.04	10	800,000	8,000,000	376,080	3,760,806	Corporate bond conversion to common stock 45,806	1997.04.11	Ministry of economic affairs certificate no.105007	-	-
1997.07	10	800,000	8,000,000	475,800	4,758,008	Capital increase by capital surplus 376,081 Capital increase by retained earnings 621,121	1997.07.04	Ministry of economic affairs certificate no.110892	-	-
1997.10	10	800,000	8,000,000	518,787	5,187,879	Corporate bond conversion to common stock 429,871	1997.10.07	Ministry of economic affairs certificate no.119411	-	-
1998.03	10	800,000	8,000,000	520,849	5,208,499	Corporate bond conversion to common stock 20,620	1998.03.20	Ministry of economic affairs certificate no.105297	-	-

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
1998.06	10	1,100,000	11,000,000	660,062	6,600,624	Capital increase by capital surplus 520,850 Capital increase by retained earnings 871,275	1998.06.15	Ministry of economic affairs certificate no.114980	-	-
1998.09	10	1,100,000	11,000,000	662,817	6,628,175	Corporate bond conversion to common stock 27,551	1998.09.25	Ministry of economic affairs certificate no.130051	-	-
1999.08	10	1,250,000	12,500,000	767,390	7,673,902	Capital increase by capital surplus 331,409 Capital increase by retained earnings 714,318	1999.08.11	Ministry of economic affairs certificate no.128809	-	-
1999.09	10	1,250,000	12,500,000	788,176	7,881,756	Corporate bond conversion to common stock 207,854	1999.09.20	Ministry of economic affairs certificate no.134724	-	-
1999.11	55	1,250,000	12,500,000	888,176	8,881,756	Capital increase by cash 1,000,000	1999.11.19	Ministry of economic affairs certificate no.142178	-	-
2000.02	10	1,250,000	12,500,000	893,943	8,939,426	Corporate bond conversion to common stock 57,670	2000.02.02	Ministry of economic affairs certificate no.102895	-	-
2000.07	10	1,650,000	16,500,000	1,082,731	10,827,312	Capital increase by capital surplus 446,971 Capital increase by retained earnings 1,440,914	2000.07.26	Ministry of economic affairs certificate no.125422	-	-
2001.07	10	1,770,000	17,700,000	1,381,088	13,810,879	Capital increase by capital surplus 541,366 Capital increase by retained earnings 2,442,201	2001.07.02	Ministry of economic affairs certificate no.09001241270	-	-
2002.03	10	1,770,000	17,700,000	1,398,318	13,983,180	Corporate bond conversion to common stock 172,300	2002.03.15	Ministry of economic affairs certificate no.09101087600	-	-
2002.07	10	2,150,000	21,500,000	1,655,596	16,555,963	Capital increase by capital surplus 279,663 Capital increase by retained earnings 1,616,568 Corporate bond conversion to common stock 676,552	2002.07.22	Ministry of economic affairs certificate no.09101282840	-	-
2002.11	10	2,150,000	21,500,000	1,681,051	16,810,510	Corporate bond conversion to common stock 254,547	2002.11.14	Ministry of economic affairs certificate no.09101465750	-	-
2003.07	10	3,000,000	30,000,000	2,067,161	20,671,612	Capital increase by retained earnings 3,861,102	2003.07.22	Ministry of economic affairs certificate no.09201219330	-	-
2003.10	10	3,000,000	30,000,000	2,083,861	20,838,612	Corporate bond conversion to common stock 167,000	2003.10.16	Ministry of economic affairs certificate no.09201291190	-	-
2004.01	10	3,000,000	30,000,000	2,085,205	20,852,048	Corporate bond conversion to common stock 13,436	2004.01.20	Ministry of economic affairs certificate no.09301007380	-	-
2004.03	10	3,000,000	30,000,000	2,066,419	20,664,188	Corporate bond conversion to common stock 112,140 Cancellation of treasury stocks 300,000	2004.03.22	Ministry of economic affairs certificate no.09301046140	-	-

Year and month	Issued price (par value per share)	Authorized capital		Paid-in capital		Note				
		Number of Shares (thousand shares)	Amount (thousand)	Number of Shares (thousand shares)	Amount (thousand)	Source of capital (thousand)	Capital increase approval date	Certificate No.	Capital increase by assets other than cash	Others
2004.07	10	3,000,000	30,000,000	2,314,899	23,148,990	Corporate bond conversion to common stock 11,780 Capital increase by retained earnings 2,517,591 Cancellation of treasury stocks 44,570	2004.07.15	Ministry of economic affairs certificate no.09301122620	-	-
2004.10	10	3,000,000	30,000,000	2,315,014	23,150,141	Corporate bond conversion to common stock 1,151	2004.10.21	Ministry of economic affairs certificate no.09301198210	-	-
2005.04	10	3,000,000	30,000,000	2,315,509	23,155,091	Corporate bond conversion to common stock 4,950	2005.04.07	Ministry of economic affairs certificate no.09401056200	-	-
2005.07	10	3,000,000	30,000,000	2,467,998	24,679,982	Capital increase by retained earnings 1,513,754 Corporate bond conversion to common stock 11,136	2005.07.27	Ministry of economic affairs certificate no. 09401144270	-	-
2005.11	10	3,000,000	30,000,000	2,468,672	24,686,722	Corporate bond conversion to common stock 6,739	2005.11.18	Ministry of economic affairs certificate no. 09401229710	-	-
2006.01	31.36	3,000,000	30,000,000	2,618,672	26,186,722	Capital increase by cash 1,500,000	2006.01.23	Ministry of economic affairs certificate no.09501011820	-	-
2006.02	10	3,000,000	30,000,000	2,619,978	26,199,785	Corporate bond conversion to common stock 13,062	2006.02.15	Ministry of economic affairs certificate no.09501026750	-	-
2006.04	10	3,000,000	30,000,000	2,624,880	26,248,800	Corporate bond conversion to common stock 49,015	2006.04.03	Ministry of economic affairs certificate no.09501055570	-	-
2007.04	10	5,000,000	50,000,000	2,564,880	25,648,800	Cancellation of treasury stocks 600,000	2007.04.04	Ministry of economic affairs certificate no.09601065540	-	-
2007.08	10	5,000,000	50,000,000	1,538,928	15,389,280	Capital reduction for cover accumulated deficits 10,259,520	2007.08.29	Ministry of economic affairs certificate no.09601212740	-	-
2008.04	22.11	5,000,000	50,000,000	1,765,070	17,650,700	Private placement of common stock capital increase by cash 2,261,420	2008.05.07	Ministry of economic affairs certificate no. 09701101680	-	-
2008.08	10	5,000,000	50,000,000	1,928,218	19,282,176	Capital increase by retained earnings 1,631,476	2008.08.07	Ministry of economic affairs certificate no. 09701190560	-	-
2011.08	10	5,000,000	50,000,000	1,966,782	19,667,820	Capital increase by retained earnings 385,644	2011.08.17	Ministry of economic affairs certificate no. 10001190150	-	-

## (II) Shares Type and Shares Outstanding

April 1, 2022

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

## (III) Shareholder structure

April 1, 2022

Shareholder structure	Government institutions	Financial institutions	Other corporations	Individual	Foreign institutions and foreigners	Subtotal
Quantity						
Number of persons	5	54	352	136,879	452	137,742
Number of shares held	6,610,140	112,986,848	539,144,726	919,565,384	388,474,860	1,966,781,958
Shareholding Percentage (%)	0.34%	5.74%	27.41%	46.75%	19.75%	100.00%

## (IV) Distribution of Equity Ownership

April 1, 2022

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 ~ 999	52,138	10,311,410	0.53%
1,000 ~ 5,000	59,806	129,445,196	6.58%
5,001 ~ 10,000	12,113	93,208,713	4.74%
10,001 ~ 15,000	4,111	51,260,606	2.61%
15,001 ~ 20,000	2,441	44,571,567	2.27%
20,001 ~ 30,000	2,351	59,465,834	3.02%
30,001 ~ 40,000	1,191	42,373,362	2.15%
40,001 ~ 50,000	771	35,758,431	1.82%
50,001 ~ 100,000	1,461	104,721,768	5.32%
100,001 ~ 200,000	716	99,629,020	5.07%
200,001 ~ 400,000	316	88,038,386	4.48%
400,001 ~ 600,000	119	57,888,347	2.94%
600,001 ~ 800,000	47	32,329,227	1.64%
800,001 ~ 1,000,000	22	20,479,015	1.04%
1,000,001 or more	139	1,097,301,076	55.79%
Total	137,742	1,966,781,958	100.00%

## (V) List of Major Shareholders

April 1, 2022

Shareholder's Name	Number of shares held	Shareholding Percentage (%)
AU Optronics Corp.	335,230,510	17.04%
Acer Incorporated	81,712,690	4.15%
Konly Venture Corp.	50,145,113	2.55%
Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	40,975,791	2.08%
DARFON ELECTRONICS CORP.	39,859,000	2.03%
Polunin Developing Countries Fund, LLC	20,295,762	1.03%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	20,171,059	1.03%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	18,819,620	0.96%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	18,240,660	0.93%
CREO VENTURE CORP	17,095,234	0.87%

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

Unit: NTD

Item		Fiscal Year	As of March 31, 2022 (Note 6)	2021	2020
Market Price Per Share (Note 1)	Highest		33.50	38.75	29.80
	Lowest		29.60	25.70	13.40
	Average		31.40	30.85	21.01
Net Worth Per Share (Note 2)	Before Distribution	(Note 7)		21.08	18.32
	After Distribution		-	18.58	16.82
Earnings Per Share (EPS)	Weighted Average Shares Number (thousand Shares)		1,966,782	1,966,782	1,966,782
	Earnings per share	Before retrospective	(Note 7)	4.22	2.54
		After retrospective		-	4.22
Dividends Per Share (Shares)	Cash dividends		-	2.50	1.50
	Dividends	Dividend from retained earnings	-	-	-
		Dividend from capital reserve	-	-	-
	Cumulative unpaid dividend		-	-	-
Return on Investment	Price/Earnings Ratio (Note 3)		(Note 7)	7.20	7.54
	Price/Dividend Ratio (Note 4)		-	12.15	12.76
	Cash Dividend Yield (Note 5)		-	8.23%	7.84%

Note 1: The highest and lowest of common stock. The average market value is calculated using the trading volume and price for each year.

Note 2: Subject to change after shareholders' meeting resolution.

Note 3: Price/Earnings ratio = Average market price / Earnings per share.

Note 4: Price/Dividend ratio = Average market price / Cash dividends per share.

Note 5: Cash dividend yield = Cash dividends per share / Average market price.

Note 6: The closure date on April 1, 2022 hence the closing date of its content on March 31, 2022.

Note 7: Up to the publication date of this annual report, no information has been attested or approved by an independent auditor.

Note 8: The financial information in this annual report was made according to IFRS.

## (VII) Dividend Policy and Execution Status

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

The Company is in a technology-intensive and capital-intensive technology industry at a developing stage coordinating with long-term capital planning and taking into account the shareholders' cash flow requirement, the Company's dividend policy is to pay dividends from surplus considering factors to improve the growth and sustainable operation of the Company. Dividend distribution is to consider the expanding the scale of operations and cash flow requirements in the future. When the Company has a profit at the end of each fiscal year and the retained earnings available for distribution of the current year reaches 2% of the paid in capital of the Company, no less than 10% of the retained earnings available for distribution of the current year shall be distributed as dividend. Every year the cash portion of the dividend shall not be less than 10% of the total dividend in the form of cash and stock.

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

The Company distributed cash dividends of NT\$4,916,954,895 (NT\$ 2.5 per common share), have been approved by the meeting of the board of directors held on March 7, 2022, which will be reported at the 2022 Annual Shareholders' Meeting.

### 3. Major changes expected in the dividend policy: None

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

The Company did not disclose the 2022 financial forecast information and thus does not apply.

(IX) Compensation for employees and Directors

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

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

Articles 16

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

Article 16-1:

The Board may set aside certain percentage of the proposal for retained earnings distribution. Where there is remainder balance, together with the undistributed profits of previous years, as the earnings available for distributing to common and preferred shareholders, the Board shall propose the earnings distribution plan and submit to the Shareholders' Meeting for approval by resolution before the distribution.

The rights, obligations and distribution sequence of the Company's preferred share is executed in accordance with the Company's Articles of Incorporation and applicable laws and regulations.

Where the aforesaid earnings distribution plan or dividend on preferred share is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

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

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

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

Approved by the Company's Board of Directors on March 7, 2022

- (1) Cash compensation of NT\$ 682,594,000 paid to employees and NT\$ 68,964,000 to Directors.
- (2) Sum of employees' compensation in stock and its proportion of the net income after tax (NIAT) provided in the Individual Financial Statement and the total sum of employees' compensation: Not applicable.

4. Actual distribution of employees and Directors' compensation in the previous year, and the difference, reasons, and processing situation for the employees and Directors' compensation that were recognized:

- (1) The amount distributed to employees' remuneration in cash was NT\$ 429,668,000 and NT\$ 42,925,000 for Directors' one.
- (2) The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed: the actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

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

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

## II. Corporate bond processing

- (I) Information regarding Corporate Bonds: None.  
 (II) Information regarding the Conversion Bonds: None.  
 (III) Information regarding Exchange Corporate Bonds: None.  
 (IV) Information regarding Shelf Registration for Corporate Bonds: None.  
 (V) Information regarding Corporate Bonds with Attached Warrant: None.

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

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

## IV. Implementation of Overseas Depository Receipts

April 1, 2022

Item	Issue Date	1999.07.07/2002.01.22/2002.01.30/2003.07.10/2005.12.19	
Issuance and trading place	Luxembourg Stock Exchange		
Total Issued Amount	US\$1,433,094,000		
Unit Issue Price (Note 1)	US\$23.22 · US\$6.15 · US\$4.68		
Total number of issued (units) (Note 2)	80,359,340 Units		
The source of securities represented	As the Common Shareholder of Qisda		
The amount of securities represented	400,370,965 shares		
The rights and obligations of holders of depository receipts	<p>1.The holder of the depository receipts may exercise its depository receipts to recognize the voting rights of shares.</p> <p>2. If Qisda issues stock dividends or other rights in the future, the Depository Institution may issue the deposit certificate with the equivalent amount based on the original shareholding ratio of the holder of the depository certificate, or increase shares of common stock regognized by each unit of the depository receipt.</p> <p>3.The holder of the depository receipt may request the Depository Institution to redeem and deliver the shares of Qisda's common stock recognized by the depository receipt; or request the Depository Institution to redeem and sell the shares of Qisda's common stock recognized by the depository receipt.</p>		
Trustee	Citibank N .A.		
Depository	Citibank N .A. New York Branch		
Custodian	Citibank N .A. Taipei Branch		
Outstanding amount (Note 3)	285,149 Units		
The allocation methods on the relevant costs incurred as a result of the issuance and during the effective period.	The expenses related to the issuance shall be apportioned by the Company and the selling shareholders in proportion to the actual number of shares sold.After the issuance, except for the agreement between the Company and the Depository Institution, the expenses for the duration of all overseas depository receipts shall be borne by the Company.		
Important Agreements for Depository and Custody Contracts	None		
MarketPrice Perunit (US\$)	2021	Max.	US\$ 6.77
		Min.	US\$ 4.65
		Avg.	US\$ 5.43.
	As of April 1, 2022,	Max.	US\$ 5.81
		Min.	US\$ 5.33
		Avg.	US\$ 5.55

Note 1: For the number of shares of the securities recognized by each unit. In September 2000, each unit recognized 10 shares of common stock and later changed to 5 shares.

Note 2: The number of issued volumes was the sum of the vissued volume on the initial issuance date and the additional issued volume amounts after the initial issuance. On October 15, 2007, the Company reduced its capital, and the circulation balance exchange rate was reduced from 1,000 shares to 600 shares.

Note 3: As of April 1, 2022



## V. Employee stock option handling status:

### (I) Employee stock option handling status:

- 1.As of the publication date of the annual report, the processing situation and impact on shareholders' right from employee stock option that have not matured yet: Not applicable.
- 2.Names, acquisition, and subscription of managers who have obtained employee stock option as well as employees who rank among the top 10 in terms of the number of shares obtained via employee stock option, cumulative up to the date of publication of the annual report: Not applicable.

### (II) Operations of new restricted employee shares:

- 1.As of the date of publication of the annual report, new restricted employee shares that have not fully met the conditions and the impact on shareholders' right:The Company has not issued new restricted employee shares, so it is not applicable.
- 2.Names of managers and top ten employees holding new restricted employee shares as of the publication date of the annual report and the conditions of receiving such shares: Not applicable.

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

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

## VII. Implementation status of fund application

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

# Overview of Operations

## I. Operational Guidelines

### (I) Sales of Major Products (Services)

Unit: NT\$ 1,000

Main products	Revenue in 2021	%
Electronic product	212,835,620	94%
Others	13,125,411	6%
Total	225,961,031	100%

### (II) Production volume for the past two years

Unit: NT\$ 1,000

Main products	Year	2021			2020		
		Production Capacity (Note)	Production Quantity	Production Value	Production Capacity (Note)	Production Quantity	Production Value
Electronic product		-	-	173,375,713	-	-	135,398,704
Others		-	-	-	-	-	-

### (III) Sales volume for the past two years

Unit: NT\$ 1,000

Main products	Year	2021				2020			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value	Amount (Note)	Value
Electronic product		-	27,688,325	-	185,147,295	-	26,392,657	-	155,665,212
Others		-	-	-	13,125,411	-	-	-	9,643,834

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

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

#### 1. Major Suppliers Information for the past two years

Unit: NT\$ 1,000

Item	2021				2020			
	Company	Amount	As % of Net Procurement	Relationship with Qisda	Company	Amount	As % of Net Procurement	Relationship with Qisda
1	Company A	39,516,218	20%	-	Company A	30,325,215	18%	-
2	Other	153,888,196	80%	-	Other	134,549,698	82%	-
Total	Net Procurement	193,404,414	100%	-	Net Procurement	164,874,913	100%	-

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

#### 2. Major Sales Customer Information for the Past Two Years

Unit: NT\$ 1,000

Item	2021				2020			
	Company	Amount	As % of Net Revenue	Relationship with Qisda	Company	Amount	As % of Net Revenue	Relationship with Qisda
1	Company A	46,972,109	21%	-	Company A	40,323,489	21%	-
2	Other	178,988,922	79%	-	Other	151,378,213	79%	-
Total	Net Revenue	225,961,031	100%	-	Net Revenue	191,701,702	100%	-

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

## (V) Operations Overview

### a. Our Businesses

#### I. Business Scope

##### (1) Business Overview

LCD Products: Qisda maintains the 2nd largest DMS (Design and Manufacturing Services) manufacturer in the industry. Qisda will continue to focus on fortifying relationship with customers, developing new product features and engaging in value-added vertical integration activities such as panel module design and assembly as well as in-house mechanical parts manufacture. Furthermore, Qisda continued with its active research and development of new functions for professional and integrated design display solutions in order to gain a larger share of the professional monitor market. Projector Products: Qisda group projector business maintained worldwide leading position in 2021. Qisda is the only manufacturer in Taiwan that is capable of both DLP and LCD projector mass production and shipment. Compared with 2020, global projector market volume is increased in 2021.

Medical Services: Nanjing BenQ Hospital (NBH) is the only third-class general hospital in Nanjing Jianyeh District. Under the impact of COVID-19, NBH still maintained more than 1.14 million annual patient visits in 2021, which represents 27% annual growth. NBH also completed 3A certification in 2022, but the result remains unannounced due to the epidemic. Currently, there is one nationally recognized, two provincially recognized and ten municipally recognized clinical division in NBH. Based on current foundation, NBH keeps developing intensive care, nephrology, neck & head surgery, pancreas surgery, cardiac surgery, high-end obstetrics, pediatrics and postnatal care services to fulfill specific demands. Meanwhile, Suzhou BenQ Hospital (SBH), which opened in May 2013, passed JCI certification in 2020. In 2021, more than 600,000 annual patient visit SBH, which represents 29% YoY growth. SBH has dedicated to medical diagnosis & treatment / cardiovascular disease / oncology / emergency treatment and high-end health examination services.

##### (2) Product Scope

LCD Products: 15.6"/17"/18.5"/19"/19.5"/21.5"/23"/23.x"/24"/24.5"/27"/31.5"/32"/34"/35"/37.5"/49"/55"/65" consumer and commercial LCD monitors, wide-screen and professional LCD monitors, medical monitors, and smart monitors.

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

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

#### 2. Industry Overview

##### (1) Current Status and Development of Industry

LCD Products: As indicated by market research reports, the quantity of LCD monitor market grew at an annual rate of 4.9% in 2021. The market forecast for LCD monitors in 2022 is expected to have slight depression because the strong demand of work from home and distant learning goes slowly down. The commercial application takes major role in demand of market. Though the growth in market is sluggish, the supply of semiconductor materials is still tight, especially for mature process IC components. Therefore, the critical challenge is how to maintain stable supply in semiconductor component, phase in more alternative parts as well as proper planning and dynamic adjustment in production and shipping plan. In order to enhance the competitive edge, Qisda will devote our focus and resource and take advantage of good relationship in supply chain to cater customer's demand and expectation.

Projector Products: According to industry analysis reports, the total number of projector shipment worldwide was 6.5 million units in 2021, with a flat or minor increased expectation for 2022. The volume ratio for high brightness, high resolution and solid state lighting source projectors will continue to increase in the future. Also the growth in large venue, home and personal/mobile scenarios enables the sales volume of projectors with 1080p, 4k and 3D/HDR features to grow rapidly. Educational and office applications are supposed to decline due to the expansion of flat panel displays.

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

##### (2) Connection of Upstream, Midstream and Downstream Industries

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

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

Medical Services: With 21 clinical professors, NBH is the fourth clinical school of the Nanjing Medical University and the teach school of Southeast University and Nanjing University of Chinese Medicine. NBH is also one of the post-doctor innovation bases and hemopurification training bases in Jiangsu Province. NBH established a cooperation and

transfer procedure with more than 20 community medical centers in Jianyeh, Yuhuatai, Pukou and Luhe District of Nanjing City. Meanwhile, NBH also developed medical cooperation with secondary-level medical centers in nearby cities such as Yangzhou, Huaian and in the same province and Ma An Shan and Chuzhou and in the Anhui Province. SBH is also an affiliate hospital of Nanjing Medical University. In 2018, SBH became the pediatric doctor standardization bases of Suzhou First Affiliated Hospital and established a cooperation and transfer procedure with town-level medical institutions in Gaoxin, Wuzon, and Xiangcheng District, Suzhou.

(3) Trends in Industrial Development and Competition Status

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

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

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

3. Technology and R&D Overview

(1) Developing Successful Technology or Products

**LCD Products:** DisplayHDR 1400 certification, 4K/144Hz/Mini-LED backlight, 1000R curved monitor, OLED 4K HDR, Thunderbolt 3-enabled feature displays ; 4-side borderless, privacy-enabled, portable screen, and Eyesafe-certified monitors ; G-Sync R4/super high refresh rate and Night Vision enabled gaming display ; color management (photographer and video post-production usages) monitors.

**eSports Mouse:** Proposed improvement on all ZOWIE mice base on the insight to competitive gaming players, as to establish the professional brand positioning and impression to target customer. The new C series get good market feedback to the improvements and new shape, it further enhances the brand image in professional offerings.

**Projector Products:** LASER high brightness interchangeable lens large venue projectors, LASER 4K UHD high brightness commercial projectors, LASER 4K UHD e-cinema projectors, LASER 4K UHD ultra short throw TV projectors.

**Medical Services:** Nanjing BenQ Hospital have already established one nationally recognized clinical division (the thoracic surgery division), two provincially recognized clinical divisions (radiology division and urology division) and ten municipally recognized clinical divisions ( otorhinolaryngologieal, ICU, neurology, dermatology, surgical, nephrology, Cardiovascular medicine, orthopedics, rehabilitation and anesthesiology division). Suzhou BenQ Hospital have already obtained the certification of national Chest Pain Center, Apoplexy Center and Atrial Fibrillation Center. Except for strengthen the municipally recognized Oncology division, SBH also focus on developing orthopedic, obstetrics / gynecology / pediatrics, rehabilitation, digestive medicine, cardiovascular medicine. In 2020, SBH passed the JCI certification.

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

**LCD Products:** Webcam/Zoom & Teams certification, QD-OLED monitors, super high brightness and multiple-K zone, cost-effective HDR product, quantum-dot coupled with cadmium-free wide color gamut, 8K high-resolution, USB4/HDMI 2.1/DP 2.0/Thunderbolt 4 application, Ethernet-enabled (RJ45) function, curvature below 1,000R monitors, super high refresh rate & high resolution/quick response time, G-sync/FreeSync professional gaming monitors, full range of color adjustment solutions and display software solutions.

**Projector Products:** LED 4K UHD home theater projectors, LED 4K UHD home entertainment projectors, LED personal portable projectors.

**Medical Services:** The BenQ Hospitals have implemented the "patient-centric and complete medical care" concept to promote the medical care systems currently being adopted in Taiwan, which includes the attending physician system, nursing duty system, medical counseling/tracking system and pharmacist system. The Nanjing BenQ Hospital plans to establish several specific medical centers including nephrology, neck & head oncology, thoracic, pancreas surgery, neurosurgery rehabilitation and cardiovascular centers. The Suzhou BenQ Hospital plans to establish 5

specific medical centers including Chest Pain , severe illness, oncology, obstetrics/gynecology/pediatrics and health management centers. With the support from Suzhou Health and Family Commission, the Suzhou BenQ Hospital also established the Famous Doctor Studio to provide high quality medical service to citizens.

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

##### (1) Short-Term Plans:

###### LCD Products:

- Solidify the leading position and provide high-end products
- Provide all sizes of LCD displays and promote large-size, high-performance and LED backlight models while actively engaging in monitor-related application researches as ways to maintain Qisda's position as one of the top three manufacturers worldwide.
- Increase add-on value in value chains through vertical integration, such as panel module assembly, backlight module design, in-house stamping and in-house plastic injection.

###### Projector Products:

- Solidify the leading position and provide one-stop services featuring hardware and software integrated solutions.
- Continue developing DLP and LCD projector technologies in order to maintain technological advantage and superiority within the industry.
- Cultivate the home projector market utilizing comprehensive product lines. Keep developing solutions for high resolution and high brightness. Improve the quality of wireless transmission.

###### Medical Services:

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

##### (2) Long-Term Plans:

###### LCD Products:

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

###### Projector Products:

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

###### Medical Services:

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

## b. Market and Sales Overview

### I. Market Analysis

#### (1) Main Sales Areas

LCD Products: Worldwide

Projector Products: Worldwide

Medical Services: Nanjing and Suzhou in China

#### (2) Market Share (Key Performance Indicator)

LCD Products: Being one of the top two LCD monitor manufacturers worldwide that occupies the leading position in the industry, Qisda held an approximately 14% of market share in 2020. 23"-plus monitors occupy 80% in product portfolio, which is better than industry average.

Projector Products: With market share at approximately 13%, Qisda group is the worldwide No. 3 projector company in 2021.

Medical Services: The Nanjing BenQ Hospital is the only third-class general hospital in the Jianyeh District; while the Suzhou BenQ Hospital is the biggest third-class general hospital in the Gaoxin District.

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

##### LCD Products:

###### A. Advantages:

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

**B. Disadvantages:**

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

**C. Response Measures:**

- a. Provide displays with all panel sizes and promote large-size, high-performance and LED backlight monitors where Qisda is believed to possess distinct advantage over competitors.
- b. Cultivate and maintain strategic partnerships with top-tier panel vendors to ensure smooth supply of critical parts.
- c. Increase add-on value within the value chain through vertical integration, such as integrating the design/assembly process for panel module and backlight module and increasing the ratio of in-house stamping and in-house plastic injection.
- d. Optimize product portfolio by strengthening large-size and high-end professional models.
- e. Product differentiation: Continue with the development of value-added products to increase profitability, avoid price wars and satisfy the demand for multiple displays per room/family.

**Projector Products:**

**A. Advantages:**

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

**B. Disadvantages:**

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

**C. Response Measures:**

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

**Medical Services:**

**A. Advantages:**

In 2020, the total medical expenditure grew 14.1% in China, which is higher than GDP growth rate. Meanwhile, the medical expenditure to GDP ratio was only 7.12% in 2020, which was relatively low comparing to 10% level of advanced countries. The high entry barrier of medical service sector and our hospital management experience also makes it impossible for competitors to catch up instantly.

**B. Disadvantages:**

More than 70% percent of the medical beds in China are provided by state-owned hospitals, and doctors usually hesitate about joining private-owned hospitals. This forms an obstacle in personnel recruitment and development.

**C. Response Measures:**

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

**2. Important Applications and Manufacturing Processes of Main Products**

**(1) Important Applications of Major Products**

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

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

**Medical Services:** Not applicable.

**(2) Manufacturing Processes:**

**LCD Products:** Incoming inspection → Assembly → Pre-set → Burn-in → Function test → Exterior inspection → Packaging → Inventory → Shipping.

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

Medical Services: Not applicable.

### 3. Supply Status of Main Materials

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

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

Medical Services: Not applicable.

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage and SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its Overview of Operations.

## II. Employee Information

Year		As of March 31, 2022 (Note 1)	2021	2020
Total number of employees	Direct employee	12,627	11,760	15,579
	Indirect employee	12,243	11,848	10,848
	Total	24,870	23,608	26,427
Average age		35.9	35.5	34.5
Average duration of service (years)		6.3	6.2	6.33
Educational distribution ratio (%)	Director of Philosophy	0.7%	0.7%	0.6%
	Master's Degree	15.1%	15.2%	14.5%
	Bachelor's Degree	48.0%	49.0%	45.2%
	Senior high school	29.4%	30.1%	37.3%
	Senior high school below	6.8%	5.1%	2.4%

Note 1: As of April 1, 2022 (the Printed Date) and for the concerns of accuracy, the last date of available information is March 31, 2022.

## III. Environmental Protection Expenditures

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

- Losses (including indemnity) caused by the environmental pollution in the most recent year up to the date this report is published, the Company is in compliance with the environmental protection acts. The Company and its subsidiaries were not fined for any other violations against the relevant regulations or requested of environmental improvement from environmental organization in the most recent year up to the publication date this report.
- Future countermeasures thereof (including improvement actions) and possible expenditures: None. (The Company and its subsidiaries have always put emphasis on environmental protection works. Apart from internal pollution prevention and controls, the factory areas are being continuously improved according to the requirements of the environmental management system (ISO14001:2015), and all facilities are set up according to the relevant regulations to prevent environmental pollution losses.)
- Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage and SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its environmental protection expenditures.

## IV. Labor-Management Relations

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

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

## 2. Employee training

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

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

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

Since the early 2007, the Company has introduced “Six Sigma” to develop the “Continuous Improvement Program” (CIP) to provide concepts and tools employees need for improving their works. And through a series of course design and CIP project implementation, we can help employees to apply the knowledge and skills learned in the course to the actual workflow. More than 5,116 CIP projects have been carried out worldwide, and the improvement results have been significant.

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



Statistics on the 2020 global employee education and training implementation, and the proportion of the number of classes in each course are as follows:

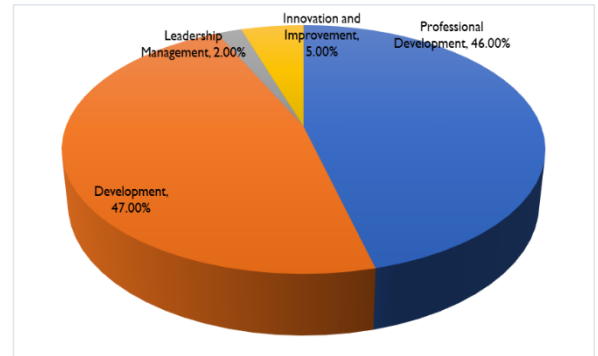
3. Retirement Policy and execution

a. The Company has Retirement Policy.

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

c. Starting from July 2005, the new labor pension plan was implemented in accordance with the law, and allocate pension 6% by monthly.

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



4. Employee Code of Conduct

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

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

- We shall adhere to all ethics with the highest standards
- We shall also respect official laws and Company regulations
- All our languages, words and deeds shall be carried out in good faith
- We are strictly prohibited from abusing privileges for illegal misconduct
- We shall do our best to avoid any suspected interest transmission
- We shall never engage in any ethical violations
- We shall seek assistance upon any puzzling of decision-making
- We shall fully cooperate in the investigation of illegal activities
- We shall immediately notify the supervisors upon any discovery of illegal activities
- We extend our business partners based on the code of integrity

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

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

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

The Company attaches great importance to the work environment and employee safety, and expects to be able to fulfill its social responsibilities and achieve sustainability while expanding. In terms of the working environment and personal safety protection measures for employees, in addition to complying with relevant domestic laws and regulations, the Occupational Safety and Health Management System (OHSAS 18001) was promoted in the factory areas. Our relevant management methods include: formulating and implementing safety and health management plans, implementing operational environmental monitoring, safety and health inspections and audits, performing work safety

analysis, implementing safety and health education training, etc. to implement safety, health and health protection for employees, improve the working environment and safety and health performance, and achieve the goal of continuous improvement. In addition to ensuring the health and safety of employees, mental health of employees is also one of the management focuses. In the future, the employee assistance program (EAP) will be utilized to continue to achieve such goal.

6. Current important labor agreement and implementation:

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

7. Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its features of employee welfare, education, training, retirement system and their implementation, as well as the agreement between labors and management and the maintenance measures of various employee rights.

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

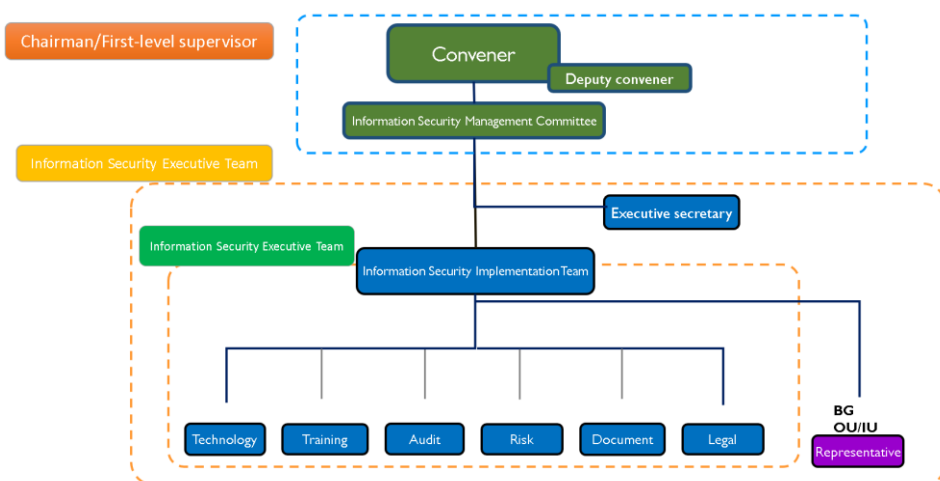
1. Losses caused by labor disputes in the most recent annual period and as of the printing date of the Annual Report: None.
2. Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its labor disputes.

## V. Cybersecurity management

### I. Information Security Risk Management Framework

The company has established the Information Security Management Committee to ensure the implementation of the information security management system and the execution of security policy.

Qisda Information Security Committee Organization Chart:



The Information Security Management Committee convene annually. The agenda of the meeting includes

I.1 Evaluation of the information security management system

I.1.1 Formulate and review information security policies, support resources required for

information security, and integrate information security objectives into relevant processes to ensure the implementation of the information security management system.

- 1.1.2 Evaluate the requirements and completeness of the information security management system.
- 1.1.3 Evaluate the scope of application, legality and completeness of the implementation of the information security management system according to the internal and external situation, laws and regulations, and decide whether the content needs to be adjusted and amended.
- 1.1.4 Review the risk assessment methods and results submitted by the Control Technical Group. It is based on the selected risk assessment control measures and the acceptable risk levels.
- 1.2 Reporting of information security incidents  
Report and review information security incidents including handling status, and the necessary improvement or punishment measures.
- 1.3 Assignment of Powers and Responsibilities  
For various information security needs, assign the responsible personnel. Based on the implementation results, to evaluate the appropriateness of the assignment.
- 1.4 Conduct a review of the following topics in accordance with the International Information Security Regulatory System Standard (ISO 27001):
  - 1.4.1 Status of handling proposals for past management review.
  - 1.4.2 Changes to internal and external issues related to the information security management system.
  - 1.4.3 Feedback on information security performance, including the following trends.
    - a. Non-conformity items and corrective measures.
    - b. Supervision and measurement results.
    - c. Audit Results.
    - d. Achievement of information security objectives.
  - 1.4.4 Feedback from Interested Parties.
  - 1.4.5 The results of the risk assessment and the status of the risk management plan.
  - 1.4.6 Opportunities for continuous improvement.
- 1.5 Make the following decisions or actions in accordance with the International Information Security Management System standard (ISO 27001):
  - 1.5.1 Decisions regarding opportunities for continuous improvement of the information security management system.
  - 1.5.2 The need for changes to the information security management system.
2. Information security policies  
To ensure the confidentiality, integrity, accessibility and legality of information assets (hardware, software, materials, documents and personnel related to information processing), and to avoid threats from intentional internal or external actions or accidents, our corporate information security policies are promulgated based on consideration of the Company's business needs, and reference to ISO 27001 information security international standards.  
Information security control measures include:
  - Establishment of the information security management organization to supervise the operation of the information security management system, identify the internal and external issues of the information security management system and the information security requirements and expectations of the relevant organizations.  
In 2022, information security department and Chief Information Security Officer was established, which is responsible for the promotion of information security governance, the establishment of consistent information security policies, the formulation of information security management standards, the integration and supervision of the implementation, operation and coordination of the information security management mechanism of the company and its subsidiaries.  
Evaluation and management of information security for internal processes of the company. Enhancement of awareness of information security among the Company's employees and division of labor.
  - Information security requirements to external suppliers.
  - Development of information security indicators.
  - Continuous information operations and drills.
  - Process and response to information security incidents.
  - Legal compliance.
3. Assessment of security and network risks
  - 3.1 To properly protect the information assets within the Company's information security management system, we have determined and implemented relevant specifications for information

assets and risk assessment procedures to confirm the risk level of information assets, and determine countermeasures via risk assessment results and internal meetings. By doing so, we can achieve effective mitigation, transfer, elimination or even acceptance of risks.

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

We have purchased a third-party information security monitoring system to monitor the level of each risk category, including network security, domain name system health, vulnerability patching, endpoint security, IP reputation rating, application security, etc. And continue to carry out information security system risk analysis, and maintain at 95 points (the full score is 100 points, the industry average is 85 points).

Each year, we review various regulations and evaluate the company's internal information security regulations to ensure compliance with regulations and effectiveness, and regularly publicize relevant security regulations to prevent the company from violating internal regulations, which cause damage loss to the Company.

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

### 3.2 Information Security Management

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

### 3.3 Arrangement for Insurance of Information Security

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

### 3.4 Countermeasures for Severe Incidents of Information Security

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

### 3.5 Security management of information asset equipment

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

### 3.6 Management of external service vendors

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

### 3.7 Information security management system certification

In response to the current information security technology risks, the company has introduced an information security management system to comprehensively improve information security protection and has obtained ISO 27001 information security international standard certification at August 2020 ,and passed ISO 27001 reinspection in August 2021.

In addition to investing in software and hardware investment in information security protection, the company also vigorously promotes the integration of information security management systems with international standards. It is expected to further improve the information security protection mechanism and continuously improve various information security management and maintenance

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operations to achieve It meets the information security management objectives of "confidentiality", "integrity" and "availability", and is expected to effectively reduce the impact of possible information security incidents and enhance corporate image and competitiveness.

4. State clearly any losses, possible impacts, and countermeasures caused by significant cybersecurity incidents in the year prior to the annual report publication date; if they cannot be reasonably estimated, an explanation must be made as to the fact that they cannot be reasonably estimated:

The most recent year and up to the date of publication of the annual report is no major information security incident.

Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI, Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS to respectively see its analysis and assessment to other risks.

## VI. Material Contracts

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

Apr. 01, 2022

Contract Type	Party	Contract Term	Content	Restrictions
Financing	Syndicated Crediting Banks	Nov.11, 2021– Nov.22, 2026	Syndicated crediting of NT\$ 12 billion	None
Financing	Syndicated Crediting Banks	Dec.14, 2020 – Dec.14, 2025	Syndicated crediting of NT\$ 8.4 billion	None
Financing	Syndicated Crediting Banks	Aug. 29, 2019 – Aug. 29, 2024	Syndicated crediting of NT\$ 8.64 billion	Pledge to land/factory
Licensing	Qualcomm Incorporated	Jan. 6, 2005 – Termination of auto-renewal	Licensing of specific patents for communication related	None
Licensing	Telefonaktiebolaget LM Ericsson	Based on the Contract	Licensing of specific patents for communication related	None

Note : Please refer to the 2021 Annual Reports of the Company' s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology, Partner Tech Corp., DFI , Dataimage, SYSAGE TECHNOLOGY and TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its major contracts signed.

## Financial Highlights

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

#### (I) International Financial Reporting Standards (IFRS)

##### Condensed Consolidated Balance Sheet

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note 1)				
		2021	2020	2019	2018	2017
Current Assets		109,920,440	102,323,769	78,332,746	66,193,691	59,533,552
Property, plant and equipment		33,037,041	30,188,228	23,915,978	21,013,038	19,991,519
Intangible assets		10,538,787	9,118,895	5,069,111	4,994,663	5,004,450
Other Assets (Note 2)		33,714,327	29,181,057	28,708,658	27,605,891	24,409,895
Total Assets		187,210,595	170,811,949	136,026,493	119,807,283	108,939,416
Current Liabilities	Before distribution	88,333,471	82,829,234	65,707,236	61,335,721	56,338,130
	After distribution	93,250,426	85,779,407	67,182,322	63,007,486	58,993,286
Non-current liabilities		32,714,361	29,019,495	22,283,663	18,611,916	15,056,800
Total Liabilities	Before distribution	121,047,832	111,848,729	87,990,899	79,947,637	71,394,930
	After distribution	125,964,787	114,798,902	89,465,985	81,619,402	74,050,086
Equity attributable to shareholders of Qisda Corp.		41,456,423	36,025,501	33,943,959	32,447,319	30,958,910
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		1,844,310	1,879,501	2,220,653	2,146,076	2,173,633
Retained Earnings	Before distribution	20,777,515	15,742,825	12,663,994	10,801,845	9,501,437
	After distribution	15,860,560	12,792,652	11,188,908	9,130,080	6,846,281
Other equity		(833,222)	(1,264,645)	(608,508)	(168,422)	(383,980)
Treasury stock		-	-	-	-	-
Non-controlling interests		24,706,340	22,937,719	14,091,635	7,412,327	6,585,576
Total Equity	Before distribution	66,162,763	58,963,220	48,035,594	39,859,646	37,544,486
	After distribution	61,245,808	56,013,047	46,560,508	38,187,881	34,889,330

Note 1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2022 that was verified by CPAs as of the printing date of this Annual Report.

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

##### Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note)				
		2021	2020	2019	2018	2017
Revenue		225,961,031	191,701,702	169,754,115	155,783,161	136,862,492
Gross profit		32,556,617	26,826,789	23,049,869	19,242,976	16,333,047
Profit from operations		7,360,966	6,612,854	6,228,087	4,576,159	3,401,908
Non-operating income and expenses		5,631,380	1,599,782	(283,096)	1,036,952	3,017,284
Profit before income tax		12,992,346	8,212,636	5,944,991	5,613,111	6,419,192
Profit from continuing operations for the year		10,482,857	6,366,561	4,409,644	4,450,654	5,656,370
Profit for the year		10,482,857	6,366,561	4,409,644	4,450,654	5,656,370
Other comprehensive income (loss), net of taxes		673,251	(328,194)	(517,025)	151,082	(1,277,000)
Total comprehensive income (loss) for the year		11,156,108	6,038,367	3,892,619	4,601,736	4,379,370
Profit attributable to shareholders of Qisda Corp.		8,307,546	4,988,479	3,575,055	4,035,064	5,291,387
Profit attributable to non-controlling interests		2,175,311	1,378,082	834,589	415,590	364,983
Total comprehensive income (loss) attributable to shareholders of Qisda Corp		9,051,873	4,630,462	3,139,647	4,250,635	4,048,715
Total comprehensive income (loss) attributable to non-controlling interests		2,104,235	1,407,905	752,972	351,101	330,655
Earnings Per Share (EPS)		4.22	2.54	1.82	2.05	2.69

Note: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2022 that was verified by CPAs as of the printing date of this Annual Report.

## Condensed Parent Company Only Balance Sheet

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note 1)				
		2021	2020	2019	2018	2017
Current Assets		27,063,283	28,557,901	32,079,579	32,671,090	30,776,890
Property, plant and equipment		1,949,691	1,513,839	1,519,417	1,481,977	1,493,157
Intangible assets		225,918	12,327	10,851	6,595	7,931
Other Assets (Note 2)		67,970,992	60,263,409	50,663,747	47,123,616	43,886,421
Total Assets		97,209,884	90,347,476	84,273,594	81,283,278	76,164,399
Current Liabilities	Before distribution	33,983,023	35,261,644	37,703,173	37,030,310	37,519,648
	After distribution	38,899,978	38,211,817	39,178,259	38,702,075	40,174,804
Non-current liabilities		21,770,438	19,060,331	12,626,462	11,805,649	7,685,841
Total Liabilities	Before distribution	55,753,461	54,321,975	50,329,635	48,835,959	45,205,489
	After distribution	60,670,416	57,272,148	51,804,721	50,507,724	47,860,645
Equity attributable to shareholders of Qisda Corp.		41,456,423	36,025,501	33,943,959	32,447,319	30,958,910
Common Stock		19,667,820	19,667,820	19,667,820	19,667,820	19,667,820
Capital Surplus		1,844,310	1,879,501	2,220,653	2,146,076	2,173,633
Retained Earnings	Before distribution	20,777,515	15,742,825	12,663,994	10,801,845	9,501,437
	After distribution	15,860,560	12,792,652	11,188,908	9,130,080	6,846,281
Other equity		(833,222)	(1,264,645)	(608,508)	(168,422)	(383,980)
Total Equity	Before distribution	41,456,423	36,025,501	33,943,959	32,447,319	30,958,910
	After distribution	36,539,468	33,075,328	32,468,873	30,775,554	28,303,754

Note 1: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2022 that was verified by CPAs as of the printing date of this Annual Report.

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

## Condensed Parent Company Only Comprehensive Income

Unit: NT\$ 1,000

Item	Year	Financial data for the most recent five years (Note 1)				
		2021	2020	2019	2018	2017
Revenue		104,634,583	92,411,291	98,496,920	99,033,057	88,869,603
Gross profit		4,491,094	5,089,536	5,547,128	4,747,704	3,853,596
Profit from operations		63,309	981,411	1,795,302	1,143,231	169,072
Non-operating income and expenses		8,380,250	4,269,521	2,045,583	3,161,365	5,355,445
Profit before income tax		8,443,559	5,250,932	3,840,885	4,304,596	5,524,517
Profit for the year		8,307,546	4,988,479	3,575,055	4,035,064	5,291,387
Other comprehensive income (loss), net of taxes		744,327	(358,017)	(435,408)	215,571	(1,242,672)
Total comprehensive income (loss) for the year		9,051,873	4,630,462	3,139,647	4,250,635	4,048,715
Profit attributable to shareholders of Qisda Corp.		8,307,546	4,988,479	3,575,055	4,035,064	5,291,387
Profit attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of Qisda Corp.		9,051,873	4,630,462	3,139,647	4,250,635	4,048,715
Total comprehensive income (loss) attributable to non-controlling interests		-	-	-	-	-
Earnings Per Share (EPS)		4.22	2.54	1.82	2.05	2.69

Note: The financial information of the most recent five annual periods has been verified by CPAs. No financial information for 2022 that was verified by CPAs as of the printing date of this Annual Report.

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

Year	2021	2020	2019	2018	2017
CPA	Chang, Huei-Chen	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh	Tang, Tzu-Chieh
	Shih, Wei-Ming	Chang, Huei-Chen	Chang, Huei-Chen	Shih, Wei-Ming	Shih, Wei-Ming
Opinion and content	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

## II. Financial analysis for the most recent five years

### (I) International Financial Reporting Standards - Consolidated Financial Analysis

Item analyzed	Year	Financial analysis for the most recent five years (Note )				
		2021	2020	2019	2018	2017
Financial structure	Ratio of debts to assets (%)	65	65	65	67	66
	Ratio of long-term capital to property, plant and equipment (%)	299	291	294	278	263
Solvency	Current ratio (%)	124	124	119	108	106
	Quick ratio (%)	67	79	76	66	69
	Interest coverage ratio	19.87	11.83	6.88	7.61	10.72
Operating ability	Receivables turnover rate (times)	6.50	5.65	5.71	5.54	5.12
	Average collection days for receivables	56	65	64	66	71
	Inventory turnover rate (times)	4.54	5.23	5.54	6.04	6.47
	Payable turnover rate (times)	4.76	4.62	4.77	4.83	4.56
	Average days for sales	80	70	66	60	56
	Property, plant and equipment turnover rate (times)	7.15	7.09	7.56	7.60	7.05
	Total asset turnover rate (times)	1.26	1.25	1.33	1.36	1.34
Profitability	Return on assets (%)	6	5	4	4	6
	Return on equity (%)	17	12	10	12	16
	Ratio of profit before income tax to paid-in capital (%)	66	42	30	29	33
	Profit margin (%)	5	3	3	3	4
	Earnings per share (NT\$)	4.22	2.54	1.82	2.05	2.69
Cash flow	Cash flow ratio (%)	2	18	13	15	1
	Cash flow adequacy ratio (%)	52	88	93	53	54
	Cash flow reinvestment ratio (%)	-5	18	13	16	(6)
Leveraging	Operating leverage	5	5	4	5	6
	Financial leverage	1	1	1	1	1

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

1. The increase in interest coverage ratio was mainly due to the increase in profit before tax and excluded interest in 2021.
2. The increase in return on assets and return on equity was mainly due to the increase in profit after income tax in 2021
3. The increase in ratio of profit before income tax to paid-in capital was mainly due to the increase in profit before tax in 2021.
4. The decrease in cash flow ratio and adequacy ratio was mainly due to the decrease in net cash flow from operating activities.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2022 financial data has not been attested or reviewed by CPAs.



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

Item analyzed	Year	Financial analysis for the most recent five years (Note)				
		2021	2020	2019	2018	2017
Financial structure	Ratio of debts to assets (%)	57	60	60	60	59
	Ratio of long-term capital to property, plant and equipment (%)	3,243	3,639	3,065	2,986	2,588
Solvency	Current ratio (%)	80	81	85	88	82
	Quick ratio (%)	62	68	71	77	73
	Interest coverage ratio	23.75	15.50	9.85	12.87	24.53
Operating ability	Receivables turnover rate (times)	4.84	3.79	3.74	3.78	3.59
	Average collection days for receivables	75	96	98	97	102
	Inventory turnover rate (times)	19.49	18.25	19.70	24.58	28.51
	Payable turnover rate (times)	4.02	3.37	3.46	3.53	3.13
	Average days for sales	19	20	19	15	13
	Property, plant and equipment turnover rate (times)	60.42	60.93	65.63	66.57	59.36
Profitability	Total asset turnover rate (times)	1.12	1.06	1.19	1.26	1.23
	Return on assets (%)	9	6	5	5	8
	Return on equity (%)	21	14	11	13	18
	Ratio of profit before income tax to paid-in capital (%)	43	27	20	22	28
	Profit margin (%)	8	5	4	4	6
Cash flow	Earnings per share (NT\$)	4.22	2.54	1.82	2.05	2.69
	Cash flow ratio (%)	16.33	9.45	13.55	1.81	(3.87)
	Cash flow adequacy ratio (%)	71	106	113	74	82
	Cash flow reinvestment ratio (%)	1	1	8	(2)	(11)
Leveraging	Operating leverage	76	5	3	4	24
	Financial leverage	-	2	1	1	-

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

1. The increase in Interest coverage ratio was mainly due to the increase in profit before tax and excluded interest in 2021.
2. The increase in return on assets and return on equity was mainly due to the increase in operating profit in 2021.
3. The increase in ratio of profit before income tax to paid-in capital was mainly due to the increase in profit before tax in 2021.
4. The increase in Profit margin was mainly due to increase in profit before tax in 2021.
5. The increase in cash flow ratio and cash flow reinvestment ratio was mainly due to the increase in net cash inflow from operating activities because of payment for material in 2021.
6. The increase in operating leverage was mainly due to decreased in operating profit in 2021.
7. The increase in payable turnover rate (times) was mainly due to increase in account receivable factoring.
8. The decrease in average collection days for receivables was mainly due to increase in Revenue.

Note: The accompanying financial data has been audited and attested by CPAs. As of the date of printing of the Annual Report, the 2022 financial data has not been attested or reviewed by CPAs.

Below are calculations:

1. Financial structure

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

2. Solvency

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

3. Operating ability

- (1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales / Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).
- (2) Average collection days for receivables = 365/Receivables turnover rate.
- (3) Inventory turnover rate = Cost of goods sold/ Average inventory.
- (4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold / Balance of average accounts payables of various periods (including accounts payable and notes payable due to business operations).
- (5) Average days for sales = 365 / Inventory turnover rate.
- (6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
- (7) Total asset turnover rate = Net sales / Average total assets

4. Profitability

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

5. Cash flow

- (1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + Other non-current assets + working capital).

6. Leveraging

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

### III. The Audit Committee's Review Report

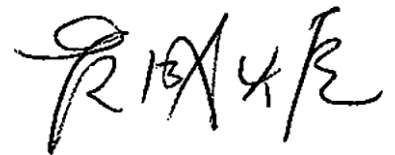
#### The Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2021. Chang, Hwei-Chen and Shih, Wei-Ming Certified Public Accountants of KPMG, have audited the Financial Statements. The 2021 Financial Statements, Business Report, Independent and Auditors Report have been reviewed and determined to be correct and accurate by the Audit Committee of Qisda Corporation. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Chair of the Audit Committee

Cheng-Ju (Allen) Fan

March 7, 2022



- IV. Consolidated Financial Statements with Independent Auditors' Report of the most recent year: please refer to Appendix 1 (Pages 91).
  - V. Parent Company only Financial Statements with Independent Auditors' Report for the most recent year: Please refer to Appendix 2 (Pages 254).
  - VI. Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined: None.
-

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

## I. Financial position

### Financial position analysis

Unit: NT\$ 1,000

Item	Year	2021	2020	Difference	
				Amount	%
Current assets		109,920,440	102,323,769	7,596,671	7%
Investment accounted for using equity method		4,067,106	16,308,434	(12,241,328)	-75%
Property, plant and equipment		33,037,041	30,188,228	2,848,813	9%
Investment property		3,408,285	3,561,030	(152,745)	-4%
Intangible assets		10,538,787	9,118,895	1,419,892	16%
Other non-current assets		26,238,936	9,311,593	16,927,343	182%
Total assets		187,210,595	170,811,949	16,398,646	10%
Current liabilities		88,333,471	82,829,234	5,504,237	7%
Long-term debt		26,702,353	22,366,798	4,335,555	19%
Other non-current liabilities		6,012,008	6,652,697	(640,689)	-10%
Total liabilities		121,047,832	111,848,729	9,199,103	8%
Common stock		19,667,820	19,667,820	0	0%
Capital surplus		1,844,310	1,879,501	(35,191)	-2%
Retained earnings		20,777,515	15,742,825	5,034,690	32%
Other equity		(833,222)	(1,264,645)	431,423	-34%
Equity attributable to shareholders of Qisda Corp.		41,456,423	36,025,501	5,430,922	15%
Non-controlling interests		24,706,340	22,937,719	1,768,621	8%
Total equity		66,162,763	58,963,220	7,199,543	12%

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

1. The decrease in investment of equity method was mainly due to the accounting treatment on investment in AUO is changed from using "Equity Method" to being classified as financial assets measured at Fair Value through Other Comprehensive Income (FVOCI).
2. The increase in other non-current assets was mainly due the accounting treatment on investment in AUO is changed from using "Equity Method" to being classified as financial assets measured at Fair Value through Other Comprehensive Income (FVOCI).
3. The increase in retained earnings was mainly due the increase in profit in 2021.
4. The increase in other equity was mainly due to increase in unrealize gain or loss of financial assets measured at Fair Value through Other Comprehensive Income (FVOCI).

## II. Financial performance

### Financial performance analysis

Unit: NT\$ 1,000

Item	Year	2021	2020	Increase (decrease) amount	Change in proportion
Cost of sales		193,404,414	164,874,913	28,529,501	17%
Gross profit		32,556,617	26,826,789	5,729,828	21%
Operating expenses		25,195,651	20,213,935	4,981,716	25%
Profit from operations		7,360,966	6,612,854	748,112	11%
Non-operating income and expenses		5,631,380	1,599,782	4,031,598	252%
Profit before income tax for the year		12,992,346	8,212,636	4,779,710	58%
Income tax expense		2,509,489	1,846,075	663,414	36%
Profit for the year		10,482,857	6,366,561	4,116,296	65%

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

1. The increase in Gross profit was due to the increase in product with high profit.
2. The increase in Operating expenses was due to mergers and acquisitions of Alpha Networks Inc., ACTION STAR TECHNOLOGY CO., LTD. and Brainstrom.
3. The decrease in non-operating income and expenses was due to the increase in the share of profits of associates and joint ventures and gain in disposal of investment in 2021.
3. The increase in income tax expenses was due to mergers and acquisitions of new company.

### III. Cash flow

#### (I) Change in consolidated cash flow in 2021

Unit: NT\$1,000

Cash balance at the beginning of 2021	2021 Net cash flow	Cash balance at the end of 2021
22,540,418	(4,758,938)	17,781,480

#### (II) Analysis of changes in consolidated cash flow in 2021

Unit: NT\$1,000

Item	2021	2020	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	2,114,855	14,568,749	(12,453,894)	-85%
Net cash flows used in investing activities	(5,738,979)	(1,277,116)	(4,461,863)	-349%
Net cash flows used in financing activities	(660,807)	(2,135,400)	1,474,593	69%

- (1) The operating activities was mainly due to the increase in operating activity funds, so the net cash outflow from operating activities decrease compared with 2020.
  - (2) The investment activities was mainly due to the increase in real property, plant and equipment and time deposits over three months compared with 2020, so the net cash outflow from investing activities increase compared with 2020.
  - (3) The financing activities was mainly due to the decrease in purchasing subsidiary equity from non-controlling interests, so the net cash outflow from financing activities decrease compared with 2020.
- (III) Liquidity improvement plan: The Company showed no signs of liquidity deficit.
- (IV) Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

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

On consolidated statements, the company and subsidiaries purchased approximately NT\$4.7 billion in real property, plant and equipment in 2021 accounting for 2.7% of net sales, and had no significant impact on the company's financial business.

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

The Company's investment policies are in line with business development strategies and operational needs. The annual consolidated financial statements the Share of profits of associates and joint ventures amount is NT\$1,607,626,000 in 2021. For the coming annual period, we will continue to focus on relevant strategic investment in the industry and continue to prudently evaluate the investment plans.

### VI. Risk Management

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

#### (I) Vision of risk management

- a. Commitment to continuously provide products and services to create long-term values for customers, shareholders, employees and the whole society.
- b. Risk management requires systematic risk management procedures and organization to identify, assess process, report and monitor major risks affecting the Company's survival in a timely and effective manner, and enhance the risk awareness of all employees.
- c. Risk management is not about pursuing "risk-fee", but the best interests to optimize risk management costs while accepting such risks.

#### (II) Policies of risk management

- a. To ensure the Company's sustainable operation, the Risk Management Committee has been established to regularly

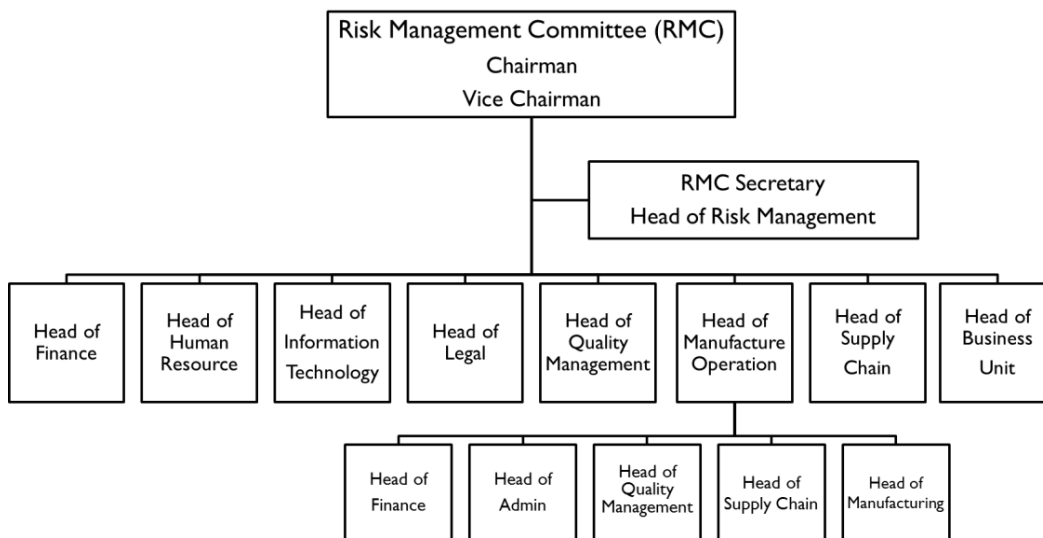
- identify, assess, process, report and monitor the risks that may adversely affect the Company's operating goals.
- b. Identify and control risks prior to occurrence of actual incidents, suppress losses when they actually occur, and instantly restore the supply of products and services after such incidents. And the operation continuity plan is set for simulation of major risk scenarios identified by the Risk Management Committee.
  - c. For risks that do not exceed risk tolerance level, risk management costs may be considered and treated with different management tools, but the following shall be exceptions.
    - Risks with negative impacts on the safety of employees.
    - Risks with negative impacts on the Company's goodwill.
    - Risks that may result in violation of legal regulations.

(III) Organizational chart of the Risk Management Committee

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

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

Organizational Chart of the Risk Management Committee



## VII. Matters for Analysis and Assessment for Risks

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

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

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

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

If the annual interest rate increases or decreases by 1%, the net profit before tax of the Company and its subsidiaries in 2021 and 2020 will be reduced or increased by NT\$ 517,122,000 and NT\$ 440,553,000 respectively, with all other variables remaining unchanged. This is mainly due to the floating interest rates of loans for the Company and its subsidiaries.

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

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

transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective

functional currencies of Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

Unit: 1,000

December 31, 2021					
	Foreign currency	Exchange rate	TWD	Change in magnitude	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary item</u>					
USD	\$	1,638,335	27.6800	45,349,113	1% 453,491
EUR		72,510	31.4440	2,280,004	1% 22,800
CNY		1,986,333	4.3454	8,631,411	1% 86,314
JPY		3,751,961	0.2404	901,971	1% 9,020
<u>Non-monetary item</u>					
CNY		9,847	4.3454	42,789	1% 428
<u>Financial Liabilities</u>					
<u>Monetary item</u>					
USD		1,839,403	27.6800	50,914,675	1% 509,147
EUR		60,068	31.4440	1,888,778	1% 18,888
CNY		1,826,756	4.3454	7,937,986	1% 79,380
JPY		7,164,283	0.2404	1,722,294	1% 17,223

December 31, 2020					
	Foreign currency	Exchange rate	TWD	Change in magnitude	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary item</u>					
USD	\$	1,553,657	28.3500	44,046,176	1% 440,462
EUR		82,529	34.9560	2,884,884	1% 28,849
CNY		1,601,226	4.3216	6,919,858	1% 69,199
JPY		3,109,307	0.2749	854,748	1% 8,547
<u>Financial Liabilities</u>					
<u>Monetary item</u>					
USD		1,749,975	28.3500	49,611,791	1% 496,118
EUR		41,796	34.9560	1,461,021	1% 14,610
CNY		1,615,273	4.3216	6,980,564	1% 69,806
JPY		7,424,353	0.2749	2,040,955	1% 20,410

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2021 and 2020 were \$(24,035,000) and \$(117,444,000), respectively.

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

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

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

The Company and its subsidiaries have always adhered to the policies of not engaging in high-risk, high-leveraged investments. Our derivatives trading is based on risk aversion and does not engage in speculative trading. The trading of the derivatives of the Company and its subsidiaries in 2021 was based on the principles of hedging and there was no relevant operational risk generated. In the future, the Company will continue to conduct derivatives transactions on the principles of hedging caused by exchange rate and interest rate fluctuations, and continue to regularly assess foreign exchange positions and risks to reduce the Company's operational risks.

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

When the Company and its subsidiaries engage in loaning funds to others, making guarantee/endorsement guarantees and conducting derivatives transactions, in addition to complying with relevant operating procedures, we shall regularly

file the announcement in accordance with the regulations of the competent authority. As of the printing date of this Annual Report, the recipients of the Company's and its subsidiaries' loaned funds and guarantee/endorsement are only our subsidiaries.

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

In 2022, the Company is planning to invest more than NT\$ 6.7 billion in R&D expenditures. In the future, we will adjust our investment plans according to the global industry development trend and the actual operating conditions of the Company.

Future R&D plans of the Company

1. LCD products: Webcam/Zoom & Teams certification, QD-OLED monitors, super high brightness and multiple-K zone, cost-effective HDR product, quantum-dot coupled with cadmium-free wide color gamut, 8K high-resolution, USB4/HDMI 2.1/DP 2.0/Thunderbolt 4 application, Ethernet-enabled (RJ45) function, curvature below 1,000R monitors, super high refresh rate & high resolution/quick response time, G-sync/FreeSync professional gaming monitors, full range of color adjustment solutions and display software solutions.
2. Projector products: LED 4K UHD home theater projectors, LED 4K UHD home entertainment projectors, LED personal portable projectors.

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

1. Policies:

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

2. Legal regulations:

- a. The Company's business operation philosophy is to comply with relevant laws and regulations as the priority; therefore, the Company's management team is always aware of the changes of relevant laws and regulations, and can respond to various situations arising from regulatory changes at any time.
- b. There have been no other significant impact to the company's financial status due to legal changes in the most recent annual period.

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

The global LCD monitor market is heading towards the plateau period and its scale continues to shrink. In addition to continuing to develop new niche products in recent years, the Company has integrated resources from its subsidiaries such as BenQ Corporation, BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC., Alpha Networks Inc., Hitron Technologies Inc. and Interactive Digital Technologies Inc. to provide more comprehensive products and services of medical equipment and consumables, biomedical and medical cosmetology, terminal customer service of retail, motherboard manufacturing and customer application services, and optimize existing business operations, expand medical layout efficiency, accelerate solution development and Strategic investment in 5G Network business. The operation of these high value-added products has laid a good foundation and layout for Qisda to meet the future growth and challenges.

The Company promotes the policies related cyber security management to fulfill protection for cyber security and deal with related matters. We also regularly evaluate the risk of cyber security, implement cyber security training and formulate the cyber security operating procedure to strictly execute the cyber security risk management,

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

1. The company conducts a questionnaire survey on important stakeholders every year to understand the stakeholders' expectations and concerns about the company, as an important reference for the company's continuous operation strategy, and responds and explains the operation in the annual corporate social responsibility report Status to ensure information transparency and effective communication.
2. The Company conducts regular inspections on matters such as the external environment, the Company's business type and management system, and responds to any situation that may affect the goodwill of the Company and simulates its possible impact. The countermeasures will minimize the uncertainty; and the risk management unit will be responsible for the operation-related risks and impact analysis, and cooperate with the implementation of relevant contingency plan with the Risk Management Committee.
3. The Company is also actively committed to environmental protection and safety and hygiene management, and has obtained the certification of ISO 14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System, and will pursue continuous improvement in the spirit of this certification.

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

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

- (VIII) Expected benefits and possible risks of the expansion of factory and the countermeasures  
Currently, the main focus of the Company and its subsidiaries in the factory and equipment is to fully utilize the existing production capacity and maximize the economy of scale. Therefore, there is no need to significantly expand the factory in the short-term.
- (IX) Risk of procurement and sales concentration, and countermeasures  
The Company's domestic and foreign major raw material suppliers and customers are quite diversified, and long-term stable cooperative relations have been formed, so there is no problem and risk of concentration of purchase and sales. The Company also evaluates the financial attributes of different customers and controls the risks according to different trading modes with insurance companies, bank letters of credit and collateral, and timely tracks customer payment status to protect the Company's interests.
- (X) The impact and risk of a substantial transfer or replacement of equities by Directors, Supervisors or Shareholders holding more than 10% of the total shares  
The Directors of the Company have no substantial transfer or replacement of equities.
- (XI) Impact of changes in management on the Company and risks  
Not applicable due to the Board of Directors and the management team of the Company have not changed significantly.
- (XI) Disclosure of disputed contents, amounts of the subject matters, commencement dates of the proceedings, parties involved in the proceedings of litigation or non-litigation events, major closed or ongoing lawsuits and litigation or non-litigation events involving the Company and its Directors, Supervisors, General Managers, Substantive Persons-in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries with results of which may have a material impact on the shareholders' equity or the price of the securities, and the actual results as of the printing date of this Annual Report.
1. Major closed or ongoing lawsuits, litigation or non-litigation events or administrative litigation involving the Company in the most recent two annual periods and as of the printing date of this Annual Report with results of which may have a material impact on the shareholders' equity or the price of the securities:
    - a. Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in September 2010, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the US antitrust laws. As for the class action lawsuit filed against the indirect consumer part, the company has won the final judgment in February 2020, and other cases have also been settled by the plaintiff.
    - b. Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in January 2012, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the Canadian antitrust laws. The company has reached a settlement with the plaintiff, but the final result is yet to be formally approved by the court.
  2. Major closed or ongoing lawsuits, litigation or non-litigation events or administrative litigation involving the Company's Directors, Supervisors, General Managers, Substantive Persons-in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries in the most recent two annual periods and as of the printing date of this Annual Report with results of which may have a material impact on the shareholders' equity or the price of the securities:
    - a. Litigation events of the Company's subsidiary BenQ America Corp. (BQA):
      - (i) Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in September 2010, arguing that the Company and its subsidiary BQA were suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the US antitrust laws. As for the class action lawsuit filed against the indirect consumer part, the company has won the final judgment in February 2020, and other cases have also been settled by the plaintiff.
      - (ii) Several direct and indirect consumers in the United States filed a class action lawsuit of damage loss claim in January 2012, arguing that the Company's subsidiary BQA was suspected to have been participating in the ODD (Optical Disk Drive) product pricing agreement, which violated the Canadian antitrust laws. The company has reached a settlement with the plaintiff, but the final result is yet to be formally approved by the court.
    - b. Litigation events of the Company's corporate director, AU Optronics Corporation (AUO):
      - (i) In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. AUO does not believe service has been properly made, but in order to protect its rights, AUO has retained counsel to handle the related matter, and at this stage, the final outcome of these matters is uncertain. AUO has been reviewing the merits of this lawsuit on an on-going basis.  
In September 2018, AUUS received a complaint filed by the Government of Puerto Rico on its own behalf and on behalf of all consumers and governmental agencies of Puerto Rico against certain LCD manufacturers including AUO and AUUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the related matter and intends to defend this lawsuit vigorously, and at this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of this lawsuit on an on-going basis.  
As of February 10, 2022, AUO has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the



materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to AUO. In addition to the matters described above, AUO is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, AUO, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on AUO's business or results of operations.

(ii) Environmental lawsuits:

AUO, upon the resolution of its Board of Directors on April 28, 2021, decided to purchase all shareholdings held by the joint venture party of AUKS with total consideration of RMB 3.995 billion. This investment has been approved by the Investment Commission, Ministry of Economic Affairs. Procedures for sale of equity interests are to be completed by the joint venture party in accordance with its local decree.

Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5-generation fab is located at (the "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval in 2010. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents have proceeded to file an administrative action for invalidating the environmental assessment again. The matter is still under review by the court. Management does not believe that this event will have a material adverse effect on AUO's operation and will continue to monitor the development of this event.

(XIII) Other material matters: None.

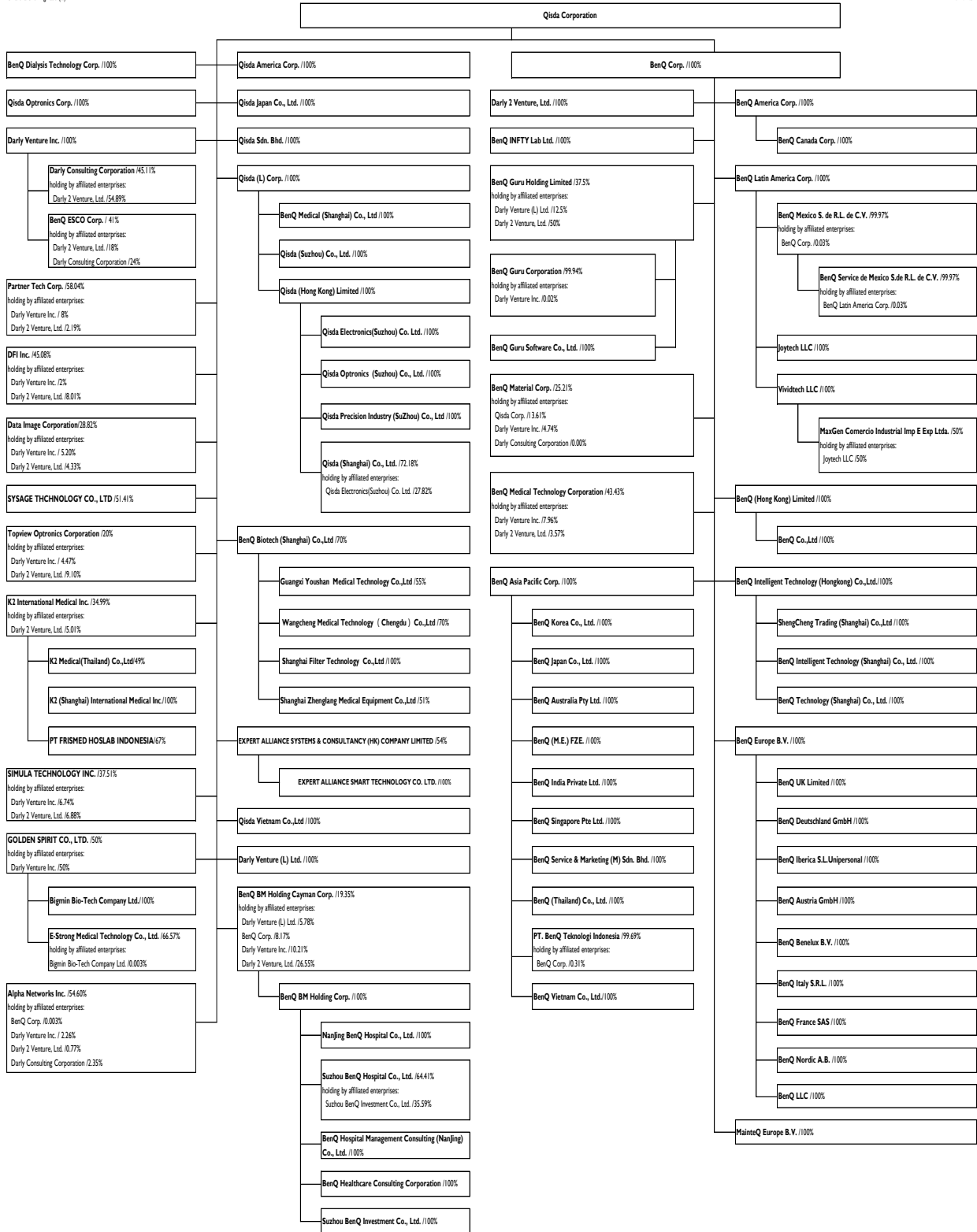
# Special Notes

## I. Information about affiliates

### (I) Organization chart of affiliates

Unit: Shareholding ratio (%)

2021/23/31



Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively to respectively see its Organization chart of affiliates

## (II) Basic information of affiliates

December 31, 2021; NT\$1,000

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ Medical Technology Corporation	BMT	1989.03.21	7F, No. 46, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan	NTD	445,660	Manufacturing and trading of medical equipment
BENQ MATERIALS CORP.	BMC	1998.07.16	No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333, Taiwan	NTD	3,206,745	Development, manufacturing and sales of various functional film products
PARTNER TECH CORP.	PTT	1990.02.21	10F, No. 233-1, Baoqiao Rd., Xindian Dist., New Taipei City 231, Taiwan	NTD	750,856	Production and sales of electronic products and point of sale and import and export trade
DFI INC.	DFI	1981.07.14	10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan	NTD	1,144,889	Manufacturing, processing and trading of industrial computer boards and computer components
DATA IMAGE CORPORATION	DIC	1997.11.22	30F, No.93, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	NTD	693,996	Design, manufacture and sale of marine display optoelectronic modules
TOPVIEW OPTRONICS CORP.	TOC	2010.10.07	10F, Dacheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	NTD	287,500	Production and sales of Security monitor, and import and export trade
SYSAGE THCHNOLOGY CO., LTD.	SYSAGE	1998.04.16	10F, No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,883,573	Equipment of Communication & Network hardware and Software
SIMULA TECHNOLOGY INC.	SIMULA	2003.12.15	13 ~ 14F, No.1351, 14F, No.1353, Zhong-Zheng Rd., Taoyuan Dist., Taoyuan City 33071, Taiwan	NTD	799,729	Electronic Parts/Components
GOLDEN SPIRIT CO., LTD.	GSC	2001.08.31	No. 232, Dazhong 2nd Rd., Zuoying Dist., Kaohsiung City 813505, Taiwan	NTD	200,000	Trading in medical equipment
Bigmin Bio-Tech Company Ltd.	BMB	1991.11.13	No. 232, Dazhong 2nd Rd., Zuoying Dist., Kaohsiung City 813505, Taiwan	NTD	15,000	Trading in medical equipment
E-STRONG MEDICAL TECHNOLOGY CO., LTD.	ESM	2013.09.11	No. 27, Nongyuan Rd., Changzhi Township, Pingtung County 908126, Taiwan	NTD	333,500	Trading in medical equipment
Alpha Networks Inc.	Alpha	2003.09.04	No. 8, Li-shing 7 th Road, Hsinchu Science Park Hsinchu, Taiwan	NTD	5,417,185	Communications and Internet
K2 INTERNATIONAL MEDICAL INC.	K2	2006.07.04	9F, No. 18, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	200,000	Trading in medical equipment
K2 MEDICAL(THAILAND)CO.,LTD	K2th	2018.10.26	77/87 Thonburi Road, Klongtan Sub-District, Klongsan District, Bangkok Metropolis	THB	40,000	Medical equipment trading
K2 (Shanghai) International Medical Inc.	K2sh	2007.08.31	Building 2, No. 787, Manufacturing Bureau Road, Huangpu District, Shanghai	USD	1,250	Medical equipment trading
PT FRISMED HOSLAB INDONESIA	K2ID	2000.06.28	RUKO BIDX BLOK G NO. 30-31 JL. PAHLAWAN SERIBU BSD CITY, KEL. LENGKONG GUDANG KEC. SERPONG	IDR	2,500,000	Trading in medical equipment

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
EXPERT ALLIANCE SYSTEMS & CONSULTANCY (HK) COMPANY LIMITED	EASCHK	2011.03.29	Room 1101-1102, 11th Floor, Times Center, 928-930 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	HKD	30,000	Manufacturing of computer peripheral products and provide smart service
EXPERT ALLIANCE SMART TECHNOLOGY CO. LTD.	EASTMO	2018.12.14	Block A, 14th Floor, China Fortune Commercial Middle, 26-54B, Bristol Road, Macau	MOP	100	Manufacturing of computer peripheral products and provide smart service
BenQ corporation	BenQ	2000.03.13	No. 16, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	5,396,615	Brand product manufacturing and sales
BENQ ASIA PACIFIC CORP.	BQP	2007.09.28	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	200,000	Electronic product trading in Asia
BENQ DIALYSIS TECHNOLOGY CORP.	BDT	2014.10.08	No. 159-1, Shanying Rd., Guishan Dist., Taoyuan City 333, Taiwan	NTD	280,000	Manufacturing and trading of medical equipment
QISDA OPTRONICS CORP.	QTOS	2014.12.11	No. 1, Xingye St., Guishan Dist., Taoyuan City 333, Taiwan	NTD	1,000	Manufacturing of computer peripheral products
Darly Venture Inc.	APV	1996.05.02	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,641,969	Holding company
Darly2 Venture, Inc.	Darly2	2000.01.19	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,890,000	Holding company
Darly Consulting Corporation.	DarlyC	2001.08.29	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	268,326	Investment management consultant
BENQ ESCO CORP.	ESCO	2013.01.25	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	100,000	Energy technology service
BenQ INFITY Lab Ltd.	INF	1994.12.08	10F, No. 419, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan	NTD	69,469	Assembly and trading of E-sport products
BENQ GURU CORP.	GST	2003.11.25	No. 14, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	57,600	R&D and trading of computer information systems
BenQ Healthcare Consulting Corporation	BHCC	2009.02.05	No. 12, Jihu Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	22,763	Management consultant
Qisda America Corp.	QALA	2007.07.05	8941 Research Drive, Suite 200, Irvine, CA 92618 USA	USD	1,000	Electronic product trading
Qisda Japan Co., Ltd.	QJTO	2007.07.27	3-30-1, KAIGAN AKIMOTO SOKO 3A 5F. MINATO-KU, Tokyo, Japan	JPY	10,000	Electronic product trading and product repair in the local market
Qisda Sdn. Bhd.	QLPG	1989.11.15	2686 Jalan Todak, Seberang Jaya 13700 Prai Penang, Malaysia	MYR	50,274	Leasing and management services
Qisda (L) Corp.	QLLB	1997.01.23	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	USD	114,250	Holding company
BenQ Medical (Shanghai) Co., Ltd	BMSH	2015.07.20	Room 2, Unit C, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	1,360	Trading in medical equipment
Qisda (Suzhou) Co., Ltd.	QCSZ	1993.06.25	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	74,000	Processing of liquid crystal displays and mobile communication products
Qisda (Hong Kong) Limited	QCHK	2008.12.04	Room 1204, Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	HKD	10	Holding company
Qisda Electronics(Suzhou) Co. Ltd.	QCES	2000.02.23	No. 169, Zhujiang Road, Suzhou New District, , Jiangsu, China	USD	11,800	Processing of liquid crystal display modules

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
Qisda Optronics (Suzhou) Co., Ltd.	QCOS	2000.01.12	No. 169, Zhujiang Road, Suzhou New District, Jiangsu, China	USD	12,460	Processing of optoelectronic products such as projectors
Qisda Precision Industry (SuZhou) Co., Ltd	QCPS	2007.07.27	No. 169, Zhujiang Road, Suzhou New District, Jiangsu, China	USD	5,000	Processing of plastic parts
Qisda (Shanghai) Co., Ltd.	QCSH	2005.12.15	No. 669, Taihua Road, Pudong New Area, Shanghai, China	USD	66,500	Processing of liquid crystal display
BenQ Biotech (Shanghai) Co.,Ltd	BBC	2019.08.19	No. 613, 713 Taihua Road, Pudong New District, Shanghai	CNY	100,000	Manufacturing and trading of medical equipment
Guangxi Youshan Medical Technology Co.,Ltd	Youshan	2020.01.19	Room 1316,13/F · TOWER 1, Datang headquarters, No.21, Pingle Road, Nanning Area of China (Guangxi) Pilot Free Trade Zone, China	CNY	6,000	Trading in medical equipment
Wangcheng Medical Technology ( Chengdu ) Co.,Ltd	Wangcheng	2020.11.25	Room 1-401, Building 17, Chengdu Cross-Strait Technology Industry Development Park · Wenjiang District, Chengdu, Sichuan Province, China	CNY	2,000	Trading in medical equipment
Shanghai Filter Technology Co.,Ltd	Filter	2020.12.24	Building 4, No. 613, 713 Taihua Road, Pudong New District, Shanghai, China	CNY	140,000	R&D, manufacturing and sales of synthetic materials and rubber products
Shanghai Zhenglang Medical Equipment Co.,Ltd	Zhenglang	2021.06.24	Room A05, Floor 1 · Building 2 · No. 613, 713 Taihua Road, Pudong New District, Shanghai · China	CNY	6,000	Manufacturing and trading of medical equipment
Qisda Vietnam Co.,Ltd	QVH	2019.10.23	Lot CN12, Dong Van 4 Industrial Park, Dai Cuong Commune, Kim Bang District, Ha Nam Province, Vietnam.	USD	40,000	Manufacturing of liquid crystal display
Darly Venture (L) Ltd	Darly	1997.01.23	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	USD	6,000	Holding company
BenQ BM Holding Cayman Corp.	BBHC	2009.01.05	Floor 4, Willow House, Cricket Square, PO Box 2804, Grand Cayman KY1-1112, Cayman Islands	USD	244,945	Holding company
BenQ BM Holding Corp.	BBM	2003.10.30	Level 15(B), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan F.T., Malaysia	USD	262,463	Holding company
NANJING BenQ Hospital Co., Ltd.	NMH	2003.11.11	No. 71 Hexi street, Jianye District, Nanjing, China	USD	182,015	Medical service
Suzhou BenQ Hospital Co., Ltd.	SMH	2004.07.07	No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	CNY	601,975	Medical service
BenQHospital Management Consulting (Nanjing) Co., LTD.	NMHC	2005.11.14	No. 71 Hexi street, Jianye District, Nanjing, China	USD	1,000	Management consultant
Suzhou BenQ Investment Co., Ltd.	BIC	2015.09.16	No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	USD	30,000	Holding company
BenQ Guru Holding Limited	GSH	2005.12.08	Unit A2, 10/F, Block A, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Hongkong	HKD	62,400	Holding company
BenQ Guru Software Co., Ltd.	GSS	1998.07.21	Building B, No.181, Zhuyuan Road, High Tech Zone, Jiangsu, Suzhou, China	USD	13,200	R&D and trading of computer information systems
BenQ America Corp.	BQA	1997.09.25	3200 Park Center Dr., Suite 150, Costa Mesa, CA 92626 USA	USD	2,000	Electronic product trading in north USA
BenQ Canada Corp.	BQca	2003.09.29	3-1750 The Queensway, Suite 1265, Toronto, on M9C 5H5 Canada	CAD	1	Electronic product trading
BenQ Latin America Corp.	BQL	2005.10.13	8350 NW 52nd street, Suite 301, Miami FL 33166, USA.	USD	9,350	Electronic product trading in Central and South America

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ Mexico S. de R.L. de C.V.	BQmx	2002.05.27	Boulevard Palmas Hill 1, Piso 8, Suite/Oficina 00-101 Colonia Valle de las Palmas, Huixquilucan Estado de México, C.P. 52764	MXN	3	Electronic product trading
BenQ Service de Mexico S. de R. L. de C.V.	BQsm	2011.07.21	Boulevard Palmas Hill 1, Piso 8, Suite/Oficina 00-101 Colonia Valle de las Palmas, Huixquilucan Estado de México, C.P. 52764	MXN	3	Provide various administrative and management services
Joytech LLC.	Joytech	2009.11.20	8350 NW 52nd street, Suite 301, Miami FL 33166, USA.	USD	2,646	Holding company
Vividtech LLC.	Vividtech	2010.01.04	8350 NW 52nd street, Suite 301, Miami FL 33166, USA.	USD	2,646	Holding company
MaxGen Comercio Industrial Imp E Exp Ltda.	MaxGen	2010.01.14	Rua Haddock Lobo, 585 7 andar CEP 01414-001 Sao Paulo, SP Brazil	BRL	23,901	Electronic product trading
BenQ (Hong Kong) Limited	BQHK	1991.10.31	Unit A-2, 10/F, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	HKD	466,200	Holding company
BenQ Co., Ltd	BQC	2005.05.11	1st Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	80,000	Real estate rental business
BenQ Intelligent Technology (Hongkong) Co., Ltd.	BQHK_HLD	2017.07.05	Unit A-2, 10/F, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong	USD	4,000	Electronic product trading in HK
ShengCheng Trading ( Shanghai ) Co., LTD	BQsha_EC2	2015.10.10	Room 5, Unit C, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	100	Electronic product trading
BenQ Intelligent Technology (Shanghai) Co., Ltd.	BQC_RO	2017.10.13	Unit E, 8th Floor, Building D, No. 207, Yuhong Road, Changning District, Shanghai, China	USD	3,000	Trading in electronic products in China
BenQ Technology (Shanghai) Co., Ltd.	BQls	2003.10.24	Room 2103F, 21st Floor, No. 28, Maji Road, Waigaoqiao Free Trade Zone, Shanghai, China	USD	200	Electronic product trading
BenQ Europe B.V.	BQE	1994.09.26	Meerenakkerweg 1-12, 1-17, 1-19 and 1-23, Eindhoven, the Netherlands	EUR	12,523	Electronic product trading in Europe
BenQ UK Limited	BQuk	1997.11.07	3 Staplehurst Office Centre, Weston-on-the-Green, OX25 3QU, Bicester Oxfordshire, United Kingdom	GBP	300	Electronic product trading
BenQ Deutschland GmbH	BQde	2000.09.07	Essener Strasse 5, 46047 Oberhausen, Germany	EUR	600	Electronic product trading
BenQ Inberica S.L. Unipersonal	BQib	2002.10.19	C/-Constitucion, 1-3 (3rd fl), 08960 San Just Desvern, Barcelona, Spain	EUR	150	Electronic product trading
BenQ Austria GmbH	BQat	2001.08.07	Altmannsdorfer Strasse 89, Top 6, 1120 Vienna, Austria	EUR	35	Electronic product trading
BenQ Benelux B.V.	BQnl	2000.10.12	Meerenakkerweg 1-12, 1-17, 1-19 and 1-23, Eindhoven, the Netherlands	EUR	18	Electronic product trading
BenQ Italy S.R.L.	BQit	2002.02.14	Viale Ercole Marelli 165, 5th Floor, 20099 Sesto San Giovanni, Italy	EUR	300	Electronic product trading
BenQ France SAS	BQfr	2004.04.08	Centre d'affaires La Boursidiere RN 186, 92350 Le Plessis Robinson France	EUR	50	Electronic product trading
BenQ Nordic A.B.	BQse	2005.12.06	Norgegatan 1, 164 32 Kista, SWEDEN	SEK	100	Electronic product trading
BenQ LLC	BQru	2011.01.02	Park Place Moscow, 113/1 Leninski Prospekt B101, 117198 Moscow, Russian Federation	RUB	50	Provide various administrative and management services
MainteQ Europe B.V.	MQE	2002.04.05	Nijverheidsweg 9-13, 5627 BT, Eindhoven, The Netherlands	EUR	818	Display and projector repair service in Europe

Name of business	abbreviation	Date of incorporation	Address	Currency	Paid-in Capital	Main Activities
BenQ Korea Co., Ltd.	BQkr	2006.08.18	1801,288, Digital-ro, Guro-gu, Seoul, Korea	KRW	50,000	Electronic product trading
BenQ Japan Co., Ltd.	BQjp	1996.07.19	8Fl., NK Uchikanda Bldg. 1-14-5 Uchikanda, Chiyoda-ku, Tokyo 101-0047 Japan	JPY	10,000	Electronic product trading
BenQ Australia Pty Ltd	BQau	2000.07.01	Unit 7, 175 Briens Road, Northmead NSW 2152	AUD	2,191	Electronic product trading
BenQ (M.E.) FZE.	BQme	2001.04.07	P. O. Box 18007, Jebel Ali Free Zone, Dubai. U.A.E.	AED	1,000	Electronic product trading
BenQ India Private Ltd.	BQin	2000.02.29	9B Building, 3rd Floor, DLF Cyber city Phase-3, Gurgaon-122002, Haryana, India	INR	440,296	Electronic product trading
BenQ Singapore Pte Ltd.	BQsg	2000.09.20	8 Burn Road #11-07 Trivex, Singapore 369977	SGD	500	Electronic product trading
BenQ Service & Marketing (M) Sdn. Bhd.	BQmy	2004.03.04	C-39-5, Block C, Jaya One, No. 72A, Jalan Prof Diraja Ungku Aziz, 46200 Petaling Jaya, Malaysia.	MYR	100	Electronic product trading
BenQ (Thailand) Co., Ltd.	BQth	2003.02.20	28th Fl., Sinn Sathorn Tower. 77/119 Krungdhonburi Road, Klongtongsai, Klongsarn, Bangkok 10600 ,Thailand	THB	60,000	Electronic product trading
PT. BENQ TEKNOLOGI INDONESIA	BQid	2017.11.06	Wisma 77 Tower 2 Lantai 5 Zone 1, Jalan Letjen S.Parman Kavling 77, Slipi Sub-district, Palmerah Subdistrict, West Jakarta	IDR	3,250,000	Electronic product trading
BenQ Vietnam Co., Ltd	BQvn	2021.10.11	14th Floor, HM Town, 412 Nguyen Thi Minh Khai, Ward 5, Dist 3, HCMC	VND	4,632,200	Electronic product trading

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP., SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its affiliate organizational chart.

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

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

The Company's business coverage:

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

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

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

Medical Services: Hospitals that provide medical services.

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

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

## (V) Directors, supervisors, and presidents of affiliates

April 01, 2022; Unit: in thousand shares; NT\$ 1,000; %

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BMT	Director  General manager	BenQ Corp.Representative: Peter Chen, Danny Shen, Michael Kuan, Harry Yang Li,Jen-Fang(Independent director), Chang,Chin-Tung(Independent director), Huang,Chin-Fa(Independent director) Michael Kuan	24,491,956	54.96%
BMC	Director  General manager	Qisda Corp. Representative: ZC.Chen, Peter Chen BenQ Corp.Representative: Conway Lee K.Y. Lee, Yu,Ko-Yung, Yeh,Fu-Hai (Independent director), Chen,Chiu-Ming(Independent director), Lu,Yu-Yang (Independent director) Ray Liu	139,690,207	43.56%
PTT	Director  General manager	Qisda Corp. Representative: Peter Chen, Pete Wang, Michael CH Lee Wu Hung Lin Victor Tsan (Independent director), Calvin Wang (Independent director), Ryan Shen (Independent director) Pete Wang	51,231,888	68.23%
DFI	Director  General manager	Qisda Corp. Representative: Peter Chen, Michael CH Lee, Alexander Su Leei,Min-Shan Chou,Kuang-Jen(Independent director), Chu,Chih-Hao(Independent director), Yeh,Te-Chang(Independent director) Alexander Su	63,078,873	55.10%
DIC	Director  General manager	Qisda Corp. Representative: Joe Huang, Joe Lee, Jasmin Hung, Deng,Fu-Ji, Daniel Hsueh Yu, Su-Ping Yeh, Hui-Hsin (Independent director), Ma,Xiao-Kang (Independent director), He,Wen-Xian (Independent director) Chan,Wei-Hsiang	26,612,305	38.35%
TOC	Director	Qisda Corp. Representative: Zhou,Le-Ling, Cai,Wen-Jing, Joe Huang, Sadahiro Lin , Billy Liou Li,Hong-Ming, Su,Ying-Qing (Independent director), Cai,Xin- Zhang (Independent director), Lin,Kai-Bin (Independent director)	9,651,000	33.57%
SYSAGE	Director	Qisda Corp. Representative: Michael CH Lee, Jasmin Hung, Joshua Tzeng, TK Yang, Guo,Shu-Er Wang,Wen-Cong (Independent director), Wang,Jin-Lai (Independent director), Lai,Shan-Gui (Independent director)	96,841,239	51.41%
SIMULA	Director	Qisda Corp. Representative: Joe Huang, LucilleYu, Calvin Jeng, Jasmin Hung Chen,Jin-ji (Independent director), Dan,Tang-E (Independent director), Yeh, Hui-Hsin (Independent director)	40,890,000	51.13%
GSC	Director  Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang Qisda Corp. Representative: Billy Liou	20,000,000	100.00%



Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BMB	Director Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang Qisda Corp. Representative: Billy Liou	1,500,000	100.00%
ESM	Director Supervisor	Qisda Corp. Representative: Spark Huang, Lin,Yu-Min, Harry Yang, Billy Liou NEW IMAGE MEDICAL CO., LTD. Representative: Wu,Sheng-Zhong Bigmin Bio-Tech Company Ltd. Representative: Jimmy Hsu	22,200,500	66.57%
Alpha	Director	Qisda Corp. Representative: April Huang, Peter Chen, Lin,Yu-Chin, Jasmin Hung Li,Shu-Hsing (Independent director), Chiang,Cheng-Jung (Independent director), Hsieh,Ming-Der (Independent director)	324,946,126	59.98%
K2	Director Supervisor General manager	Qisda Corp. Representative: Chen,Ming-Cheng, Harry Yang, Jasmin Hung, Spark Huang Chen,Hsiu-Wen, Lin,Yuan-Hao, Chen,Chung-I Darly2 Venture, Inc. Representative: Billy Liou Chen,Chung-I	8,000,000	40.00%
K2th	Director General manager	Harry Yang, Ong-Art-Chalinrat, Yeh,Kung-Wu Ong-Art-Chalinrat	392	19.60%
K2sh	Director Supervisor General manager	Chen,Chung-I Chen,Ming-Cheng Yuan,Yao-Hua	1,250,000	40.00%
K2ID	Director General manager	Chen,Chung-I, Fang,Shi-Jia, FREDHO HALIM Chen,Ming-Cheng, Zhao Si-Yi, SUZANTY ARIANY	12,130	26.80%
EASCHK	Director	Michael CH Lee, Claire Tien, Yu,Xiao-Hui, Chen, Feng-Yang, Chen,Zhen-Liang	Contribution amount HKD30,000,100	54.00%
EASTMO	Director	Michael CH Lee, Claire Tien, Yu,Xiao-Hui	Contribution amount MOP100,000	54.00%
BenQ	Director Supervisor General manager	Qisda Corp. Representative: K.Y. Lee, Peter Chen, Conway Lee, Jasmin Hung Qisda Corp. Representative: Billy Liou Conway Lee	539,661,479	100.00%
BQP	Director Supervisor General manager	BenQ Corp.Representative: Conway Lee, Jeffrey Liang, Scott Yen BenQ Corp.Representative: Ping Shen Jeffrey Liang	20,000,000	100.00%
BDT	Director Supervisor	Qisda Corp. Representative: Harry Yang, Spark Huang, Billy Liou Qisda Corp. Representative: Aaron Chen	28,000,000	100.00%
QTOS	Director Supervisor	Qisda Corp. Representative: Joe Huang, Jasmin Hung, Daniel Hsueh Qisda Corp. Representative: Billy Liou	100,000	100.00%
APV	Director Supervisor	Qisda Corp. Representative: Jasmin Hung, Peter Chen, Michael LS Wang Qisda Corp. Representative: Billy Liou	164,196,893	100.00%
Darly2	Director Supervisor	BenQ Corp. Representative: Jasmin Hung, Peter Chen, Michael LS Wang BenQ Corp. Representative: Billy Liou	189,000,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
DarlyC	Director Supervisor	Darly2 Venture, Inc. Representative: Jasmin Hung, Peter Chen, Michael LS Wang Darly Venture Inc. Representative: Billy Liou	26,832,611	100.00%
ESCO	Director Supervisor General manager	Darly Venture Inc. Representative: Michael CH Lee, Zheng,Jia-Liang, Billy Liou Darly2 Venture, Inc. : Aaron Chen Zheng,Jia-Liang	8,300,000	83.00%
INF	Director Supervisor	BenQ Corp.Representative: Conway Lee, Peter Huang, Enoch Huang Darly2 Venture, Inc. : Ping Shen	6,946,880	100.00%
GST	Director Supervisor	BenQ Guru Holding Limited Representative: Michael CH Lee, Joshua Tzeng, Billy Liou Darly Venture Inc. Representative: Aaron Chen	5,756,320	99.94%
BHCC	Director Supervisor	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Ron Chiang, Jasmin Hung BenQ BM Holding Corp. Representative: Billy Liou	2,276,330	70.05%
QALA	Director General manager	Joe Huang, Daniel Hsueh, Ellin Lee Joe Huang	1,000,000	100.00%
QJTO	Director Supervisor	CY Ho, Chen,Pei-Tzu, Jimmy Hsu Billy Liou	Contribution amount JPY10,000,000	100.00%
QLPG	Director	Jasmin Hung, SS Lim, Ping Shen	Contribution amount MYR 50,274,200	100.00%
QLLB	Director	Jasmin Hung, Peter Chen, Billy Liou	114,250,000	100.00%
BMSH	Director Supervisor General manager	Qisda (L)Corp. Representative: Harry Yang, Francis Xiao, Rackie Kuo Qisda (L)Corp. Representative: Mercer Peng Francis Xiao	Contribution amount USD1,360,000	100.00%
QCSZ	Director Supervisor General manager	Qisda (L)Corp. Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (L)Corp. Representative: Billy Liou Mark Hsiao	Contribution amount USD74,000,000	100.00%
QCHK	Director	Jasmin Hung, Peter Chen, Billy Liou	10,000	100.00%
QCES	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD11,800,000	100.00%
QCOS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD12,460,000	100.00%
QCPS	Director Supervisor General manager	Qisda (Hong Kong)Limited Representative: Mark Hsiao, Eric Lee, Mercer Peng Qisda (Hong Kong)Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD5,000,000	100.00%
QCSH	Director Supervisor General manager	Qisda Electronics (Suzhou) Co. Ltd. Representative : Mark Hsiao Qisda (Hong Kong) Limited Representative: Eric Lee, Mercer Peng Qisda (Hong Kong) Limited Representative: Billy Liou Mark Hsiao	Contribution amount USD66,500,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
BBC	Director Supervisor	Qisda Corp. Representative: Harry Yang, Mark Hsiao, Jasmin Hung Shanghai Kunxin Medical Technology Co., Ltd. Representative: Xia, Lie-Bo Qisda Corp. Representative: Michael Lee Shanghai Kunxin Medical Technology Co., Ltd. Representative: He, Hong-Xing	Contribution amount CNY 105,000,000	70.00%
Youshan	Director Supervisor	BenQ Biotech (Shanghai) Co.,Ltd Representative: Li,Xiao-Ming, Wen,Hu Guangxi Youshan Investment Co., Ltd Representative: Huang,Tian Yue BenQ Biotech (Shanghai) Co.,Ltd Representative: Lei,Xin-Hua	Contribution amount CNY3,300,000	38.50%
Wangcheng	Director Supervisor	Xu,Yong BenQ Biotech (Shanghai) Co.,Ltd Representative: Lei,Xin-Hua, Wen,Hu BenQ Biotech (Shanghai) Co.,Ltd Representative: Fan,Shi-Hai	Contribution amount CNY1,100,000	49.00%
Filter	Director Supervisor	BenQ Biotech (Shanghai) Co.,Ltd Representative: Mark Hsiao, Xia,Lie-Bo, Harry Yang, Jasmin Hung Michael Lee, He,Hong-Xing	Contribution amount CNY 45,650,000	70.00%
Zhenglang	Director Supervisor	Zheng feng BenQ Biotech (Shanghai) Co.,Ltd Representative: Li,Xiao-Ming, Lei,Xin-Hua, An Ting	Contribution amount CNY3,060,000	35.70%
QVH	Director Supervisor	Qisda Corp. Representative: Mark Hsiao, Rex Wu, Mercer Peng, T T Huang Qisda Corp. Representative: Billy Liou	Contribution amount USD40,000,000	100.00%
Darly	Director	Jasmin Hung, Peter Chen, Michael LS Wang	6,000,000	100.00%
BBHC	Director	K.Y. Lee, Peter Chen, Jasmin Hung, Mark Hsiao, Michael Tseng, Louise Wang, Yang,Hung-Jen, Wang,Lin, Kuo,Chi-Chih	171,581,837	70.05%
BBM	Director	K.Y. Lee, Peter Chen, Jasmin Hung, Mark Hsiao, Michael Tseng, Louise Wang, Yang,Hung-Jen, Wang,Lin, Kuo,Chi-Chih	262,463,251	70.05%
NMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih, Yu,Zhen-Kun BenQ BM Holding Corp. Representative: Billy Liou Mark Hsiao	Contribution amount USD 182,014,984	70.05%
SMH	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih, Zhou,Xiao-Qing BenQ BM Holding Corp. Representative: Billy Liou Mark Hsiao	Contribution amount CNY 601,975,000	70.05%
NMHC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Peter Chen, Michael Tseng, Louise Wang, Jasmin Hung, Wang,Lin, Kuo,Chi-Chih BenQ BM Holding Corp. Representative: Billy Liou Mark Hsiao	Contribution amount USD 1,000,000	70.05%
BIC	Director Supervisor General manager	BenQ BM Holding Corp. Representative: Mark Hsiao, Jasmin Hung, Louise Wang, Ron Chiang BenQ BM Holding Corp. Representative: Billy Liou Mark Hsiao	Contribution amount USD30,000,000	70.05%
GSH	Director	Michael CH Lee, Joshua Tzeng, Rackie Kuo	62,400,000	100.00%

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
GSS	Director Supervisor General manager	BenQ Guru Holding Limited Representative: Michael CH Lee, Joshua Tzeng, Billy Liou BenQ Guru Holding Limited Representative: Aaron Chen Huang,Chih-Kuang	Contribution amount USD13,200,000	100.00%
BQA	Director	Conway Lee, Ellin Lee, Lars Yoder	200,000	100.00%
BQca	Director	Lars Yoder, Ellin Lee, Richard Winter	1,000	100.00%
BQL	Director	Conway Lee, Anson W Yang, Israel Bedolla	Contribution amount USD9,350,000	100.00%
BQmx	Director	Israel Bedolla, Anson W Yang, Conway Lee	3,000	100.00%
BQsm	Director	Israel Bedolla, Anson W Yang, Conway Lee	3,000	100.00%
Joytech	Director	Israel Bedolla, Anson W Yang, Ellin Lee	Contribution amount USD2,646,000	100.00%
Vividtech	Director	Israel Bedolla, Anson W Yang, Ellin Lee	Contribution amount USD2,646,000	100.00%
MaxGen	Director	Marcelo Café	Contribution amount BRL23,900,554	100.00%
BQHK	Director	Jasmin Hung, Rackie Kuo, Danny Lin	466,200,002	100.00%
BQC	Director Supervisor	BenQ (Hong Kong) Limited Representative: Jasmin Hung, Rackie Kuo, Danny Lin BenQ (Hong Kong) Limited Representative: Aaron Chen(Note2)	Contribution amount USD80,000,000	100.00%
BQHK_HLD	Director	Conway Lee, Michael Tseng, Rackie Kuo	Contribution amount USD4,000,000	100.00%
BQsha_EC2	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Michael Tseng, David Huang, Rackie Kuo BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Ping Shen David Huang	Contribution amount USD100,000	100.00%
BQC_RO	Director Supervisor General manager	BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Conway Lee, Michael Tseng, Rackie Kuo BenQ Intelligent Technology (Hongkong) Co.,Ltd. Representative: Ping Shen Michael Tseng	Contribution amount USD3,000,000	100.00%
BQls	Director Supervisor General manager	BenQ (Hong Kong) Limited Representative: Conway Lee, Michael Tseng, Rackie Kuo BenQ (Hong Kong) Limited Representative: Ping Shen Michael Tseng	Contribution amount USD200,000	100.00%
BQE	Director	Conway Lee, Steve Chu, Joy Chang	5,009,076	100.00%
BQuk	Director Secretary	Conway Lee, Steve Chu, Royce James Lye Joy Chang	300	100.00%
BQde	Director	Steve Chu, Joy Chang, Oliver Barz	100	100.00%
BQib	Director	Steve Chu, Joy Chang(Note2)	150	100.00%
BQat	Director	Steve Chu, Joy Chang, Mihai Borze	35	100.00%
BQnl	Director	Conway Lee, Steve Chu, Joy Chang	182	100.00%
BQit	Director	Steve Chu, Joy Chang, Mihai Borze	50,000	100.00%
BQfr	Director	Steve Chu, Joy Chang, Bruno Morel	1	100.00%
BQse	Director	Steve Chu, Joy Chang, Bo Joalim Carl Cramer	1	100.00%
BQru	Director	Steve Chu, Joy Chang, Youri Studenikin	1	100.00%
MQE	Director	Conway Lee, Joy Chang, EL Tan	81,800	100.00%
BQkr	Director Supervisor	Jeffrey Liang, Scott Yen, Peter So Ping Shen	10,000	100.00%
BQjp	Director Supervisor	Jeffrey Liang, Scott Yen, Masashi Kikuchi Ping Shen	200	100.00%
BQau	Director	Jeffrey Liang, Scott Yen, Martin Moelle	2,191,092	100.00%

Name of business	Title	Name or representative	Shares (Investment Amount)	(Investment Holding %)
BQme	Director	Jeffrey Liang, Scott Yen, Manish Bakshi	1	100.00%
BQin	Director	Jeffrey Liang, Scott Yen, Rajeev.Singh	440,295,980	100.00%
BQsg	Director	Jeffrey Liang, Scott Yen, SALMIAH BINTE SARPIAI	500,000	100.00%
BQmy	Director	Jeffrey Liang, Scott Yen, Brian HY Lee (Lee Hing Yew)	100,000	100.00%
BQth	Director	Jeffrey Liang, Scott Yen, Thanyarak Nasomyon	11,999,998	100.00%
BQid	Director Supervisor General manager	Jeffrey Liang, Andryanto C Wijaya Scott Yen Andryanto C Wijaya	6,500	100.00%
BQvn	Director	Jeffrey Liang, Scott Yen, Asher TY Chan	Contribution amount VND 4,632,200,000	100.00%

Note1: Qisad Grop combined holding shares and Shareholding ratio.

Note2: As of April 01, 2022

Note3: Please refer to the 2021 Annual Reports of the Company' s Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP, SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its Directors, supervisors, and presidents of affiliates.

## (VI) Overview of affiliates' operations:

December 31, 2021; Unit: NT\$1,000

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax)
QLPG	546,160	378,123	63,303	314,820	0	(18,562)	433,546	
QALA	32,800	5,626,594	5,575,702	50,893	22,534,929	14,701	8,524	
QJTO	3,784	1,079,326	1,025,604	53,722	2,702,990	9,442	2,134	
BDT	280,000	115,323	39,724	75,599	102,625	(39,862)	(40,049)	(1.43)
QTOS	1,000	1,007	0	1,007	0	(2)	5	0.05
Darly L	165,000	354,105	138,682	215,423	0	(651)	64,375	
APV	1,641,969	4,005,402	96,837	3,908,565	0	(1,491)	332,537	2.03
QVH	1,212,849	3,164,568	2,447,874	716,694	1,329,937	(190,602)	(236,565)	
QLLB	3,460,633	16,298,012	1,165,162	15,132,850	0	(780)	1,515,430	
QCSZ	2,241,460	34,936,966	24,633,534	10,303,433	88,458,237	857,504	870,704	
QCHK	0	4,262,523	0	4,262,523	0	(283)	654,442	
BMSH	43,776	52,537	17,989	34,548	46,577	(2,772)	(1,789)	
QCSH	2,014,285	339,591	1,696,906	(1,357,315)	0	(20,765)	(17,943)	
QCES	357,422	6,818,149	5,110,654	1,707,495	18,952,311	256,883	210,556	
QCOS	377,413	8,418,664	4,330,136	4,088,528	17,393,868	454,265	431,135	
QCPS	151,450	881,547	468,313	413,234	1,911,198	53,171	30,975	
ESCO	100,000	82,180	62,205	19,976	94,062	1,526	962	0.10
BenQ	5,396,615	21,050,393	10,624,274	10,426,119	18,149,380	132,931	1,787,920	3.31
BQHK	1,819,024	3,027,967	27,024	3,000,943	0	(84)	152,687	
BQE	485,684	3,145,101	2,386,825	758,276	8,008,209	58,422	131,273	
BQP	200,000	3,358,733	2,952,309	406,424	6,999,529	243,045	271,292	13.56
BQA	60,580	2,354,935	1,538,832	816,103	4,797,856	124,432	126,573	
BQL	127,414	492,061	666,930	(174,869)	585,096	3,837	(135,835)	
MQE	35,139	91,409	23,120	68,290	73,056	3,357	3,077	
Darly 2	1,890,000	4,244,436	55,061	4,189,375	0	(877)	432,430	2.29
BQHK_HLD	118,143	1,463,831	50,520	1,413,310	196,928	19,925	621,809	
INF	69,469	93,060	16,433	76,628	153,955	4,486	1,578	0.23
GSH	242,320	146,482	606	145,876	0	(24)	(30,005)	
BQid	6,923	42,243	25,483	16,759	92,312	9,698	8,148	
BQkr	1,713	44,915	38,661	6,254	54,505	616	106	
BQjp	2,582	919,396	781,461	137,935	2,233,280	106,501	66,965	
BQau	65,042	267,052	187,647	79,405	604,497	23,645	16,192	
BQme	8,809	514,051	460,297	53,754	1,226,778	26,156	28,933	
BQin	225,287	751,890	692,192	59,698	1,019,417	41,802	31,735	
BQsg	11,425	33,066	39,618	(6,552)	60,864	9,911	9,099	
BQmy	106,550	41,953	34,452	7,501	85,544	1,468	96	
BQth	56,030	77,788	129,180	(51,392)	235,343	7,653	(5,810)	
BQC	5,674	5,625	0	5,625	0	0	0	
BQls	2,766,770	3,310,737	303,323	3,007,414	406,421	179,688	152,643	
BQsha_EC2	12,703	218,683	145,834	72,849	62,822	35,605	30,978	
BQC_RO	2,942	61,445	12,494	48,951	221,660	37,341	29,815	
GSS	90,106	2,402,083	1,132,215	1,269,869	5,188,755	662,608	543,369	
GST	495,651	106,052	64,269	41,783	122,910	(39,675)	(37,456)	
BQca	57,600	95,786	16,715	79,071	47,886	9,120	7,480	1.30
BQmx	30	239,306	200,232	39,074	876,348	43,545	33,802	
Joytech	7	193,267	156,842	36,425	421,469	15,603	(215)	

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax)
Vivitech	4,422	(139,964)	0	(139,964)	0	0	(17,629)	
MaxGen	4,422	(139,964)	0	(139,964)	0	0	(17,629)	
BQsm	8,159	233,773	513,701	(279,928)	199,799	9,911	(35,259)	
BQuk	6	9,783	6,576	3,207	0	(11)	(11)	
BQde	14,003	408,832	348,229	60,603	1,595,606	20,920	14,331	
BQib	23,535	472,393	331,278	141,115	2,059,163	24,455	11,340	
BQat	5,884	206,951	122,370	84,581	689,067	10,249	4,075	
BQnl	1,373	123,278	61,650	61,628	968,113	9,742	9,694	
BQit	714	108,628	137,099	(28,471)	406,957	3,988	3,072	
BQfr	11,768	128,796	94,103	34,694	467,293	6,250	5,867	
BQse	1,961	190,294	296,048	(105,754)	887,990	9,262	6,482	
BQru	439	86,224	55,810	30,415	488,211	3,907	4,493	
DarlyC	48	15,882	1,352	14,530	272	2,557	1,365	
BBHC	268,326	478,461	24,355	454,106	0	(968)	10,163	0.38
BBM	7,405,278	5,127,616	8,220	5,119,396	0	(16,400)	1,207,221	
NMH	8,038,278	5,124,213	29,990	5,094,223	0	(40,354)	1,245,631	
SMH	5,855,577	6,633,990	3,324,627	3,309,363	6,161,519	282,596	253,123	
NMHC	2,929,594	4,164,039	3,167,559	996,480	3,354,602	235,001	133,603	
BHCC	38,825	23,731	92	23,639	0	(715)	(485)	
BIC	22,763	35,629	13,651	21,979	35,878	(7,045)	(7,601)	(3.34)
BBC	974,419	850,763	11,138	839,625	0	(2)	164	
Youshan	651,415	993,168	84,427	908,742	304,241	(115,288)	(99,234)	
Wangcheng	25,306	136,224	97,452	38,771	230,830	15,834	11,883	
Filter	8,643	10,363	635	9,728	7,444	1,051	1,032	
	197,557	198,149	0	198,149	0	(71)	(220)	
BMTC	25,798	34,567	8,635	25,932	28,269	11	(140)	
BMC	445,660	1,955,296	855,510	1,099,786	1,464,594	46,725	49,036	0.65
PTT	3,206,745	12,509,928	7,353,325	5,156,603	16,481,685	977,319	969,527	3.03
DFI	750,856	2,095,254	963,811	1,131,443	2,701,899	186,277	134,623	1.26
K2	1,144,889	12,312,196	6,808,382	5,503,813	13,211,276	526,330	781,906	5.38
K2TH	200,000	927,765	348,792	578,973	811,157	38,029	76,860	3.84
K2SH	38,339	151,656	104,904	46,752	138,297	16,224	13,852	
K2ID	39,415	182,998	113,745	69,254	346,856	9,402	8,067	
DIC	5,000	335,519	34,860	300,660	306,216	81,611	66,329	
EASCHK	693,996	4,147,935	1,988,930	2,159,005	4,319,835	411,910	314,351	4.58
EASTMO	117,507	117,767	(7,538)	125,306	455,496	15,115	12,464	
TOC	381	6,164	681	5,483	27,457	(2,597)	(2,601)	
SYSAGE	287,500	2,266,984	1,134,652	1,132,332	1,995,106	161,406	130,132	4.46
SIMULA	1,883,573	8,431,724	3,973,066	4,458,658	11,952,834	486,763	598,135	3.07
GSC	799,729	3,575,476	1,345,191	2,230,285	3,068,487	187,212	126,261	1.39
BMB	200,000	642,368	257,895	384,472	581,991	50,989	124,892	8.21
ESM	15,000	91,366	32,567	58,798	211,651	54,704	40,628	27.09
ALPHA	333,500	582,374	215,427	366,948	444,792	77,875	73,294	2.20

Note: Please refer to the 2021 Annual Reports of the Company's Subsidiaries BenQ Materials Corporation, BenQ Medical Technology Corporation, Partner Tech Corp., DFI Inc., DATA IMAGE CORPORATION, SYSAGE TECHNOLOGY CO., LTD., TOPVIEW OPTRONICS CORP, SIMULA TECHNOLOGY INC. and Alpha Networks Inc. to respectively see its Overview of affiliates' operations.

- II. Privately placed securities handling status in the most recent year up to the publication date of this Annual Report: None
- III. Holding or disposition of the Company shares by subsidiaries in the most recent year up to the publication date of this Annual Report: None.
- IV. Other items that must be included: None.
- V. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report: None.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Consolidated Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2021 and 2020**

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

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

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Qisda Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Qisda Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Qisda Corporation  
Chi-Hong (Peter) Chen  
Chairman  
Date: March 7, 2022



## Independent Auditors' Report

To the Board of Directors  
Qisda Corporation:

### Opinion

We have audited the consolidated financial statements of Qisda Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Qisda Corporation and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, as well as related guidance endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

Key audit matters for Qisda Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2021 are stated as follows:

#### 1. Revenue recognition

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

Description of key audit matter:

Qisda Corporation and its subsidiaries have several operating segments which engage in different business activities through their worldwide operational locations. Qisda Corporation and its subsidiaries recognize revenue depending on the various trade terms in each individual sale transaction, which are considered to be complex in determining the timing of revenue recognition. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, our principal audit procedures included performing a sample test on the design and operating effectiveness of Qisda Corporation and its subsidiaries' internal controls over financial reporting in the sales and collection cycle; assessing whether revenue is recognized based on the trade terms with customers through reviewing the related sales contracts or other trade documents; performing a sample test on sales transactions that took place before and after the balance sheet date to determine when the performance obligation has been satisfied by transferring control over the goods to a customer to assess the accuracy of the timing of revenue recognition; reviewing and analyzing the reason for significant sales returns and allowances that took place after the balance sheet date to assess the reasonableness of the related accrued sales returns and allowances.

2. Valuation of inventories

Please refer to note 4(h) for the inventory accounting policy, note 5 for estimation uncertainty of inventory valuation, and note 6(f) for the related inventory write-down disclosures, respectively, of the notes to the consolidated financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of goodwill

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

#### Description of key audit matter:

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

#### How the matter was addressed in our audit:

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

#### **Other Matter**

We did not audit the financial statements of certain subsidiaries of Qisda Corporation and its subsidiaries. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those subsidiaries, is based solely on the report of other auditors. The financial statements of those subsidiaries reflect the total assets amounting to NT\$9,990,395 thousand and NT\$11,354,280 thousand, respectively, constituting 5.34% and 6.65%, respectively, of the consolidated total assets as of December 31, 2021 and 2020, and the total operating revenue amounting to NT\$9,383,428 thousand and NT\$10,841,023 thousand, respectively, constituting 4.15% and 5.66%, respectively, of the consolidated total operating revenue for the years ended December 31, 2021 and 2020.

Qisda Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have audited and expressed an unqualified opinion with other matter section.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing Qisda Corporation and its subsidiaries' financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Qisda Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Qisda Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Qisda Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qisda Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remained solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' audit report are Huei-Chen Chang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2022

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 17,781,480	10	22,540,418	13
1110 Financial assets at fair value through profit or loss – current (notes 6(b) and (p))	133,212	-	389,043	-
1120 Financial assets at fair value through other comprehensive income – current (note 6(c))	102,037	-	96,281	-
1170 Notes and accounts receivable, net (notes 6(d) and (y) and 8)	29,999,477	16	33,221,557	19
1181 Notes and accounts receivable from related parties (notes 6(d) and (y) and 7)	3,007,620	2	3,280,369	2
1200 Other receivables (notes 6(d) and (e) and 7)	852,087	-	675,888	-
1210 Other receivables from related parties (notes 6(d) and (e) and 7)	304,166	-	302,399	-
130X Inventories (notes 6(f) and 8)	50,147,906	27	35,139,333	21
1470 Other current assets	3,069,555	2	3,076,818	2
1476 Other financial assets – current (notes 6(a) and 8)	4,046,389	2	2,709,546	2
1461 Non-current assets held for sale (note 6(g))	476,511	-	892,117	1
<b>Total current assets</b>	<u>109,920,440</u>	<u>59</u>	<u>102,323,769</u>	<u>60</u>
<b>Non-current assets:</b>				
1510 Financial assets at fair value through profit or loss – non-current (note 6(b))	354,333	-	173,731	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(c))	18,047,059	10	1,381,399	1
1550 Investments accounted for using the equity method (notes 6(b) and 8)	4,067,106	2	16,308,434	10
1600 Property, plant and equipment (notes 6(j) and 7 and 8)	33,037,041	18	30,188,228	18
1755 Right-of-use assets (notes 6(k) and 7 and 8)	4,613,883	2	4,706,556	3
1760 Investment property (notes 6(l) and 8)	3,408,285	2	3,561,030	2
1780 Intangible assets (notes 6(i) and (m))	10,538,787	6	9,118,895	5
1840 Deferred income tax assets (note 6(u))	1,733,297	1	1,727,832	1
1900 Other non-current assets (note 6(t))	386,454	-	358,923	-
1980 Other financial assets – non-current (note 8)	1,103,910	-	963,152	-
<b>Total non-current assets</b>	<u>77,290,155</u>	<u>41</u>	<u>68,488,180</u>	<u>40</u>
<b>Total assets</b>	<u>\$ 187,210,595</u>	<u>100</u>	<u>170,811,949</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
2100 Short-term borrowings (notes 6(n) and 8)	\$ 24,295,022	13	21,131,930	12
2120 Financial liabilities at fair value through profit or loss – current (note 6(b))	78,178	-	139,661	-
2130 Contract liabilities – current (note 6(y))	2,431,400	1	1,862,107	1
2170 Notes and accounts payable	39,319,708	21	38,398,784	23
2180 Accounts payable to related parties (note 7)	1,465,399	1	2,127,536	1
2200 Other payables (note 6(z))	12,863,465	7	12,015,217	7
2220 Other payables to related parties (note 7)	27,307	-	16,151	-
2230 Current tax liabilities	1,540,749	1	1,316,090	1
2260 Liabilities related to non-current assets held for sale (note 6(g))	-	-	358,207	-
2300 Other current liabilities (note 6(o))	878,646	-	796,592	1
2365 Refund liabilities – current	2,884,556	2	2,340,052	1
2321 Current portion of bonds payable (note 6(p))	461,471	-	526,507	-
2322 Current portion of long-term debt (notes 6(o) and 8)	714,857	-	536,537	-
2280 Lease liabilities – current (notes 6(q) and 7)	466,245	-	455,040	-
2250 Provisions – current (note 6(r))	906,468	1	808,823	1
<b>Total current liabilities</b>	<u>88,333,471</u>	<u>47</u>	<u>82,829,234</u>	<u>48</u>
<b>Non-current liabilities:</b>				
2503 Financial liabilities at fair value through profit or loss – non-current (note 6(b))	97,986	-	78,123	-
2540 Long-term debt (notes 6(o) and 8)	26,702,553	14	22,366,798	13
2580 Lease liabilities – non-current (notes 6(q) and 7)	1,524,736	1	1,565,596	1
2550 Provisions – non-current (note 6(t))	743,366	1	687,601	-
2570 Deferred income tax liabilities (note 6(u))	2,355,169	1	1,674,510	1
2670 Other non-current liabilities (note 6(t))	1,290,751	1	2,646,867	2
<b>Total non-current liabilities</b>	<u>32,714,561</u>	<u>18</u>	<u>29,019,495</u>	<u>17</u>
<b>Total liabilities</b>	<u>121,047,832</u>	<u>65</u>	<u>111,848,729</u>	<u>65</u>
<b>Equity attributable to shareholders of the Company (notes 6(c) and (i) and (v)):</b>				
3110 Common stock	19,667,820	11	19,667,820	12
3260 Capital surplus	1,844,310	1	1,879,501	1
3300 Retained earnings	20,777,515	11	15,742,825	9
3400 Other equity	(833,222)	(1)	(1,264,645)	(1)
<b>Total equity attributable to shareholders of the Company</b>	<u>41,456,423</u>	<u>22</u>	<u>36,025,501</u>	<u>21</u>
36XX Non-controlling interests (note 6(i) and (v))	24,706,340	13	22,937,719	14
<b>Total liabilities and equity</b>	<u>\$ 187,210,595</u>	<u>100</u>	<u>170,811,949</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (notes 6(s), (y), 7 and 14)</b>	\$ 225,961,031	100	191,701,702	100
5000	<b>Operating costs (notes 6(f), (j), (k), (l), (m), (q), (r), (s), (t) and (z), 7 and 12)</b>	<u>(193,404,414)</u>	<u>(86)</u>	<u>(164,874,913)</u>	<u>(86)</u>
	<b>Gross profit</b>	<u>32,556,617</u>	<u>14</u>	<u>26,826,789</u>	<u>14</u>
	<b>Operating expenses (notes 6(d), (j), (k), (l), (m), (q), (t), (w) and (z), 7 and 12):</b>				
6100	Selling expenses	(12,974,544)	(6)	(10,666,420)	(6)
6200	Administrative expenses	(5,964,924)	(2)	(4,682,842)	(2)
6300	Research and development expenses	(6,260,312)	(3)	(4,920,678)	(3)
6450	Gain on reversal of expected credit loss	4,129	-	56,005	-
	<b>Total operating expenses</b>	<u>(25,195,651)</u>	<u>(11)</u>	<u>(20,213,935)</u>	<u>(11)</u>
	<b>Operating income</b>	<u>7,360,966</u>	<u>3</u>	<u>6,612,854</u>	<u>3</u>
	<b>Non-operating income and loss:</b>				
7100	Interest income (note 6(aa))	269,105	-	292,609	-
7010	Other income (notes 6(o) and (aa))	451,927	-	183,320	-
7020	Other gains and losses, net (notes 6(g), (h), (i), (m), (q), (s), (aa), (ab) and (ac) and 7)	3,991,284	2	1,382,283	1
7050	Finance costs (notes 6(q) and (aa) and 7)	(688,562)	-	(757,999)	-
7060	Share of profits (losses) of associates and joint ventures (note 6(h))	<u>1,607,626</u>	<u>1</u>	<u>499,569</u>	<u>-</u>
	<b>Total non-operating income and loss</b>	<u>5,631,380</u>	<u>3</u>	<u>1,599,782</u>	<u>1</u>
	<b>Income before income tax</b>	12,992,346	6	8,212,636	4
7950	<b>Less: Income tax expense (note 6(u))</b>	<u>(2,509,489)</u>	<u>(1)</u>	<u>(1,846,075)</u>	<u>(1)</u>
	<b>Net income</b>	<u>10,482,857</u>	<u>5</u>	<u>6,366,561</u>	<u>3</u>
	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans (notes 6(t) and (v))	(77,520)	-	(51,838)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(v) and (ab))	1,254,833	-	176,109	-
8320	Share of other comprehensive income (loss) of associates (notes 6(h) and (v))	22,669	-	287,056	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss (note 6(u))	<u>(158,363)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,041,619</u>	<u>-</u>	<u>411,327</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations (note 6(v))	(265,093)	-	(652,622)	-
8370	Share of other comprehensive loss of associates and joint ventures (notes 6(h) and (v))	(103,275)	-	(86,899)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(368,368)</u>	<u>-</u>	<u>(739,521)</u>	<u>-</u>
	<b>Other comprehensive income (loss) for the year, net of income tax</b>	<u>673,251</u>	<u>-</u>	<u>(328,194)</u>	<u>-</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 11,156,108</u>	<u>5</u>	<u>6,038,367</u>	<u>3</u>
	<b>Net income attributable to:</b>				
8610	Shareholders of the Company	\$ 8,307,546	4	4,988,479	2
8620	Non-controlling interests	<u>2,175,311</u>	<u>1</u>	<u>1,378,082</u>	<u>1</u>
		<u>\$ 10,482,857</u>	<u>5</u>	<u>6,366,561</u>	<u>3</u>
	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of the Company	\$ 9,051,873	4	4,630,462	2
8720	Non-controlling interests	<u>2,104,235</u>	<u>1</u>	<u>1,407,905</u>	<u>1</u>
		<u>\$ 11,156,108</u>	<u>5</u>	<u>6,038,367</u>	<u>3</u>
	<b>Earnings per share (in New Taiwan Dollars) (note 6(x)):</b>				
9750	Basic earnings per share	\$	<u>4.22</u>	\$	<u>2.54</u>
9850	Diluted earnings per share	\$	<u>4.17</u>	\$	<u>2.51</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company												
	Retained earnings					Other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other equity interest	Total equity of the Company	Non-controlling interests	Total equity
<b>Balance at January 1, 2020</b>	\$ 19,667,820	2,220,635	1,826,479	168,422	10,669,093	12,463,994	(637,512)	-	(361,048)	(608,508)	3,394,959	14,091,635	48,035,594
Net income in 2020	-	-	-	-	4,988,479	4,988,479	-	-	-	-	4,988,479	1,378,082	6,366,561
Other comprehensive income (loss) in 2020	-	-	-	-	-	-	(756,335)	(61,059)	(61,059)	(358,017)	(358,017)	29,823	(328,194)
Total comprehensive income in 2020	-	-	-	-	4,988,479	4,988,479	(756,335)	(61,059)	(61,059)	(358,017)	(358,017)	1,407,905	6,038,367
Appropriation of earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	357,505	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	440,086	-	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(357,505)	-	-	-	-	-	-	-	-
Share of changes in equity of associates and joint ventures	-	(124,813)	-	-	(440,086)	(1,475,086)	-	-	-	(1,475,086)	-	3,279	(1,475,086)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	(1,475,086)	(1,475,086)	-	-	-	(1,475,086)	-	(953,794)	(953,794)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	163,598	163,598
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	(168,911)	-	-	(732,682)	(732,682)	-	-	-	(732,682)	(901,593)	(2,331,395)	(3,232,988)
Changes in ownership interests in subsidiary	-	(47,428)	-	-	-	-	-	-	-	-	(47,428)	47,428	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	9,381	9,381
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	10,499,682	10,499,682
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	298,120	298,120	-	(298,120)	-	(298,120)	-	-	-
<b>Balance at December 31, 2020</b>	19,667,820	1,879,501	2,183,984	608,508	12,950,333	15,742,825	(1,413,867)	571,329	(422,107)	(1,264,645)	36,025,501	22,937,719	58,963,220
Net income in 2021	-	-	-	-	8,307,546	8,307,546	-	-	-	-	8,307,546	2,175,311	10,482,857
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	-	1,120,142	(66,445)	744,327	744,327	(71,076)	673,251
Total comprehensive income in 2021	-	-	-	-	8,307,546	8,307,546	(309,370)	1,120,142	(66,445)	744,327	9,051,873	2,104,235	11,156,108
Appropriation of earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	455,392	-	(455,392)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	656,137	(656,137)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(656,137)	-	-	-	-	-	-	-	-
Share of changes in equity of associates and joint ventures	-	(43,560)	-	-	(2,950,173)	(2,950,173)	-	-	-	(2,950,173)	-	(2,038)	(45,598)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,255,076)	(1,255,076)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	77,547	77,547
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(635,587)	(635,587)	-	-	-	(635,587)	(635,587)	(1,328,653)	(1,964,240)
Changes in ownership interests in subsidiaries	-	8,369	-	-	-	-	-	-	-	-	8,369	(8,369)	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	7,754	7,754
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,173,221	2,173,221
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	312,904	312,904	-	(312,904)	-	(312,904)	-	-	-
<b>Balance at December 31, 2021</b>	19,667,820	1,844,310	2,659,376	1,264,645	16,873,494	20,777,515	(1,723,237)	1,378,567	(488,552)	(83,222)	41,456,423	24,706,340	66,162,763

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	2021	2020
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 12,992,346	8,212,636
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation	3,803,113	3,231,959
Amortization	993,130	643,665
Gain on reversal of expected credit loss	(4,129)	(56,005)
Interest expense	688,562	757,999
Interest income	(269,105)	(292,609)
Dividend income	(284,449)	(71,863)
Share-based compensation cost	7,754	9,381
Share of losses (profits) of associates and joint ventures	(1,607,626)	(499,569)
Loss on disposal of property, plant and equipment	41,746	138
Gain on disposal of non-current assets and the related liabilities held for sale	(545,594)	-
Gain on disposal of investments	(3,050,616)	(690,884)
Gain on bargain purchase	(99)	-
Impairment loss on intangible assets	-	6,585
Impairment loss on investments accounted for using the equity method	6,632	-
Total adjustments for profit or loss	(220,681)	3,038,797
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(40,017)	(74,056)
Decrease in notes and accounts receivable	3,998,156	1,516,316
Decrease (increase) in notes and accounts receivable from related parties	272,749	(884,563)
Increase in other receivables	(51,154)	(68,086)
Increase in other receivables from related parties	(1,767)	(17,949)
Decrease (increase) in inventories	(13,426,265)	329,998
Decrease (increase) in other current assets	88,483	(353,054)
Decrease (increase) in other non-current assets	2,840	(113,240)
Net changes in operating assets	(9,156,975)	335,366
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(64,918)	62,902
Increase (decrease) in notes and accounts payable	(330,743)	2,820,049
Increase (decrease) in accounts payable to related parties	(662,137)	283,246
Increase (decrease) in other payables to related parties	11,156	(1,237)
Increase in provisions	146,905	241,706
Increase (decrease) in contract liabilities	523,207	(167,797)
Increase in other payables and other current liabilities	722,183	856,091
Decrease in other non-current liabilities	(79,023)	(62,441)
Net changes in operating liabilities	266,630	4,032,519
Total changes in operating assets and liabilities	(8,890,345)	4,367,885
Total adjustments	(9,111,026)	7,406,682
Cash provided by operations	3,881,320	15,619,318
Interest received	212,973	277,138
Dividends received	475,319	367,769
Interest paid	(700,190)	(833,269)
Income taxes paid	(1,754,567)	(862,207)
<b>Net cash provided by operating activities</b>	<b>2,114,855</b>	<b>14,568,749</b>

See accompanying notes to consolidated financial statements.

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

**QISDA CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (Continued)**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (69,187)	(61,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	388,905	259,792
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	49,878
Purchase of financial assets at fair value through profit or loss	(100,000)	(579,752)
Proceeds from disposal of financial assets at fair value through profit or loss	192,935	953,451
Purchase of investments accounted for using the equity method	(226,672)	(635,525)
Proceeds from disposal of investments accounted for using the equity method	1,231,460	20,000
Proceeds from disposal of subsidiaries	46,246	-
Proceeds from capital reduction of investments accounted for using the equity method	2,372	-
Proceeds from disposal of non-current assets and related liabilities held for sale	1,353,374	-
Cash decrease in disposal groups classified as held for sale	-	(107,704)
Additions to property, plant and equipment	(6,099,493)	(4,722,802)
Proceeds from disposal of property, plant and equipment	384,198	137,680
Additions to intangible assets	(614,706)	(232,477)
Additions to investment property	-	(6,148)
Decrease (increase) in other financial assets	(1,253,318)	1,695,224
Net cash received from (paid for) acquisition of subsidiaries	(975,093)	1,952,767
<b>Net cash used in investing activities</b>	<b>(5,738,979)</b>	<b>(1,277,116)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	15,186,600	5,549,460
Repayments of short-term borrowings	(12,281,227)	(7,384,732)
Increase in long-term debt	15,306,462	16,566,501
Repayments of long-term debt	(10,897,134)	(10,878,626)
Increase (decrease) in guarantee deposits received	(1,342,457)	15,579
Payment of lease liabilities	(541,109)	(505,312)
Cash dividends distributed to shareholders	(2,950,173)	(1,475,086)
Cash dividends paid to non-controlling interests	(1,255,076)	(953,794)
Acquisition of subsidiary's interests from non-controlling interests	(1,969,456)	(3,232,988)
Proceeds from disposal of subsidiary's interests (without losing control)	5,216	-
Capital injection from non-controlling interests	77,547	163,598
<b>Net cash used in financing activities</b>	<b>(660,807)</b>	<b>(2,135,400)</b>
<b>Effects of foreign exchange rate changes</b>	<b>(474,007)</b>	<b>603,678</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,758,938)</b>	<b>11,759,911</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>22,540,418</b>	<b>10,780,507</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 17,781,480</b>	<b>22,540,418</b>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**1. Organization and business**

Qisda Corporation (the “Company”) was incorporated on April 21, 1984, as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 157, Shan-Ying Road, Gueishan, Taoyuan, Taiwan. The Company and subsidiaries (collectively the “Group”) are engaged in the manufacturing, sales and services of high-end monitors, opto-mechatronics products and optoelectronics film; the manufacturing, sales and services of smart business solution; the manufacturing, sales and services of medical equipment; providing medical services; as well as the research, development, design, manufacturing and sale of broadband products, wireless network products and computer network system equipment.

**2. Authorization of the consolidated financial statements**

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2022.

**3. Application of New and Revised Accounting Standards and Interpretations**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**4. Summary of significant accounting policies**

The significant accounting policies presented in the consolidated financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments and contingent consideration measured at fair value);
- 2) Financial assets measured at fair value through other comprehensive income; and
- 3) Net defined benefit liabilities (assets) measured at the present value of the defined benefit obligation less the fair value of the plan assets.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(ii) List of subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
The Company	Qisda Sdn. Bhd. ("QLPG")	Leasing and management services	100.00 %	100.00 %	-
The Company	Qisda America Corp. ("QALA")	Sales of electronic products	100.00 %	100.00 %	-
The Company	Qisda Japan Co., Ltd. ("QJTO")	Sales and maintenance of electronic products in Japanese market	100.00 %	100.00 %	-
The Company	BenQ Dialysis Technology Corp. ("BDT")	Manufacture and sales of medical consumables and equipment	100.00 %	100.00 %	-
The Company	Qisda Optronics Corp. ("QTOS")	Manufacture of computer peripheral products	100.00 %	100.00 %	-
The Company	Darly Venture (L) Ltd. ("Darly")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Darly Venture Inc. ("APV")	Investment and holding activity	100.00 %	100.00 %	-
The Company	Qisda Vietnam Co., Ltd ("QVH")	Manufacture of monitors	100.00 %	100.00 %	-
The Company	Qisda (L) Corp. ("QLLB")	Investment and holding activity	100.00 %	100.00 %	-
QLLB	Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and communication devices	100.00 %	100.00 %	-
QLLB	Qisda (Hong Kong) Limited ("QCHK")	Investment and holding activity	100.00 %	100.00 %	-
QLLB	BenQ Medical (Shanghai) Co., LTD ("BMSH")	Sales of medical consumables and equipment	100.00 %	100.00 %	-
QCHK/ QCES	Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	100.00 %	100.00 %	-
QCHK	Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	100.00 %	100.00 %	-
QCHK	Qisda Optronics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	100.00 %	100.00 %	-
QCHK	Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPS")	Manufacture of plastic parts	100.00 %	100.00 %	-
APV/Darly 2/ Darly C	BenQ ESCO Corp. ("BES")	Energy service	83.00 %	83.00 %	-

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
The Company	BenQ Corp. (“BenQ”)	Manufacture and sales of brand name electronic products	100.00 %	100.00 %	-
BenQ	BenQ (Hong Kong) Limited (“BQHK”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ	BenQ Europe B.V. (“BQE”)	Sales of brand-name electronic products in European markets	100.00 %	100.00 %	-
BenQ	BenQ Asia Pacific Corp. (“BQP”)	Sales of brand-name electronic products in Asia markets	100.00 %	100.00 %	-
BenQ	BenQ America Corporation (“BQA”)	Sales of brand-name electronic products in North America markets	100.00 %	100.00 %	-
BenQ	BenQ Latin America Corp. (“BQL”)	Sales of brand-name electronic products in Latin America markets	100.00 %	100.00 %	-
BenQ	Mainteq Europe B.V. (“MQE”)	Maintenance of brand-name monitors and projectors in European markets	100.00 %	100.00 %	-
BenQ	Darly2 Venture Co., Ltd. (“Darly 2”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ	BenQ Intelligent Technology (Hong Kong) Co., Ltd. (“BQHK_HLD”)	Sales of brand-name electronic products in HK markets	100.00 %	100.00 %	-
BenQ	BenQ INFITY Lab Ltd. (“INF”)	Assembly and sales of gaming electronic products	100.00 %	100.00 %	-
BenQ/Darly/Darly 2	BenQ Guru Holding Limited (“GSH”)	Investment and holding activity	100.00 %	100.00 %	-
BenQ/BQP	PT BenQ Teknologi Indonesia (“BQid”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Korea Co., Ltd. (“BQkr”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
BQP	BenQ Japan Co., Ltd. (“BQjp”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Australia Pty Ltd. (“BQau”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ (M.E.) FZE (“BQme”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ India Private Ltd. (“BQin”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Singapore Pte Ltd. (“BQsg”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Service & Marketing (M) Sdn. Bhd (“BQmy”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ (Thailand) Co., Ltd. (“BQth”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQP	BenQ Vietnam Co., Ltd. (“BQvn”)	Sales of brand-name electronic products	100.00 %	-	Note 4
BQHK	BenQ Co., Ltd. (“BQC”)	Lease of real estate	100.00 %	100.00 %	-
BQHK_HLD	BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Sales of brand-name electronic products	100.00 %	100.00 %	-

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
BQHK_HLD	ShengCheng Trading (Shanghai) Co., Ltd (“BQsha_EC2”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQHK_HLD	BenQ Intelligent Technology (Shanghai) Co., Ltd (“BQC_RO”)	Sales of brand name electronic products in China markets	100.00 %	100.00 %	-
GSH	Guru Systems (Suzhou) Co., Ltd. (“GSS”)	R&D and sales of computer information systems	100.00 %	100.00 %	-
GSH/APV	BenQ GURU Corp. (“GST”)	R&D and sales of computer information systems	99.96 %	99.96 %	-
BQA	BenQ Canada Corp. (“BQca”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BenQ/BQL	BenQ Mexico S. de R.L. de C.V. (“BQmx”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQL	Joytech LLC. (“Joytech”)	Investment and holding activity	100.00 %	100.00 %	-
BQL	Vividtech LLC. (“Vividtech”)	Investment and holding activity	100.00 %	100.00 %	-
Joytech/ Vividtech	MaxGen Comercio Industrial Imp E Exp Ltda. (“MaxGen”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQmx/BQL	BenQ Service de Mexico S. de R.L. de C.V. (“BQsm”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
BQE	BenQ UK Limited (“BQuk”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Deutschland GmbH (“BQde”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Iberica S.L. Unipersonal (“BQib”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Austria GmbH (“BQat”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Benelux B.V. (“BQnl”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Italy S.R.L. (“BQit”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ France SAS (“BQfr”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ Nordic A.B. (“BQse”)	Sales of brand-name electronic products	100.00 %	100.00 %	-
BQE	BenQ LLC. (“BQru”)	Providing administration and management service to affiliates	100.00 %	100.00 %	-
APV/Darly 2	Darly Consulting Corporation (“Darly C”)	Investment management consulting	100.00 %	100.00 %	-
The Company/ BenQ/Darly/ APV/ Darly2	BenQ BM Holding Cayman Corp. (“BBHC”)	Investment and holding activity	70.05 %	70.05 %	-
BBHC	BenQ BM Holding Corp. (“BBM”)	Investment and holding activity	70.05 %	70.05 %	-
BBM	Nanjing BenQ Hospital Co., Ltd. (“NMH”)	Medical services	70.05 %	70.05 %	-
BBM/BIC	Suzhou BenQ Hospital Co., Ltd. (“SMH”)	Medical services	70.05 %	70.05 %	-



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
BBM	BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	Medical management consulting	70.05 %	70.05 %	-
BBM	BenQ Healthcare Consulting Corporation (“BHCC”)	Medical management consulting	70.05 %	70.05 %	-
BBM	Suzhou BenQ Investment Co., Ltd. (“BIC”)	Investment and holding activity	70.05 %	70.05 %	-
The Company	BenQ Biotech (Shanghai) Co., Ltd (“BBC”)	Manufacture and sales of medical consumables and equipment	70.00 %	70.00 %	-
BBC	Guangxi Youshan Medical Technology Co., Ltd. (“Youshan”)	Medical services	38.50 %	38.50 %	Notes 2 and 5
BBC	Wangcheng Medical Technology ( Chengdu) Co., Ltd. (“Wangcheng”)	Medical services	49.00 %	49.00 %	Notes 2 and 5
BBC	Shanghai Filter Technology Co., Ltd. (“Filter”)	Medical services	70.00 %	70.00 %	Note 5
BBC	Shanghai Zhenglang Medical Equipment Co., Ltd. (“Zhenglang”)	Sales of medical consumables and equipment	35.70 %	-	Notes 2 and 4
BenQ/APV/ Darly 2	BenQ Medical Technology Corp. (“BMTC”)	Manufacture and sales of medical consumables and equipment	54.96 %	54.96 %	-
BMTC	Highview Investments Limited (“Highview”)	Investment and holding activity	54.96 %	54.96 %	-
BMTC	Asiacconnect International Company (“Asiacconnect”)	Sales of medical consumables and equipment	54.82 %	54.82 %	-
BMTC	LILY Medical Corporation (“LILY”)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
BMTC	BenQ AB DentCare Corporation (“BABD”)	Sales of medical consumables and equipment	48.36 %	48.36 %	Note 2
BMTC	BenQ Healthcare Corporation (“BHS”) (Formerly BenQ Hearing Solution Corporation)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
BMTC	EASTECH CO., LTD. (“EASTECH”)	Sales of medical consumables and equipment	38.47 %	38.47 %	Notes 2 and 6
Highview	BenQ Medical Technology (Shanghai) Ltd. (“BMTS”)	Agency of international and entrepot trade business	54.96 %	54.96 %	-
LILY	LILY Medical (Suzhou) Co., Ltd. (“ALS”)	Sales of medical consumables and equipment	54.96 %	54.96 %	-
BHS	New Best Hearing International Trade Co. Ltd. (“NBHIT”)	Sales of medical consumables and equipment	28.58 %	28.58 %	Note 2
The Company/ BenQ/APV/ Darly C	BenQ Material Corp. (“BMC”)	R&D, manufacture and sales of optoelectronics film	43.56 %	43.56 %	Note 3
BMC	BenQ Materials (L) Co. (“BMLB”)	Investment and holding activity	43.56 %	43.56 %	Note 3

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
BMC	Sigma Medical Supplies Corp. ("SGM")	Manufacture and sales of medical consumables and equipment	43.56 %	43.56 %	Note 3
BMC	Genejet Biotech Co., Ltd. ("GJB")	R&D, manufacture and sales of medical consumables and equipment	30.49 %	-	Notes 2, 3 and 7
BMC	Cenfom Corp.	R&D, manufacture and sales of medical consumables and equipment	15.17 %	-	Notes 1, 3 and 7
BMLB	BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics film	43.56 %	43.56 %	Note 3
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Service and sales of medical consumables	43.56 %	43.56 %	Note 3
BMLB	BenQ Materials (Wuhu) Co., Ltd. ("BMW")	Manufacture and sales of optoelectronics film	43.56 %	43.56 %	Note 3
BMLB	BenQ Materials Medical Supplies (Suzhou) Co., Ltd ("BMM")	Manufacture and sales of medical consumables	43.56 %	43.56 %	Notes 3 and 5
SGM	Suzhou Sigma Medical Supplies Co., Ltd. ("SGS")	Manufacture and sales of medical consumables and equipment	43.56 %	43.56 %	Note 3
The Company/APV/ Darly2	Partner Tech Corp. ("PTT")	Manufacture, sales and import and export of POS terminals and peripherals	68.23 %	68.23 %	-
PTT	P&J Investment Holding Co., Ltd. (B.V.I) ("P&J")	Investment and holding activity	68.23 %	68.23 %	-
PTT/PTE	Partner Tech UK Corp., Ltd. ("PTUK")	Sales, import and export of electronic products	64.34 %	64.34 %	-
PTT	Webest Solution Corporation ("WEBEST")	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT	Mace Digital Corporation("PTMG")	Software development and Sales of product	35.74 %	35.74 %	Notes 2 and 5
PTT/WEBEST	Partner Tech Middle East FZCO ("PTME")	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT	Partner-Tech Europe GmbH ("PTE")	Sales, import and export of electronic products	34.13 %	34.13 %	Note 2
PTT/WEBEST	Partner Tech North Africa ("PTNA")	Sales, import and export of electronic products	39.70 %	39.70 %	Note 2
PTT	Epoin Systems Pte. Ltd. ("PTSE")	Software development and Sales of product	47.68 %	34.18 %	Note 2
PTE	Sloga Team D.o.o ("Sloga")	Sales, import and export of electronic products	30.72 %	30.72 %	Note 2
PTE	Retail Solution & System S.L. ("RSS")	Sales, import and export of electronic products	23.21 %	23.21 %	Note 2

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
PTME	E-POS International LLC (“E-POS”)	Sales, import and export of electronic products	68.23 %	68.23 %	Note 9
P&J	P&S Investment Holding Co., Ltd. (B.V.I.) (“P&S”)	Investment and holding activity	68.23 %	68.23 %	-
P&S	Partner Tech USA Inc. (“PTU”)	Sales, import and export of electronic products	68.23 %	68.23 %	-
P&S	Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	Sales, import and export of electronic products	68.23 %	68.23 %	-
PTT/WEBEST	La Fresh information Co., Ltd. (“PTTN”)	Software development and Sales of product	34.55 %	34.55 %	Note 2
PTT	Corex (Pty) Ltd. (“PCX”)	Sales, import and export of electronic products	-	68.23 %	Note 8
The Company/ APV/ Darly2	DFI Inc. (“DFI”)	Manufacture and sales of industrial motherboards and component	55.09 %	55.09 %	-
DFI	DFI AMERICA, LLC	Sales, import and export of electronic products	55.09 %	55.09 %	-
DFI	DFI Co., Ltd.	Sales, import and export of electronic products	55.09 %	55.09 %	-
DFI	Yan Tong Technology (“Yan Tong”)	Investment and holding activity	55.09 %	55.09 %	-
DFI	Diamond Flower Information (NL) B.V.	Sales of industrial motherboards	55.09 %	55.09 %	-
DFI	Brainstorm Corporation	Wholesale and retail of computers and peripherals products	19.33 %	-	Notes 7 and 12
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacture and sale of industrial motherboards and component	55.09 %	55.09 %	-
Yan Tong	Yan Ying Hao Trading (ShenZhen) Co., Ltd	Wholesale, import and export of industrial motherboards and component	55.09 %	55.09 %	-
DFI	Aewin Technologies Co., Ltd. (“AEWIN”)	Manufacture and sale of industrial motherboards and component	28.31 %	28.01 %	Note 2
AEWIN	WISE WAY	Investment and holding activity	28.31 %	28.01 %	Note 2
AEWIN	AEWIN TECH INC.	Wholesale of computer peripheral products and software	28.31 %	28.01 %	Note 2
WISE WAY	BRIGHT PROFIT	Investment and holding activity	28.31 %	28.01 %	Note 2
BRIGHT PROFIT	Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	28.31 %	28.01 %	Note 2
Aewin Beijing Technologies Co., Ltd.	Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	28.31 %	28.01 %	Note 2

**QISDA CORPORATION AND SUBSIDIARIES**  
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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
DFI	Ace Pillar Co., Ltd. (“ACE”)	Sales of automation mechanical transmission system and component	26.48 %	18.49 %	Note 1
ACE	Cyber South Management Ltd. (“Cyber South”)	Investment and holding activity	26.48 %	18.49 %	Note 1
ACE/Proton	Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	26.48 %	18.49 %	Note 1
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Sales of automation mechanical transmission system and component	26.48 %	18.49 %	Note 1
Cyber South	Proton Inc. (“Proton”)	Investment and holding activity	26.48 %	18.49 %	Note 1
Cyber South	Ace Tek (HK) Holding Co., Ltd. (“Ace Tek”)	Investment and holding activity	26.48 %	18.49 %	Note 1
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	26.48 %	18.49 %	Note 1
Cyber South	Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	26.48 %	18.49 %	Note 1
Cyber South	Xuchang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	26.48 %	18.49 %	Note 1
Ace Tek	Advancedtek ACE (TJ) Inc.	Electronic system integration	26.48 %	18.49 %	Note 1
The Company/ Darly2	K2 International Medical Inc. (“K2”)	Sales of medical consumables and equipment	40.00 %	40.00 %	Note 1
K2	K2 Medical (Thailand) Co., Ltd.	Sales of medical consumables	19.60 %	19.60 %	Note 1
K2	K2 (Shanghai) International Medical Inc. (“K2SH”)	Sales of medical consumables	40.00 %	24.04 %	Note 1
K2	PT. Frismed Hoslab Indonesia	Sales of medical consumables	26.80 %	26.80 %	Notes 1 and 6
The Company/ APV/Darly2	Data Image Corporation (“DIC”)	Manufacture and sales of marine display modules	38.35 %	38.35 %	Note 1
DIC	Data Image (Mauritius) Corporation (“DMC”)	Investment and holding activity	38.35 %	38.35 %	Note 1
DIC	DIVA Laboratories. Ltd. (“DIVA”)	R&D, manufacture and sales of medical consumables and computer peripheral products	13.63 %	-	Notes 1 and 7
DIVA	DIVA Laboratories GmbH	Sales of monitor	13.63 %	-	Notes 1 and 7
DIVA	DIVA Laboratories U.S., LLC	Sales of monitor	13.63 %	-	Notes 1 and 7
DIVA	Panoramic Imaging Solutions Inc.	Sales of monitor	13.63 %	-	Notes 1 and 7
DIVA	Diva Capital Inc.	Investment and holding activity	13.63 %	-	Notes 1 and 7

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
Diva Capital Inc.	Diva Holding Inc.	Investment and holding activity	13.63 %	-	Notes 1 and 7
Diva Holding Inc.	Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	13.63 %	-	Notes 1 and 7
Data Image (Mauritius) Corporation	Data Image (Suzhou) Corporation	Manufacture and sales of LCD	38.35 %	38.35 %	Note 1
The Company	Expert Alliance Systems & Consultancy (HK) Company Limited (“EASC”)	Sales of brand-name electronic products and smart services	54.00 %	54.00 %	-
EASC	Expert Alliance Smart Technology Co. Ltd.	Sales of brand-name electronic products and smart services	54.00 %	54.00 %	-
The Company/APV/ Darly2	Topview Optronics Corporation (“Topview”)	Manufacture, sales and import and export of video surveillance cameras	33.56 %	33.56 %	Note 1
Topview	Messoa Technologies Inc. (“Messoa”)	Sales, and import and export of video surveillance cameras	13.69 %	13.69 %	Note 1
Messoa	Messoa Technologies Inc. (USA)	Sales, and import and export of video surveillance cameras and maintenance services	13.69 %	13.69 %	Note 1
The Company	Sysage Technology Co., Ltd. (“Sysage”)	The agent sales and trading of network software and information and communication hardware and software.	51.41 %	35.04 %	-
Sysage/Epic Cloud	Global Intelligence Network Co., Ltd. (“Ginnet”)	Sales of network and information and communication hardware and software.	40.84 %	27.84 %	Note 1
Sysage	Epic Cloud Information Integration Corporation (“Epic Cloud”)	Software and data processing services	51.41 %	33.29 %	-
Sysage	Neo Trend Tech Corporation (“Neo Trend”)	Telecommunications engineering	-	35.04 %	Notes 5 and 10
Sysage	Corex (Pty) Ltd. (“Corex”)	Sales and import and export of electronic products	51.41 %	-	Note 8
Sysage	AdvancedTEK International Corp. (“AdvancedTEK”)	Implementation of application software services	17.53 %	-	Notes 1, 7 and 11
Sysage/Ginnet	Dawning Technology Inc. (“Dawningtech”)	Sales of network and information hardware and software.	-	14.55 %	Note 10
Sysage/Epic Cloud	Statinc Company (“Statinc”)	Market research, marketing consultant and big data cloud database services	18.00 %	-	Notes 1 and 7
Advanced TEK	APEO Human Capital Services Corp.	Implementation of application software services	17.53 %	-	Notes 1 and 7

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership		Note
			December 31, 2021	December 31, 2020	
Statinc	DKABio Co., Ltd. (“Dataa”)	Market research, marketing consultant and big data cloud database services	51.41 %	-	Note 4
The Company/ APV/ Darly2	Simula Technology Inc. (“Simula”)	Manufacture and sales of electronic material	51.13 %	51.27 %	Note 6
Simula	Aspire Asia Inc.	Investment and holding activity	51.13 %	51.27 %	Note 6
Simula	Simula Technology Corp.	Sales in North America	51.13 %	51.27 %	Note 6
Simula	Action Star Technology Co., Ltd. (“AST”)	R&D & development manufacture and sale of USB docking station product	30.34 %	-	Notes 2 and 7
Simula /Aspire Asia Inc.	Simula Company Limited	Investment and holding activity	51.13 %	51.27 %	Note 6
Aspire Asia Inc.	Aspire Electronics Corp.	Investment and holding activity	48.62 %	48.76 %	Notes 2 and 6
Aspire Electronics Corp.	Opti Cloud Technologies, Inc	R&D & development of High-speed optical transmission cable and module product technology	26.17 %	26.24 %	Notes 2 and 6
Simula Company Limited	Simula Technology (ShenZhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	51.13 %	51.27 %	Note 6
The Company/ APV	Golden Spirit Co., Ltd. (“GSC”)	Sale of alcohol and medical disinfectant	100.00 %	100.00 %	Note 6
GSC	Bigmin Bio-Tech Company Ltd.	Sale of alcohol and medical disinfectant	100.00 %	100.00 %	Note 6
GSC	E-Strong Medical Technology Co., Ltd. (“ESM”)	Manufacture of alcohol and dialysate	66.57 %	66.57 %	Note 6
The Company /APV/ Darly2/ Darly C	Alpha Networks Inc. (“Alpha”)	Manufacture and sales of broadband products, wireless network products and computer network system equipment	59.98 %	59.87 %	Note 6
Alpha	Alpha Holdings Inc. (“Alpha Holdings”)	Investment holding	59.98 %	59.87 %	Note 6
Alpha	Alpha Solutions Co., Ltd. (“Alpha Solutions”)	Sale of network equipment, components and technical services	59.98 %	59.87 %	Note 6
Alpha	Alpha Networks Inc. (“Alpha USA”)	Sale, marketing and procurement service in USA	59.98 %	59.87 %	Note 6
Alpha	Alpha Technical Services Inc. (“ATS”)	Post-sale service	59.98 %	59.87 %	Note 6
Alpha	Alpha Networks (Hong Kong) Limited (“Alpha HK”)	Investment holding	59.98 %	59.87 %	Note 6
Alpha	Enrich Investment Corporation (“Enrich Investment”)	Investment holding	59.98 %	59.87 %	Note 6
Alpha	D-Link Asia Investment Pte, Ltd. (“D-Link Asia”)	Investment in manufacturing business	59.98 %	59.87 %	Note 6

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<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Main Business and Products</u>	<u>Percentage of Ownership</u>		<u>Note</u>
			<u>December 31, 2021</u>	<u>December 31, 2020</u>	
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (“Alpha Dongguan”)	Production and sale of network products	59.98 %	59.87 %	Note 6
D-Link Asia	Alpha Networks (Chengdu) Co., Ltd. (“Alpha Chengdu”)	Research and development of network products	59.98 %	59.87 %	Note 6
Alpha Dongguan	Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	59.98 %	59.87 %	Note 6
Alpha HK	Alpha Networks (Changshu) Co., Ltd. (“Alpha Changshu”)	Production and sale of network products	59.98 %	59.87 %	Note 6
Enrich Investment	Transnet Corporation (“Transnet”)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	59.98 %	59.87 %	Note 6
Enrich Investment	Aespula Technologies Inc. (“Aespula”)	Sale of network equipment, components and technical services	59.34 %	-	Notes 4 and 7
Alpha	Hitron Technologies Inc. (“Hitron Technologies”)	Marketing on system integration and production and sales of telecommunication products	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies	Hitron Technologies (Samoa) Inc (“Hitron Samoa”)	International trade	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies	Hitron Technologies Europe Holding B.V. (“Hitron Europe”)	International trade	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies	Hitron Technologies (Americas) Inc. (“Hitron Americas”)	International trade	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies	Innoauto Technologies Inc. (“Innoauto Technologies”)	Investment and automotive electronics products	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (“Hitron Vietnam”)	Production and sale of broadband telecommunications products	37.33 %	37.26 %	Notes 2 and 6
Hitron Samoa	Hitron Technologies (SIP) Inc. (“Hitron Suzhou”)	Production and sale of broadband telecommunications products	37.33 %	37.26 %	Notes 2 and 6
Hitron Samoa	Jietech Trading (Suzhou) Inc. (“Jietech Suzhou”)	Sale of broadband network products and related services	37.33 %	37.26 %	Notes 2 and 6
Hitron Technologies/ Enrich Investment	Interactive Digital Technologies Inc. (“Interactive Digital”)	Telecommunication and broadband network system services	20.07 %	20.59 %	Notes 2 and 6
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (“Hwa Chi Technologies”)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	20.07 %	20.59 %	Notes 2 and 6

## QISDA CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- Note 1: Although the Group did not own more than half of the voting rights of the entities, the Group owns more than half of their total number of directors; therefore, it is determined that the Group has control over these entities. Hence, the entities have been included in the Group's consolidated entities.
- Note 2: The Group did not own more than half of the ownership of the entities. As the Group owns more than half of the voting rights, directly and indirectly, and has the power to control the management and operating policies of the entities, the entities have been included in the Group's consolidated entities.
- Note 3: The Group owned 43.56% of the voting rights and is the single largest shareholder of BMC. Since the remaining 56.44% ownership was not concentrated within specific shareholders and there was no indication that all other shareholders exercise their votes collectively, the Group can obtain more than half of the voting rights at BMC's shareholders' meeting and has control over BMC and its subsidiaries, who have been included in the Group's consolidated entities.
- Note 4: BQvn, Zhenglang, Dataa and Aespula were newly established in 2021.
- Note 5: Filter, Wangcheng, Youshan, BMM, PTMG and NEO TREND were newly established in 2020.
- Note 6: In 2020, the Group obtained control over the entities. Therefore, the entities have been included in the Group's consolidated entities.
- Note 7: In 2021, the Group obtained control over the entities. Therefore, the entities have been included in the Group's consolidated entities.
- Note 8: In 2021, PTT sold all of its investment in Corex to Sysage due to organizational restructuring.
- Note 9: PTME originally held 100% ownership of E-POS, however, because of certain legal restrictions, the 51% ownership of E-POS was registered under the name of other parties.
- Note 10: Prior to 2021, Dawningtech was one of subsidiaries of the Group. In 2021, the Group sold all of its investments in Dawningtech and therefore the Group lost control of Dawningtech. Dawningtech was excluded from the Group's consolidated entities since then.
- Note 11: In January 2021, Sysage obtained letters of support signed by shareholders, who represent 20.36% ownership of AdvancedTEK, authorizing Sysage to direct the significant operating relevant activities and assisted Sysage to obtain more than half of the total number of Directors of AdvancedTEK. It is determined that the Group has control over AdvancedTEK, AdvancedTEK has been included in the Group's consolidated entities since then.
- Note 12: Referring to note 6(i), on May 1, 2021 (the acquisition date), DFI acquired 35.09% equity ownership of Brainstorm. According to the stock purchase agreement and Articles of Incorporation of Brainstorm, DFI obtained 55.29% of voting rights of Brainstorm and owned more than half of Brainstorm's total number of directors, resulting in DFI to obtain control over Brainstorm. Thereafter, Brainstorm has been included in the Group's consolidated entities.

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

(d) Foreign currency

(i) Foreign currency transactions

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

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



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

**QISDA CORPORATION AND SUBSIDIARIES**  
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(f) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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2) Financial assets measured at fair value through other comprehensive income

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

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

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

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

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

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

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

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

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

## **QISDA CORPORATION AND SUBSIDIARIES**

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

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

#### 5) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

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

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

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

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

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

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights of the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

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

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

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3) Derecognition of financial liabilities

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

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group uses derivative financial instrument to hedge its foreign currency exposures. Derivatives are initially measured at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument is in a positive fair value, it is classified as a financial asset, otherwise, it is classified as a financial liability.

(h) Inventories

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

(i) Non-current assets held for sale

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

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

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

(j) Investment in associates

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

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

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

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

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

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

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

(k) Joint arrangements

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

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

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for it to be available for use, and any borrowing cost that is eligible for capitalization.

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

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

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



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(m) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: buildings: 10 to 40 years; machinery and equipment: 2 to 10 years; furniture and fixtures: 3 years; and other equipment: 3 to 10 years.

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

(iv) Reclassification to investment property

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

(n) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group's assessment on whether it will exercise an extension or a purchase option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

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

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

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

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

(ii) As a lessor

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

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

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

(o) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

Other separately acquired intangible assets including acquired software, trademarks, customer relationships and patents are carried at cost or fair value at the acquisition date, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives: acquired software: 1 to 5 years; trademarks: 7 to 10 years; customer relationship: 5 to 13 years; patents: 5 to 7 years.

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

(p) Impairment of non-financial assets

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

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

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

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

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

(q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

(r) Revenue recognition

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

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(i) Sale of goods

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

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

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

(ii) Rendering of services

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

(iii) Financing components

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

(s) Government grants and government assistance

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

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

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

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(t) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(u) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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

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

(v) Income taxes

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

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

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

- (i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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

(w) Business combinations

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

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

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

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

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



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

(x) Earnings per share (“EPS”)

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

(y) Operating segments

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

**5. Critical accounting judgments and key sources of estimation uncertainty**

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

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

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

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

The Group holds 6.99% voting rights and is the single largest shareholder of AU Optronics Corp ("AU"). Although the remaining 93.01% of AU's shares are not concentrated within specific shareholders, the Group is unable to obtain more than half of the total number of directors or of the voting rights of AU at its shareholders' meeting. Therefore, it is determined that the Group has no control over AU, but has significant influence over AU, and the equity-method was used to account for the Group's investments in AU, as the chairman of the Company was elected as one of the directors and participates in the decision-making on the Board before May 11, 2021. However, the chairman of the Company resigned as the director of AU on May 11, 2021, which caused the Group to lose significant influence over AU's financial and operating policy decisions. As a result, the investment in AU has been reclassified to financial assets at fair value through other comprehensive income—non-current since then.

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

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

- (a) Valuation of inventory

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Group are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments.

- (b) Impairment of goodwill

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

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**6. Significant account disclosures**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 129,192	108,574
Demand deposits and checking accounts	15,946,167	15,114,756
Time deposits with original maturities less than three months	<u>1,706,121</u>	<u>7,317,088</u>
	<b><u>\$ 17,781,480</u></b>	<b><u>22,540,418</u></b>

As of December 31, 2021 and 2020, the time deposits with original maturities more than three months amounted to \$3,817,538 and \$2,655,274, respectively, which were classified as other financial assets—current.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets at fair value through profit or loss—current:		
Foreign currency forward contracts	\$ 28,504	96,940
Foreign exchange swaps	14,788	14,612
Listed stocks	63,776	68,894
Open-end mutual funds	26,144	208,054
Derivative instrument – call and put option of convertible bonds (note 6(p))	<u>-</u>	<u>543</u>
	<b><u>\$ 133,212</u></b>	<b><u>389,043</u></b>
Financial assets at fair value through profit or loss— non- current:		
Privately held equity securities	\$ 338,296	157,694
Put option	10,504	10,504
Contingent consideration arising from business combinations	<u>5,533</u>	<u>5,533</u>
	<b><u>\$ 354,333</u></b>	<b><u>173,731</u></b>
Financial liabilities at fair value through profit or loss— current:		
Foreign currency forward contracts	\$ (46,842)	(109,648)
Foreign exchange swaps	(26,100)	(25,370)
Contingent consideration arising from business combinations	<u>(5,236)</u>	<u>(4,643)</u>
	<b><u>\$ (78,178)</u></b>	<b><u>(139,661)</u></b>

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	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial liabilities at fair value through profit or loss — non-current:		
Contingent consideration arising from business combinations	\$ <b>(97,986)</b>	<b>(78,123)</b>

The above contingent consideration was arising from the acquisitions of EASC, PTSE, PTTN, PTE, and Corex in the previous years and the acquisition of Statinc in 2021. The discounted cash flow model is used to estimate the contingent consideration based on the future profitability of each subsidiary under the terms of the acquisition agreement.

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

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

(i) Foreign currency forward contracts

			<b>December 31, 2021</b>		
			<b>Contract amount (in thousands)</b>	<b>Maturity period</b>	
USD	Buy/	EUR Sell	EUR	24,099	2022/01~2022/03
JPY	Buy/	USD Sell	USD	33,000	2022/01~2022/02
JPY	Buy/	USD Sell	JPY	34,034	2022/01
USD	Buy/	CAD Sell	CAD	9,000	2022/02~2022/04
USD	Buy/	INR Sell	USD	20,000	2022/02~2022/03
TWD	Buy/	USD Sell	USD	54,560	2022/01~2022/04
TWD	Buy/	EUR Sell	EUR	3,479	2022/01~2022/03
EUR	Buy/	GBP Sell	GBP	5,000	2022/02~2022/03
EUR	Buy/	USD Sell	USD	1,248	2022/01
USD	Buy/	BRL Sell	USD	18,000	2022/02~2022/03
USD	Buy/	JPY Sell	JPY	2,200,000	2022/02~2022/04
USD	Buy/	MXN Sell	USD	7,500	2022/02
USD	Buy/	CNY Sell	USD	75,379	2022/01~2022/02
TWD	Buy/	CNY Sell	CNY	1,000	2022/03~2022/04
CNY	Buy/	USD Sell	CNY	6,156	2022/01
CNY	Buy/	USD Sell	USD	51,950	2022/01~2022/04
MYR	Buy/	USD Sell	MYR	34,000	2022/01~2022/02
SEK	Buy/	EUR Sell	EUR	2,000	2022/03
USD	Buy/	THB Sell	USD	3,000	2022/03
EUR	Buy/	USD Sell	EUR	2,537	2022/01
USD	Buy/	TWD Sell	USD	18,740	2022/01~2022/03
USD	Buy/	GBP Sell	GBP	847	2022/01
USD	Buy/	ZAR Sell	USD	1,850	2022/01
USD	Buy/	AUD Sell	AUD	2,000	2022/04

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**December 31, 2020**

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

(ii) Foreign exchange swaps

**December 31, 2021**

		<b>Contract amount</b>	<b>Maturity period</b>
		<b>(in thousands)</b>	
Swap in USD	Swap out TWD	USD 308,000	2022/01~2022/06
Swap in USD	Swap out AUD	AUD 3,000	2022/03
Swap in USD	Swap out JPY	JPY 400,000	2022/03
Swap in TWD	Swap out USD	USD 122,670	2022/01

**December 31, 2020**

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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(c) Financial assets at fair value through other comprehensive income

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks	\$ 17,742,517	296,043
Domestic emerging stocks	117,727	761,132
Privately held stocks	288,852	420,505
	<b>\$ 18,149,096</b>	<b>1,477,680</b>
Current	\$ 102,037	96,281
Non-current	18,047,059	1,381,399
	<b>\$ 18,149,096</b>	<b>1,477,680</b>

The Group designated the equity investments shown above as financial assets at fair value through other comprehensive income because these investments are held for long-term for strategic purposes and not for trading.

On May 12, 2021, the Group lost significant influence over AU Optronics Corp (“AU”). Hence, the investment in AU was reclassified from investments accounted for using the equity method to financial assets at fair value through other comprehensive income. Please refer to note 6(h).

For the years ended December 31, 2021 and 2020, the Group sold part of its financial assets at fair value through other comprehensive income for \$388,905 and \$259,792, respectively. The realized gains accumulated in other comprehensive income of \$305,395 and \$4,678, respectively, have been transferred from other equity to retained earnings.

(d) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes and accounts receivable	\$ 30,288,125	33,508,623
Notes and accounts receivable from related parties	3,007,620	3,280,369
	33,295,745	36,788,992
Less: loss allowance	(288,648)	(287,066)
	<b>\$ 33,007,097</b>	<b>36,501,926</b>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 31,105,342	0.06%	19,566
Past due 1-90 days	1,808,420	3.22%	58,237
Past due 91-180 days	82,772	36.75%	30,420
Past due over 181 days	299,211	60.30%	180,425
	<b>\$ 33,295,745</b>		<b>288,648</b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 35,007,668	0.08%	29,305
Past due 1-90 days	1,423,063	1.38%	19,669
Past due 91-180 days	140,253	48.05%	67,395
Past due over 181 days	218,008	78.30%	170,697
	<b>\$ 36,788,992</b>		<b>287,066</b>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 287,066	351,498
Gain on reversal of expected credit loss	(4,129)	(56,005)
Write-off	(55,108)	(57,109)
Effect of exchange rate changes	(13,216)	3,504
Acquisition through business combination	74,035	62,004
Transferred to other receivables	-	(15,955)
Reclassified to disposal group held for sale	-	(871)
Balance at December 31	<b>\$ 288,648</b>	<b>287,066</b>

- (iii) The Group entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Group is not responsible for any risk of uncollectible accounts receivable, but only for the loss due to commercial disputes. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivables. Details of these contracts at each reporting date were as follows:

December 31, 2021						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
CTBC Bank	\$ 5,812,413	-	5,695,217	117,196		None -
Taishin International Bank	8,903,357	-	8,903,357	-		None -
Taipei Fubon Bank	210,752	-	186,970	23,782		None -
Mega International Commercial Bank	775,428	10,856	687,030	88,398		Promissory note 230,000
E.SUN Commercial Bank	168,587	-	151,728	16,859		None -
Crefo Factoring Nord GmbH	40,546	-	33,242	7,304		None -
KGI Commercial Bank	116,177	-	104,559	11,618		Promissory note 830,400
	<b>\$ 16,027,260</b>	<b>10,856</b>	<b>15,762,103</b>	<b>265,157</b>	0.54%~3.5%	<b>1,060,400</b>
December 31, 2020						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
CTBC Bank	\$ 2,982,268	-	2,952,341	29,927		Promissory note 51,030
Taishin International Bank	3,638,461	-	3,638,461	-		None -
Taipei Fubon Bank	573,865	-	469,322	104,543		None -
Mega International Commercial Bank	423,739	-	379,786	43,953		Promissory note 150,000
E.SUN Commercial Bank	156,469	-	140,616	15,853		None -
KGI Commercial Bank	233,957	-	208,894	25,063		Promissory note 850,500
Crefo Factoring Nord GmbH	31,526	-	26,003	5,523		None -
	<b>\$ 8,040,285</b>	<b>-</b>	<b>7,815,423</b>	<b>224,862</b>	0.6%~3.5%	<b>1,051,530</b>

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



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Other receivables

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The factored accounts receivable, net of advance amount	\$ 265,157	224,862
Other receivables-others	614,555	479,318
	879,712	704,180
Less: loss allowance	(27,625)	(28,292)
	852,087	675,888
Other receivables from related parties	304,166	302,399
	<b>\$ 1,156,253</b>	<b>978,287</b>

As of December 31, 2021 and 2020, except for other receivables amounting to \$27,625 and \$28,292, respectively, wherein the loss allowances were fully provided, no loss allowance was provided for the remaining receivables after the management's assessment.

(f) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Raw materials	\$ 17,701,524	11,353,769
Work in process	3,206,842	2,343,595
Finished goods	19,149,059	15,336,859
Inventories in transit	10,090,481	6,105,110
	<b>\$ 50,147,906</b>	<b>35,139,333</b>

For the years ended December 31, 2021 and 2020, the cost of inventories sold amounted to \$186,785,288 and \$159,371,907, respectively, of which the write-downs of inventories to net realizable value amounted to \$71,767, and \$371,235, respectively.

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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(g) Non-current assets or disposal groups classified as held for sale

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

<b>Non-current assets or disposal groups classified as held for sale</b>	<b>December 31, 2020</b>
Cash and cash equivalents	\$ 107,704
Notes and accounts receivable, net	423,595
Inventories	177,319
Prepayments	1,546
Other current assets	5,773
Property, plant and equipment	9,315
Right-of-use assets	33,630
Deferred income tax assets	8,683
Other non-current assets	3,044
	<b>\$ 770,609</b>
<b>Liabilities directly related to non-current assets or disposal groups classified as held for sale</b>	
Short-term borrowings	\$ 43,022
Financial liabilities at fair value through profit or loss—current	330
Contract liabilities	3,050
Accounts and notes payable	230,008
Other payables	51,564
Lease liabilities (current and non-current)	22,609
Advance receipts	6,907
Other current liabilities	582
Other non-current liabilities	135
	<b>\$ 358,207</b>

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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The above net assets has been sold in the first quarter of 2021 for a consideration of \$265,795. A disposal gain of \$84,232, net of derecognition of non-controlling interests of \$227,162 of Dawningtech and intragroup receivables of \$3,677 was recognized and included in the other gains and losses, net in the accompanying consolidated financial statements.

- (ii) In June 2020, the Board of Directors of QLPG approved a resolution to dispose its land and building, with carrying amount of \$119,281, located at Penang, Malaysia, to one of the Group's associates, Visco Technology Sdn. Bhd. The above land and building has been sold in the second quarter of 2021 for a consideration of \$561,173. A disposal gain of \$365,338 was recognized and included in the other gains and losses, net in the accompanying consolidated financial statements.
  - (iii) In the first three quarters of 2021, the respective Board of Directors of DFI and Sysage approved a resolution to dispose its building located at Xizhi District of New Taipei City and Kaohsiung City, with carrying amount of \$456,344 and \$16,283, respectively. The above building has been sold in the fourth quarter of 2021 for a consideration of \$542,245 and \$27,488, respectively. A disposal gain of \$85,901 and \$10,123 was recognized and included in the other gains and losses, net in the accompanying consolidated financial statements.
  - (iii) In 2021, the respective Board of Directors of SGM, ACE and Tianjin Ace Pillar Co., Ltd. approved a resolution to dispose the parcels of land (including right-of-use assets), buildings and factory located at Ruifang, Sanchong District of New Taipei City and China (Tianjin) Pilot Free Trade Zone. Since the lands, buildings and factory are expected to be disposed within one year, the abovementioned assets, with the carrying amounts of \$163,910, \$73,452, \$239,149, respectively, were classified as non-current assets held-for-sale as of December 31, 2021.
- (h) Investments accounted for using the equity method

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Associates	\$ 4,035,990	16,278,479
Joint ventures	31,116	29,955
	<b><u>\$ 4,067,106</u></b>	<b><u>16,308,434</u></b>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Investments in associates

<u>Name of Associates</u>	<u>Main Business and Relationship</u>	<u>Location</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
			<u>Percentage of voting rights</u>	<u>Carrying amount</u>	<u>Percentage of voting rights</u>	<u>Carrying amount</u>
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Group's strategic partners	Taiwan	-	\$ -	6.99 %	12,701,500
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Group's strategic partners	Taiwan	25.73 %	2,533,438	25.73 %	2,364,486
Others			-	<u>1,502,552</u>	-	<u>1,212,493</u>
				<u>\$ 4,035,990</u>		<u>16,278,479</u>

The equity-method was used to account for the Group's investments in AU, in which the Group holds less than 20% of the voting rights but has significant influence over AU as the chairman of the Company was elected as director and participates in the decision-making on the Board of AU before May 11, 2021. However, the chairman of the Company resigned as the director of AU on May 11, 2021, which caused the Group to lose significant influence over AU's financial and operating policy decisions. As a result, the investment in AU has been reclassified to financial assets at fair value through other comprehensive income – non-current. A gain on disposal of investments of \$1,979,741 was recognized under other gains and losses, net accordingly.

BBM originally held 30% ownership of Nanjing Silvertown Health & Development Co., Ltd. ("NSHD"). On March 17, 2021, the Board of Director of BBM approved a resolution to sell 15% ownership of NSHD, wherein BBM has entered into a share sale agreement for a total selling price of CNY 300,000 thousand. As of December 31, 2021, 14.25% ownership of NSHD had been sold and \$1,231,460 (CNY 285,000 thousand) of consideration was received, resulting in a gain on disposal of investments of \$1,042,365. The Group still has significant influence over NSHD.

Referring to note 6(i), the Group acquired additional 19.02% ownership of Alpha for \$3,092,150 through public tender offer, and the Group obtained control over Alpha and its subsidiaries, and included them in the Group's consolidated entities. Please refer to note 6(i) for further information.

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

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In 2021, QCES increased its investment in Jiangsu Yudi Optical Co., Ltd for \$217,192, and acquired 20.97% ownership of Jiangsu Yudi Optical Co., Ltd. Hence, its investment in Jiangsu Yudi Optical Co., Ltd has been reclassified from financial assets at fair value through other comprehensive income to investments accounted for using the equity method as QCES has significant influence over it.

In the second quarter of 2021, the Group assessed that the investment of the associate, DMC Components International, LLC, has been impaired, and therefore recognized an impairment loss of \$6,632 under other gains and losses, net.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
AU	\$ -	9,290,386
DFN	3,651,465	3,122,110

The summarized financial information in respect of each of the Group's material associate is set out below:

- 1) The summarized financial information of AU:

	<u>December 31, 2020</u>
Current assets	\$ 168,317,673
Non-current assets	238,952,622
Current liabilities	(98,338,179)
Non-current liabilities	<u>(115,141,751)</u>
Equity	<u>\$ 193,790,365</u>
Equity attributable to non-controlling interests of AU	<u>\$ 10,985,674</u>
Equity attributable to shareholders of AU	<u>\$ 182,804,691</u>
	<u>2020</u>
Net sales	<u>\$ 270,955,381</u>
Net income	\$ 2,907,427
Other comprehensive income	<u>2,862,980</u>
Total comprehensive income	<u>\$ 5,770,407</u>
Total comprehensive loss attributable to non-controlling interests of AU	<u>\$ (319,234)</u>
Total comprehensive income attributable to shareholders of AU	<u>\$ 6,089,641</u>

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	<u>2021</u>	<u>2020</u>
The Group's share of equity of associates at January 1	\$ 12,804,784	12,348,373
Net income attributable to the Group	1,255,866	236,005
Other comprehensive income (loss) attributable to the Group	(63,477)	189,661
Capital surplus attributable to the Group	(55,616)	3,020
Reclassified to financial assets at fair value through other comprehensive income	(13,838,274)	-
Cumulative effect of net income recognized under treasury stock method	<u>(103,283)</u>	<u>(75,559)</u>
The carrying amount of investments in the associates at December 31	<u>\$ -</u>	<u>12,701,500</u>

2) The summarized financial information of DFN:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 21,078,564	14,983,083
Non-current assets	12,116,710	9,286,423
Current liabilities	(16,153,908)	(11,672,915)
Non-current liabilities	<u>(4,320,029)</u>	<u>(2,017,529)</u>
Equity	<u>\$ 12,721,337</u>	<u>10,579,062</u>
Equity attributable to non-controlling interests of DFN	<u>\$ 2,879,152</u>	<u>1,387,996</u>
Equity attributable to shareholders of DFN	<u>\$ 9,842,185</u>	<u>9,191,066</u>

	<u>2021</u>	<u>2020</u>
Net sales	<u>\$ 28,048,736</u>	<u>22,349,528</u>
Net income	\$ 1,301,622	953,347
Other comprehensive income (loss)	(174)	124,103
Total comprehensive income	<u>\$ 1,301,448</u>	<u>1,077,450</u>
Total comprehensive income attributable to non-controlling interests of DFN	<u>\$ 161,642</u>	<u>42,255</u>
Total comprehensive income attributable to shareholders of DFN	<u>\$ 1,139,806</u>	<u>1,035,195</u>

	<u>2021</u>	<u>2020</u>
The Group's share of equity of associates at January 1	\$ 2,364,486	2,233,147
Net income attributable to the Group	294,928	232,480
Other comprehensive income (loss) attributable to the Group	(1,731)	33,808
Capital surplus attributable to the Group	55,808	30,700
Dividend received from associates	<u>(180,053)</u>	<u>(165,649)</u>
The carrying amount of investments in the associates at December 31	<u>\$ 2,533,438</u>	<u>2,364,486</u>

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- 3) The summarized financial information of Alpha:

	<b>January 1, 2020 to July 22, 2020</b>
Net sales	\$ <u>15,729,959</u>
Net income	\$ 194,799
Other comprehensive loss	(58,557)
Total comprehensive income	\$ <u>136,242</u>
Total comprehensive income attributable to non-controlling interests of Alpha	\$ <u>53,105</u>
Total comprehensive income attributable to shareholders of Alpha	\$ <u>83,137</u>
<b>2020</b>	
The Group's share of equity of associates at January 1	\$ 2,564,115
Increase in investments	86,463
Net income attributable to the Group	21,204
Other comprehensive loss attributable to the Group	(10,761)
Capital surplus attributable to the Group	(161,064)
Dividend received from associates	(56,841)
Reclassification to consolidated entities	(2,443,116)
The carrying amount of investments in the associates at December 31	\$ <u>-</u>

- 4) Aggregate financial information of associates that were not individually material to the Group was summarized as follows. The financial information was included in the Group's consolidated financial statements.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The aggregate carrying amount of associates that were not individually material to the Group	\$ <u>1,502,552</u>	<u>1,212,493</u>
<b>Attributable to the Group:</b>		
Net income	\$ 55,040	5,729
Other comprehensive loss	(15,573)	(12,680)
Total comprehensive income (loss)	\$ <u>39,467</u>	<u>(6,951)</u>

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(ii) Joint venture

Aggregate financial information of joint ventures that were not individually material to the Group was summarized as follows. The financial information was included in the Group's consolidated financial statement:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The aggregate carrying amount of joint ventures that were not individually material to the Group	<b>\$ 31,116</b>	<b>29,955</b>
	<b>2021</b>	<b>2020</b>
Attributable to the Group:		
Net income	\$ 1,792	4,151
Other comprehensive income	175	129
Total comprehensive income	<b>\$ 1,967</b>	<b>4,280</b>

(iii) Pledge as collateral

Refer to note 8 for a description of the Group's investments accounted for using the equity method pledged as collateral for long-term debt and credit facilities.

(i) Business combination

(i) Acquisition of subsidiary by DIC – DIVA Laboratories. Ltd. (“DIVA”)

1) Consideration transferred

On October 27, 2021 (the acquisition date), DIC invested in DIVA for a cash consideration of \$625,680, wherein it obtained 35.55% ownership of DIVA. The management considered the relative percentage of ownership, and the dispersion of ownership by the other stockholders and concluded that DIC has power to direct the operating relevant activities of DIVA, resulting in DIC to obtain control of DIVA. Thereafter, DIVA has been included in the Group's consolidated entities.

The acquisition of DIVA is to enhance the capability of vertical integration, strengthen the ability to penetrate into the display market, and serve the needs of medical customers.



**QISDA CORPORATION AND SUBSIDIARIES**  
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2) Identifiable net assets acquired in a business combination

On October 27, 2021 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

Cash	\$	625,680
Less: Dividends receivable from acquisition		(5,423)
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of DIVA's identifiable net assets)		825,767
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	\$	314,312
Notes and accounts receivable, net		203,977
Other receivables		16,462
Other financial assets		706
Inventories		337,669
Prepayments and other current assets		26,723
Financial assets at fair value through other comprehensive income		4,206
Investments accounted for using the equity method		27,541
Property, plant and equipment		468,565
Right-of-use assets		428
Intangible assets – trademarks		107,376
Intangible assets – computer software		2,284
Deferred income tax assets		35,069
Other non-current assets		2,974
Contract liabilities		(5,935)
Accounts payable		(98,335)
Other payables		(81,176)
Current tax liabilities		(5,593)
Provisions		(6,505)
Other current liabilities		(18,680)
Lease liabilities (including current and non-current)		(432)
Deferred income tax liabilities		(49,888)
Other non-current liabilities		(514)
		1,281,234
Goodwill	\$	<b>164,790</b>

The fair value of the abovementioned assets and liabilities was the provisional amount and will be finalized until the completion of valuation.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional liability provisions existed as at the acquisition date, the acquisition accounting will be revised.

3) Intangible assets

Intangible assets— trademarks are amortized on a straight-line basis over the estimated future economic useful life of 5 to 10 years.

Goodwill arising from the acquisition of DIVA is due to the control premium, the synergies of the business combination, future market development and value of assembled workforce, neither of which qualifies as an identifiable intangible asset.

4) Pro forma information

From the acquisition date to December 31, 2021, DIVA had contributed the revenue of \$124,970 and the net loss of \$(2,636) to the Group. If this acquisition had occurred on January 1, 2021, the management estimates that consolidated revenue would have been \$226,548,077, and consolidated income after income tax would have been \$10,492,067.

(ii) Acquisition of subsidiary by DFI — Brainstorm Corporation (“Brainstorm”)

1) Consideration transferred

On May 1, 2021 (the acquisition date), DFI acquired 35.09% equity ownership of Brainstorm. According to the stock purchase agreement and Articles of Incorporation of Brainstorm, DFI obtained 55.29% of voting rights of Brainstorm and owned more than half of Brainstorm's total number of directors, resulting in DFI to obtain control over Brainstorm. Thereafter, Brainstorm has been included in the Group's consolidated entities.

The acquisition of Brainstorm is to implement its channel-first strategy and accelerate its development in the U.S. market.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

On May 1, 2021 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:			
Cash		\$	501,582
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of Brainstorm's identifiable net assets)			641,433
Less: identifiable net assets acquired at fair value:			
Cash and cash equivalents	\$		460,381
Notes and accounts receivable, net			191,888
Inventories			803,582
Prepayments and other current assets			4,613
Property, plant and equipment			7,026
Right-of-use assets			51,212
Intangible assets – trademarks			562,692
Intangible assets – computer software			129
Other non-current assets			4,573
Accounts payable			(784,344)
Other payables			(143,260)
Current tax liabilities			(2,055)
Other current liabilities			(311)
Lease liabilities (including current and non-current)			(51,212)
Deferred income tax liabilities			(112,538)
Long-term debt			(4,187)
			<u>988,189</u>
Goodwill		\$	<u><u>154,826</u></u>

The fair value of the abovementioned assets and liabilities was the provisional amount and will be finalized until the completion of valuation.

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional liability provisions existed as at the acquisition date, the acquisition accounting will be revised.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Intangible assets

Intangible assets—trademarks are amortized on a straight-line basis over the estimated future economic useful life of 10 years.

Goodwill arising from the acquisition of Brainstorm is due to the profitability, control premium over Brainstorm, the synergies of the business combination, future U.S. market development and value of assembled workforce. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2021, Brainstorm had contributed the revenue of \$4,336,531 and the net income of \$100,816 to the Group. If this acquisition had occurred on January 1, 2021, the management estimates that consolidated revenue would have been \$228,323,251, and consolidated income after income tax would have been \$10,585,247.

(iii) Acquisition of subsidiaries by Simula—Action Star Technology Co., Ltd. (“AST”)

1) Consideration transferred

On April 12, 2021 (the acquisition date), Simula invested in AST for a cash consideration of \$983,857, wherein it obtained 59.35% ownership of AST. In addition, Simula owned more than half of AST's total number of directors, resulting in Simula to obtain control over AST. Thereafter, AST has been included in the Group's consolidated entities. The acquisition of AST is to enhance the capability of vertical integration and strengthen the Group's ability to penetrate into the smart connector solution market and serve the needs of customers in terms of smart enterprise, medical care, and automotive industry.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

On April 12, 2021 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

Cash	\$	983,857
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Add: Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of AST's identifiable net assets)		622,503
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Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	263,113	
Notes and accounts receivable, net		304,033	
Other receivables		9,052	
Inventories		446,515	
Other current assets		20,390	
Other financial assets – current		221,754	
Property, plant and equipment		531,417	
Right-of-use assets		488	
Intangible assets – customer relationships		115,236	
Intangible assets – computer software		1,324	
Intangible assets – expertise		356,326	
Other non-current assets		7,854	
Short-term borrowings		(230,400)	
Notes and accounts payable		(345,077)	
Contract liabilities		(4,177)	
Other payables		(18,067)	
Other current liabilities		(27,598)	
Current portion of long-term debt		(11,340)	
Long-term debt		(108,400)	
Deferred income tax liabilities		(702)	
Lease liabilities		(474)	
Other non-current liabilities		(2)	
		1,531,265	

Goodwill	\$	<b>75,095</b>
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The fair value of the abovementioned assets and liabilities was the provisional amount and will be finalized until the completion of valuation.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If there is any information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional liability provisions existed as at the acquisition date, the acquisition accounting will be revised.

3) Intangible assets

Goodwill arising from the acquisition of AST is due to the profitability, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2021, AST had contributed the revenue of \$1,655,751 and the net income of \$83,647 to the Group. If this acquisition had occurred on January 1, 2021, the management estimates that consolidated revenue would have been \$226,317,828, and consolidated income after income tax would have been \$10,481,973.

(iv) Acquisition of subsidiaries by Sysage – STATINC and AdvancedTEK

1) Consideration transferred

On February 4, 2021, Sysage invested in Statinc for a cash consideration of \$70,023 and contingent consideration of \$23,298, wherein it obtained 35.01% of voting shares of Statinc. In addition, Sysage became the largest shareholder and owned more than half of Statinc's total number of directors, resulting in Sysage to obtain control over Statinc. Thereafter, Statinc has been included in the Group's consolidated entities.

The Group previously held 34.09% ownership and was the largest shareholder of AdvancedTEK. On January 4, 2021, the Group obtained letters of support signed by shareholders, who represent 20.36% ownership of AdvancedTEK, authorizing the Group to direct AdvancedTEK's significant operating activities and to obtain more than half of the total number of Directors of the Board of AdvancedTEK. Therefore, the Group obtained control over AdvancedTEK and its subsidiaries. Thereafter, AdvancedTEK had been included in the Group's consolidated entities.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

The fair value of identifiable assets acquired and liabilities assumed from the abovementioned subsidiaries' acquisition was as follows:

Consideration transferred:

Cash	\$	70,023
Non-controlling interests (measured at non-controlling interest's proportionate share of fair value of identifiable net assets)		119,701
Fair value of contingent consideration		23,298
Fair value of pre-existing interest in the acquiree		32,120

Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	130,454
Notes and accounts receivable, net		56,273
Other current assets		28,339
Property, plant and equipment		1,686
Right-of-use assets		22,860
Intangible assets – patent		2,317
Intangible assets – trademarks		3,201
Intangible assets – customer relationship		1,827
Intangible assets – computer software		43
Intangible assets – others		27,872
Deferred income tax assets		1,849
Other non-current assets		19,732
Contract liabilities – current		(35,974)
Short-term borrowings		(6,000)
Notes and accounts payable		(12,103)
Other payables		(23,662)
Lease liabilities – current		(7,129)
Other current liabilities		(5,275)
Lease liabilities – non-current		(15,884)
Other non-current liabilities		(1,402)
		<u>189,024</u>

Goodwill	\$	<u><u>56,118</u></u>
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**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Intangible assets

Intangible assets included customer relationship, trademarks, patent, and others, which are amortized on a straight-line basis over the estimated future economic useful life of 5.9, 10, 10, and 10 years, respectively.

Goodwill arising from the acquisition is due to the control premium, the synergies of the business combination, the profitability, future market development and value of assembled workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro forma information

From the acquisition date to December 31, 2021, the subsidiaries acquired by Sysage had contributed the revenue of \$289,279 and the net loss of \$14,534 to the Group. If this acquisition had occurred on January 1, 2021, the management estimates that consolidated revenue would have been \$225,961,154, and consolidated income after income tax would have been \$10,479,290.

(v) Acquisition of subsidiaries – Golden Spirit Co., Ltd and its subsidiaries

1) Consideration transferred

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



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

On June 19, 2020 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

Cash	\$	254,000
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Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	42,989	
Notes and accounts receivable, net		56,664	
Inventories		54,988	
Other current assets		36,610	
Other financial assets – current		4,288	
Financial assets at fair value through other comprehensive income – non-current		2,960	
Property, plant and equipment		545,568	
Right-of-use assets		45,633	
Intangible assets – trademarks		69,156	
Intangible assets – computer software		1,921	
Intangible assets – customer relationships		1,176	
Intangible assets – agency		2,843	
Intangible assets – others		1,235	
Other non-current assets		27,873	
Other financial assets – non-current		21,432	
Short-term borrowings		(203,902)	
Notes and accounts payable		(19,826)	
Accounts payable to related parties		(3,805)	
Other payables		(30,927)	
Other current liabilities		(27,572)	
Current portion of long-term debt		(37,148)	
Long-term debt		(191,885)	
Deferred income tax liabilities		(13,657)	
Lease liabilities		(48,331)	
Other non-current liabilities		(9,761)	
Non-controlling interests		(87,034)	241,488

Goodwill		\$	<u><u>12,512</u></u>
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**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group continuously reviews the abovementioned items during the measurement period. The adjustments on the abovementioned intangible assets and goodwill on April 12, 2021 were as follows:

Decrease in other current assets	\$ (8,900)
Increase in property, plant and equipment	4,009
Increase in intangible assets—trademarks	9,156
Increase in intangible assets—customer relationship	1,176
Increase in intangible assets—agency	2,843
Increase in deferred income tax liabilities	(1,657)
Increase in other current liabilities	<u>(1,494)</u>
Increase in goodwill	<u><u>\$ 5,133</u></u>

3) Intangible assets

Goodwill arising from the acquisition of GSC is due to the profitability, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

Intangible assets—trademarks, customer relationships and agency are amortized on a straight-line basis over the estimated future economic useful life of 10 years, 10.69 years and 6.93 years, respectively.

(vi) Acquisition of subsidiaries— Simula Technology Inc. and its subsidiaries

1) Consideration transferred

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

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

On April 1, 2020 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

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

Less: identifiable net assets acquired at fair value:

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

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Intangible assets

Goodwill arising from the acquisition of Simula and its subsidiaries is due to the control premium, the synergies of the business combination, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

(vii) Acquisition of subsidiaries—Alpha Networks Inc. and its subsidiaries

1) Consideration transferred

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

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Identifiable net assets acquired in a business combination

On July 23, 2020, (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

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

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group's previously held 23.84% ownership of Alpha is remeasured to fair value at the acquisition date, and recognized a gain on disposal of \$676,979 in other gains and losses, net.

3) Intangible assets

Goodwill arising from the acquisition of Alpha and its subsidiaries is due to their profitability, future market development, and value of workforce, neither of which qualifies as identifiable intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

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

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

In March 2021, the Group increased its investments in Sysage for cash of \$1,387,856 through public tender offer, resulting in the Group's ownership interest in Sysage to increase to 51.41%. In addition, in 2021, the Group acquired additional ownerships of ACE, AEWIN, K2SH and Alpha for total cash considerations of \$581,600.

In 2021, the Group disposed part of ownership of Simula for cash of \$5,216, which did not result in the loss of the Group's control over Simula.

In 2020, the Group acquired an additional ownership of Alpha, Interactive Digital, ESM, ACE, DIC, Topview, AEWIN, Ginnet, Epic Cloud and BDT for total cash considerations of \$3,232,988.

Please refer to note 4(b) for the related changes in the percentage of ownership.

The following table summarizes the effect on the equity attributable to the shareholders of the Company arising from abovementioned changes in ownership interests in subsidiaries:

	<u>2021</u>	<u>2020</u>
Capital surplus – arising from changes in ownership interests in subsidiaries	\$ 8,369	(47,428)
Capital surplus – difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	(168,911)
Retained earnings	<u>(635,587)</u>	<u>(732,682)</u>
	<u>\$ (627,218)</u>	<u>(949,021)</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Loss of control in subsidiary

On February 26, 2021, the Chairman of Sysage approved to dispose the entire ownership of Neo Trend. The contract of sale of share had been signed at a disposal price of \$50,000, wherein the gain on disposal of \$20,696 was recorded as other gains and losses, net. All disposal related matters had been completed, resulting in the Group to lose control over Neo Trend. The relevant details are as follows:

1) Consideration received

Total consideration received	\$ 50,000
Expenditure associated with consideration received	<u>(150)</u>
Net consideration received	<u><u>\$ 49,850</u></u>

2) Identifiable net assets of NEO TREND

Cash and cash equivalents	\$ 3,604
Financial assets at fair value through profit or loss—current	23,017
Notes and accounts receivable, net	29
Inventories	50
Other current assets	1,221
Right-of-use assets	20,809
Other non-current assets	1,837
Notes and accounts payable	(108)
Accrued expenses	(3,860)
Lease liabilities—current	(4,065)
Lease liabilities—non-current	<u>(13,380)</u>
	<u><u>\$ 29,154</u></u>

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

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

<u>Subsidiaries</u>	<u>Principal place of business /Registration country</u>	<u>The Percentage of ownership and voting rights held by non- controlling interests</u>	
		<u>December 31, 2021</u>	<u>December 31, 2020</u>
BMC	Taiwan	56.44 %	56.44 %
BBHC	Cayman Islands	29.95 %	29.95 %
DFI	Taiwan	44.91 %	44.91 %
Sysage	Taiwan	48.59 %	64.96 %
Alpha	Taiwan	40.02 %	40.13 %

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The summarized financial information of subsidiaries were as follows, the information was prepared in accordance with Taiwan-IFRSs. The fair value adjustments made during the acquisition as at the acquisition date were included in these information. Intra-group transactions were not eliminated in this information:

- 1) The summarized financial information of BMC:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 6,714,324	5,552,093
Non-current assets	5,795,604	5,507,358
Current liabilities	(5,794,518)	(4,970,859)
Non-current liabilities	<u>(1,558,807)</u>	<u>(1,765,817)</u>
Net assets	<u>\$ 5,156,603</u>	<u>4,322,775</u>
The carrying amount of non-controlling interests	<u>\$ 2,959,865</u>	<u>2,439,936</u>
	<b>2021</b>	<b>2020</b>
Net sales	<u>\$ 16,481,686</u>	<u>15,049,948</u>
Net income	\$ 969,527	395,973
Other comprehensive income (loss)	<u>(20,909)</u>	<u>(49,638)</u>
Total comprehensive income	<u>\$ 948,618</u>	<u>346,335</u>
Net income attributable to non-controlling interests	<u>\$ 546,343</u>	<u>223,494</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 535,182</u>	<u>195,477</u>
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	\$ 1,012,949	1,103,302
Cash flow from investing activities	(645,769)	(662,230)
Cash flow from financing activities	(213,187)	(522,306)
Effects of foreign exchange rate changes	<u>(24,109)</u>	<u>33,223</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 129,884</u>	<u>(48,011)</u>
Cash dividends paid to non-controlling interests	<u>\$ 126,690</u>	<u>90,493</u>

- 2) The summarized financial information of BBHC:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 2,618,794	2,399,340
Non-current assets	8,195,660	8,055,836
Current liabilities	(4,958,008)	(3,952,233)
Non-current liabilities	<u>(737,050)</u>	<u>(2,607,564)</u>
Net assets	<u>\$ 5,119,396</u>	<u>3,895,379</u>
The carrying amount of non-controlling interests	<u>\$ 1,555,943</u>	<u>1,184,330</u>



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2021</u>	<u>2020</u>
Net sales	\$ <u>9,516,121</u>	<u>7,585,912</u>
Net income	\$ 1,207,221	100,321
Other comprehensive income	119,976	214,055
Total comprehensive income	\$ <u>1,327,197</u>	<u>314,376</u>
Net income attributable to non-controlling interests	\$ <u>361,563</u>	<u>30,046</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>363,859</u>	<u>24,449</u>
	<u>2021</u>	<u>2020</u>
Cash flow from operating activities	\$ 2,660,609	(35,676)
Cash flow from investing activities	(914,941)	(349,794)
Cash flow from financing activities	(1,308,399)	86,611
Effects of foreign exchange rate changes	(31,038)	(7,114)
Net increase(decrease) in cash and cash equivalents	\$ <u>406,231</u>	<u>(305,973)</u>
Cash dividends paid to non-controlling interests	\$ -	-

3) The summarized financial information of DFI:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 8,391,838	5,546,713
Non-current assets	6,376,407	5,554,031
Current liabilities	(4,540,899)	(2,771,923)
Non-current liabilities	(2,447,686)	(536,101)
Net assets	\$ <u>7,779,660</u>	<u>7,792,720</u>
The carrying amount of non-controlling interests	\$ <u>4,201,540</u>	<u>3,992,047</u>
	<u>2021</u>	<u>2020</u>
Net sales	\$ <u>13,211,276</u>	<u>8,349,522</u>
Net income	\$ 298,673	330,651
Other comprehensive loss	(42,113)	(27,971)
Total comprehensive income	\$ <u>256,560</u>	<u>302,680</u>
Net income attributable to non-controlling interests	\$ <u>227,174</u>	<u>186,394</u>
Total comprehensive income attributable to non-controlling interests	\$ <u>207,335</u>	<u>171,059</u>
	<u>2021</u>	<u>2020</u>
Cash flow from operating activities	\$ (1,053,315)	502,634
Cash flow from investing activities	(534,928)	29,916
Cash flow from financing activities	1,246,130	(634,275)
Effects of foreign exchange rate changes	(58,342)	(21,373)
Net decrease in cash and cash equivalents	\$ <u>(400,455)</u>	<u>(123,098)</u>
Cash dividends paid to non-controlling interests	\$ <u>154,230</u>	<u>257,050</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
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4) The summarized financial information of Sysage:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 6,463,615	6,541,097
Non-current assets	2,853,558	2,507,804
Current liabilities	(3,442,450)	(3,146,894)
Non-current liabilities	<u>(649,306)</u>	<u>(576,073)</u>
Net assets	<u>\$ 5,225,417</u>	<u>5,325,934</u>
The carrying amount of non-controlling interests	<u>\$ 2,555,245</u>	<u>3,468,194</u>
	<b>2021</b>	<b>2020</b>
Net sales	<u>\$ 11,952,834</u>	<u>13,512,521</u>
Net income	\$ 590,931	568,895
Other comprehensive loss	<u>(31,179)</u>	<u>-</u>
Total comprehensive income	<u>\$ 559,752</u>	<u>568,895</u>
Net income attributable to non-controlling interests	<u>\$ 333,882</u>	<u>379,046</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 318,762</u>	<u>379,046</u>
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	\$ (195,003)	605,078
Cash flow from investing activities	147,842	(274,063)
Cash flow from financing activities	(42,454)	(295,578)
Effects of foreign exchange rate changes	<u>(21,519)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (111,134)</u>	<u>35,437</u>
Cash dividends paid to non-controlling interests	<u>\$ 228,790</u>	<u>367,072</u>

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5) The summarized financial information of Alpha:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 18,700,222	20,706,337
Non-current assets	9,519,318	9,951,500
Current liabilities	(11,583,515)	(13,715,201)
Non-current liabilities	<u>(949,295)</u>	<u>(952,481)</u>
Net assets	<u>\$ 15,686,730</u>	<u>15,990,155</u>
The carrying amount of non-controlling interests	<u>\$ 7,436,189</u>	<u>7,628,139</u>
		<b>July 23, 2020 to December 31,</b>
	<b>2021</b>	<b>2020</b>
Net sales	<u>\$ 27,862,336</u>	<u>16,440,690</u>
Net income	\$ 383,209	465,742
Other comprehensive income (loss)	<u>(13,320)</u>	<u>187,329</u>
Total comprehensive income	<u>\$ 369,889</u>	<u>653,071</u>
Net income attributable to non-controlling interests	<u>\$ 217,131</u>	<u>289,404</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 207,702</u>	<u>379,326</u>
		<b>July 23, 2020 to December 31,</b>
	<b>2021</b>	<b>2020</b>
Cash flow from operating activities	\$ (899,109)	266,552
Cash flow from investing activities	(697,643)	(1,200,866)
Cash flow from financing activities	381,410	403,874
Effects of foreign exchange rate changes	<u>3,388</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>\$ (1,211,954)</u>	<u>(530,440)</u>
Cash dividends paid to non-controlling interests	<u>\$ 216,772</u>	<u>-</u>

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(j) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
Balance at January 1, 2021	\$ 6,437,888	26,766,386	19,425,297	5,844,304	1,109,635	59,583,510
Additions	268,765	1,234,986	2,057,150	1,953,488	974,548	6,488,937
Acquisition through business combination	408,625	602,484	260,744	95,369	1,700	1,368,922
Disposals	-	(39,519)	(873,349)	(699,916)	-	(1,612,784)
Reclassification to non-current assets held for sale	(590,795)	(181,873)	(8,253)	(13,677)	(229,710)	(1,024,308)
Reclassification to investment property	(31,822)	-	-	-	-	(31,822)
Other reclassification and effect of exchange rate changes	(80,231)	1,064,745	196,150	(699,359)	(937,470)	(456,165)
Balance at December 31, 2021	<u>\$ 6,412,430</u>	<u>29,447,209</u>	<u>21,057,739</u>	<u>6,480,209</u>	<u>918,703</u>	<u>64,316,290</u>
Balance at January 1, 2020	\$ 5,682,857	21,306,465	15,914,940	4,615,020	345,142	47,864,424
Additions	6,586	1,040,122	1,467,671	1,101,214	1,101,703	4,717,296
Acquisition through business combination	988,074	4,456,724	2,806,125	1,183,627	561,539	9,996,089
Disposals	-	(24,344)	(871,120)	(225,892)	-	(1,121,356)
Reclassification to non-current assets held for sale	(163,057)	(307,511)	-	(13,574)	-	(484,142)
Reclassification to investment property	(9,763)	(3,976)	-	-	-	(13,739)
Other reclassification and effect of exchange rate changes	(66,809)	298,906	107,681	(816,091)	(898,749)	(1,375,062)
Balance at December 31, 2020	<u>\$ 6,437,888</u>	<u>26,766,386</u>	<u>19,425,297</u>	<u>5,844,304</u>	<u>1,109,635</u>	<u>59,583,510</u>
Accumulated depreciation and impairment loss:						
Balance at January 1, 2021	\$ -	11,874,445	13,561,891	3,958,946	-	29,395,282
Depreciation	-	1,037,922	1,563,600	457,471	-	3,058,993
Acquisition through business combination	-	107,335	169,244	64,008	-	340,587
Disposals	-	(28,714)	(738,509)	(419,617)	-	(1,186,840)
Reclassification to non-current assets held for sale	-	(89,680)	(5,548)	(5,665)	-	(100,893)
Other reclassification and effect of exchange rate changes	-	(40,651)	(104,253)	(82,976)	-	(227,880)
Balance at December 31, 2021	<u>\$ -</u>	<u>12,860,657</u>	<u>14,446,425</u>	<u>3,972,167</u>	<u>-</u>	<u>31,279,249</u>
Balance at January 1, 2020	\$ -	9,586,415	11,229,958	3,132,073	-	23,948,446
Depreciation	-	833,809	1,260,998	442,557	-	2,537,364
Acquisition through business combination	-	1,917,784	1,985,724	605,491	-	4,508,999
Disposals	-	(24,042)	(750,357)	(209,139)	-	(983,538)
Reclassification to non-current assets held for sale	-	(351,287)	-	(4,259)	-	(355,546)
Reclassification to investment property	-	(709)	-	-	-	(709)
Other reclassification and effect of exchange rate changes	-	(87,525)	(164,432)	(7,777)	-	(259,734)
Balance at December 31, 2020	<u>\$ -</u>	<u>11,874,445</u>	<u>13,561,891</u>	<u>3,958,946</u>	<u>-</u>	<u>29,395,282</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Carrying amount:						
Balance at December 31, 2021	\$ <u>6,412,430</u>	<u>16,586,552</u>	<u>6,611,314</u>	<u>2,508,042</u>	<u>918,703</u>	<u>33,037,041</u>
Balance at December 31, 2020	\$ <u>6,437,888</u>	<u>14,891,941</u>	<u>5,863,406</u>	<u>1,885,358</u>	<u>1,109,635</u>	<u>30,188,228</u>

(i) The Group owned a parcel of land with a book value of \$104,324. Because of certain legal restrictions, this land was registered under the name of individuals. In order to protect the Group's rights to this land, the Group signed a deed of trust with these individuals, under which they are obliged to surrender their rights to the Group when required.

(ii) Pledge as collateral

Refer to note 8 for a description of the Group's property, plant and equipment pledged as collateral for long-term debt.

(k) Right-of-use assets

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 4,087,827	2,719,463	37,771	6,845,061
Additions	159,596	290,559	18,172	468,327
Acquisition through business combination	-	86,216	5,327	91,543
Derecognition of subsidiaries	-	(24,416)	-	(24,416)
Decrease	-	(208,481)	(16,476)	(224,957)
Reclassification to non-current assets held for sale	(10,429)	-	-	(10,429)
Other reclassification and effect of exchange rate changes	83,263	(176,934)	18,187	(75,484)
Balance at December 31, 2021	\$ <u>4,320,257</u>	<u>2,686,407</u>	<u>62,981</u>	<u>7,069,645</u>
Balance at January 1, 2020	\$ 2,285,678	2,973,814	36,861	5,296,353
Additions	-	235,732	9,954	245,686
Acquisition through business combination	1,282,610	151,056	9,555	1,443,221
Reclassification to non-current assets held for sale	-	(40,501)	-	(40,501)
Reclassification to investment property	-	(403,147)	-	(403,147)
Decrease	-	(166,344)	(7,635)	(173,979)
Reclassification from other non-current assets	598,198	-	-	598,198
Other reclassification and effect of exchange rate changes	(78,659)	(31,147)	(10,964)	(120,770)
Balance at December 31, 2020	\$ <u>4,087,827</u>	<u>2,719,463</u>	<u>37,771</u>	<u>6,845,061</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 814,397	1,304,033	20,075	2,138,505
Depreciation	110,200	442,596	18,067	570,863
Acquisition through business combination	-	12,245	214	12,459
Derecognition of subsidiaries	-	(3,607)	-	(3,607)
Reclassification to non-current assets held for sale	(716)	-	-	(716)
Decrease	-	(190,443)	(15,845)	(206,288)
Other reclassification and effect of exchange rate changes	40,602	(103,512)	7,456	(55,454)
Balance at December 31, 2021	<u>\$ 964,483</u>	<u>1,461,312</u>	<u>29,967</u>	<u>2,455,762</u>
Balance at January 1, 2020	\$ 723,385	1,050,396	20,036	1,793,817
Depreciation	65,471	412,819	11,441	489,731
Acquisition through business combination	69,607	69,312	2,318	141,237
Reclassification to non-current assets held for sale	-	(6,871)	-	(6,871)
Reclassification to investment property	-	(99,162)	-	(99,162)
Decrease	-	(166,344)	(7,635)	(173,979)
Other reclassification and effect of exchange rate changes	(44,066)	43,883	(6,085)	(6,268)
Balance at December 31, 2020	<u>\$ 814,397</u>	<u>1,304,033</u>	<u>20,075</u>	<u>2,138,505</u>
Carrying amount:				
Balance at December 31, 2021	<u>\$ 3,355,774</u>	<u>1,225,095</u>	<u>33,014</u>	<u>4,613,883</u>
Balance at December 31, 2020	<u>\$ 3,273,430</u>	<u>1,415,430</u>	<u>17,696</u>	<u>4,706,556</u>

(l) Investment property

	<u>Buildings</u>	<u>Land use rights</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 4,236,357	804,367	5,040,724
Reclassification from property, plant and equipment	-	31,822	31,822
Other reclassification and effect of exchange rate changes	(125,223)	103,689	(21,534)
Balance at December 31, 2021	<u>\$ 4,111,134</u>	<u>939,878</u>	<u>5,051,012</u>
Balance at January 1, 2020	\$ 3,805,911	795,078	4,600,989
Additions	6,148	-	6,148
Reclassification from right-of-use assets	403,147	-	403,147
Reclassification from property, plant and equipment	3,976	9,763	13,739
Disposals	(1,700)	-	(1,700)
Other reclassification and effect of exchange rate changes	18,875	(474)	18,401
Balance at December 31, 2020	<u>\$ 4,236,357</u>	<u>804,367</u>	<u>5,040,724</u>

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	<u>Buildings</u>	<u>Land use rights</u>	<u>Total</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 1,258,277	221,417	1,479,694
Depreciation	157,215	16,042	173,257
Other reclassification and effect of exchange rate changes	<u>(11,604)</u>	<u>1,380</u>	<u>(10,224)</u>
Balance at December 31, 2021	<u>\$ 1,403,888</u>	<u>238,839</u>	<u>1,642,727</u>
Balance at January 1, 2020	\$ 991,741	205,136	1,196,877
Depreciation	189,113	15,751	204,864
Reclassification from property, plant and equipment	709	-	709
Reclassification from right-of-use assets	99,162	-	99,162
Disposals	(1,700)	-	(1,700)
Other reclassification and effect of exchange rate changes	<u>(20,748)</u>	<u>530</u>	<u>(20,218)</u>
Balance at December 31, 2020	<u>\$ 1,258,277</u>	<u>221,417</u>	<u>1,479,694</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 2,707,247</u>	<u>701,038</u>	<u>3,408,285</u>
Balance at December 31, 2020	<u>\$ 2,978,080</u>	<u>582,950</u>	<u>3,561,030</u>
Fair value:			
Balance at December 31, 2021			<u>\$ 13,005,690</u>
Balance at December 31, 2020			<u>\$ 13,783,071</u>

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

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

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(m) Intangible assets

	<u>Goodwill</u>	<u>Computer software</u>	<u>Patents</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Others</u>	<u>Total</u>
Costs:							
Balance at January 1, 2021	\$ 5,281,296	1,020,811	853,870	1,506,189	2,056,637	646,099	11,364,902
Addition	-	496,731	-	-	-	117,975	614,706
Acquisition through business combination	483,091	49,066	117,256	565,943	151,988	460,545	1,827,889
Disposal	-	(57,431)	(24)	(6)	-	(24,838)	(82,299)
Other reclassification and effect of exchange rate changes	(2,611)	(6,800)	(1,055)	8,943	25,275	(17,101)	6,651
Balance at December 31, 2021	<u>\$ 5,761,776</u>	<u>1,502,377</u>	<u>970,047</u>	<u>2,081,069</u>	<u>2,233,900</u>	<u>1,182,680</u>	<u>13,731,849</u>
Balance at January 1, 2020	\$ 2,980,359	597,622	73,732	1,203,307	1,370,023	183,013	6,408,056
Addition	-	180,975	-	-	-	51,502	232,477
Acquisition through business combination	2,359,134	246,322	783,055	303,164	607,208	470,266	4,769,149
Disposal	-	(13,108)	-	-	-	(33,216)	(46,324)
Other reclassification and effect of exchange rate changes	(58,197)	9,000	(2,917)	(282)	79,406	(25,466)	1,544
Balance at December 31, 2020	<u>\$ 5,281,296</u>	<u>1,020,811</u>	<u>853,870</u>	<u>1,506,189</u>	<u>2,056,637</u>	<u>646,099</u>	<u>11,364,902</u>
Accumulated amortization and impairment loss:							
Balance at January 1, 2021	\$ 10,144	802,730	123,716	457,862	572,278	279,277	2,246,007
Amortization	-	216,942	166,953	183,661	231,700	186,950	986,206
Disposal	-	(57,431)	(24)	(6)	-	(24,838)	(82,299)
Acquisition through business combination	-	45,168	7,290	33	-	12,591	65,082
Other reclassification and effect of exchange rate changes	-	3,006	(832)	(33)	(2,823)	(21,252)	(21,934)
Balance at December 31, 2021	<u>\$ 10,144</u>	<u>1,010,415</u>	<u>297,103</u>	<u>641,517</u>	<u>801,155</u>	<u>432,728</u>	<u>3,193,062</u>
Balance at January 1, 2020	\$ 3,792	489,590	52,602	307,805	349,384	135,772	1,338,945
Amortization	-	139,117	72,797	136,696	195,927	76,432	620,969
Disposal	-	(13,108)	-	-	-	(33,216)	(46,324)
Acquisition through business combination	-	184,348	314	13,409	25,728	122,369	346,168
Impairment loss	6,585	-	-	-	-	-	6,585
Other reclassification and effect of exchange rate changes	(233)	2,783	(1,997)	(48)	1,239	(22,080)	(20,336)
Balance at December 31, 2020	<u>\$ 10,144</u>	<u>802,730</u>	<u>123,716</u>	<u>457,862</u>	<u>572,278</u>	<u>279,277</u>	<u>2,246,007</u>
Carrying amount:							
Balance at December 31, 2021	<u>\$ 5,751,632</u>	<u>491,962</u>	<u>672,944</u>	<u>1,439,552</u>	<u>1,432,745</u>	<u>749,952</u>	<u>10,538,787</u>
Balance at December 31, 2020	<u>\$ 5,271,152</u>	<u>218,081</u>	<u>730,154</u>	<u>1,048,327</u>	<u>1,484,359</u>	<u>366,822</u>	<u>9,118,895</u>

(i) Amortization

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

	<u>2021</u>	<u>2020</u>
Cost of sales	<u>\$ 63,198</u>	<u>74,139</u>
Operating expenses	<u>\$ 923,008</u>	<u>546,830</u>



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(ii) Impairment test on goodwill

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2021 and 2020 were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Alpha	\$ 1,730,813	1,730,813
DFI	1,427,555	1,427,555
PTT	810,579	924,757
Other CGUs without significant goodwill	<u>1,782,685</u>	<u>1,188,027</u>
	<b><u>\$ 5,751,632</u></b>	<b><u>5,271,152</u></b>

Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Group, except for the CGU of PTSE and PTME, to which impairment loss of \$5,085 and \$1,500, was recognized respectively, the recoverable amount of other CGUs exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Alpha :		
Revenue growth rate	4%~15%	4%~15%
Discount rates	17.46%	16.98%
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
DFI :		
Revenue growth rate	7%~20%	16%~24%
Discount rates	13.51%	17.17%
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
PTT :		
Revenue growth rate	7%~13%	-5%~6%
Discount rates	13.24%	13.92%

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- 1) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using 1% to 3.58% growth rate.
- 2) The estimation of discount rate is based on the weighted average cost of capital.

(n) Short-term borrowings

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured bank loans	\$ 23,981,166	20,847,734
Secured bank loans	313,856	284,196
	<b>\$ 24,295,022</b>	<b>21,131,930</b>
Unused credit facilities	<b>\$ 70,387,923</b>	<b>56,994,411</b>
Interest rate	<b>0.18%~4.25%</b>	<b>0.18%~4.2%</b>

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

(o) Long-term debt

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured bank loans	\$ 24,490,080	17,840,802
Secured bank loans	2,927,130	5,062,533
Less: current portion of long-term debt	(714,857)	(536,537)
Long-term debt	<b>\$ 26,702,353</b>	<b>22,366,798</b>
Unused credit facilities	<b>\$ 25,957,471</b>	<b>19,213,412</b>
Interest rate	<b>0.8%~3.85%</b>	<b>1.05%~4.60%</b>
Maturity year	<b>2021~ 2030</b>	<b>2021~ 2030</b>

- (i) Collateral for bank borrowings

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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(ii) Low interest rate loan from government assistance

In early 2020, the Group obtained the low interest rate loans from the bank in accordance with “Guidelines of Project Loans for Returning Overseas Taiwanese Businesses”. The preferential interest rate ranged from 0.63% to 0.8128%. As of December 31, 2021, the related loan amount was \$2,857,904. The estimated fair value of the loan was \$2,807,579, using the prevailing market interest rate ranged from 1.05% to 1.30%. The difference of \$50,325 was regarded as government grant and was recognized as deferred income. For the year ended December 31, 2021, the deferred income of \$13,040 was transferred and recognized in other income.

(iii) Compliance with loan agreement

According to the syndicated loan agreement signed between the Company and its subsidiary (QLLB), and the banks, the Company and QLLB have promised to maintain certain financial ratios based on the Group’s semi-annual reviewed consolidated financial statements and annual audited consolidated financial statements. If the Group violates any of the related financial ratios, the Group should mend it in a specific period, and then the failure to maintain the required financial ratios during the amendment period would not be considered a default.

Furthermore, according to the syndicated loan agreement signed between BMC and the banks, BMC has promised to maintain certain financial ratios, including current ratio, debt ratio and minimum tangible net worth, based on BMC’s annual audited consolidated financial statements. If BMC violates any of the related financial ratios, according to the syndicated loan agreement, BMC shall file an application for waiver and financial improvement plan to the managing bank. Failure to maintain the required financial ratios would not be considered a default unless a resolution is made by a majority of the banks to refuse to grant a waiver to BMC.

For the years ended December 31, 2021 and 2020, the Company’s and QLLB’s and BMC’s financial ratio was in compliance with the syndicated loan agreement.

(p) Bonds payable

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total convertible corporate bonds issued	\$ 600,000	600,000
Unamortized bond discount	(7,229)	(17,393)
Cumulative converted amount	<u>(131,300)</u>	<u>(56,100)</u>
Bonds payable	<u>\$ 461,471</u>	<u>526,507</u>
Embedded derivative – call and put options, included in financial assets (liabilities) at fair value through profit or loss	<u>\$ -</u>	<u>543</u>

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As of December 31, 2021, the above convertible corporate bonds have been converted into 1,811 thousand shares of Interactive Digital's common stock.

In response to future operational needs, Interactive Digital purchased office buildings and warehouses. The issuance of unsecured convertible corporate bonds was approved by the Financial Supervisory Commission of the Republic of China on November 6, 2019. The related conditions are as follows:

Par value	\$600,000
Issued date	November 22, 2019
Coupon rate	0%
Issued period	November 22, 2019 to November 22, 2022
Redemption at maturity	Other than converting as Interactive Digital's ordinary share, or exercising put option, or early redeeming or repurchasing the bonds from securities dealers to write off, Interactive Digital will repay the convertible bond in cash at par value upon maturity.
Redemption at the option of Digital Interactive	<p>1.If the closing price of the Interactive Digital's ordinary share exceeds 30% of the conversion price for 30 consecutive trading days from 3 months after the issuance of the bonds to 40th day before maturity, Digital Interactive shall redeem the outstanding bonds at par value.</p> <p>2.If the balance of the outstanding bonds is less than \$60,000 from 3 months after the issuance of the bonds to 40th day before maturity, Digital Interactive shall redeem the outstanding bonds at par value.</p>
Repurchase at the option of bondholder	If the bond has been issued for 2 years, the bondholder may request Interactive Digital to redeem the bond at par value, plus interest, within 40th day before maturity. The interest rate for the bond issued for 2 years was 0.5% at par value.
Conversion period	The bondholder may request the stock agency of Interactive Digital to convert the bond to ordinary shares from the 3 months after issuance to maturity date, except during the period in which the transfer is suspended by laws.
Conversion price	The conversion price was set at \$ 78.5 (New Taiwan Dollars) at the time of issuance. Starting July 27, 2020, the conversion price had been adjusted to \$72.5 (New Taiwan Dollars). Starting August 30, 2021, the conversion price had been adjusted to \$67 (New Taiwan Dollars).

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(q) Lease liabilities

The Carrying amount of lease liabilities were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 466,245</u>	<u>455,040</u>
Non-current	<u>\$ 1,524,736</u>	<u>1,565,596</u>

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

The amounts recognized in profit or loss were as follows:

	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 123,555</u>	<u>82,978</u>
Income from sub-leasing right-of-use assets	<u>\$ 46,292</u>	<u>46,079</u>
Interest on lease liabilities	<u>\$ 40,655</u>	<u>40,763</u>

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

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 705,319</u>	<u>629,053</u>

(i) Real estate leases

The Group leases buildings for its office, store and factory. The leases for land use rights, which are usually prepaid and run for a period of 50 years. The leases for buildings typically run for a period of 3 to 10 years. The Group has to negotiate the new lease term and recognize relevant right-of-use assets and lease liabilities when the lease expires. Some of the leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

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(r) Provisions

	<u>Warranties</u>	<u>Restructuring</u>	<u>Litigation</u>	<u>Total</u>
Balance at January 1, 2021	\$ 1,496,424	-	-	1,496,424
Liabilities assumed in a business combination	6,505	341	-	6,846
Provisions made	803,651	-	87,939	891,590
Amount utilized	(662,232)	(125)	-	(662,357)
Amount reversed	(45,777)	-	-	(45,777)
Effect of exchange rate changes	(36,513)	-	(380)	(36,893)
Balance at December 31, 2021	<u>\$ 1,562,058</u>	<u>216</u>	<u>87,559</u>	<u>1,649,833</u>
Current	<u>\$ 818,693</u>	<u>216</u>	<u>21,559</u>	<u>840,468</u>
Non-current	<u>\$ 743,366</u>	<u>-</u>	<u>-</u>	<u>743,366</u>
Balance at January 1, 2020	\$ 1,049,457	1,000	-	1,050,457
Liabilities assumed in a business combination	204,261	-	-	204,261
Provisions made	587,301	-	-	587,301
Amount utilized	(306,006)	(1,000)	-	(307,006)
Amount reversed	(26,943)	-	-	(26,943)
Effect of exchange rate changes	(11,646)	-	-	(11,646)
Balance at December 31, 2020	<u>\$ 1,496,424</u>	<u>-</u>	<u>-</u>	<u>1,496,424</u>
Current	<u>\$ 808,823</u>	<u>-</u>	<u>-</u>	<u>808,823</u>
Non-current	<u>\$ 687,601</u>	<u>-</u>	<u>-</u>	<u>687,601</u>

Warranty provision is estimated based on historical warranty data associated with similar products and services. The Group expects to settle most of the warranty liability within three years from the date of the sale of the product.

Litigation provision is recorded for pending litigation when it is determined that an unfavorable outcome is probable, and the amount of loss can be reasonably estimated.

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

(i) The Group leased its investment property under operating leases. Please refer to note 6(l). The future minimum lease payments under operating leases are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not later than 1 year	\$ 403,316	318,784
Later than 1 year but not later than 5 years	755,591	424,205
Later than 5 years	86,131	96,131
	<u>\$ 1,245,038</u>	<u>839,120</u>

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In 2021 and 2020, the rental income from investment property (classified under net sales) amounted to \$590,634 and \$550,439, respectively. Related operating expenses (classified under cost of sales) were as follows:

	<b>2021</b>	<b>2020</b>
Arising from investment property that generated rental income	\$ 278,424	172,638
Arising from investment property that did not generate rental income	33,650	46,097
	<b>\$ 312,074</b>	<b>218,735</b>

The Group also leased its land and buildings to others under operating leases. In 2021 and 2020, the resulting rental income from land and buildings amounted to \$134,463 and \$149,504, respectively, and was recognized under non-operating income and loss— other gains and losses, net.

(t) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities (assets) for defined benefit plans was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ 1,433,237	1,376,877
Fair value of plan assets	(711,445)	(676,249)
	721,792	700,628
Effects of the asset ceiling	-	-
Net defined benefit liabilities (reported under other non-current liabilities)	<b>\$ 721,792</b>	<b>700,628</b>

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ 222,753	222,147
Fair value of plan assets	(264,777)	(273,980)
	(42,024)	(51,833)
Effects of the asset ceiling	-	-
Net defined benefit assets (reported under other non-current assets)	<b>\$ (42,024)</b>	<b>(51,833)</b>

The Company and its domestic subsidiaries make defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

**QISDA CORPORATION AND SUBSIDIARIES**  
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1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Company and its domestic subsidiaries is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2021 and 2020, the Group’s labor pension fund account balance at Bank of Taiwan amounted to \$976,222 and \$950,229, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

2) Movements in present value of defined benefit obligations

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 1,599,024	1,167,359
Current service costs and interest expense	14,408	17,780
Liabilities assumed in a business combination	23,168	387,077
Gain on curtailment	(595)	-
Remeasurement on the net defined benefit liabilities (assets):		
– Actuarial losses (gains) arising from experience adjustments	46,090	(46,397)
– Actuarial losses (gains) arising from changes in financial assumptions	42,440	126,753
Benefits paid by the plan	(64,768)	(50,776)
Benefits paid by employer	(3,777)	(2,772)
Defined benefit obligations at December 31	<u>\$ 1,655,990</u>	<u>1,599,024</u>

3) Movements of fair value of plan assets

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 950,229	836,201
Interest income	6,588	9,609
Assets acquired through business combination	25,998	97,796
Remeasurement on the net defined benefit liabilities (assets)		
– Actuarial gains (losses)	11,010	28,518
Contributions by the employer	47,165	28,881
Benefits paid by the plan	(64,768)	(50,776)
Fair value of plan assets at December 31	<u>\$ 976,222</u>	<u>950,229</u>

4) Changes in the effect of the asset ceiling

In 2021 and 2020, there was no effect of the asset ceiling.



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5) Expenses recognized in profit or loss

	<b>2021</b>	<b>2020</b>
Current service costs	\$ 2,978	3,207
Net interest expense on the net defined benefit liability (asset)	4,842	4,964
Gain on curtailment	(595)	-
	<b>\$ 7,225</b>	<b>8,171</b>
Cost of sales	\$ 1,702	1,827
Selling expenses	1,347	1,420
Administrative expenses	971	1,327
Research and development expenses	3,205	3,597
	<b>\$ 7,225</b>	<b>8,171</b>

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.5%~0.9%	0.34%~0.75%
Future salary increases rate	1.625%~3.00%	1.00%~3.00%

The Group expects to make contribution of \$35,123 to the defined benefit plans in the year following December 31, 2021.

The weighted average duration of the defined benefit plans is ranged from 7.88 years to 20.0 years.

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2021 and 2020.

	<b>Increase (decrease) in present value of defined benefit obligations</b>	
	<b>0.25% Increase</b>	<b>0.25% Decrease</b>
December 31, 2021		
Discount rate	(47,997)	49,882
Future salary change	47,654	(46,222)
December 31, 2020		
Discount rate	(49,734)	51,779
Future salary change	49,573	(47,904)

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Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with their respective local regulations.

For the years ended December 31, 2021 and 2020, the Group recognized pension expenses of \$1,011,736 and \$619,725, respectively, in relation to the defined contribution plans.

(u) Income taxes

(i) The components of income tax expense were as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense	\$ <u>2,137,588</u>	<u>1,634,061</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	751,417	(279,631)
Changes in unrecognized deductible temporary differences	(219,061)	369,213
Changes in unrecognized tax losses	<u>(160,455)</u>	<u>122,432</u>
	<u>371,901</u>	<u>212,014</u>
Income tax expense	<u>\$ <b>2,509,489</b></u>	<u><b>1,846,075</b></u>

The components of income tax expense recognized in other comprehensive income were as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>\$ <b>158,363</b></u>	<u>-</u>

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Reconciliation of income tax expense and income before income tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Income before income tax	\$ <u>12,992,346</u>	<u>8,212,636</u>
Income tax using the Company's statutory tax rate	\$ 2,598,469	1,642,527
Effect of different tax rates in foreign jurisdictions	311,874	163,066
Investment income recorded under equity method	(321,525)	(99,914)
Tax effect of expenses that are not deductible for tax purposes	41,450	24,862
Changes in unrecognized tax losses	(160,455)	122,432
Changes in unrecognized temporary differences	(219,061)	369,213
Surtax on undistributed earnings	78,765	67,267
Investment tax credits	(138,507)	(217,664)
Others	<u>318,479</u>	<u>(225,714)</u>
Income tax expense	\$ <u>2,509,489</u>	<u>1,846,075</u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax liabilities. In addition, as the Company and certain subsidiaries determined that it is not probable that future taxable profits will be available against which the temporary differences and operating loss carryforwards can be utilized, these items were not recognized as deferred income tax assets.

Unrecognized deferred income tax assets:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss associated with investments in subsidiaries	\$ 274,547	261,408
Deductible temporary differences	2,118,513	2,062,816
Tax losses	<u>391,287</u>	<u>551,742</u>
	\$ <u>2,784,347</u>	<u>2,875,966</u>

Unrecognized deferred income tax liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Net profits associated with investments in subsidiaries	\$ <u>2,246,022</u>	<u>1,958,125</u>

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As of December 31, 2021, the unrecognized tax losses and the respective expiry years were as follows:

<u>Unrecognized tax losses</u>	<u>Tax effects of tax losses</u>	<u>Year of expiry</u>
\$ 112,140	26,909	2022
109,502	24,663	2023
243,831	55,497	2024
162,366	38,108	2025
353,958	85,007	2026
160,872	36,926	2027
185,047	42,621	2028
211,116	48,301	2029
72,119	16,002	2030
82,665	17,253	2031
<u>\$ 1,693,616</u>	<u>391,287</u>	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

Deferred income tax assets:

	<u>Balance at January 1, 2021</u>	<u>Recognized in profit or loss</u>	<u>Acquisition through business combination</u>	<u>Balance at December 31, 2021</u>
Provision for inventory obsolescence	\$ 272,572	(9,559)	7,564	270,577
Unrealized accrued expenses	236,838	(317)	-	236,521
Unrealized inter-company profits	126,740	(46,641)	-	80,099
Allowance for sales discounts	253,921	110,705	-	364,626
Valuation loss on financial instruments	18,167	(15,697)	-	2,470
Deferred revenue	36,484	(8,984)	-	27,500
Warranty provision	101,706	(11,619)	-	90,087
Operating loss carryforwards	158,757	(47,721)	-	111,036
Others	522,647	(1,620)	29,354	550,381
	<u>\$ 1,727,832</u>	<u>(31,453)</u>	<u>36,918</u>	<u>1,733,297</u>

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

Deferred income tax liabilities:

	Balance at January 1, 2021	Recognized in profit or loss	Assumed in business combination	Recognized in other comprehensive income or loss	Balance at December 31, 2021
Unrealized foreign exchange gain	\$ (26,550)	(3,421)	-	-	(29,971)
Intangible assets acquired through business combination	(981,006)	186,201	(152,210)	-	(947,015)
Earnings from subsidiaries not distributed	(571,130)	(621,964)	-	-	(1,193,094)
Others	(95,824)	98,736	(29,638)	(158,363)	(185,089)
	<u>\$ (1,674,510)</u>	<u>(340,448)</u>	<u>(181,848)</u>	<u>(158,363)</u>	<u>(2,355,169)</u>

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

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

(v) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the Company's authorized shares of common stock consisted of 5,000,000,000 shares, of which 1,966,781,958 shares were issued and outstanding. The par value of the Company's common stock is \$10 (Dollars) per share.

As of December 31, 2021 and 2020, the Company had issued 285 thousand units of global depository receipts (GDRs). The GDRs were listed on the Luxemburg Stock Exchange, and each GDR represents five common shares.

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(ii) Capital surplus

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Share of changes in equity of associates and joint ventures	\$ 54,052	97,612
Changes in ownership interests in subsidiaries	1,790,258	1,781,889
	<b>\$ 1,844,310</b>	<b>1,879,501</b>

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Unappropriated earnings and dividend policy

The Company's Articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. The abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

The Company may distribute its legal reserve or capital surplus to shareholders by issuing new shares or by distributing cash, according to article 241 of the Company Act. The abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

As the Company is a technology- and capital-intensive enterprise in its growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth.

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The Company's requirements for future expansion and cash flow are the primary factors that the Company considers when appropriating its earnings. The distribution ratio for cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital. According to the Company Act and the Company's articles of Incorporation, the abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

2) Special reserve

In accordance with Rule issued by the Financial Supervisory Commission, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

The appropriation of 2020 earnings, via cash dividends, has been approved by the Company's Board of Directors on May 11, 2021. The other appropriations of 2020 earnings have been approved by the shareholders during their meeting on August 27, 2021. The cash dividends of appropriation of 2019 earnings was approved by the Company's Board of Directors on May 7, 2020. Other appropriations of 2019 earnings was approved by the shareholders during their meeting on June 19, 2020. The resolved appropriations were as follows:

	<b>2020 earnings</b>		<b>2019 earnings</b>	
	<b>Dividends per share (in dollars)</b>	<b>Amount</b>	<b>Dividends per share (in dollars)</b>	<b>Amount</b>
Legal reserve		\$ <u>455,392</u>		<u>357,505</u>
Special reserve		\$ <u>656,137</u>		<u>440,086</u>
Dividends per share:				
Cash dividends	\$ 1.50	<u>2,950,173</u>	0.75	<u>1,475,086</u>

On March 7, 2022, the cash dividends appropriated from 2021 earnings approved by the Company's Board of Directors were as follows:

	<b>2021 earnings</b>	
	<b>Dividends per share (in dollars)</b>	<b>Amount</b>
Dividends per share:		
Cash dividends	\$ 2.50	<u>4,916,955</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ (1,413,867)	(657,512)
Foreign exchange differences arising from translation of foreign operations	(206,095)	(669,456)
Shares of foreign currency translation differences of associates and joint ventures	<u>(103,275)</u>	<u>(86,899)</u>
Balance at December 31	<u>\$ (1,723,237)</u>	<u>(1,413,867)</u>

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

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 571,329	410,052
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	1,095,839	180,344
Disposal of financial assets at fair value through other comprehensive income	(312,904)	(298,120)
Share of other comprehensive income (loss) of associates	<u>24,303</u>	<u>279,053</u>
Balance at December 31	<u>\$ 1,378,567</u>	<u>571,329</u>

3) Remeasurement of defined benefit plans:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ (422,107)	(361,048)
Remeasurement of the defined benefit plans	(64,811)	(69,062)
Shares of remeasurement of the defined benefit plans of the associates accounted for using the equity method	<u>(1,634)</u>	<u>8,003</u>
Balance at December 31	<u>\$ (488,552)</u>	<u>(422,107)</u>



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Non-controlling interests (net after tax)

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 22,937,719	14,091,635
Equity attributable to non-controlling interests		
Net income	2,175,311	1,378,082
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	(1,328,653)	(2,331,395)
Stock option compensation cost of subsidiary	7,754	9,381
Changes in ownership interest in subsidiaries	(8,369)	47,428
Foreign currency translation differences	(58,998)	16,834
Capital surplus—share of changes in equity of associates and joint ventures	(2,038)	3,279
Remeasurement of the defined benefit plans—share of changes in equity of associates	(12,709)	17,224
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	631	(4,235)
Distribution of cash dividend by subsidiaries	(1,255,076)	(953,794)
Capital injection from non-controlling interests	77,547	163,598
Changes in non-controlling interests	<u>2,173,221</u>	<u>10,499,682</u>
Balance at December 31	<u>\$ 24,706,340</u>	<u>22,937,719</u>

(w) Share-based payment

(i) The Group had the following employee stock option plans (“ESOPs”):

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

**QISDA CORPORATION AND SUBSIDIARIES**  
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(ii) Movements in the number of options outstanding:

<b>BBHC's ESOPs</b>	<b>2021</b>		<b>2020</b>	
	<b>Weighted- average exercise price (in US dollars)</b>	<b>Number of options (in thousands)</b>	<b>Weighted- average exercise price (in US dollars)</b>	<b>Number of options (in thousands)</b>
Outstanding, beginning of year	1.00	4,340	1.00	4,340
Granted	-	-	-	-
Outstanding, end of year	1.00	<b>4,340</b>	1.00	<b>4,340</b>
Exercisable, end of year	1.00	<b>340</b>	1.00	<b>340</b>

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

	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Weighted- average remaining contractual years</b>	<b>Weighted- average exercise price (in dollars)</b>	<b>Weighted- average remaining contractual years</b>	<b>Weighted- average exercise price (in dollars)</b>
BBHC (2019/7/31)	2.75	1(in US dollars)	3.75	1(in US dollars)
BBHC (2013/12/30)	2	1(in US dollars)	3	1(in US dollars)

BBHC used the Binomial Option Pricing Model to determine the fair value of the employee stock option. The valuation assumptions were as follows:

	<b>2019/7/31</b>	<b>2013/12/30</b>
Weighted-average fair value of stock option (US\$/share)	\$0.23	\$1.16
Exercise price (US\$/share)	\$1.00	\$1.00
Fair value of common stock on grant date	\$0.77	\$1.65
Expected volatility (%)	38.82%~39.31%	51.40%
Expected life (in years)	5 years	10 years
Expected dividend (%)	-	-
Risk-free interest rate (%)	2.98%~3.00%	4.59%

(iii) The compensation costs recognized for the ESOPs in 2021 and 2020 were \$7,754 and \$9,381, respectively.

(x) Earnings per share ("EPS")

(i) Basic earnings per share

	<b>2021</b>	<b>2020</b>
Profit attributable to shareholders of the Company	<b>\$ 8,307,546</b>	<b>4,988,479</b>
Weighted-average number of ordinary shares outstanding (in thousands)	<b>1,966,782</b>	<b>1,966,782</b>
Basic earnings per share (in New Taiwan Dollars)	<b>\$ 4.22</b>	<b>2.54</b>

**QISDA CORPORATION AND SUBSIDIARIES**  
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(ii) Diluted earnings per share

	<b>2021</b>	<b>2020</b>
Profit attributable to shareholders of the Company	<b><u>\$ 8,307,546</u></b>	<b><u>4,988,479</u></b>
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Remuneration to employee	<u>25,541</u>	<u>19,965</u>
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	<b><u>1,992,323</u></b>	<b><u>1,986,747</u></b>
Diluted earnings per share (in New Taiwan Dollars)	<b><u>\$ 4.17</u></b>	<b><u>2.51</u></b>

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2021</b>					
	<b>DMS</b>	<b>Brand</b>	<b>Material</b>	<b>Networks</b>	<b>Medical</b>	<b>Total</b>
Primary geographical markets:						
Asia	\$ 53,157,012	34,416,811	16,385,255	6,765,400	9,506,214	120,230,692
Europe	20,855,266	11,708,497	32,769	2,707,547	-	35,304,079
America	36,541,882	13,003,526	41,231	18,206,210	-	67,792,849
Others	<u>1,576,667</u>	<u>863,542</u>	<u>10,264</u>	<u>182,938</u>	<u>-</u>	<u>2,633,411</u>
	<b><u>\$ 112,130,827</u></b>	<b><u>59,992,376</u></b>	<b><u>16,469,519</u></b>	<b><u>27,862,095</u></b>	<b><u>9,506,214</u></b>	<b><u>225,961,031</u></b>
Major products/services lines:						
Electronic products	\$ 110,327,852	58,513,245	16,469,519	27,525,005	-	212,835,621
Medical services	-	-	-	-	9,506,214	9,506,214
Others	<u>1,802,975</u>	<u>1,479,131</u>	<u>-</u>	<u>337,090</u>	<u>-</u>	<u>3,619,196</u>
	<b><u>\$ 112,130,827</u></b>	<b><u>59,992,376</u></b>	<b><u>16,469,519</u></b>	<b><u>27,862,095</u></b>	<b><u>9,506,214</u></b>	<b><u>225,961,031</u></b>
	<b>2020</b>					
	<b>DMS</b>	<b>Brand</b>	<b>Material</b>	<b>Networks</b>	<b>Medical</b>	<b>Total</b>
Primary geographical markets:						
Asia	\$ 58,898,798	33,778,553	14,958,366	3,117,501	7,580,930	118,334,148
Europe	9,697,995	10,948,926	28,341	1,990,873	-	22,666,135
America	29,770,759	7,363,329	34,954	11,236,729	-	48,405,771
Others	<u>784,276</u>	<u>1,403,454</u>	<u>12,331</u>	<u>95,587</u>	<u>-</u>	<u>2,295,648</u>
	<b><u>\$ 99,151,828</u></b>	<b><u>53,494,262</u></b>	<b><u>15,033,992</u></b>	<b><u>16,440,690</u></b>	<b><u>7,580,930</u></b>	<b><u>191,701,702</u></b>
Major products/services lines:						
Electronic products	\$ 98,444,604	52,209,264	14,963,310	16,440,690	-	182,057,868
Medical services	-	-	-	-	7,580,930	7,580,930
Others	<u>707,224</u>	<u>1,284,998</u>	<u>70,682</u>	<u>-</u>	<u>-</u>	<u>2,062,904</u>
	<b><u>\$ 99,151,828</u></b>	<b><u>53,494,262</u></b>	<b><u>15,033,992</u></b>	<b><u>16,440,690</u></b>	<b><u>7,580,930</u></b>	<b><u>191,701,702</u></b>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Notes and accounts receivable (including related parties)	\$ 33,295,745	36,788,992	31,651,659
Less: loss allowance	<u>(288,648)</u>	<u>(287,066)</u>	<u>(351,498)</u>
	<u><b>\$ 33,007,097</b></u>	<u><b>36,501,926</b></u>	<u><b>31,300,161</b></u>
Contract liabilities	<u><b>\$ 2,431,400</b></u>	<u><b>1,862,107</b></u>	<u><b>1,559,356</b></u>

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

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at January 1, 2021 and 2020, were \$1,862,107 and \$1,559,356, respectively.

(z) Remuneration to employees and directors

The Company's Article of Incorporation requires that earnings shall first to be offset against any deficit, then, a range from 5% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the years ended December 31, 2021 and 2020, the Company estimated its remuneration to employees amounting to \$682,594 and \$429,669, respectively, and the remuneration to directors amounting to \$68,964 and \$42,925, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The estimated remuneration to employees and directors for 2021 and 2020 were the same as the amount approved by the Company's Board of Directors on March 7, 2022 and May 11, 2021, respectively, and paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(aa) Non-operating income and loss

(i) Interest income

	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	<u><b>\$ 269,105</b></u>	<u><b>292,609</b></u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other income

	<b>2021</b>	<b>2020</b>
Government grants income	\$ 167,478	111,457
Dividend income	284,449	71,863
	<b>\$ 451,927</b>	<b>183,320</b>

(iii) Other gains and losses, net

	<b>2021</b>	<b>2020</b>
Loss on disposal of property, plant and equipment	\$ (41,746)	(138)
Gain on disposal of investments (notes 6(h) and (i))	3,050,616	690,884
Foreign currency exchange gains (losses)	(24,035)	(117,444)
Gains (losses) on financial instruments at fair value through profit or loss	248,455	(2,458)
Impairment loss on investments accounted for using equity method (note 6(h))	(6,632)	-
Gain on disposal of non-current assets/liabilities held for sale (note 6(g))	545,594	-
Impairment losses on non-financial assets (note 6(m))	-	(6,585)
Litigation provision	(100,245)	-
Rental income (notes 6(s))	134,463	149,504
Gain on bargain purchase	99	-
Gain on reversal of other payables	-	459,493
Others	184,715	209,027
	<b>\$ 3,991,284</b>	<b>1,382,283</b>

(iv) Finance costs

	<b>2021</b>	<b>2020</b>
Interest expense of bank loans	\$ 647,907	717,236
Interest expense on lease liabilities	40,655	40,763
	<b>\$ 688,562</b>	<b>757,999</b>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ab) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through profit or loss (including current and non-current)	\$ 487,545	562,774
Financial assets at fair value through other comprehensive income (including current and non-current)	<u>18,149,096</u>	<u>1,477,680</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents	17,781,480	22,540,418
Notes and accounts receivable and other receivables (including related parties)	34,163,350	37,480,213
Other financial assets (including current and non-current)	<u>5,150,299</u>	<u>3,672,698</u>
Subtotal	<u>57,095,129</u>	<u>63,693,329</u>
Total	<u>\$ 75,731,770</u>	<u>65,733,783</u>

2) Financial liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities at fair value through profit or loss:		
Held-for-trading	\$ 72,942	135,018
Contingent consideration arising from business combinations	<u>103,222</u>	<u>82,766</u>
Subtotal	<u>176,164</u>	<u>217,784</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings	24,295,022	21,131,930
Notes and accounts payable and other payables (including related parties)	53,675,879	52,557,688
Lease liabilities (including current portion and related parties)	1,990,981	2,020,636
Long-term debt (including current portion)	27,417,210	22,903,335
Bonds payable (including current portion)	461,471	526,507
Other non-current liabilities – guarantee deposits	<u>279,354</u>	<u>1,621,811</u>
Subtotal	<u>108,119,917</u>	<u>100,761,907</u>
Total	<u>\$ 108,296,081</u>	<u>100,979,691</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

- (iii) Fair value information - Financial instruments measured at fair value

- 1) Fair value hierarchy

The financial department of the Group evaluates the fair value of financial instruments and utilizes the assistance from external experts or financial institutions for the evaluation of fair value when necessary, and regularly revises the inputs and makes essential adjustments on the fair value to confirm the evaluation results is reasonable.

The financial instruments at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The lease liabilities are not required to disclose the fair value. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	28,504	-	28,504
Foreign exchange swaps	-	14,788	-	14,788
Open-end mutual funds	26,144	-	-	26,144
Listed stocks	63,776	-	-	63,776
Privately held equity securities	-	-	338,296	338,296
Put option	-	-	10,504	10,504
Contingent consideration arising from business combinations	-	-	5,533	5,533
Subtotal	<u>89,920</u>	<u>43,292</u>	<u>354,333</u>	<u>487,545</u>
Financial assets at fair value through other comprehensive income:				
Domestic listed stocks	17,742,517	-	-	17,742,517
Domestic emerging stock	-	117,727	-	117,727
Privately held equity securities	-	-	288,852	288,852
Subtotal	<u>17,742,517</u>	<u>117,727</u>	<u>288,852</u>	<u>18,149,096</u>
Total	<u>\$ 17,832,437</u>	<u>161,019</u>	<u>643,185</u>	<u>18,636,641</u>
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	(46,842)	-	(46,842)
Foreign exchange swaps	-	(26,100)	-	(26,100)
Contingent consideration arising from business combinations	-	-	(103,222)	(103,222)
Total	<u>\$ -</u>	<u>(72,942)</u>	<u>(103,222)</u>	<u>(176,164)</u>



**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

2) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stock and open-end mutual funds with standard terms and conditions and traded in active markets. The fair value is based on quoted market prices.

## **QISDA CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

Except for the abovementioned financial instruments traded in an active market, the fair value of other financial instruments are based on the valuation techniques or the quotation from counterparty. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date.

For the Group's financial instruments that are not traded in active markets, the fair values are determined as follows:

- The fair value of the Group's domestic emerging stock is determined based on the average stock price on the emerging market at the reporting date.
- Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The contingent consideration is estimated based on the possibility of occurrence of amount to be paid and discounted to the present value.
- The fair value of privately held stock is estimated by using the market approach and is determined by reference to valuations of similar companies, net worth and recent operating activities. The significant unobservable inputs is primarily the liquidity discounts. No quantitative information is disclosed due to that the possible changes in liquidity discounts would not cause significant potential financial impact.

b) Derivative financial instruments

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

3) Transfers between levels of the fair value hierarchy

In 2021, the Group increased its investment in Jiangsu Yudi Optical Co., Ltd and has significant influence over it. As a result, the investment was reclassified from Level 3 financial assets measured at fair value through other comprehensive income to investments accounted for using the equity method - associates.

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

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

Financial assets at fair value through profit or loss:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 173,731	120,399
Additions	100,000	40,752
Disposal	-	(627)
Recognized in profit or loss	80,602	24,620
Reclassification to investments accounted for using equity method	-	(11,413)
Balance at December 31	<u>\$ 354,333</u>	<u>173,731</u>

Financial assets at fair value through other comprehensive income:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 420,505	344,743
Acquisition through business combination	4,206	29,085
Additions	69,187	61,500
Disposal	-	(500)
Reclassification	(321,971)	(3,627)
Proceeds from capital reduction	-	(49,878)
Recognized in other comprehensive income	116,925	39,182
Balance at December 31	<u>\$ 288,852</u>	<u>420,505</u>

Financial liabilities at fair value through profit or loss:

	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 80,518	87,227
Contingent consideration arising from business combination	23,298	-
Recognized in profit or loss	(594)	(6,709)
Balance at December 31	<u>\$ 103,222</u>	<u>80,518</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The above-mentioned total gains or losses were included in “other gains and losses – net” and “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”. The gains or losses attributable to the assets and liabilities held on December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Total gains or losses:		
Recognized in profit or loss (included in other gains and losses, net)	\$ 81,196	31,329
Recognized in other comprehensive income (included in “unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	116,925	39,182

(ac) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group’s policies and procedures to measure and manage those risks as well as the quantitative information below.

The Company’s Board of Directors is responsible for developing and monitoring the Group’s risk management policies. The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s operations.

The Group’s management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company’s Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Group’s financial assets.

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

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The majority of the Group's customers are well-known international companies with high financial transparency in the electronics industry. In order to reduce credit risk of accounts receivable, the Group has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Group continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2021 and 2020, the Group had unused credit facilities of \$96,345,394 and \$76,207,823, respectively.

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

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 24,334,291	23,329,522	1,004,769	-	-	-
Financial liabilities at fair value through profit or loss – contingent consideration	147,776	5,609	-	31,663	110,504	-
Lease liabilities	2,073,170	260,821	249,504	362,721	756,115	444,009
Long-term debt	27,890,852	367,779	521,096	4,254,652	22,078,078	669,247
Bonds payable	468,700	468,700	-	-	-	-
Notes and accounts payable	40,785,107	40,785,107	-	-	-	-
Other payables	12,890,772	12,890,772	-	-	-	-
Guarantee deposits	279,354	-	-	-	279,354	-
	<u>\$ 108,870,022</u>	<u>78,108,310</u>	<u>1,775,369</u>	<u>4,649,036</u>	<u>23,224,051</u>	<u>1,113,256</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 10,169,377	10,169,377	-	-	-	-
Inflow	(10,151,039)	(10,151,039)	-	-	-	-
Foreign exchange swaps:						
Outflow	12,088,673	12,088,673	-	-	-	-
Inflow	(12,077,361)	(12,077,361)	-	-	-	-
	<u>\$ 29,650</u>	<u>29,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2020</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 21,170,029	20,146,732	1,023,297	-	-	-
Financial liabilities at fair value through profit or loss – contingent consideration	82,766	2,248	2,395	2,096	76,027	-
Lease liabilities	2,093,994	240,971	233,250	372,429	738,413	508,931
Long-term debt	23,880,844	250,870	580,142	5,633,250	16,550,607	865,975
Bonds payable	526,507	526,507	-	-	-	-
Notes and accounts payable	40,526,320	40,526,320	-	-	-	-
Other payables	12,031,368	12,031,368	-	-	-	-
Guarantee deposits	1,621,811	-	-	-	1,621,811	-
	<u>\$ 101,933,639</u>	<u>73,725,016</u>	<u>1,839,084</u>	<u>6,007,775</u>	<u>18,986,858</u>	<u>1,374,906</u>

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	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	11,996,316	11,996,316	-	-	-	-
Inflow	(11,983,608)	(11,983,608)	-	-	-	-
Foreign exchange swaps:						
Outflow	4,879,885	4,879,885	-	-	-	-
Inflow	(4,869,127)	(4,869,127)	-	-	-	-
	<u>\$ 23,466</u>	<u>23,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

1) Foreign currency risk

The Group utilizes foreign currency forward contracts and foreign exchange swaps to hedge its foreign currency exposure with respect to its sales and purchases. These financial instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity dates of derivative financial instruments the Group entered into were less than six months and did not conform to the criteria for hedge accounting.

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The Group's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party transactions), notes and accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of Group entities and their respective sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

<b>December 31, 2021</b>						
	<b>Foreign currency (in thousands)</b>	<b>Exchange rate</b>	<b>TWD (in thousands)</b>	<b>Change in magnitude</b>	<b>Effect on profit or loss (in thousands)</b>	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,638,335	27.6800	45,349,113	1 %	453,491	
EUR	72,510	31.4440	2,280,004	1 %	22,800	
CNY	1,986,333	4.3454	8,631,411	1 %	86,314	
JPY	3,751,961	0.2404	901,971	1 %	9,020	
<u>Non-monetary items</u>						
CNY	9,847	4.3454	42,789	1 %	428	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,839,403	27.6800	50,914,675	1 %	509,147	
EUR	60,068	31.4440	1,888,778	1 %	18,888	
CNY	1,826,756	4.3454	7,937,986	1 %	79,380	
JPY	7,164,283	0.2404	1,722,294	1 %	17,223	

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December 31, 2020						
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,553,657	28.3500	44,046,176	1 %	440,462	
EUR	82,529	34.9560	2,884,884	1 %	28,849	
CNY	1,601,226	4.3216	6,919,858	1 %	69,199	
JPY	3,109,307	0.2749	854,748	1 %	8,547	
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,749,975	28.3500	49,611,791	1 %	496,118	
EUR	41,796	34.9560	1,461,021	1 %	14,610	
CNY	1,615,273	4.3216	6,980,564	1 %	69,806	
JPY	7,424,353	0.2749	2,040,955	1 %	20,410	

As the Group deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. Refer to note 6(aa) for the aggregate of realized and unrealized foreign exchange gain (loss) for the years ended December 31, 2021 and 2020.

2) Interest rate risk

The Group's short-term borrowings and long-term debt carried floating interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2021 and 2020 would have been \$517,122 and \$440,353, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.



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3) Other market price risk

The Group is exposed to the risk of price fluctuation in the securities market due to the investment in domestic listed stock and emerging stock. The Group supervises the equity price risk actively and manages the risk based on fair value. The Group also has strategic investments in privately held stocks, which the Group does not actively participate in trading.

The investment target of open-end mutual funds held by the Group are mostly monetary funds or bond funds (accounted for as financial assets at fair value through profit or loss – current). The Group anticipates that there is no significant market risk related to the funds.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments (accounted for as financial assets at fair value through profit or loss) at each reporting date, the profit before tax for the years ended December 31, 2021 and 2020, would have increased or decreased by \$3,189 and \$3,445, respectively.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments (accounted for as financial assets at fair value through other comprehensive income) at each reporting date, the other comprehensive income for the years ended December 31, 2021 and 2020, would have increased or decreased by \$893,012 and \$52,859, respectively.

(ad) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders. The Group monitors its capital through reviewing the liability-to-equity ratio periodically.

The Group's liability-to-equity ratio at the end of each reporting period was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<u>\$ 121,047,832</u>	<u>111,848,729</u>
Total equity	<u>\$ 66,162,763</u>	<u>58,963,220</u>
Liability-to-equity ratio	<u>182.95 %</u>	<u>189.69 %</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
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(ae) Investing and financing activities not affecting current cash flow

(i) For acquisition of right-of-use assets under lease for the years ended December 31, 2021 and 2020, please refer to note 6(k).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Acquisition through business combination	Additions	Effect of foreign exchange rate	
Short-term borrowings	\$ 21,131,930	2,905,373	253,156	-	4,563	24,295,022
Long-term debt (including current portion)	22,903,335	4,409,328	140,741	-	(36,195)	27,417,209
Bonds payable (including current portion)	526,507	-	-	-	(65,036)	461,471
Lease liabilities	2,020,636	(541,109)	61,796	468,327	(18,669)	1,990,981
Guarantee deposits	1,621,811	(1,342,457)	-	-	-	279,354
	<u>\$ 48,204,219</u>	<u>5,431,135</u>	<u>455,693</u>	<u>468,327</u>	<u>(115,337)</u>	<u>54,444,037</u>

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

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**7. Related-party transactions**

(a) Name and relationship with related parties

The following are the entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
AU Optronics Corp. ("AU")	Prior to May 12, 2021, AU was an associate of the Company. However, starting May 12, 2021, AU was no longer an associate of the Company. Since January 2021, AU accounted the investments in the Company using the equity method.
Darfon Electronics Corp. ("DFN")	The Group's associates
Visco Vision Inc. ("Visco Vision")	The Group's associates
Cenefom Corp. ("CENEFOM")	Prior to October 25, 2021, CENEFOM was an associate of the Group. Starting October 25, 2021, CENEFOM has been included in the Group's consolidated entities
MLK Bioscience Co., Ltd.	The Group's associates
Q.S.Control Corp.	The Group's associates
TDX Medical Technology (Jiangsu) Co., Ltd ("TDX")	The Group's joint venture
Nanjing Silvertown Health & Development Co., Ltd ("NSHD")	The Group's associates
Alpha Networks Inc. ("Alpha")	Prior to July 23, 2020, Alpha was an associate of the Group. Starting July 23, 2020, Alpha has been included in the Group's consolidated entities
DMC Components International, LLC. ("DMC")	The Group's associates
Darwin Precisions Corporation ("Darwin")	AU's subsidiaries
AU Optronics (L) Corp. ("AUL")	AU's subsidiaries
AFPD Pte., Ltd	AU's subsidiaries
AU Optronics (Suzhou) Corp. ("AUSZ")	AU's subsidiaries
AU Optronics (Kunshan) Co., Ltd. ("AUKS")	AU's subsidiaries
a.u. Vista Inc. ("AUVI")	AU's subsidiaries
AU Optronics (Xiamen) Corp. ("AUXM")	AU's subsidiaries
AU Optronics Manufacturing (Shanghai) Corp.	AU's subsidiaries
AU Optronics (Slovakia) s.r.o.	AU's subsidiaries
AUO Care Information Tech. (Suzhou) Co., Ltd.	AU's subsidiaries
BriView (Hefei) Co., Ltd. ("BVHF")	AU's subsidiaries
Darwin Precisions (Xiamen) Corp. ("DPXM")	AU's subsidiaries
Darwin Precisions (Suzhou) Corp.	AU's subsidiaries

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Fortech Electronics (Kunshan) Co., Ltd. (“FTKS”)	AU's subsidiaries
Fortech Electronics (Suzhou) Co., Ltd. (“FTWJ”)	AU's subsidiaries
Mega Insight Smart Manufacturing (Suzhou) Corp., Ltd.	AU's subsidiaries
Edgetech Data Technologies (Suzhou) Corp., Ltd.	AU's subsidiaries
U-Fresh Technology (Suzhou) Co., Ltd.	AU's subsidiaries
AUO Display Plus Corporation	AU's subsidiaries
AUO Digitech (Suzhou) Co., Ltd.	AU's subsidiaries
AUO Crystal Corp. (“ACTW”)	AU's subsidiaries
AUO Education Service Corp.	AU's subsidiaries
Unictron Technologies Corporation	DFN's subsidiaries
Darfon America Corp. (“DFA”)	DFN's subsidiaries
Darfon Electronics Czech s.r.o (“DFC”)	DFN's subsidiaries
Darfon Electronics (Suzhou) Co., Ltd. (“DFS”)	DFN's subsidiaries
Huaian Darfon Electronics Co., Ltd. (“DFH”)	DFN's subsidiaries
Darfon Electronics (Chongqing) Co., Ltd. (“DFQ”)	DFN's subsidiaries
Visco Technology Sdn. Bhd. (“VVM”)	Visco Vision's subsidiaries
Suzhou Trident Original Medical Technology (Jiangsu) Co., Ltd.	TDX's subsidiaries
BenQ Foundation	Substantive related party

(b) Significant related-party transactions

(i) Revenue

	<u>2021</u>	<u>2020</u>
Associates:		
AU	\$ 3,169,024	9,226,840
AUSZ	1,064,012	3,275,301
Other associates	<u>1,207,831</u>	<u>1,413,246</u>
	<u>5,440,867</u>	<u>13,915,387</u>
Joint ventures	<u>16,528</u>	<u>-</u>
The entity who has significant influence over the Group:		
AU	6,722,241	-
AUSZ	2,096,051	-
Other	<u>556,773</u>	<u>-</u>
	<u>9,375,065</u>	<u>-</u>
	<b><u>\$ 14,832,460</u></b>	<b><u>13,915,387</u></b>

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The sales prices for some of the abovementioned transactions were not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers. The payment terms of 30~120 days showed no significant difference between related parties and third-party customers.

(ii) Purchases

	<b>2021</b>	<b>2020</b>
Associates:		
AU	\$ 4,085,451	11,911,622
Other associates	872,038	662,793
	<u>4,957,489</u>	<u>12,574,415</u>
Joint ventures	58,045	-
The entity who has significant influence over the Group:		
AU	7,439,730	-
	<b>\$ 12,455,264</b>	<b>12,574,415</b>

There were no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 30~120 days showed no significant difference between related parties and third-party vendors.

(iii) Property transactions

In June 2021, the Group disposed its land and building located at Penang, Malaysia to its associate (VVM) at a total contract price of MYR92,000 thousand, wherein the net proceeds of disposal of property amounted to \$561,173. As of December 31, 2021, the outstanding receivables of \$43,327 were recorded under other receivables as the attorney collected 7% of the total contract price on behalf of the Group. The gain on disposal of the aforementioned property was \$365,338.

(iv) Lease

The Group leased factory and office from AU, and the rent is paid monthly with reference to the nearby office rental rates. The Company entered into a new factory lease contract with AU and recognized the right-of-use assets and the lease liabilities amounting to \$10,021, respectively, in 2021. For the years ended December 31, 2021 and 2020, the related interest expense on lease liabilities amounted to \$2,570 and \$4,243, respectively. As of December 31, 2021 and 2020, the balance of the lease liabilities amounted to \$101,388, and \$178,516, respectively.

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The Group leased its plant and office to associates. For the years ended December 31, 2021 and 2020, the rental income were as follows:

	<b>2021</b>	<b>2020</b>
Associates	<b>\$ 21,630</b>	<b>27,144</b>

(v) Donation

For the years ended December 31, 2021 and 2020 the Group made a donation to substantive related party (BenQ Foundation) amounting to \$22,000 and \$9,200, respectively.

(vi) Receivables

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

Account	Related-party categories	December 31, 2021	December 31, 2020
Accounts receivable	The entity who has significant influence over the Group:		
	AU	\$ 1,788,712	-
	AUSZ	799,884	-
	Other	65,741	-
		2,654,337	-
	Joint ventures	16,987	2,719
	Associates:		
	AU	-	2,089,736
	AUSZ	-	942,534
	Other associates	336,296	245,380
		336,296	3,277,650
		<b>\$ 3,007,620</b>	<b>3,280,369</b>
Other receivables	Associates:		
	NSHD	\$ 292,012	287,690
	Other associates	12,154	14,709
		<b>\$ 304,166</b>	<b>302,399</b>

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(vii) Payables

The payables to related parties due to the abovementioned purchases and advance payments made by associates on behalf of the Group were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	The entity who has significant influence over the Group:		
	AU	\$ 1,152,322	-
	Joint ventures	1,581	2,242
	Associates:		
	AU	-	1,941,157
	Other associates	311,496	184,137
		<u>\$ 1,465,399</u>	<u>2,127,536</u>
Other payables	Associates	<u>\$ 27,307</u>	<u>16,151</u>
Lease liabilities—current		<u>\$ 96,767</u>	<u>86,737</u>
Lease liabilities—non-current		<u>\$ 4,621</u>	<u>91,779</u>

(c) Compensation for key management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 334,489	161,810
Post-employment benefits	1,071	864
	<u>\$ 335,560</u>	<u>162,674</u>

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**8. Pledged assets**

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other financial assets—current (time deposits)	Credit lines of bank loans and guarantee for tax clearance certificate and performance guarantee	\$ 58,852	63,853
Other financial assets—non-current (special deposit account)	Restrictions on utilization of repatriated offshore funds	668,202	518,390
Other financial assets—non-current	Guarantee for construction project, guarantee to lawsuits, and guarantee for land lease	127,378	151,984
Common stock of investments accounted for using the equity method	Credit lines of bank loans	-	5,933,504
Land and buildings	Credit lines of bank loans	4,948,215	4,175,702
Investment property	Credit lines of bank loans	204,004	125,882
Right-of-use assets (land use rights)	Credit lines of bank loans	-	923,503
Notes and accounts receivable	Credit lines of bank loans	18,196	106,501
Machinery	Credit lines of bank loans	-	80,742
Inventory	Credit lines of bank loans and deposit of customs	2,000	-
		<u>\$ 6,026,847</u>	<u>12,080,061</u>



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**9. Significant commitments and contingencies**

(a) Significant unrecognized commitments

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unused letters of credit	<b>\$ 870,076</b>	<b>1,097,310</b>

(b) Significant contingent liabilities

In January 2012, some direct and indirect Canadian purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has reached a settlement agreement with the plaintiff. However, the final outcome is still pending approval of the Court.

**10. Significant loss from disaster: None.**

**11. Significant subsequent events: None.**

**12. Others**

(a) Employee benefits, depreciation, and amortization categorized by function were as follows:

	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	10,490,832	12,041,636	22,532,468	8,387,115	9,653,427	18,040,542
Insurance	792,750	986,096	1,778,846	592,973	772,294	1,365,267
Pension	523,303	495,658	1,018,961	290,681	337,215	627,896
Others	751,371	764,202	1,515,573	684,452	601,805	1,286,257
Depreciation	2,427,658	1,375,455	3,803,113	2,151,811	1,080,148	3,231,959
Amortization	63,642	929,488	993,130	76,849	566,816	643,665

**13. Additional disclosures:**

(a) Information on significant transactions:

- (i) Financing provided to other parties: Table 1 (attached)
- (ii) Guarantees and endorsements provided to other parties: Table 2 (attached)
- (iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- (iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed \$300 million or 20% of the paid-in capital: Table 4 (attached)
- (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: Table 5 (attached)

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

**14. Segment information**

- (a) General information

The Group had four reportable segments previously, however starting July 2020, the Group obtained control over Alpha and its subsidiaries. Therefore, the fifth segment "Networks" has been included in the Group's reportable segments. These segments are the Group's strategic divisions. The Group's strategic divisions provide different products and services, and are managed separately because they require different technology and marketing strategies. Operating results of the strategic divisions are quarterly reviewed by the Group's chief operating decision maker. The five reportable segments are described as follows:

- (i) DMS: Engaging in the design, research, manufacturing, and sale of electronic products.
- (ii) Brand: Engaging in the design, research, marketing and sale of brand-name products.
- (iii) Material: Engaging in the research, manufacturing, and sale of optoelectronics film.
- (iv) Medical: Offering medical services.
- (v) Networks: Engaging in the design, research, manufacturing, and sale of broadband products, wireless network products and computer network system equipment.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Reportable segments, profit or loss, segment assets, basis of measurement, and reconciliation

There was no material inconsistency between the accounting policies adopted for the operating segments and the accounting policies described in note 4. The Group uses operating profit as the measurement for segment profit and the basis of resource allocation and performance assessment.

The Group's operating segment information and reconciliation are as follows:

	2021							Total
	DMS	Brand	Material	Medical	Networks	Others	Eliminations	
External revenue	\$112,130,827	59,992,376	16,469,519	9,506,214	27,862,095	-	-	225,961,031
Intra-group revenue	11,345,579	669,180	12,167	9,907	241	-	(12,037,074)	-
Total segment revenue	<u>\$123,476,406</u>	<u>60,661,556</u>	<u>16,481,686</u>	<u>9,516,121</u>	<u>27,862,336</u>	-	<u>(12,037,074)</u>	<u>225,961,031</u>
Segment profit (loss)	<u>\$ 2,266,144</u>	<u>3,045,750</u>	<u>977,318</u>	<u>453,080</u>	<u>513,175</u>	<u>(2,142)</u>	<u>107,641</u>	<u>7,360,966</u>

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

(c) Product information

Revenues from external customers are detailed below:

<u>Products and services</u>	<u>2021</u>	<u>2020</u>
Sales of electronic products	\$ 212,835,621	182,057,868
Medical services	9,506,214	7,580,930
Others	3,619,196	2,062,904
	<u>\$ 225,961,031</u>	<u>191,701,702</u>

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

<u>Region</u>	<u>2021</u>	<u>2020</u>
Taiwan	\$ 52,377,173	47,924,363
Americas	58,880,550	46,361,002
Mainland China	45,086,941	36,954,443
Japan	13,336,026	11,307,691
Others	56,280,341	49,154,203
	<u>\$ 225,961,031</u>	<u>191,701,702</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Non-current assets:

<u>Region</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Taiwan	\$ 27,622,781	24,619,992
Mainland China	15,695,184	15,338,449
Others	<u>8,624,461</u>	<u>7,923,357</u>
	<u>\$ 51,942,426</u>	<u>47,881,798</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other assets, but do not include financial instruments, deferred income tax assets, and pension fund assets.

(e) Major customer information

Sales to individual customers accounting for more than 10% of the consolidated revenues in 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Customer A	<u>\$ 46,972,109</u>	<u>40,323,489</u>

**QISDA CORPORATION AND SUBSIDIARIES**  
 Financing provided to other parties  
 For the year ended December 31, 2021  
 (Amounts in thousands of New Taiwan dollars and other currencies)

Table 1

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Limits
													Item	Value		
0	The Company	APV	Other receivables from related parties	yes	200,000	-	-	1.20%	2	-	Operating requirements	-	-	8,291,285	16,582,569	
1	BenQ	BQL	Other receivables from related parties	yes	500,400	249,120	249,120	-	2	-	Operating requirements	-	-	2,085,224	4,170,448	
1	BenQ	Darty Venture (L) Ltd	Other receivables from related parties	yes	278,000	138,400	138,400	0.75%	2	-	Operating requirements	-	-	2,085,224	4,170,448	
1	BenQ	Darty 2	Other receivables from related parties	yes	200,000	-	-	-	2	-	Operating requirements	-	-	2,085,224	4,170,448	
1	BenQ	Darty C	Other receivables from related parties	yes	300,000	-	-	-	2	-	Operating requirements	-	-	2,085,224	4,170,448	
2	QLLB	Qisda (Shanghai) Co., Ltd. ("QCSH")	Other receivables from related parties	yes	3,219,000	1,605,440	1,605,440	-	2	-	Operating requirements	-	-	6,053,140	6,053,140	
3	QLFG	QLLB	Other receivables from related parties	yes	558,502	543,529	231,994	3.20%	2	-	Operating requirements	-	-	8,291,285	16,582,569	
4	BBM	Suzhou BenQ Hospital Co., Ltd. ("SMHT")	Other receivables from related parties	yes	128,385	110,720	-	-	2	-	Operating requirements	-	-	2,037,689	2,037,689	
4	BBM	Nanjing BenQ Hospital Co., Ltd. ("NMHF")	Other receivables from related parties	yes	855,900	692,000	553,600	-	2	-	Operating requirements	-	-	2,037,689	2,037,689	
5	BIC	Suzhou BenQ Hospital Co., Ltd. ("SMHT") (Note 26)	Other receivables from related parties	yes	21,787	21,727	21,727	1.00%	2	-	Operating requirements	-	-	335,850	335,850	
6	NMHC	Nanjing BenQ Hospital Co., Ltd. ("NMHF") (Note 26)	Other receivables from related parties	yes	22,658	22,596	22,596	1.00%	2	-	Operating requirements	-	-	23,639	23,639	
7	QCOS	Suzhou BenQ Hospital Co., Ltd. ("SMHT") (Note 26)	Other receivables from related parties	yes	740,758	738,718	738,718	3.60%	2	-	Operating requirements	-	-	1,635,411	1,635,411	
7	QCOS	Qisda (Shanghai) Co., Ltd. ("QCSH") (Note 26)	Other receivables from related parties	yes	87,148	86,908	86,908	2.00%-2.30%	2	-	Operating requirements	-	-	4,145,642	41,456,423	
8	BMS	BenQ Materials (Wuhu) Co., Ltd. (Note 26)	Other receivables from related parties	yes	1,154,711	1,151,531	818,239	1.30%	2	-	Operating requirements	-	-	1,938,681	1,938,681	
8	BMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")(Note 26)	Other receivables from related parties	yes	86,718	-	-	1.30%	2	-	Operating requirements	-	-	1,938,681	1,938,681	
8	BMS	BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMV")(Note 26)	Other receivables from related parties	yes	259,560	130,362	23,900	1.30%	2	-	Operating requirements	-	-	1,938,681	1,938,681	
9	PTT	Corex (Pty) Ltd.	Other receivables from related parties	yes	113,400	-	-	USD 3.50% ZAR 8.85%	2	-	Operating requirements	-	-	402,770	402,770	
10	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	250,560	249,120	166,080	0.00%-4.35%	2	-	Operating requirements	-	-	410,619	821,237	

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
10	Axe Pillar Co., Ltd.	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	28,530	27,680	27,680	-	2	-	Operating requirements	-	-	-	410,619	821,237
11	Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	15,692	-	-	1.15%	2	-	Operating requirements	-	-	-	626,514	626,514
12	Grace Transmission (Tianjin) Co., Ltd.	Advancedtek Ace (TJ) Inc.	Other receivables from related parties	yes	2,614	-	-	1.80%	2	-	Operating requirements	-	-	-	7,018	7,018
12	Grace Transmission (Tianjin) Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	13,044	-	-	1.80%	2	-	Operating requirements	-	-	-	7,018	7,018
13	Proton Inc.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	17,344	-	-	1.80%	2	-	Operating requirements	-	-	-	39,722	39,722
14	Aewin	Aewin Beijing Technologies Co., Ltd.	Other receivables from related parties	yes	85,590	-	-	-	2	-	Operating requirements	-	-	-	231,859	463,718
14	Aewin	Aewin Beijing Technologies Co., Ltd.	Other receivables from related parties	yes	208,489	102,949	102,949	-	1	445,822	Business transaction	-	-	-	231,859	463,718
15	Alpha HK	Alpha Changshu	Other receivables from related parties	yes	1,425,960	966,032	966,032	-	2	-	Operating requirements	-	-	-	2,263,055	2,263,055
16	Mirc Networks (Dongguan) Co., Ltd.	Alpha Changshu	Other receivables from related parties	yes	129,231	-	-	2.50%	2	-	Operating requirements	-	-	-	303,307	303,307
17	Alpha Networks (Chengdu) Co., Ltd.	Alpha Changshu	Other receivables from related parties	yes	174,296	173,816	173,816	2.00%~2.50%	2	-	Operating requirements	-	-	-	574,686	574,686
18	Hiron Technologies	Hiron Vietnam	Other receivables from related parties	yes	922,680	830,400	830,400	1.00%	2	-	Operating requirements	-	-	-	939,324	1,878,649
18	Hiron Technologies	Suzhou	Other receivables from related parties	yes	427,950	-	-	1.00%	2	-	Operating requirements	-	-	-	939,324	1,878,649
19	Jieteh Trading (Suzhou) Inc.	Suzhou	Other receivables from related parties	yes	21,680	-	-	2.00%	2	-	Operating requirements	-	-	-	3,716	3,716
20	Alpha Dongguan	Alpha Changshu	Other receivables from related parties	yes	306,761	305,916	305,916	2.00%	2	-	Operating requirements	-	-	-	1,034,891	1,034,891
21	D-Link Asia	Alpha Changshu	Other receivables from related parties	yes	139,000	138,400	138,400	-	2	-	Operating requirements	-	-	-	1,745,594	1,745,594
22	Darfy	BerQ	Other receivables from related parties	yes	200,000	200,000	200,000	0.50%	2	-	Operating requirements	-	-	-	1,563,426	1,563,426
23	Darfy2	BerQ	Other receivables from related parties	yes	400,000	400,000	400,000	0.50%	2	-	Operating requirements	-	-	-	1,675,750	1,675,750
24	DarfyC	BerQ	Other receivables from related parties	yes	100,000	100,000	100,000	0.50%	2	-	Operating requirements	-	-	-	181,642	181,642

(Note 1) The aggregate financing amount and the individual financing amount of the Company to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 2) The aggregate financing amount and the individual financing amount of QLLB to subsidiaries shall not exceed 40% of the most recent net worth of QLLB.

(Note 3) The aggregate financing amount and the individual financing amount of BerQ to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of BerQ.

(Note 4) The aggregate financing amount and the individual financing amount of BBM to subsidiaries shall not exceed 40% of the most recent net worth of BBM.

(Note 5) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS shall not exceed 100% and 10%, respectively, of the most recent audited or reviewed net worth of the Company. The financing amount to the subsidiaries not wholly owned by the Company and the individual financing amount of QCOS shall not exceed 40% of the most recent net worth of QCOS.

(Note 6) The aggregate financing amount and the individual financing amount of QLEFO to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 7) The aggregate financing amount and the individual financing amount of BIC to subsidiaries shall not exceed 40% of the most recent net worth of BIC.

(Note 8) The aggregate financing amount to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100%, respectively, of the most recent audited or reviewed net worth of BMS.

(Note 9) The aggregate financing amount and the individual financing amount of NMHC to subsidiaries shall not exceed 100% of the most recent net worth of NMHC.

(Note 10) The aggregate financing amount and the individual financing amount of PTT to subsidiaries shall not exceed 40% of the most recent net worth of PTT.

(Note 11) The aggregate financing amount and the individual financing amount of ACE to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of ACE.

(Note 12) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 100% of the most recent net worth of Cyber South.

(Note 13) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 100% of the most recent net worth of ACE.

(Note 14) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 10% and 5%, respectively, of the most recent net worth of Grace Transmission (Tianjin) Co., Ltd.

(Note 15) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 100% of the most recent net worth of Hong Kong Ace Pillar Enterprise Company Limited. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of AEWIN to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of AEWIN.

(Note 16) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha HK shall not exceed 100% of the most recent net worth of Alpha HK.

(Note 17) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Mirac Networks (Dongguan) Co., Ltd. shall not exceed 100% of the most recent net worth of Mirac Networks (Dongguan) Co., Ltd.

(Note 18) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Chengdu) Co., Ltd. shall not exceed 100% of the most recent net worth of Alpha Networks (Chengdu) Co., Ltd.

(Note 19) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Dongguan) Co., Ltd. shall not exceed 100% of the most recent net worth of Alpha Networks (Dongguan) Co., Ltd.

(Note 20) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of D-Link Asia shall not exceed 100% of the most recent net worth of D-Link Asia.

(Note 21) The aggregate financing amount of Hitron Technologies and its subsidiaries (Jereh Trading (Suzhou) Inc.) to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of both parties. The financing reason and limit for each type of party is stated as below:

- a For entities who have business transactions with Hitron Technologies, the individual financing amount shall not exceed the total transaction amount in the nearest 12 months. The transaction referring to the higher of sales or purchase amount.
- b For entities who have a need in short term financing, the individual financing amount shall not exceed 10% of the most recent audited or reviewed net worth of Hitron Technologies.
- c For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 100% of the net worth of the lender.
- d For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 100% of the net worth of the lender.

(Note 22) The aggregate financing amount and the individual financing amount of Darty Venture Inc. to subsidiaries shall not exceed 40% of the most recent net worth of Darty Venture Inc.

(Note 23) The aggregate financing amount and the individual financing amount of Darty 2 Venture, Corp. to subsidiaries shall not exceed 40% of the most recent net worth of Darty 2 Venture, Corp.

(Note 24) The aggregate financing amount and the individual financing amount of Darty Consulting Corp. to subsidiaries shall not exceed 40% of the most recent net worth of Darty Consulting Corp.

(Note 25) Purpose of Fund Financing: 1. This is a short-term financing purpose. 2. Short-term financing purpose.

(Note 26) To decrease the interest expense of the Group, certain subsidiaries using special purpose trust account through financial intermediaries offer idle fund to other subsidiaries in need.

(Note 27) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.





**QISDA CORPORATION AND SUBSIDIARIES**  
**Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021			Maximum percentage of ownership during 2021		Note	
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units		Percentage of Ownership
The Company	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,388	57,304	4.61%	57,304	1,388	4.61%	-
The Company	Stock: AU	-	Financial assets at fair value through other comprehensive income-non-current	663,599	15,196,408	6.93%	15,196,408	663,599	6.99%	-
QLLB	CPEC Huachuang Private Equity Fund (Fujian) Co., Ltd. Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	42,788	2.50%	42,788	-	2.50%	-
BMC	Stock: Lagis Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,680	55,490	5.25%	55,490	1,680	5.25%	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note 1)	2.50%	-	225	2.50%	-
BMC	Stock: YiLeLaFa Corporation	-	Financial assets at fair value through other comprehensive income-non-current	300	3,000	2.73%	3,000	300	6.52%	-
BMC	Stock: CUUMed Catheter Medical Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	323	6,187	2.12%	6,187	323	2.12%	-
APV	Stock: Hi-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	317	46,547	0.83%	46,547	317	0.88%	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	(Note 1)	6.19%	-	619	6.19%	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	32,222	2.77%	32,222	672	2.77%	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	377	0.06%	377	31	0.06%	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	10,680	6.17%	10,680	2,000	6.17%	-
APV	Stock: CDJB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,667	21,665	3.33%	21,665	3,667	3.33%	-
APV	Preferred Stock: D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	3,296	6.56%	3,296	10,000	6.56%	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,144	88,566	7.13%	88,566	2,144	7.13%	-
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,309	1,306,644	3.45%	1,306,644	2,940	4.39%	-
Daily 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	470	22,536	1.94%	22,536	470	1.94%	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021				Maximum percentage of ownership during 2021	
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,552	878,099	2.32%	878,099	1,633	2.44%
Darly 2	Stock: Fong Huang Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	6,000	83,693	18.75%	83,693	6,000	18.75%
Darly 2	Stock: Fong Huang 2 Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,000	36,374	7.01%	36,374	3,000	7.01%
Darly 2	Stock: Fong Huang 3 Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,000	32,465	13.04%	32,465	3,000	13.04%
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,630	0.14%	1,630	34	0.14%
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	5,340	3.09%	5,340	1,000	3.09%
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	5,409	2.24%	5,409	1,033	2.24%
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	61,860	0.52%	61,860	285	0.52%
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,487	71,302	6.13%	71,302	1,487	6.13%
PTT	Preferred Stock: D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	5,196	2.30%	5,196	3,500	2.30%
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	999	41,259	3.32%	41,259	999	3.32%
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,442	26,144	-	26,144	1,442	-
DFI	Asia Tech Venture Fund	-	Financial assets at fair value through other comprehensive income-non-current	USD 225	(Note 1)	-	-	-	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through other comprehensive income-non-current	USD 200	(Note 1)	-	-	-	-
AEWIN	Stock: Aewin Korea Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	10	1,288	16.67%	1,288	10	16.67%
AEWIN	Stock: AuthenTrend Technology Inc.	-	Financial assets at fair value through profit or loss-non-current	300	(Note 1)	1.42%	-	300	1.42%
Sysage	CDS Holdings Limited	-	Financial assets at fair value through profit or loss-non-current	600	(Note 1)	1.11%	-	600	1.12%
Sysage	Stock: Yobon Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3	(Note 1)	0.42%	-	3	0.42%
Sysage	Stock: Dynasafe Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3,906	227,410	19.53%	227,410	3,906	19.53%
Sysage	Stock: Touch Cloud, Inc.	-	Financial assets at fair value through profit or loss-non-current	200	856	1.50%	856	200	2.74%

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021				Maximum percentage of ownership during 2021		
				Shares/Units	Carrying Value	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership	Note
Sysage	Gemini Data, Inc.	-	Financial assets at fair value through profit or loss-non-current	2,706	10,930	1.70%	10,930	2,706	2.94%	-
Sysage	Stock: Kingtel Corporation	-	Financial assets at fair value through profit or loss-non-current	443	1,498	18.09%	1,498	443	18.09%	-
Sysage	Limited Partnership Equity: Tawania Capital Buffalo Fund V L.P.	-	Financial assets at fair value through profit or loss-non-current	(Note 2)	97,602	12.78%	97,602	(Note 2)	13.20%	-
Simula	Stock: Optomedia Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	817	2,411	3.26%	2,411	817	3.26%	-
Simula	Stock: Taiwan Competition Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	500	2,469	16.67%	2,469	500	16.67%	-
GSC	Stock: New Image Medical Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	200	2,960	0.74%	2,960	200	0.74%	-
Alpha	Stock: TGC, Inc.	-	Financial assets at fair value through profit or loss-non-current	500	(Note 1)	1.83%	-	500	1.83%	-
Hitron Technologies	Stock: Senao International Co., Ltd.	-	Financial assets at fair value through profit or loss-current	152	5,077	-	5,077	-	-	-
Hitron Technologies	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	441	32,237	-	32,237	-	-	-
Hitron Technologies	Stock: Chao Long Motor Parts Corp.	-	Financial assets at fair value through other comprehensive income-non-current	668	19,335	1.79%	19,335	668	2.10%	-
Hitron Technologies	Stock: Imageteck Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	120	(Note 1)	1.20%	-	120	1.20%	-
Hitron Technologies	Stock: Tsunami Visual Technologies, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,220	(Note 1)	9.34%	-	1,220	9.34%	-
Hitron Technologies	Stock: Pivot Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	198	(Note 1)	10.94%	-	198	10.94%	-
Hitron Technologies	Stock: Cardtek Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000	(Note 1)	6.45%	-	1,000	6.45%	-
Hitron Technologies	Stock: Yesmobile Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	294	(Note 1)	0.75%	-	294	0.75%	-
Hitron Technologies	Preferred Stock: Codent Networks (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,570	(Note 1)	-	-	-	-	-
Interactive Digital	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	362	26,462	-	26,462	362	-	-
DIVA	Stock: Insight Genomics Inc.	-	Financial assets at fair value through other comprehensive income-non-current	600	3,534	10.00%	3,534	600	10.00%	-
DIVA	Stock: Renown Information Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	600	762	12.00%	762	600	12.00%	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021				Maximum percentage of ownership during 2021	
				Shares/Units	Carrying Value (Note 1)	Percentage of Ownership	Fair Value	Shares/Units	Percentage of Ownership
DIVA	Stock: Pharmally International Holding Co. Ltd.	-	Financial assets at fair value through profit or loss-non-current	150	(Note 1)	-	-	150	-

(Note 1) The impairment loss was fully recognized.

(Note 2) There was no shares as the company is a limited partnership.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Marketable securities for which the accumulated purchase or sale amount for the year exceed NT\$300 million or 20% of the paid-in capital**  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance		Purchase		Disposal			Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares
The Company	Sysage	Investment accounted for using equity method	-	Parent/Subsidiary	66,000	1,856,785	30,841	1,387,856	-	-	-	96,841	2,662,719
BBM	NSHD	Investment accounted for using equity method	Hangzhou Lan Cheng Hong	-	-	384,857	-	-	1,231,460	180,476	1,042,365	-	183,100
DFI	Brainstorm	Investment accounted for using equity method	Chuang Investment Ltd.	Parent/Subsidiary	-	-	233	501,582	-	-	-	233	501,582
DFI	ACE	Investment accounted for using equity method	-	Parent/Subsidiary	37,676	793,722	16,282	507,636	-	-	-	53,958	1,301,359
Hitron Technologies	Hitron Vietnam	Investment accounted for using equity method	-	Parent/Subsidiary	-	434,914	-	1,036,992	-	-	-	-	1,471,906
Simula	AST	Investment accounted for using equity method	-	Parent/Subsidiary	-	-	32,001	983,858	-	-	-	32,001	1,008,924
DIC	DIVA	Investment accounted for using equity method	-	-	-	-	20,856	625,680	-	-	-	20,856	617,569

(Note 1) The ending balance includes shares of investees and other related adjustment.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Acquisition of real estate which exceeds NT\$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 5

Company Name	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counter Party	Relationship with the Counter Party	If the Counter Party is a Related Party, Disclose the Previous Transfer Information			Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Company	Date of Transfer			
AEWIN	Land and Buildings	October 4, 2021	470,880	Payment in full	Avanti Commerce Centre Limited	-	-	-	-	Negotiate according to appraisal report	Operating purpose	None

**QISDA CORPORATION AND SUBSIDIARIES**  
**Disposal of real estate which exceeds NT \$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 6

Company Name	Property Name	Transaction Date	Acquisition date	Book Value	Transaction Amount	Status of Payment	Gain or Loss on Disposal of real estate	Relation with the Counter Party	Counter Party	Purpose of Disposal	Price Reference	Notes
Qisda Sdn. Bhd. (QLPG)	Two land and buildings in Malaysia	Board resolution date June 11, 2020 ; Transaction date: June, 2021	1990	115,802	618,957(MYR 92,000 thousand) Net selling price after tax is 561,173	517,907 which is 93% of the contract price has been received.	365,338	Associates	Visco Technology Sdn.Bhd.	To activate asset and increase working capital	Refer to appraisal report	Payment term : 10% will be charged within 1 month after signing the contact ; 20% will be charged within 1 month after the government approval is received ; 70% will be charged within 4 month after the government approval is received
DFI	Land and Buildings	November 30, 2021	April 1, 1987	456,344	550,000	Received all payments	85,901 (Note 1)	Not applicable	Axiomtek Co., Ltd.	To activate asset and increase working capital	Negotiate according to appraisal report	None

(Note 1) The amount after deducting transaction-related fees.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Total purchases from and sales to related parties which exceed NT\$100 million or 20% of the paid-in capital**  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
The Company	BenQ	Parent/Subsidiary	(Sales)	(6,258,208)	(6)	OA90	-	-	2,524,742	13	-
The Company	QITO	Parent/Subsidiary	(Sales)	(2,827,402)	(3)	OA120	-	-	991,853	5	-
The Company	QALA	Parent/Subsidiary	(Sales)	(24,548,118)	(23)	OA90	-	-	5,538,535	28	-
The Company	AU	(Note 5)	(Sales)	(5,928,960)	(6)	OA120	-	-	1,281,698	6	-
The Company	AUSZ	(Note 5)	(Sales)	(1,931,807)	(2)	OA120	-	-	707,652	4	-
The Company	AUKS	(Note 5)	(Sales)	(280,607)	-	OA120	-	-	141,110	1	-
The Company	DFT	Parent/Subsidiary	(Sales)	(350,492)	-	OA60	-	-	50,843	-	-
The Company	Topview	Parent/Subsidiary	(Sales)	(206,268)	-	OA60	-	-	22,901	-	-
The Company	BBC	Parent/Subsidiary	(Sales)	(125,685)	-	OA30	-	-	24,434	-	-
The Company	PTT	Parent/Subsidiary	(Sales)	(250,248)	-	OA30	-	-	46,137	-	-
The Company	QCSZ	Purchases	Purchases	78,724,562	78	OA120	-	-	(18,224,092)	(73)	-
The Company	QCOS	Purchases	Purchases	14,536,303	14	OA120	-	-	(3,567,730)	(14)	-
The Company	QVH	Parent/Subsidiary	Purchases	1,324,048	1	OA60	-	-	(155,155)	(1)	-
The Company	Sysage	Parent/Subsidiary	Purchases	126,885	-	OA120	-	-	(99,293)	-	-
QCOS	The Company	Parent/Subsidiary	(Sales)	(78,724,562)	(89)	OA120	-	-	18,224,092	91	-
QCSZ	BQC_RO	Affiliates	(Sales)	(1,110,198)	(1)	OA120	-	-	7,656	-	-
QCSZ	QCES	Affiliates	(Sales)	(102,951)	-	OA60	-	-	13,173	-	-
QCSZ	QCPS	Affiliates	Purchases	1,527,466	2	OA60	-	-	(173,031)	(1)	-
QCSZ	DIC	Affiliates	Purchases	467,176	1	EOM45	-	-	(37,879)	-	-
QCSZ	AU	(Note 5)	Purchases	7,068,650	8	EOM55	-	-	(601,428)	(3)	-
QCOS	The Company	Parent/Subsidiary	(Sales)	(14,536,303)	(84)	OA120	-	-	3,567,730	91	-
QCOS	BQC_RO	Affiliates	(Sales)	(1,251,722)	(7)	OA120	-	-	33,197	1	-
QCOS	QCES	Affiliates	Purchases	835,839	5	OA60	-	-	(88,764)	(2)	-
QCOS	QCPS	Affiliates	Purchases	259,435	2	OA60	-	-	(33,167)	(1)	-
QCOS	AU	(Note 5)	Purchases	134,072	1	OA60	-	-	(13,930)	-	-
QCOS	ADPHQ	(Note 5)	Purchases	395,613	2	OA60	-	-	(67,013)	(2)	-
QCES	QCOS	Affiliates	(Sales)	(835,839)	(4)	OA60	-	-	88,764	3	-
QCES	QCSZ	Affiliates	Purchases	102,951	1	OA60	-	-	(13,173)	-	-
QCES	DARWIN	(Note 5)	Purchases	120,717	1	OA60	-	-	(24,565)	(1)	-
QCPS	QCSZ	Affiliates	(Sales)	(1,527,466)	(80)	OA60	-	-	173,031	68	-
QCPS	QCOS	Affiliates	(Sales)	(259,435)	(14)	OA60	-	-	33,167	13	-
QALA	The Company	Parent/Subsidiary	Purchases	24,548,118	100	OA90	-	-	(5,538,539)	(100)	-
QITO	The Company	Parent/Subsidiary	Purchases	2,827,402	100	OA120	-	-	(991,853)	(99)	-
QVH	The Company	Parent/Subsidiary	(Sales)	(1,324,048)	(100)	OA60	-	-	155,155	96	-
BenQ	The Company	Parent/Subsidiary	Purchases	6,258,208	38	OA60	-	-	(2,524,742)	(52)	-
BenQ	INF	Affiliates	Purchases	151,688	1	OA60	-	-	(67,297)	(1)	-
BenQ	AU	(Note 5)	Purchases	3,473,089	21	EOM55	-	-	(2,511,593)	(52)	-
BenQ	BQA	Affiliates	(Sales)	(3,898,924)	(21)	OA90	-	-	734,413	13	-
BenQ	BQC_RO	Affiliates	(Sales)	(1,619,666)	(1)	OA120	-	-	5,521	-	-
BenQ	BOE	Affiliates	(Sales)	(7,017,415)	(39)	OA90	-	-	2,005,350	35	-
BenQ	BQHK_HLD	Affiliates	(Sales)	(143,583)	(1)	OA90	-	-	17,178	-	-
BenQ	BQL	Affiliates	(Sales)	(518,411)	(3)	OA90	-	-	238,912	4	-



Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
BenQ	BQP	Affiliates	(Sales)	(6,177,456)	(34)	OA60	-	1,998,702	35	-	
BQA	BQCA	Affiliates	(Sales)	(786,502)	(16)	OA60	-	136,303	28	-	
BQA	BenQ	Affiliates	Purchases	3,898,924	98	OA90	-	(734,413)	(100)	-	
BQC_RO	OCOS	Affiliates	Purchases	1,251,722	37	OA120	-	(33,197)	(9)	-	
BQC_RO	QCSZ	Affiliates	Purchases	1,110,198	33	OA120	-	(7,656)	(2)	-	
BQC_RO	BenQ	Affiliates	Purchases	161,966	5	OA120	-	(5,521)	(2)	-	
BQC_RO	BQsha_EC2	Affiliates	(Sales)	(159,935)	(3)	OA120	-	4,378	1	-	
BQE	BenQ	Affiliates	Purchases	7,017,415	96	OA90	-	(2,005,350)	(97)	-	
BQE	BOE	Affiliates	(Sales)	(1,877,581)	(23)	OA30	-	109,112	13	-	
BQE	BQFR	Affiliates	(Sales)	(792,211)	(10)	OA30	-	228,091	27	-	
BQE	BQIT	Affiliates	(Sales)	(416,472)	(5)	OA30	-	52,034	6	-	
BQE	BQJK	Affiliates	(Sales)	(1,467,554)	(18)	OA30	-	184,932	22	-	
BQE	BQAT	Affiliates	(Sales)	(888,899)	(11)	OA45	-	35,936	4	-	
BQE	BOE	Affiliates	(Sales)	(422,449)	(5)	OA30	-	15,918	2	-	
BQE	BQIB	Affiliates	(Sales)	(648,013)	(8)	OA30	-	8,909	1	-	
BQE	BQNL	Affiliates	(Sales)	(352,914)	(4)	OA30	-	82,213	10	-	
BQE	BQCH	Affiliates	(Sales)	(201,387)	(3)	OA30	-	10,619	1	-	
BQL	BenQ	Affiliates	Purchases	518,411	99	OA90	-	(238,912)	(99)	-	
BQL	BQMX	Affiliates	(Sales)	(300,453)	(51)	OA90	-	93,090	17	-	
BQL	MaxGen	Affiliates	(Sales)	(126,517)	(22)	OA90	-	440,640	79	-	
BQL	BQAU	Affiliates	(Sales)	(439,947)	(6)	OA60	-	118,430	5	-	
BQP	BOIN	Affiliates	(Sales)	(837,185)	(12)	OA60	-	663,687	30	-	
BQP	BQIP	Affiliates	(Sales)	(2,167,397)	(31)	OA60	-	617,410	28	-	
BQP	BOME	Affiliates	(Sales)	(1,006,588)	(14)	OA60	-	298,080	13	-	
BQP	BQTH	Affiliates	(Sales)	(188,571)	(3)	OA60	-	106,705	5	-	
BQP	BenQ	Affiliates	Purchases	6,177,436	98	OA60	-	(1,998,702)	(100)	-	
BQAT	BQE	Affiliates	Purchases	888,899	100	OA45	-	(35,936)	(100)	-	
BQAU	BQP	Affiliates	Purchases	439,947	91	OA60	-	(118,430)	(98)	-	
BQCA	BQA	Affiliates	Purchases	786,502	100	OA60	-	(136,303)	(100)	-	
BQCH	BQE	Affiliates	Purchases	201,387	100	OA30	-	(10,619)	(78)	-	
BQDE	BQE	Affiliates	Purchases	1,877,581	100	OA30	-	(109,112)	(94)	-	
BQFR	BQE	Affiliates	Purchases	792,211	100	OA30	-	(228,091)	(99)	-	
BQHK_HLD	BenQ	Affiliates	Purchases	143,583	93	OA90	-	(17,178)	(92)	-	
BQIB	BQE	Affiliates	Purchases	648,013	100	OA30	-	(8,909)	(72)	-	
BQIN	BQP	Affiliates	Purchases	837,185	96	OA60	-	(663,687)	(100)	-	
BQIT	BQE	Affiliates	Purchases	416,472	100	OA30	-	(52,034)	(96)	-	
BQIP	BQP	Affiliates	Purchases	2,167,397	100	OA60	-	(617,410)	(97)	-	
BQME	BQP	Affiliates	Purchases	1,006,588	95	OA60	-	(298,080)	(93)	-	
BQMX	BQL	Affiliates	Purchases	300,453	87	OA90	-	(93,090)	(93)	-	
BQNL	BQE	Affiliates	Purchases	352,914	98	OA30	-	(82,213)	(99)	-	
BQSE	BQE	Affiliates	Purchases	422,449	99	OA30	-	(15,918)	(92)	-	
BQsha_EC2	BQC_RO	Affiliates	Purchases	159,935	96	OA120	-	(4,378)	(85)	-	
BQTH	BQP	Affiliates	Purchases	188,571	98	OA60	-	(106,705)	(100)	-	
BQUK	BQE	Affiliates	Purchases	1,467,554	100	OA30	-	(184,932)	(95)	-	
MaxGen	BQL	Affiliates	Purchases	126,517	80	OA90	-	(440,640)	(99)	-	
BBC	The Company	Parent/Subsidiary	Purchases	125,685	52	OA30	-	(24,434)	(43)	-	

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
ESM	GSC	Affiliates	(Sales)	(390,333)	88	OA60	-	-	55,052	80	-
GSC	ESM	Affiliates	Purchases	390,333	100	OA60	-	-	(55,052)	(96)	-
K2	K2(Shanghai)	Affiliates	(Sales)	(300,857)	37	OA90	-	-	112,267	44	-
K2(Shanghai)	K2	Affiliates	Purchases	300,857	44	OA90	-	-	(112,267)	(100)	-
INF	BenQ	Affiliates	(Sales)	(151,688)	100	OA60	-	-	67,297	98	-
DIC	QCSZ	Affiliates	(Sales)	(467,176)	(11)	EOM45	-	-	37,879	4	-
DIC	Data Image Corporation	Affiliates	Processing cost	1,983,506	65	Depends on its working capital status	-	-	(199,422)	(23)	-
Data Image Corporation	DIC	Affiliates	Processing Revenue	(1,983,506)	(46)	Depends on its working capital status	-	-	199,422	19	-
Data Image Corporation	AU	(Note 5)	Purchases	377,832	12	EOM45	-	-	(28,175)	(3)	-
Topview	The Company	Parent/Subsidiary	Purchases	206,268	13	Depends on its contractual terms	-	-	(22,901)	(5)	-
Topview	Messsa Technologies Inc	Affiliates	(Sales)	(226,604)	(11)	Depends on its contractual terms	-	-	60,277	11	-
Messsa Technologies Inc	Topview	Affiliates	Purchases	226,604	99	Depends on its contractual terms	-	-	(60,277)	(99)	-
DFI	The Company	Parent/Subsidiary	Purchases	350,492	10	OA60	-	-	(50,843)	(6)	-
DFI	DFI AMERICA, LLC	Affiliates	(Sales)	(579,172)	(17)	60-90 Days	-	-	69,313	11	-
DFI AMERICA, LLC	DFI	Affiliates	Purchases	579,172	100	60-90 Days	-	-	(69,313)	(99)	-
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	(335,051)	(10)	60-90 Days	-	-	13,451	2	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	335,051	100	60-90 Days	-	-	(13,451)	(100)	-
DFI	DFI Co., Ltd.	Affiliates	(Sales)	(216,968)	(6)	60-90 Days	-	-	14,796	2	-
DFI Co., Ltd.	DFI	Affiliates	Purchases	216,968	99	60-90 Days	-	-	(14,796)	(92)	-
DFI	DFI	Affiliates	(Sales)	(473,425)	(4)	EOM60	-	According to contract price	112,266	18	-
AEWIN	AEWIN	Affiliates	Purchases	473,425	24	EOM60	-	According to contract price	(112,266)	(43)	-
DFI	DYTH	Affiliates	(Sales)	(146,668)	(4)	60-90 Days	-	-	25,498	4	-
DYTH	DFI	Affiliates	Purchases	146,668	91	60-90 Days	-	-	(25,498)	(94)	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	(Sales)	(445,822)	(35)	150 Days after shipment	-	-	398,155	68	-
Aewin Beijing Technologies Co., Ltd	AEWIN	Affiliates	Purchases	445,822	42	150 Days after shipment	-	-	(398,155)	(64)	-
Advancedtek Ace Inc.	Tianjin Ace Pillar Co., Ltd.	Affiliates	(Sales)	(455,128)	(100)	T/T 30 Days	-	-	61,680	98	-
Tianjin Ace Pillar Co., Ltd.	Advancedtek Ace Inc.	Affiliates	Purchases	455,128	33	T/T 30 Days	-	-	(61,680)	(31)	-
AEWIN	AEWINTECH	Affiliates	(Sales)	(148,507)	(12)	120 Days after shipment	-	-	57,270	10	-
AEWIN TECH	AEWIN	Affiliates	Purchases	148,507	100	120 Days after shipment	-	-	(57,270)	(100)	-
Alpha	Alpha USA	Affiliates	(Sales)	(4,760,796)	(28)	90 Days	-	-	852,899	29	-
Alpha	D-Link Asia	Affiliates	Purchases	5,541,952	35	90 Days	-	-	(349,133)	(21)	-

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
Alpha Changshu	Alpha Changshu	Affiliates	Purchases	6,329,794	40	90 Days	-	(372,631)	(23)	-	
Mirac	Mirac	Affiliates	(Sales)	(606,216)	(9)	90 Days	-	127,369	24	-	
Alpha HK	Alpha Changshu	Affiliates	(Sales)	(7,407,351)	(100)	90 Days	-	1,307,227	100	-	
D-Link Asia	Alpha Dongguan	Affiliates	Purchases	5,541,952	56	90 Days	-	(377,082)	(41)	-	
Hitron Technologies	Hitron Americas	Affiliates	(Sales)	(4,523,454)	(47)	90 Days	-	1,260,832	75	-	
Hitron Technologies	Hitron Europe	Affiliates	(Sales)	(651,702)	(7)	90 Days	-	111,182	6	-	
Hitron Vietnam	Hitron Technologies	Affiliates	(Sales)	(5,956,885)	(61)	90 Days	-	634,323	35	-	
Hitron Suzhou	Hitron Technologies	Affiliates	(Sales)	(812,542)	(8)	90 Days	-	55,541	3	-	
Hitron Suzhou	Hitron Vietnam	Affiliates	(Sales)	(153,206)	(2)	90 Days	-	-	-	-	
Alpha USA	Alpha	Affiliates	Purchases	4,760,796	100	90 Days	-	(852,899)	(100)	-	
D-Link Asia	Alpha	Affiliates	(Sales)	(5,541,952)	(56)	90 Days	-	349,133	38	-	
Alpha Changshu	Alpha	Affiliates	(Sales)	(6,329,794)	(90)	90 Days	-	372,631	71	-	
Mirac	Alpha Changshu	Affiliates	Purchases	606,216	99	90 Days	-	(127,369)	(78)	-	
Alpha Changshu	Alpha HK	Affiliates	Purchases	7,407,351	89	90 Days	-	(1,307,227)	(75)	-	
Alpha Dongguan	D-Link Asia	Affiliates	(Sales)	(5,541,952)	(99)	90 Days	-	377,082	92	-	
Hitron Americas	Hitron Technologies	Affiliates	Purchases	4,523,454	96	90 Days	-	(1,360,832)	(100)	-	
Hitron Europe	Hitron Technologies	Affiliates	Purchases	651,702	100	90 Days	-	(111,182)	(99)	-	
Hitron Technologies	Hitron Vietnam	Affiliates	Purchases	5,956,885	58	90 Days	-	(634,323)	(81)	-	
Hitron Technologies	Hitron Suzhou	Affiliates	Purchases	812,542	8	90 Days	-	(55,541)	(7)	-	
Hitron Vietnam	Hitron Suzhou	Affiliates	Purchases	153,206	3	90 Days	-	-	-	-	
BMC	AU	(Note 5)	(Sales)	(3,832,291)	(24)	OA90	(Note 1)	419,854	14	-	
BMC	AUSZ	(Note 5)	(Sales)	(1,215,914)	(8)	OA90	(Note 1)	88,716	3	-	
BMC	AUXM	(Note 5)	(Sales)	(809,816)	(5)	OA90	(Note 1)	51,334	2	-	
BMC	BMM	Affiliates	(Sales)	(433,328)	(3)	OA120	(Note 1)	248,054	8	-	
BMC	SGM	Affiliates	(Sales)	(270,498)	(2)	OA90	(Note 1)	150,948	5	-	
BMC	VVM	Other related party	(Sales)	(102,930)	(1)	OA90	(Note 1)	42,066	1	-	
BMC	BMS	Affiliates	Purchases	861,864	8	OA90	(Note 2)	(351,388)	(10)	-	
BMC	VVT	Other related party	Purchases	359,098	3	OA30	(Note 2)	(48,346)	(1)	-	
BMC	BMW	Affiliates	Purchases	257,518	2	OA90	(Note 2)	(42,785)	(1)	-	
BMC	BMC	Affiliates	Purchases	433,328	57	OA90	-	(248,054)	(96)	-	
SGM	BMC	Affiliates	Purchases	270,498	95	OA120	-	(150,948)	(100)	-	
BMS	BMC	Affiliates	(Sales)	(861,864)	(90)	OA90	-	351,388	98	-	
BMM	BMC	Affiliates	(Sales)	(257,518)	(62)	OA90	-	42,785	47	-	
Simula	Simula Technology (ShenZhen) Co., Ltd.	Affiliates	Purchases	832,516	89	EOM/60	(Note 4)	(87,840)	(58)	-	
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	(Sales)	(832,516)	(89)	EOM/60	Equal to third-party customers	87,840	72	-	
PTT	The Company	Parent/Subsidiary	Purchases	250,248	23	OA30	(Note 3)	(46,137)	(22)	-	
PTT	PTE	Affiliates	(Sales)	(362,351)	(30)	OA90	(Note 3)	144,261	28	-	

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)	Note	
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms			Ending Balance
PTT	PTU	Affiliates	(Sales)	(275,324)	(23)	OA90	(Note 3)	-	112,778	22	-
PTT	PTME	Affiliates	(Sales)	(120,345)	(10)	OA90	(Note 3)	-	98,208	19	-
PTT	PTUK	Affiliates	(Sales)	(120,016)	(10)	OA90	(Note 3)	-	38,969	8	-
PTE	PTT	Affiliates	Purchases	362,551	53	OA90	(Note 3)	-	(144,261)	(71)	-
PTU	PTT	Affiliates	Purchases	275,324	90	OA90	(Note 3)	-	(112,778)	(99)	-
PTME	PTT	Affiliates	Purchases	120,345	50	OA90	(Note 3)	-	(98,208)	(98)	-
PTUK	PTT	Affiliates	Purchases	120,016	76	OA90	(Note 3)	-	(38,969)	(94)	-
Sysage	The Company	Parent/Subsidiary	(Sales)	(126,885)	(1)	EOM120	-	-	99,293	4	-

(Note 1) The selling prices of BMC to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 2) The purchase prices to related parties are not comparable to the purchase prices for third-party vendors as the specifications of products were different, and it is conducted under the agreed purchase price and conditions.

(Note 3) The selling prices of PTT to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 4) Simula seldom purchases the same products from other vendors. Therefore, the purchase prices are not reasonably comparable.

(Note 5) AU and AUSZ were associates before May 2021. Since May 2021, AU and AUSZ has become the entity that has significant influence over the Group.

(Note 6) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 8

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	BenQ	Parent/Subsidiary	2,524,742	2.25	321,092	-	968,970	-
The Company	QJTO	Parent/Subsidiary	991,853	3.17	12,911	-	31,569	-
The Company	QALA	Parent/Subsidiary	5,538,535	4.16	651,220	-	-	-
The Company	AU	(Note 4)	1,281,698	4.50	146	-	462,114	-
The Company	AUSZ	(Note 4)	707,652	2.57	-	-	141,532	-
The Company	QCSZ	Parent/Subsidiary	879,741	(Note 1)	9,557	-	438,817	-
The Company	QCOS	Parent/Subsidiary	447,470	(Note 1)	5,985	-	218,478	-
The Company	AUKS	(Note 4)	141,110	3.98	-	-	-	-
QCSZ	The Company	Parent/Subsidiary	18,224,092	4.44	4,193,746	-	4,193,746	-
QCOS	The Company	Parent/Subsidiary	3,567,730	4.07	-	-	794	-
QCES	The Company	Parent/Subsidiary	1,376,443	(Note 1)	-	-	1,376,443	-
QPCS	QCSZ	Affiliates	173,031	9.45	-	-	-	-
QVH	The Company	Parent/Subsidiary	155,155	8.53	-	-	-	-
BenQ	BQA	Affiliates	734,413	5.82	-	-	308,576	-
BenQ	BQE	Affiliates	2,005,350	3.01	506,285	-	537,852	-
BenQ	BQL	Affiliates	238,912	1.84	110,736	-	58,257	-
BenQ	BQP	Affiliates	1,998,702	3.44	504,031	-	532,386	-
BenQ	QCSZ	Affiliates	212,556	(Note 1)	30,540	-	148,768	-
BQA	BQA	Affiliates	136,303	4.90	-	-	65,418	-
BQE	BQDE	Affiliates	109,112	6.59	-	-	109,112	-
BQE	BQFR	Affiliates	228,091	2.50	175,789	-	95,100	-
BQE	BQUK	Affiliates	184,932	8.90	71,835	-	260,949	-
BQL	MaxGen	Affiliates	440,640	0.26	416,861	-	-	-
BQP	BQAU	Affiliates	118,430	3.45	168,565	-	54,156	-
BQP	BQIN	Affiliates	663,687	1.28	416,353	-	70,512	-
BQP	BQJP	Affiliates	617,410	4.85	18,701	-	409,171	-
BQP	BQME	Affiliates	298,080	3.42	108,886	-	144,062	-
BQP	BQTH	Affiliates	106,705	1.84	70,020	-	-	-
K2	K2SH	Affiliates	112,266	2.68	-	-	5,550	-
Data Image (Suzhou) Corporation	DIC	Affiliates	199,422	11.22	-	-	-	-
AEWIN	Aewin Beijing Technologies Co., Ltd.	Affiliates	398,155	1.14	151,918	-	-	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
ACE	Tianjin Ace Pillar Co., Ltd.	Affiliates	166,080	(Note 1)	-	-	-	-
Alpha	Alpha USA	Affiliates	852,899	4.79	-	-	603,794	-
Alpha	Alpha HK	Affiliates	305,125	(Note 1)	87,427	-	-	-
D-Link Asia	Alpha	Affiliates	349,133	3.59	-	-	349,133	-
Alpha Changshu	Alpha	Affiliates	372,631	8.96	3	-	372,631	-
Alpha Dongguan	D-Link Asia	Affiliates	377,082	3.54	593	-	353,585	-
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	127,369	4.26	-	-	113,860	-
Alpha HK	Alpha Changshu	Affiliates	1,307,227	6.51	171,243	-	608,075	-
D-Link Asia	Alpha Dongguan	Affiliates	548,197	3.01	12,540	-	458,311	-
Hitron Technologies	Hitron Americas	Affiliates	1,360,832	2.79	-	-	523,845	-
Hitron Technologies	Hitron Europe	Affiliates	111,182	3.60	-	-	27,839	-
Hitron Technologies	Hitron Vietnam	Affiliates	1,270,467	(Note 1)	-	-	485,180	-
Hitron Vietnam	Hitron Technologies	Affiliates	634,323	7.06	-	-	634,323	-
BMC	AU	(Note 4)	419,854	3.33 (Note 2)	-	-	-	-
BMC	BBM	Affiliates	248,054	2.60 (Note 2)	-	-	-	-
BMC	SGM	Affiliates	150,948	2.74 (Note 2)	-	-	150,948	-
BMS	BMC	Affiliates	351,388	4.06 (Note 2)	-	-	78,969	-
PTT	PTE	Affiliates	144,261	3.47	-	-	96,615	-
PTT	PTU	Affiliates	112,778	3.98	-	-	42,308	-

(Note 1) The sales from repurchasing after processing have been eliminated; therefore, calculation of turnover rate is not applicable.

(Note 2) The calculation of turnover rate includes the account receivable sold to financial institutions.

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

(Note 4) AU, AUSZ and AUKS were associates before May 2021. Since May 2021, AU, AUSZ and AUKS has become the entity that has significant influence over the Group.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Business relationships and significant intercompany transactions**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 9

Number (Note 1)	Company Name	Related Party	Name of Relationship (Note 2)	Transaction Details			Percentage of Consolidated Operating Revenue and Total Assets (Note 4)
				Financial Statements Account	Amount	Payment Terms	
0	The Company	BenQ	1	(Sales)	(6,258,208)	OA90	(3%)
0	The Company	QJTO	1	(Sales)	(2,827,402)	OA120	(1%)
0	The Company	QALA	1	(Sales)	(24,548,118)	OA90	(11%)
1	QCSZ	The Company	2	(Sales)	(78,724,562)	OA120	(35%)
2	QCOS	The Company	2	(Sales)	(14,536,303)	OA120	(6%)
3	BenQ	BQA	3	(Sales)	(3,898,924)	OA90	(2%)
3	BenQ	BQE	3	(Sales)	(7,017,415)	OA90	(3%)
3	BenQ	BQP	3	(Sales)	(6,177,436)	OA60	(3%)
4	Alpha	Alpha USA	3	(Sales)	(4,760,796)	90 days	(2%)
5	Alpha HK	Alpha Changshu	3	(Sales)	(7,407,351)	90 days	(3%)
6	Hitron Technologies	Hitron Americas	3	(Sales)	(4,523,454)	90 days	(2%)
7	Hitron Vietnam	Hitron Technologies	3	(Sales)	(5,956,885)	90 days	(3%)
8	D-Link Asia	Alpha	3	(Sales)	(5,541,952)	90 days	(2%)
9	Alpha Changshu	Alpha	3	(Sales)	(6,329,794)	90 days	(3%)
0	The Company	BenQ	1	Accounts receivable	2,524,742	OA90	1%
0	The Company	QALA	1	Accounts receivable	5,538,535	OA90	3%
1	QCSZ	The Company	2	Accounts receivable	18,224,092	OA120	10%
2	QCOS	The Company	2	Accounts receivable	3,567,730	OA120	2%
3	BenQ	BQE	3	Accounts receivable	2,005,065	OA90	1%
3	BenQ	BQP	3	Accounts receivable	1,998,702	OA60	1%

(Note1) Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.

2. Subsidiaries are numbered from "1".

(Note2) The relationships with counter party are as follows:

No. "1" represents the transactions from the Company to subsidiary.

No. "2" represents the transactions from subsidiary to the Company.

No. "3" represents the transactions between subsidiaries.

(Note3) Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated operating revenue or total assets.

The corresponding purchases and accounts payables are not disclosed.

(Note4) Based on the transaction amount divided by consolidated operating revenues or consolidated total assets.

(Note5) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

**OSDA CORPORATION AND SUBSIDIARIES**  
**Information of Investees (Excluding Information on Investments in Mainland China)**  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 10

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Maximum Percentage of Ownership during 2021		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	-	8,085,543	-	-	-	-	18,268,182	1,255,866	(Note 3)	
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,605	20.72%	2,040,465	58,605	1,146,533	237,533	Associate	
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronic film products	507,883	507,883	43,659	13.61%	607,050	43,659	971,555	52,892	Parent/Subsidiary	
The Company	BerQ	Taiwan	Manufacture and sales of brand-name electronic products	7,160,050	7,160,050	539,662	100.00%	10,449,666	539,662	1,787,920	1,783,670	Parent/Subsidiary	
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	50,892	1,000	8,524	8,524	Parent/Subsidiary	
The Company	QJTO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	53,722	-	2,134	2,134	Parent/Subsidiary	
The Company	QLPG	Malaysia	Lensing and management services	578,128	578,128	50,000	100.00%	314,820	50,000	433,546	433,546	Parent/Subsidiary	
The Company	QLLB	Malaysia	Investing and holding activity	3,687,539	3,687,539	114,250	100.00%	14,568,130	114,250	1,515,430	1,568,923	Parent/Subsidiary	
The Company	APV	Taiwan	Investment and holding activity	570,016	570,016	153,258	100.00%	3,908,565	153,258	332,537	332,537	Parent/Subsidiary	
The Company	Darfy	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	215,424	6,000	64,375	64,375	Parent/Subsidiary	
The Company	BBHC	Malaysia	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	985,390	47,400	1,207,221	233,624	Parent/Subsidiary	
The Company	PTT	Taiwan	Manufactures, sales, and import and export of POS terminals and peripherals	1,475,978	1,475,978	43,577	58.04%	1,298,234	43,577	94,323	20,707	Parent/Subsidiary	
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	280,000	280,000	28,000	100.00%	73,276	28,000	(40,049)	(41,256)	Parent/Subsidiary	
The Company	QTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	1,007	100	5	5	Parent/Subsidiary	
The Company	Q.S.Control Corp.	Taiwan	Manufacture and sales of medical consumables and equipments	63,000	63,000	6,000	20.00%	59,062	6,000	12,526	2,505	Associate	
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	2,832,671	51,610	615,903	13,585	Parent/Subsidiary	
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/WAN, wireless, mobile & broadband, and digital multimedea products	8,135,810	8,114,943	295,797	54.60%	7,689,378	295,797	433,888	142,732	Parent/Subsidiary	
The Company	K2	Taiwan	Sale of medical consumable and equipment	217,763	217,763	6,997	34.99%	229,224	6,997	76,860	25,191	Parent/Subsidiary	
The Company	DIC	Taiwan	Manufacture and sales of frame display modules	260,000	260,000	20,000	28.82%	367,674	20,000	318,020	91,932	Parent/Subsidiary	
The Company	EASC	Hong Kong	Sales of brand-name electronic products and smart services	78,338	78,338	1	54.00%	83,702	1	12,464	6,731	Parent/Subsidiary	
The Company	Sysage	Taiwan	The agent sales and trading of network software and information and communication hardware and software	3,202,856	1,815,000	96,841	51.41%	2,662,718	96,841	577,591	252,082	Parent/Subsidiary	
The Company	Topview	Taiwan	Manufacture and sales of video surveillance cameras	172,500	172,500	5,750	20.00%	213,758	5,750	128,224	26,066	Parent/Subsidiary	
The Company	QVH	Vietnam	Manufacture of monitors	1,212,849	1,073,549	-	100.00%	716,693	-	(236,565)	(236,565)	Parent/Subsidiary	
The Company	Simula	Taiwan	Manufacture and sales of electronic material	600,000	600,000	30,000	37.51%	633,324	30,000	111,216	26,079	Parent/Subsidiary	
The Company	GSC	Taiwan	Sale of alcohol and medical disinfectant	254,000	254,000	10,000	50.00%	291,224	10,000	124,892	58,360	Parent/Subsidiary	
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,141,340	35,082	100.00%	1,680,378	35,082	172,521	-	Affiliates	
BMC	SGM	Taiwan	Manufacture and sales of medical consumables and equipment	231,727	560,000	2,000	100.00%	126,679	40,000	562	-	Affiliates	
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	177,811	177,811	9,834	17.97%	133,952	9,834	444,303	-	Associate	
BMC	Censform Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	92,262	29,127	4,418	34.83%	82,693	4,418	(11,594)	-	Affiliates	
BMC	Genesit Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	43,316	-	3,767	70.00%	44,125	3,767	(2,670)	-	Affiliates	
BMC	Taile Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	-	10,001	-	-	-	525	(1,921)	-	Associate	
BMC	MLK Bioscience Co., Ltd.	Taiwan	R&D and sale of medical consumable and equipment	6,000	6,000	217	20.00%	4,546	217	(5,790)	-	Associate	
BMC	Kangde Corp.	Taiwan	Sale of medical consumable and equipment	5,980	-	598	20.00%	4,071	598	(10,676)	-	Associate	
APV	Darfy C	Taiwan	Investment management consulting	77,933	77,933	12,105	45.11%	204,853	12,105	10,163	-	Affiliates	
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronic film	221,786	221,786	15,182	4.73%	238,774	15,182	971,555	-	Affiliates	
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	83,198	3,549	28,840	-	Affiliates	
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	519,235	25,000	1,207,221	-	Affiliates	
APV	BES	Taiwan	Energy service	50,250	50,250	4,100	41.00%	8,190	4,100	962	-	Affiliates	



Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Maximum percentage of ownership during 2021		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	160,527	6,006	8.00%	94,323	-	Affiliates
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	15	1	0.02%	7,480	-	Affiliates
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	149,372	2,294	2.00%	615,903	-	Affiliates
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	284,143	284,143	12,236	2.26%	249,299	12,236	2.26%	433,888	-	Affiliates
APV	Topview	Taiwan	Manufacture and sales of video surveillance cameras	63,525	63,525	1,286	4.46%	65,973	1,286	4.46%	128,224	-	Affiliates
APV	DIC	Taiwan	Manufacture and sales of marine display modules	88,222	88,222	3,607	5.20%	83,624	3,607	5.20%	318,020	-	Affiliates
APV	Simula	Taiwan	Manufacture and sales of electronic material	201,673	205,920	5,390	6.74%	212,359	5,390	6.88%	111,216	-	Affiliates
APV	GSC	Taiwan	Sale of alcohol and medical disinfectant	150,000	150,000	10,000	50.00%	196,377	10,000	50.00%	124,892	-	Affiliates
Dairy C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	4,794	2,400	24.00%	962	-	Affiliates
Dairy C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	273,445	12,710	2.35%	237,763	12,710	2.35%	433,888	-	Affiliates
Dairy	BerQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	18,238	7,800	12.50%	(30,005)	-	Affiliates
Dairy	BBHC	Guyman	Investment and holding activity	471,516	471,516	14,158	5.78%	293,027	14,158	5.78%	1,207,221	-	Affiliates
BerQ	BQA	USA	Sales of brand-name electronic products in North America markets	114,553	114,553	200	100.00%	816,103	200	100.00%	126,573	-	Affiliates
BerQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	203,839	4,350	100.00%	(174,869)	4,350	100.00%	(135,835)	-	Affiliates
BerQ	BQHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	3,000,943	466,200	100.00%	152,687	-	Affiliates
BerQ	BOE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	758,276	5,009	100.00%	131,273	-	Affiliates
BerQ	BQP	Taiwan	Sales of brand-name electronic products in Asia markets	950,000	950,000	20,000	100.00%	406,424	20,000	100.00%	271,292	-	Affiliates
BerQ	Dairy 2	Taiwan	Investment and holding activity	2,361,132	2,361,132	189,000	100.00%	4,189,375	189,000	100.00%	432,430	-	Affiliates
BerQ	BerQ Guru Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	54,704	23,400	37.50%	(30,005)	-	Affiliates
BerQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	233,491	233,491	14,017	5.01%	492,973	14,017	5.01%	1,146,533	-	Associate
BerQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronic film	946,731	946,731	80,848	25.21%	1,271,514	80,848	25.21%	971,555	-	Affiliates
BerQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	415,387	20,000	8.16%	1,207,221	-	Affiliates
BerQ	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	235,069	235,069	19,353	43.43%	442,423	19,353	43.43%	28,840	-	Affiliates
BerQ	MQE	The Netherlands	Maintenance of brand-name electronic monitors and projectors in European markets	90,912	90,912	82	100.00%	68,290	82	100.00%	3,077	-	Affiliates
BerQ	INF	Taiwan	Assembly and sales of gaming electronic products	117,987	117,987	6,947	100.00%	87,920	6,947	100.00%	1,578	-	Affiliates
BerQ	BQHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	118,282	4,000	100.00%	1,413,310	4,000	100.00%	621,809	-	Affiliates
BerQ	PT BerQ Teknologi Indonesia Alpha	Indonesia	Sales of brand-name electronic products	21	21	-	0.31%	52	-	0.31%	8,148	-	Affiliates
BerQ	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	342	342	18	0.00%	351	18	0.00%	433,888	-	Affiliates
BQP	BerQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	59,698	440,296	100.00%	31,735	-	Affiliates
BQP	BerQ (M.E.)EZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	53,754	-	100.00%	28,933	-	Affiliates
BQP	BerQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	137,935	-	100.00%	66,965	-	Affiliates
BQP	BerQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(6,552)	500	100.00%	9,099	-	Affiliates
BQP	BerQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	79,405	2,191	100.00%	16,192	-	Affiliates
BQP	BerQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,501	100	100.00%	96	-	Affiliates
BQP	BerQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(51,392)	12,000	100.00%	(5,810)	-	Affiliates
BQP	BerQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	6,254	10	100.00%	106	-	Affiliates
BQP	PT BerQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	6,901	6	99.69%	16,707	6	99.69%	8,148	-	Affiliates
BQP	BerQ Vietnam Co., Ltd.	Vietnam	Sales of brand-name electronic products	5,576	5,576	-	100.00%	6,625	-	100.00%	-	-	Affiliates
BQA	BerQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	39,074	1	100.00%	33,802	-	Affiliates
BOL	BerQ Mexico S. de R.L. de C.V.	Mexico	Sales of brand-name electronic products	77,591	77,591	3	99.97%	36,425	3	99.97%	(215)	-	Affiliates
BQL	JoynTech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,964)	1	100.00%	(17,629)	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Maximum percentage of ownership during 2021		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
BQL	Vividtech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,964)	1	100.00%	(17,629)	-	Affiliates
Joycech LLC	Maxgen Comercio Industrial imp E Exo Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	1	50.00%	(139,964)	1	50.00%	(35,259)	-	Affiliates
Vividtech LLC	Maxgen Comercio Industrial imp E Exo Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	1	50.00%	(139,964)	1	50.00%	(35,259)	-	Affiliates
BQmx	BenQ Service de Mexico S. de R.L. de C.V.	Mexico	Providing administration and management services to affiliates	87	87	3	99.97%	3,207	3	99.97%	(11)	-	Affiliates
GSH	Darly 2	Taiwan	R&D and sales of computer information system	64,898	64,898	5,756	99.94%	79,024	5,756	99.94%	7,480	-	Affiliates
Darly 2	Darly C	Taiwan	Investment management consulting	89,179	89,179	14,728	54.89%	249,253	14,728	54.89%	10,163	-	Affiliates
Darly 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	1,350,646	65,024	26.55%	1,207,221	-	Affiliates
Darly 2	BenQ Cura Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	3,120	50.00%	72,938	3,120	50.00%	(30,005)	-	Affiliates
Darly 2	BMTC	Taiwan	Manufacture and sales of medical consumables and equipment	27,337	27,337	1,590	3.57%	37,275	1,590	3.57%	28,840	-	Affiliates
Darly 2	BES	Taiwan	Energy service	22,250	22,250	1,800	18.00%	3,596	1,800	18.00%	962	-	Affiliates
Darly 2	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	49,426	49,426	1,648	2.19%	44,048	1,648	2.19%	94,323	-	Affiliates
Darly 2	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	596,382	596,382	9,175	8.01%	597,810	9,175	8.01%	615,903	-	Affiliates
Darly 2	Alpha	Taiwan	R. & D. manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	79,990	79,990	4,185	0.77%	73,744	4,185	0.77%	433,888	-	Affiliates
Darly 2	K2	Taiwan	Sale of medical consumable and equipment	44,997	44,997	1,003	5.01%	49,857	1,003	5.01%	76,860	-	Affiliates
Darly 2	DIC	Taiwan	Manufacture and sales of marine display modules	48,093	48,093	3,005	4.33%	66,422	3,005	4.33%	318,020	-	Affiliates
Darly 2	Topview	Taiwan	Manufacture and sales of video surveillance cameras	132,252	132,252	2,615	9.10%	132,686	2,615	9.10%	128,224	-	Affiliates
Darly 2	Simula	Taiwan	Manufacture and sales of electronic material	205,920	205,920	5,500	6.88%	216,669	5,500	6.88%	111,216	-	Affiliates
BQE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	60,603	-	100.00%	14,331	-	Affiliates
BQE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	(28,471)	-	100.00%	11,340	-	Affiliates
BQE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	61,628	-	100.00%	3,072	-	Affiliates
BQE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	84,581	-	100.00%	9,694	-	Affiliates
BQE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	84,581	-	100.00%	4,075	-	Affiliates
BQE	BenQ Italy S.R.L.	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	34,694	50	100.00%	5,867	-	Affiliates
BQE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(105,754)	-	100.00%	6,482	-	Affiliates
BQE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	30,415	-	100.00%	4,493	-	Affiliates
BQE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	14,530	-	100.00%	1,365	-	Affiliates
BMTC	Asiaconnect	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	27,397	1,995	99.75%	2,281	-	Affiliates
BMTC	Highview	Samsa	Investment and holding activity	36,211	36,211	1,062	100.00%	9,843	1,062	100.00%	1,963	-	Affiliates
BMTC	LLLY	Taiwan	Manufacture and sales of medical consumables and equipment	185,000	185,000	10,000	100.00%	241,114	10,000	100.00%	16,087	-	Affiliates
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and equipment	88,000	88,000	8,800	88.00%	59,367	8,800	88.00%	3,615	-	Affiliates
BMTC	BHS	Taiwan	Manufacture and sales of medical consumables and equipment	100,000	100,000	10,000	100.00%	140,676	10,000	100.00%	33,882	-	Affiliates
BMTC	EASTECH	Taiwan	Manufacture and sales of medical consumables and equipment	20,300	20,300	700	70.00%	30,511	700	70.00%	14,958	-	Affiliates
BHS	NBHT	Taiwan	Manufacture and sales of medical consumables and equipment	59,280	59,280	1,092	52.00%	75,819	1,092	52.00%	35,348	-	Affiliates
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	30,288	2,500	100.00%	10,217	-	Affiliates
PTT	P&J Investment Holding Co., Ltd. (B.V.L)	British Virgin Islands	Investment and holding activity	230,307	230,307	5,551	100.00%	152,295	5,551	100.00%	16,954	-	Affiliates
PTT	Partner-Tech UK Comp., Ltd	UK	Sales, import and export of electronic products	43,834	43,834	886	88.60%	33,625	886	88.60%	6,151	-	Affiliates
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(Note 1)	50.02%	126,153	(Note 1)	50.02%	54,758	-	Affiliates
PTT	Partner-Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	137,387	-	99.00%	23,668	-	99.00%	8,990	-	Affiliates
PTT	Point Systems Pte. Ltd.	Singapore	Software development and sales of product	20,500	20,500	222	69.88%	57,449	222	69.88%	2,863	-	Affiliates
PTT	PTT	Taiwan	Software development and sales of product	20,500	20,500	2,050	50.62%	31,052	2,050	50.62%	7,319	-	Affiliates
PTT	PTMG	Taiwan	Software development and sales of product	11,000	11,000	1,100	52.38%	17,961	1,100	52.38%	10,534	-	Affiliates

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Maximum percentage of ownership during 2021		Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	38.18%	(138)	13	38.18%	-	Affiliates	
PTE	Partner Tech UK Corp., Ltd	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	5,410	114	11.40%	6,151	Affiliates	
PTE	Sloga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(Note 1)	90.00%	(14,472)	(Note 1)	90.00%	2,113	Affiliates	
PTE	Retail Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(Note 1)	68.00%	15,456	(Note 1)	68.00%	20,451	Affiliates	
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	-	100.00%	5,800	-	100.00%	(517)	Affiliates	
WEBEST	PTTN	Taiwan	Software development and sales of product	10	10	1	0.02%	12	1	0.02%	7,319	Affiliates	
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	-	-	-	-	-	-	Affiliates	
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	1,560	-	1.00%	202	-	1.00%	8,990	Affiliates	
P&J	P&S Investment Holding Co., Ltd. (B.V.I.)	British Virgin Islands	Investment and holding activity	134,973	134,973	4,560	100.00%	151,817	4,560	100.00%	16,946	Affiliates	
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	71,591	1,091	100.00%	15,884	Affiliates	
DFI	R&S AMERICA, LLC	USA	Sales of industrial motherboards	254,683	254,683	1,209	100.00%	363,409	1,209	100.00%	4,624	Affiliates	
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	178,568	6,000	100.00%	7,338	Affiliates	
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	287,699	6	100.00%	10,481	Affiliates	
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	67,927	12	100.00%	13,955	Affiliates	
DFI	AEWIN	Taiwan	Manufacture and sale of industrial motherboards and component	564,191	564,191	30,376	51.38%	596,523	30,376	51.38%	44,617	Affiliates	
DFI	ACE	Taiwan	Sales of automation mechanical transmission system and component	1,301,359	793,722	53,958	48.07%	1,095,684	53,958	48.07%	147,895	Affiliates	
DFI	Brainsorm	USA	Wholesale and retail of computers and peripherals product	501,582	-	233	35.09%	535,021	233	35.09%	248,222	Affiliates	
AEWIN	Wise Way	Anguilla	Investment and holding activity	46,129	46,129	1,500	100.00%	163,707	1,500	100.00%	76,229	Affiliates	
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer peripheral products and software	77,791	77,791	2,560	100.00%	(453)	2,560	100.00%	(3,250)	Affiliates	
Wise Way	Bright Profit	Hong Kong	Investment and holding activity	46,129	46,129	1,500	100.00%	190,941	1,500	100.00%	76,229	Affiliates	
ACE	Cyber South	Samoa	Investment and holding activity	107,041	107,041	4,669	100.00%	626,514	4,669	100.00%	56,442	Affiliates	
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	39,722	1,200	100.00%	(259)	Affiliates	
Cyber South	Proton Inc.	Samoa	Investment and holding activity	527,665	527,665	17,744	100.00%	511,706	17,744	100.00%	44,403	Affiliates	
Cyber South	Ace Tak (HK) Holding Co., Ltd.	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	(598)	150	100.00%	3,661	Affiliates	
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables	15,919	15,919	-	49.00%	22,908	-	49.00%	13,852	Affiliates	
K2	PT Frismed Hoshub Indonesia	Indonesia	Sales of medical consumables	257,728	257,728	-	67.00%	304,312	-	67.00%	66,329	Affiliates	
DIC	Data Image (Mauritius) Corporation	Mauritius	Investment and holding activity	518,381	518,381	20,215	100.00%	332,482	20,215	100.00%	55,383	Affiliates	
DIC	DIVA	Taiwan	Manufacture and sales of medical consumables and equipment	625,680	-	20,856	35.55%	617,569	20,856	35.55%	21,855	Affiliates	
DIC	DMC Components International, LLC	Orlando, USA	Agency sales	24,304	24,304	300	30.00%	4,812	300	30.00%	6,348	Associate	
DIVA	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00%	1,433	-	100.00%	(287)	Affiliates	
DIVA	DIVA Laboratories U.S. LLC	USA	Sales of monitor	35,858	35,858	-	100.00%	7,928	-	100.00%	3,421	Affiliates	
DIVA	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	24,600	24,600	2,500	100.00%	35,511	2,500	100.00%	2,709	Affiliates	
DIVA	Diva Capital Inc.	Samoa	Investments in Mainland China	52,908	45,915	-	100.00%	13,394	-	100.00%	(5,417)	Affiliates	
DIVA	QUBYX Limited	UK	Sales and software development	17,815	17,815	2	60.00%	-	2	60.00%	-	Associate	
DIVA	The Linken Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00%	26,647	-	19.00%	11,387	Associate	
DIVA	Diva Holding Inc.	Samoa	Investments in Mainland China	52,598	45,605	-	100.00%	14,071	-	100.00%	(5,395)	Affiliates	
QUBYX Limited	QUBYX LTD	France	Sales and software development	38	38	1	100.00%	-	1	100.00%	-	Associate	
QUBYX Limited	QUBYX Software Technologies Inc	USA	Sales and software development	-	-	-	100.00%	-	-	100.00%	-	Associate	
EASC	Expert Alliance Smart Technology Co., Ltd.	Macao	Sales of brand-name electronic products and smart services	381	381	100	100.00%	5,483	100	100.00%	(26,010)	Affiliates	
Sysage	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	119,142	119,142	10,475	79.36%	205,502	10,475	79.36%	54,169	Affiliates	
Sysage	Unisage Digital Co., Ltd.	Taiwan	Manufacture of medical equipment	506	1,687	67	38.01%	580	67	38.01%	(389)	Associate	

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				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Sysage	Epic Cloud Information Integration Co., Ltd.	Taiwan	Software and data processing services	50,000	9,400	5,000	100.00%	27,428	5,000	100.00%	(19,117)	-	Affiliates
Sysage	Grandlys Inc.	Taiwan	Data software processing service	94,547	94,547	5,643	21.88%	105,599	5,643	23.58%	32,970	-	Associate
Sysage	AdvancedTEK International Corp	Taiwan	Applications implement services	30,091	30,091	1,153	34.09%	35,489	1,153	34.09%	18,647	-	Affiliates
Sysage	Corex (Pty) Ltd.	South Africa	Sales, import and export of electronic products	251,872	251,872	1	100.00%	286,481	1	100.00%	39,611	-	Affiliates
Sysage	Statine Company	Taiwan	Market research, marketing consultant and data processing service	69,983	-	1,754	34.99%	86,493	1,754	35.01%	(7,680)	-	Affiliates
Sysage	Everlasting Digital ESG Co., Ltd.	Taiwan	Sales and software development	5,000	-	500	29.41%	4,133	500	29.41%	(2,948)	-	Associate
Epic Cloud	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	172	-	10	0.08%	172	10	0.08%	54,169	-	Affiliates
Epic Cloud	Statine Company	Taiwan	Market research, marketing consultant and data processing service	40	-	1	0.02%	40	1	0.02%	(7,680)	-	Affiliates
AdvancedTEK	APEO Human Capital Services Corp.	Taiwan	Implementation of application software services	2,060	-	200	100.00%	2,564	200	100.00%	52	-	Affiliates
Stutic	Dtuna	Taiwan	Market research, marketing consultant and data processing service	20,000	-	2,000	100.00%	18,912	2,000	100.00%	(1,088)	-	Affiliates
Topview	Messon	Taiwan	Sales, import and export of video surveillance cameras	23,879	23,879	1,945	40.78%	2,892	1,945	40.78%	3,221	-	Affiliates
Messon	Messon Technologies Inc. (USA)	USA	Sales, import and export of video surveillance cameras and maintenance services	27,126	27,126	-	100.00%	22,458	-	100.00%	4,725	-	Affiliates
Simula	Simula Technology Corp.	USA	Sales in North America	15,699	15,699	500	100.00%	30,231	500	100.00%	6,988	-	Affiliates
Simula	Simula Company Limited	Hong Kong	Investment and holding activity	187,625	187,625	50,500	52.31%	150,145	50,500	52.31%	(15,884)	-	Affiliates
Simula	Aspire Asia Inc.	British Virgin Islands	Investment and holding activity	286,764	286,764	9,403	100.00%	151,360	9,403	100.00%	(9,803)	-	Affiliates
Simula	Mercuri Inc.	Taiwan	Sales of electronic products	15,029	15,029	645	23.33%	947	645	23.33%	(8,429)	-	Associate
Simula	Action Star Technology Co., Ltd.	Taiwan	Manufacture of computer and peripherals products	983,858	-	32,001	59.35%	1,008,924	32,001	59.35%	82,763	-	Affiliates
Aspire Asia Inc.	Aspire Electronics Corp.	Samoa	Investment and holding activity	95,099	95,099	2,188	95.10%	14,878	2,188	95.10%	(2,343)	-	Affiliates
Aspire Asia Inc.	Simula Company Limited	Hong Kong	Investment and holding activity	181,726	181,726	46,033	47.69%	136,865	46,033	47.69%	(15,884)	-	Affiliates
GSC	Bignin Bio-Tech Company Ltd.	Taiwan	Sale of alcohol and medical disinfectant	20,250	20,450	1,500	100.00%	58,798	1,500	100.00%	40,628	-	Affiliates
GSC	E-Strong Medical Technology Co., Ltd.	Taiwan	Manufacture of alcohol and dialysate	286,314	281,872	22,200	66.57%	244,259	22,200	66.57%	73,294	-	Affiliates
Alpha	Alpha Holdings	Cayman	Investment and holding activity	203,372	203,372	6,464	100.00%	(21,344)	6,464	100.00%	2,447	-	Affiliates
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00%	19,408	1	100.00%	244	-	Affiliates
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00%	138,491	1,500	100.00%	2,486	-	Affiliates
Alpha	Alpha HK	Hong Kong	Investment and holding activity	3,143,628	3,143,628	780,911	100.00%	2,237,173	780,911	100.00%	63,150	-	Affiliates
Alpha	ATS	USA	Post-sale service	260,497	260,497	8,100	100.00%	167,336	8,100	100.00%	1,584	-	Affiliates
Alpha	Enrich Investment	Taiwan	Investment and holding activity	320,000	240,000	32,000	100.00%	232,522	32,000	100.00%	(113)	-	Affiliates
Alpha	Hiron Technologies	Taiwan	Marketing on system integration and production and sales of telecommunication products	4,811,000	4,811,000	200	62.24%	3,893,949	200	62.24%	71,582	-	Affiliates
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	1,692,805	1,692,805	86,946	100.00%	1,765,629	86,946	100.00%	763	-	Affiliates
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	6.64%	115,599	2,575	6.83%	260,654	-	Affiliates
Enrich Investment	Transnet Corporation	Taiwan	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	50,000	50,000	5,000	100.00%	24,244	5,000	100.00%	(11,278)	-	Affiliates
Enrich Investment	Aesputa Technologies Inc.	Taiwan	Sale of network equipment, components and technical services	80,000	-	8,000	98.92%	76,775	8,000	98.92%	(3,225)	-	Affiliates
Hiron Technologies	Hiron Samoa	Samoa	International trade	642,697	669,031	21,350	100.00%	578,035	21,350	100.00%	(136,704)	-	Affiliates
Hiron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	43.10%	542,285	16,703	43.10%	260,654	-	Affiliates
Hiron Technologies	Hiron Europe	The Netherlands	International trade	59,604	59,604	15	100.00%	19,110	15	100.00%	38,383	-	Affiliates
Hiron Technologies	Hiron Americas	USA	International trade	90,082	90,082	300	100.00%	201,533	300	100.00%	54,976	-	Affiliates
Hiron Technologies	Imauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00%	3,631	2,000	100.00%	(13,451)	-	Affiliates
Hiron Technologies	Hiron Vietnam	Vietnam	Production and sale of broadband telecommunications products	1,511,735	550,355	-	100.00%	1,471,906	-	100.00%	118,553	-	Affiliates

(Note 1) There was no shares as the company is a limited liability company.

(Note 2) The above intercompany transactions have been eliminated when preparing the consolidated financial statements.

(Note 3) The Company lost significant influence over AU in May 2021, and therefore reclassified the investment in AU from investments accounted for using the equity method to financial assets at fair value through other comprehensive income—non-current.

**QISDA CORPORATION AND SUBSIDIARIES**  
**Information on investments in Mainland China**  
**For the year ended December 31, 2021**  
(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)

Table 11  
A. Qisda Corporation  
1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and communication devices	2,048,320 (USD 74,000)	(Note 1)	1,965,280 (USD 71,000)	-	-	1,965,280 (USD 71,000)	870,704	100.00%	-	870,704 (Note 5)	10,303,433	-	
BenQ Medical (Shanghai) Co., Ltd. ("BMSH")	Sale of medical consumable and equipment	37,645 (USD 1,360)	(Note 10)	-	-	-	-	(1,789)	100.00%	-	(1,789) (Note 4)	34,548	-	
Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	326,624 (USD 11,800)	(Note 1)	326,624 (USD 11,800)	-	-	326,624 (USD 11,800)	210,556	100.00%	-	210,556 (Note 5)	1,707,495	-	
Qisda Optonics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	344,893 (USD 12,460)	(Note 1)	344,893 (USD 12,460)	-	-	344,893 (USD 12,460)	431,135	100.00%	-	431,135 (Note 5)	4,083,528	404,211	
Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	1,840,720 (USD 66,500)	(Note 1)	1,328,640 (USD 48,000)	-	-	1,328,640 (USD 48,000)	(17,943)	100.00%	-	(17,943) (Note 4)	(1,357,315)	-	
Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPIS")	Manufacture of plastic parts	138,400 (USD 5,000)	(Note 1)	131,480 (USD 4,750)	-	-	131,480 (USD 4,750)	30,975	100.00%	-	30,975 (Note 4)	413,234	-	
BenQ Co., Ltd. ("BQC")	Lease of real estate	2,214,400 (USD 80,000)	(Note 1)	2,214,400 (USD 80,000)	-	-	2,214,400 (USD 80,000)	152,643	100.00%	-	152,643 (Note 3)	3,007,414	-	
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQIC_RO")	Sales of brand name electronic products in China	83,040 (USD 3,000)	(Note 1)	830,400 (USD 3,000)	-	-	83,040 (USD 3,000)	543,369	100.00%	-	543,369 (Note 3)	1,269,869	-	
BenQ Technology (Shanghai) Co., Ltd. ("BQIS")	Sales of brand-name electronic products	27,680 (USD 1,000)	(Note 1)	5,536 (USD 200)	-	-	5,536 (USD 200)	30,978	100.00%	-	30,978 (Note 4)	72,849	-	
ShengCheng Trading(Shanghai) Co., Ltd. ("BQSHA_EC")	Sales of brand-name electronic products	2,768 (USD 100)	(Note 11)	-	-	-	-	29,815	100.00%	-	29,815 (Note 4)	48,951	-	
Nanjing BenQ Hospital Co., Ltd. ("NMH")	Medical service	5,038,175 (USD 182,015)	(Note 1)	4,633,521 (USD 167,396)	553,600 (USD 20,000)	-	5,187,121 (USD 187,396)	253,123	70.05%	-	177,313 (Note 3)	2,318,208	-	
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Medical service	2,615,822 (CNY 601,975)	(Note 1)	2,463,409 (USD 88,996)	-	-	2,463,409 (USD 88,996)	133,603	70.05%	-	93,589 (Note 3)	698,034	-	
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. ("NMHC")	Medical management consulting	27,680 (USD 1,000)	(Note 1)	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	(485)	70.05%	-	(340) (Note 4)	16,559	-	
Suzhou BenQ Investment Co., Ltd. ("BIC")	Investment and holding activity	830,400 (USD 30,000)	(Note 9)	-	-	-	-	164	70.05%	-	115 (Note 4)	588,157	-	
Nanjing Silvertown Health & Development Co., Ltd. ("NSHD")	Medical services	434,540 (CNY 100,000)	(Note 12)	-	-	-	(106,355)	(11,731)	11.03%	-	(11,731) (Note 4)	128,261 (Note 16)	-	
Guru Systems (Suzhou) Co., Ltd. ("GSS")	R&D and sales of computer information systems	365,376 (USD 13,200)	(Note 1)	268,496 (USD 9,700)	-	-	268,496 (USD 9,700)	(37,456)	100.00%	-	(37,456) (Note 4)	41,783	-	

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Biotech (Shanghai) Co., Ltd. ("BBC")	Manufacture and sales of medical consumables and Medical services	651,810 (CNY 150,000)	(Note 2)	738,718 (CNY 170,000)	152,089 (CNY 35,000)	-	890,807 (CNY 205,000)	(99,234)	70.00%	-	70.00%	(69,464) (Note 4)	636,119	-
Guangxi Youshan Medical Technology Co., Ltd. ("Youshan")	Medical services	26,072 (CNY 6,000)	(Note 14)	-	-	-	(Note 14)	11,883	38.50%	-	38.50%	4,575 (Note 4)	14,927	-
Wangcheng Medical Technology (Changdu) Co., Ltd ("Wangcheng")	Medical services	8,691 (CNY 2,000)	(Note 14)	-	-	-	(Note 14)	1,032	49.00%	-	49.00%	506 (Note 4)	4,767	-
Shanghai Filter Technology Co., Ltd ("Filter")	Medical services	198,368 (CNY 45,650)	(Note 14)	-	-	-	(Note 14)	(220)	70.00%	-	70.00%	(154) (Note 4)	138,704	-
Guigang Donghui Medical Investment Co., Ltd.	Medical services	2,384,130 (CNY 548,656)	(Note 13)	-	-	-	(Note 13)	(40,546)	9.89%	-	9.89%	(4,010) (Note 4)	307,138 (Note 16)	-
Shanghai Zhenglang Medical Equipment Co., Ltd ("Zhenglang")	Sales of medical consumables and equipment	26,072 (CNY 6,000)	(Note 14)	-	-	-	(Note 14)	(140)	35.70%	-	35.70%	(50) (Note 4)	9,258	-
Jiangsu Yudi Optical Co., Ltd ("Yudi")	Sales and Manufacture of Optical Lens	341,456 (CNY 80,880)	(Note 15)	-	-	-	(Note 15)	880	20.01%	-	20.01%	176	536,646	-

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

(Note 2) Direct investment in Mainland China.

(Note 3) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.

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

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

(Note 6) The amount of GRHK reinvestments US\$3,500 thousand were excluded.

(Note 7) The amount of QCES reinvestments US\$800 thousand were excluded.

(Note 8) The amount of QCES reinvestments US\$18,500 thousand were excluded.

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

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

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

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

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

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

(Note 15) The investment was from the operating capital of QCES.

(Note 16) Accounting for investments using equity method.

(Note 17) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

(Note 18) The above amounts have been eliminated when preparing the consolidated financial statement, except for NSHD, Guigang Donghui Medical Investment Co., Ltd. and Yudi, which was classified as investments accounted for using equity method.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
15,237,406 (USD 518,302 and CNY 205,000)	15,852,530 (USD 572,707)	(Note 19)

(Note 19) Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

B. BenQ Material Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics	802,720 (USD29,000)	(Note 1)	802,720 (USD29,000)	-	-	802,720 (USD29,000)	39,145	100.00%	-	100.00%	39,145 (Note 2)	1,938,681 (Note 6)	-
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Service and sales of optoelectronics and medical consumables	47,799 (CNY11,000)	(Note 4)	-	-	-	-	10,152	100.00%	-	100.00%	10,152 (Note 2)	1,862 (Note 6)	-
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics and cosmetics	347,632 (CNY80,000)	(Note 1)	173,816 (CNY40,000)	-	-	173,816 (CNY40,000) (Note 5)	132,258	100.00%	-	100.00%	127,500 (Note 2)	(283,235) (Note 6)	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM")	Manufacture and sales of medical consumables and equipment	65,181 (CNY15,000)	(Note 4)	-	-	-	-	(2,873)	100.00%	-	100.00%	(2,873) (Note 2)	54,100 (Note 6)	-
Suzhou Sigma Medical Supplies Co., Ltd. ("SGS")	Manufacture and sales of medical consumables and equipment	44,067 (USD1,592)	(Note 3)	44,067 (USD1,592)	-	-	44,067 (USD1,592)	(4,546)	100.00%	-	100.00%	(4,546) (Note 2)	25,752 (Note 6)	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	976,536 (USD29,000 and CNY40,000)	1,089,299 (USD29,000 and CNY65,950)	(Note 7)
SGM	44,067 (USD1,592)	44,067 (USD1,592)	80,000

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

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of BMC.

(Note 3) Direct investment in Mainland China.

(Note 4) The reinvestments were from the distribution of dividends of BMLB.

(Note 5) The amount of BMLB reinvestments CNY\$10,950 thousand were excluded.

(Note 6) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 7) Since BenQ Material Corporation has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

(Note 8) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

3. Significant transactions with investee companies in Mainland China:

The transactions between BMC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

C. BenQ Medical Technology Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entropot trade business	27,680 (USD 1,000)	(Note 1)	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	1,995	100.00%	(Note 5)	100.00%	1,995	12,893 (Note 4)	-
LILY Medical (Suzhou) Co., Ltd. ("ALS")	Sales of medical consumables and equipment	5,813 (USD 210)	(Note 2)	5,813 (USD 210)	-	-	5,813 (USD 210)	(518)	100.00%	(Note 5)	100.00%	(518)	2,280 (Note 4)	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	86,900 (CNY 20,000)	(Note 2)	34,760 (CNY 8,000)	-	-	34,760 (CNY 8,000)	4,479	40.00%	(Note 5)	40.00%	1,792	31,116	-
Suzhou Trident Original Medical Technology Co., Ltd.	Sales of medical consumables and equipment	8,690 (CNY 2,000)	(Note 3)	-	-	-	-	3,987	22.00%	(Note 5)	22.00%	714	7,696	-

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

(Note 2) Direct investment in Mainland China.

(Note 3) Invested in Mainland China is through TDX Medical Technology (Jiangsu) Co., Ltd.

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

(Note 5) There was no shares as the investee company is a limited liability company.

(Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	62,440 (USD 1,000 and CNY 8,000)	78,251 (USD 2,827)	622,847
LILY	5,813 (USD 210)	5,813 (USD 210)	110,007

3. Significant transactions with investee companies in Mainland China:

The transactions between BMTC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.



D. Partner Tech Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Partner Tech (Shanghai) Co., Ltd. ("PTCM")	Sales, import and export of electronic products	96,880 ( USD 3,500)	(Note 1)	96,880 ( USD 3,500)	-	-	96,880 ( USD 3,500)	1,040	100.00%	-	100.00%	1,040 (Note 2)	76,620	-

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

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$27.68.

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

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	96,880 (USD 3,500)	191,158 (USD 6,906)	604,155

3. Significant transactions with investee companies in Mainland China:

The transactions between PTT and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

E. DFI Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum Percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021 (Note 7)	Accumulated Inward Remittances as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Yan Tong Infotech (Dongguan) Co., Ltd. ("DYTI")	Manufacture and sales of industrial motherboards and component	69,200 (USD2,500)	(Note 1)	-	-	-	-	-	100.00%	-	100.00%	(1,601) (Note 2)	51,498	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	Wholesale, import and export of industrial motherboards and component	13,840 (USD500)	(Note 1)	-	-	-	-	-	100.00%	-	100.00%	11,090 (Note 2)	46,514	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
DFI	- (Note 3)	57,713 (USD 2,085) (Note 5 and 6)	3,302,288 (Note 4)

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

(Note 2) Investment income or loss was recognized based on the unaudited financial statements of the Company.

(Note 3) The reinvestments and authorized amount of DFI's subsidiaries is excluded from DFI's accumulated investment amounts and the investment amounts authorized by Investment Commission, MOEA.

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

(Note 5) The investment amount of Dongguan Ri Tong Trading Co., Ltd. that has been liquidated was approved by Investment Commission, MOEA in August 2014 and had been deducted in the investment amount.

(Note 6) The earnings that has been remitted to DFI by DYTI was approved by the Investment Commission of the MOEA in February 2017 and had been deducted in the investment amount.

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

(Note 8) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DFI and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

F. Aewin Technologies Co., Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	46,129	(Note 1)	46,129	-	-	46,129	76,229	100.00%	-	100.00%	76,229 (Note 3)	190,936	-
Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	13,062	(Note 2)	-	-	-	-	(5,311)	100.00%	-	100.00%	(5,311) (Note 3)	(1,829)	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
AEWIN	46,129	55,360 (USD 2,000)	695,676 (Note 4)

(Note 1) Indirect investment in Mainland China is through a holding company established in a third country.  
 (Note 2) Invested in Mainland China through Aewin Beijing Technologies Co., Ltd.  
 (Note 3) Investment income or loss was recognized based on the audited financial statements by the auditors of AEWIN.  
 (Note 4) Pursuant to "Principle of Investment or Technical Cooperation in Mainland China", investment amounts in Mainland China shall not exceed the 60% net worth of the company.  
 (Note 5) The above amounts have been eliminated when preparing the consolidated financial statements.  
 (Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between AEWIN and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

G. Ace Pillar Co., Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of		Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021 (Note 5)	Accumulated Inward Remittance of Earnings as of December 31, 2021
				January 1, 2021	December 31, 2021	Outflow	Inflow				Shares	Percentage of Ownership			
Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	977,021 (USD 35,297)	(Note 1)	-	-	53,976 (USD 1,950)	-	53,976 (USD 1,950)	56,121	100.00%	-	56,121 (Note 2)	611,067	125,533	
Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	7,257 (RMB 1,670)	(Note 1)	-	-	4,429 (USD 160)	-	4,429 (USD 160)	(219)	100.00%	-	(219) (Note 2)	7,018	-	
Advancedtek Ace (TJ) Inc.	Electronic system integration	8,304 (USD 300)	(Note 1)	-	-	4,152 (USD 150)	-	4,152 (USD 150)	3,662	100.00%	-	3,662 (Note 2)	(622)	-	
Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	40,136 (USD 1,450)	(Note 1)	-	-	-	-	-	10,511	100.00%	-	10,511 (Note 2)	98,569	-	
Xuehang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	8,304 (USD 300)	(Note 1)	-	-	-	-	-	(711)	100.00%	-	(711) (Note 2)	2,156	-	

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
ACE	141,694 (USD 5,119)	141,694 (USD 5,119)	1,231,856 (Note 4)

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of ACE.

(Note 3) Established by Cyber South's reinvestment.

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

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

(Note 6) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

(Note 7) The dissolution of Xuehang Ace AI Equipment Co., Ltd. was approved by the Board of Directors on November 23, 2021, the liquidation procedures is still in process.

3. Significant transactions with investee companies in Mainland China:

The transactions between ACE and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

H. Data Image Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	451,184 (USD)16,300)	(Note 1)	433,303 (USD)15,654)	-	-	433,303 (USD)15,654)	55,677	100.00%	-	100.00%	55,677	332,482	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	802,867 (Note 4)

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

(Note 2) The above amounts have been eliminated when preparing the consolidated financial statements.

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

(Note 4) Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DIC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

I.DIVA Laboratories, Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	47,748 (USD1,725)	(Note 1)	40,828 (USD1,475)	6,920 (USD250)	-	47,748 (USD1,725)	(5,368)	100.00%	-	100.00%	(5,368)	14,009	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
52,643	USD 2,000 (Note 3)	591,853

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

(Note 2) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 3) The accumulated investments is US\$1,725 thousand and the investment not yet executed is US\$275 thousand as of December 31, 2021.

(Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DIVA and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

J. K2 International Medica Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss) (Note 3)	Carrying Value as of December 31, 2021 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
K2 (Shanghai) International Medical Inc.	Sales of medical consumables	34,600 (USD 1,250)	(Note 1)	22,144 (USD 800)	31,361 (USD 1,133)	-	53,505 (USD 1,933)	7,157	100.00%	-	100.00%	5,211	69,254	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,505 (USD 1,933)	22,144 (USD 800)	346,669 (Note 4)

(Note 1) Direct investment in Mainland China.

(Note 2) The above amounts have been eliminated when preparing the consolidated financial statements.

(Note 3) Investment income or loss was recognized based on the unaudited financial statements of the company.

(Note 4) Investment amounts in Mainland China shall not exceed the 60% net worth of K2 according to MOEA letter No. 09704604680.

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between K2 and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

K. Simula Technology Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss)	Carrying Value as of December 31, 2021 (Note 3)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Simula Technology (Shenzhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	191,437	(Note 1)	141,375	-	-	141,375	31,991	100.00%	-	100.00%	31,991	194,272	-
Opti Cloud Technologies, Inc.	Development of High-speed optical transmission cable and module product technology	137,336	(Note 1)	95,099	-	-	95,099	(4,354)	51.18%	-	51.18%	(2,228)	14,873	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Simula	257,755	307,817	1,338,171

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Simula.

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

3. Significant transactions with investee companies in Mainland China:

The transactions between Simula and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.



L-Alpha Networks Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021 (Note 8)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Alpha Networks (Chengdu) Co., Ltd.	Research and development of network products	420,426	(Note 1)	420,426	-	-	420,426	12,581	100.00%	-	100.00%	12,581	574,686	-
Alpha Networks (Dongguan) Co., Ltd.	Production and sale of network products	787,496	(Note 1)	741,084	-	-	741,084	(15,378)	100.00%	-	100.00%	(15,378)	1,034,891	-
Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	307,326	(Note 1)	307,326	-	-	307,326	5,173	100.00%	-	100.00%	5,173	303,307	-
Alpha Networks (Changshu) Co., Ltd.	Production and sale of network products	1,925,920	(Note 1)	1,925,920	-	-	1,925,920	111,028	100.00%	-	100.00%	111,028	1,347,371	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	3,261,784 (Note 3 - 4 and 7)	4,123,685	(Note 5)

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Alpha.

(Note 3) Accumulated investments in Alpha Dongguan did not include the previously invested by D-Link Corporation HKD69,387 thousand (equivalent to approximately \$303,055 thousand).

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

(Note 5) As Alpha has obtained the certificate No. 10820415320 of being qualified for operating headquarters issued by Ministry of Economic Affairs on June, 11 2019, the upper limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" issued by Investment Commission, MOEA on August, 29, 2008 is not applicable.

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

(Note 7) Alpha indirectly investment the subsidiary Mingzhen (Changshu) has liquidated all rights and obligations on July 23, 2018 and cancelled the registration. Accumulated outflow of \$164,622 thousand is still necessary to include in the accumulated investment amount by the principle of Investment Commission, MOEA.

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

3. Significant transactions with investee companies in Mainland China:

The transactions between Alpha and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

M.Hitron Technologies Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Maximum percentage of ownership during 2021		Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021 (Note 5)	Accumulated Inward Remittances of Earnings as of December 31, 2021
					Outflow	Inflow				Shares	Percentage of Ownership			
Hitron Suzhou	Production and sale of broadband telecommunications products	641,763	(Note 1)	641,763	-	-	641,763	(136,281)	100.00% (Note 4)	-	100.00%	(136,281)	587,235	-
Jietech Suzhou	Sale of broadband network products and related services	31,139	(Note 1)	57,473	-	26,334	31,139	(422)	100.00% (Note 4)	-	100.00%	(422)	3,713	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and	5,814	(Note 1)	12,048	-	-	12,048	1,771	43.10% (Note 3 and 4)	-	100.00%	763	6,532	21,314

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Hitron Technologies	684,950	684,950	2,817,973

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Hitron Technologies.

(Note 3) Hwa Chi is a China based investment company which invested Hitron (Samoa) through Alpha, however, Hwa Chi has been 100% owned by Interactive Digital due to the Group's restructuring decision resolved in year 2012.

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

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

3. Significant transactions with investee companies in Mainland China:

The transactions between Hitron Technologies and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

N.Topview Optronics Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note 2)
Topview	5,038 ( USD 182)	5,038 ( USD 182)	672,941

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

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

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between Topview and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" and "Business relationships and significant intercompany transactions" for detail description.

**QISDA CORPORATION**

**Parent-Company-Only Financial Statements  
With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

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

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

## Independent Auditors' Report

To the Board of Directors

Qisda Corporation:

### Opinion

We have audited the parent-company-only financial statements of Qisda Corporation (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2021 and 2020, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter section of our report), the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2021 are stated as follows:

#### 1. Revenue recognition

Please refer to note 4(p) for the accounting policy on revenue recognition, and note 6(u) for the related disclosures of revenue, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

The Company recognizes revenue depending on the various trade terms in each individual sale transaction, which are considered to be complex in determining the timing of revenue recognition. Therefore, revenue recognition has been identified as one of the key audit matters.

How the matter was addressed in our audit:

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

2. Valuation of inventories

Please refer to note 4(g) for the inventory accounting policy, note 5 for estimation uncertainty of inventory valuation, and note 6(f) for the related inventory write-down disclosures, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Assessment of impairment of goodwill from investments in subsidiaries

Please refer to note 4(n) for the accounting policy on impairment of non-financial assets, note 5 for the estimation uncertainty of impairment of goodwill, and note 6(g) for the related disclosures of goodwill impairment test, respectively, of the notes to the parent-company-only financial statements.

#### Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using the equity method. Goodwill is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

#### How the matter was addressed in our audit:

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

#### **Other Matter**

We did not audit the financial statements of certain investees accounted for using the equity method of the Company. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the report of other auditors. Those investments accounted for using the equity method amounted to NT\$1,992,489 thousand and NT\$5,666,505 thousand, respectively, constituting 2.05% and 6.27%, respectively, of the total assets as of December 31, 2021 and 2020, and the related shares of profit of subsidiaries, associates and joint ventures amounted to NT\$206,959 thousand and NT\$260,766 thousand, respectively, constituting 2.45% and 4.97%, respectively, of the total income before income tax for the years ended December 31, 2021 and 2020.

#### **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investees accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Huei-Chen Chang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2022

#### **Notes to Readers**

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

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

(English Translation of Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION**

**Parent-Company-Only Balance Sheets**

**December 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 794,594	1	865,308	1
1110 Financial assets at fair value through profit or loss—current (note 6(b))	7,618	-	56,157	-
1170 Notes and accounts receivable, net (notes 6(d) and (u))	7,335,535	8	9,073,131	10
1181 Notes and accounts receivable from related parties (notes 6(d) and (u) and 7)	12,802,517	13	14,017,651	16
1200 Other receivables (notes 6(d) and (e))	89,702	-	1	-
1210 Other receivables from related parties (notes 6(e) and 7)	4,179	-	2,531	-
130X Inventories (note 6(f))	5,872,381	6	4,433,192	5
1470 Other current assets	156,757	-	109,930	-
<b>Total current assets</b>	<b>27,063,283</b>	<b>28</b>	<b>28,557,901</b>	<b>32</b>
<b>Non-current assets:</b>				
1517 Financial assets at fair value through other comprehensive income—non-current (note 6(c))	15,253,712	16	37,438	-
1550 Investments accounted for using the equity method (notes 6(g) and 8)	51,223,148	53	58,752,284	65
1600 Property, plant and equipment (notes 6(h), 7 and 8)	1,949,691	2	1,513,839	2
1755 Right-of-use assets (note 6(i))	473,693	-	550,191	1
1760 Investment property (note 6(j))	221,622	-	262,739	-
1780 Intangible assets (note 6(k))	225,918	-	12,327	-
1840 Deferred income tax assets (note 6(i))	494,584	1	436,876	-
1900 Other non-current assets	27,333	-	101,771	-
1980 Other financial assets—non-current (note 8)	276,900	-	122,110	-
<b>Total non-current assets</b>	<b>70,146,601</b>	<b>72</b>	<b>61,789,575</b>	<b>68</b>
<b>Total assets</b>	<b>\$ 97,209,884</b>	<b>100</b>	<b>90,347,476</b>	<b>100</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
2100 Short-term borrowings (note 6(l))	\$ 3,417,200	4	6,227,600	7
2120 Financial liabilities at fair value through profit or loss—current (note 6(b))	20,375	-	8,744	-
2130 Contract liabilities—current (note 6(u))	556,308	1	305,119	-
2170 Notes and accounts payable	1,508,326	2	1,311,156	2
2180 Accounts payable to related parties (note 7)	23,589,792	24	23,527,390	26
2200 Other payables (note 6(v))	2,147,452	2	1,735,355	2
2220 Other payables to related parties (note 7)	725	-	5,865	-
2230 Current tax liabilities	217,329	-	241,607	-
2322 Current portion of long-term debt (notes 6(m) and 8)	495,733	-	425,226	-
2280 Lease liabilities—current (notes 6(n) and 7)	125,831	-	118,054	-
2250 Provisions—current (notes 6(o))	24,329	-	26,371	-
2300 Other current liabilities (note 6(m))	79,548	-	81,721	-
2365 Refund liabilities—current	1,800,075	2	1,247,436	2
<b>Total current liabilities</b>	<b>33,983,023</b>	<b>35</b>	<b>35,261,644</b>	<b>39</b>
<b>Non-current liabilities:</b>				
2540 Long-term debt (notes 6(m) and 8)	20,556,869	21	17,819,303	20
2580 Lease liabilities—non-current (notes 6(n) and 7)	637,277	1	753,499	1
2550 Provisions—non-current (note 6(o))	82,479	-	75,259	-
2570 Deferred income tax liabilities (note 6(i))	50,727	-	21,745	-
2600 Other non-current liabilities (note 6(q))	443,086	-	390,525	-
<b>Total non-current liabilities</b>	<b>21,770,438</b>	<b>22</b>	<b>19,060,331</b>	<b>21</b>
<b>Total liabilities</b>	<b>55,753,461</b>	<b>57</b>	<b>54,321,975</b>	<b>60</b>
<b>Equity (note 6(s)):</b>				
3110 Common stock	19,667,820	20	19,667,820	22
3200 Capital surplus	1,844,310	2	1,879,501	2
3300 Retained earnings	20,777,515	22	15,742,825	17
3400 Other equity	(833,222)	(1)	(1,264,645)	(1)
<b>Total equity</b>	<b>41,456,423</b>	<b>43</b>	<b>36,025,501</b>	<b>40</b>
<b>Total liabilities and equity</b>	<b>\$ 97,209,884</b>	<b>100</b>	<b>90,347,476</b>	<b>100</b>

(English Translation of Financial Statements Originally Issued in Chinese)  
QISDA CORPORATION

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(u) and 7)</b>	\$ 104,634,583	100	92,411,291	100
5000	<b>Operating costs (notes 6(f), (h), (i), (j), (k), (n), (o), (q) and (v) and 7 and 12)</b>	<u>(100,446,928)</u>	<u>(96)</u>	<u>(87,422,698)</u>	<u>(95)</u>
	<b>Gross profit</b>	4,187,655	4	4,988,593	5
5910	Unrealized profit or loss on sales to subsidiaries, associated and joint ventures	<u>303,439</u>	<u>-</u>	<u>100,943</u>	<u>-</u>
	<b>Realized or loss gross profit</b>	<u>4,491,094</u>	<u>4</u>	<u>5,089,536</u>	<u>5</u>
	<b>Operating expenses (notes 6(d), (h), (i), (j), (k), (n), (p), (q) and (v) and 7 and 12):</b>				
6100	Selling expenses	(1,178,455)	(1)	(1,089,249)	(1)
6200	Administrative expenses	(959,555)	(1)	(861,008)	(1)
6300	Research and development expenses	(2,274,898)	(2)	(2,161,744)	(2)
6450	Gain on reversal of impairment loss (expected credit loss)	<u>(14,877)</u>	<u>-</u>	<u>3,876</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>(4,427,785)</u>	<u>(4)</u>	<u>(4,108,125)</u>	<u>(4)</u>
	<b>Operating income</b>	<u>63,309</u>	<u>-</u>	<u>981,411</u>	<u>1</u>
	<b>Non-operating income and loss:</b>				
7100	Interest income (note 6(w))	2,618	-	11,344	-
7010	Other income (notes 6(m), (n), (p) and (w) and 7)	351,975	-	169,874	-
7020	Other gains and losses, net (notes 6(g) and (w))	2,103,115	2	705,622	1
7050	Finance costs (notes 6(n) and (w) and 7)	(371,194)	-	(362,091)	-
7375	Share of profit of subsidiaries, associates and joint ventures (note 6(g))	<u>6,293,736</u>	<u>6</u>	<u>3,744,772</u>	<u>4</u>
	<b>Total non-operating income and loss</b>	<u>8,380,250</u>	<u>8</u>	<u>4,269,521</u>	<u>5</u>
	<b>Income before income tax</b>	8,443,559	8	5,250,932	6
7950	<b>Income tax expense (note 6(r))</b>	<u>(136,013)</u>	<u>-</u>	<u>(262,453)</u>	<u>(1)</u>
	<b>Net income</b>	<u>8,307,546</u>	<u>8</u>	<u>4,988,479</u>	<u>5</u>
	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements of defined benefit plans (notes 6(q) and (s))	(44,539)	-	(84,860)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(s))	(842,812)	(1)	(11,000)	-
8320	Share of other comprehensive income of subsidiaries, associates and joint ventures (notes 6(g) and (s))	1,941,048	2	494,198	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,053,697</u>	<u>1</u>	<u>398,338</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations (note 6(s))	(309,370)	-	(756,355)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(309,370)</u>	<u>-</u>	<u>(756,355)</u>	<u>-</u>
	<b>Other comprehensive income (loss) for the year, net of income tax</b>	<u>744,327</u>	<u>1</u>	<u>(358,017)</u>	<u>-</u>
	<b>Total comprehensive income for the year</b>	<u>\$ 9,051,873</u>	<u>9</u>	<u>4,630,462</u>	<u>5</u>
	<b>Earnings per share (in New Taiwan dollars) (note 6(t)):</b>				
9750	Basic earnings per share	<u>\$ 4.22</u>		<u>2.54</u>	
9850	Diluted earnings per share	<u>\$ 4.17</u>		<u>2.51</u>	

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION**

**Parent-Company-Only Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings				Total other equity interest				Total equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Foreign currency translation differences		Remeasurements of defined benefit plans	Total other equity interest
<b>Balance at January 1, 2020</b>	19,667,820	2,220,653	1,826,479	168,422	4,988,479	4,988,479	410,052	(657,512)	(361,048)	(608,508)	33,943,959
Net income in 2020	-	-	-	-	4,988,479	4,988,479	-	-	-	-	4,988,479
Other comprehensive income (loss) in 2020	-	-	357,505	-	(357,505)	-	-	-	-	-	-
Total comprehensive income in 2020	-	-	1,826,479	168,422	4,988,479	4,988,479	410,052	(657,512)	(361,048)	(608,508)	33,943,959
Appropriation of earnings:											
Legal reserve	-	-	357,505	-	(357,505)	-	-	-	-	-	-
Special reserve	-	-	-	440,086	(440,086)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(1,475,086)	(1,475,086)	-	-	-	-	(1,475,086)
Share of changes in equity of subsidiaries, associates and joint ventures	-	(172,241)	-	-	-	-	-	-	-	-	(172,241)
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	(168,911)	-	-	(732,682)	(732,682)	-	-	-	-	(901,593)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	298,120	298,120	(298,120)	-	-	(298,120)	-
<b>Balance at December 31, 2020</b>	19,667,820	1,879,501	2,183,984	608,508	12,950,333	15,742,825	571,329	(1,413,867)	(422,107)	(1,264,645)	36,025,501
Net income in 2021	-	-	-	-	8,307,546	8,307,546	-	-	-	-	8,307,546
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	-	(309,370)	(66,445)	744,327	744,327
Total comprehensive income in 2021	-	-	-	-	8,307,546	8,307,546	1,120,142	(309,370)	(66,445)	744,327	9,051,872
Appropriation of earnings:											
Legal reserve	-	-	455,392	-	(455,392)	-	-	-	-	-	-
Special reserve	-	-	-	656,137	(656,137)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,950,173)	(2,950,173)	-	-	-	-	(2,950,173)
Share of changes in equity of subsidiaries, associates and joint ventures	-	(35,191)	-	-	-	-	-	-	-	-	(35,191)
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(635,587)	(635,587)	-	-	-	-	(635,587)
Disposal of financial assets measured at fair value through other comprehensive income by associates and subsidiaries	-	-	-	-	312,904	312,904	(312,904)	-	-	(312,904)	-
<b>Balance at December 31, 2021</b>	19,667,820	1,844,310	2,639,376	1,264,645	16,873,494	20,777,515	1,378,567	(1,723,237)	(488,552)	(833,222)	41,456,423

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION**

**Parent-Company-Only Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 8,443,559	5,250,932
<b>Adjustments for:</b>		
Adjustments to reconcile profit or loss:		
Depreciation	235,420	221,622
Amortization	32,838	19,553
Expected credit loss (gain on reversal of impairment loss)	14,877	(3,876)
Interest expense	371,194	362,091
Interest income	(2,618)	(11,344)
Dividend income	(200,467)	(1,750)
Share of profits of subsidiaries, associates and joint ventures	(6,293,736)	(3,744,772)
Loss on disposal of property, plant and equipment	2,786	-
Gain on disposal of investments	(1,979,741)	(460,696)
Unrealized profit or loss on sales to subsidiaries, associates and joint ventures	(303,439)	(100,943)
Total adjustments for profit or loss	<u>(8,122,886)</u>	<u>(3,720,115)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	48,539	(18,716)
Decrease in notes and accounts receivable	1,722,719	1,857,396
Decrease in notes and accounts receivable from related parties	1,215,134	760,376
Decrease (increase) in other receivable	(89,701)	818
Increase in other receivable from related parties	(1,648)	(1,083)
Decrease (increase) in inventories	(1,439,189)	712,540
Decrease in other current assets	21,706	26,675
Increase in other non-current assets	(12,633)	(85,538)
Net changes in operating assets	<u>1,464,927</u>	<u>3,252,468</u>
Changes in operating liabilities:		
Increase in financial liabilities at fair value through profit or loss	11,631	8,744
Increase (decrease) in notes and accounts payable	197,170	(3,771)
Increase (decrease) in accounts payable to related parties	62,402	(2,214,023)
Decrease in other payable to related parties	(5,140)	(4,066)
Increase (decrease) in provisions	5,178	(1,895)
Increase in contract liabilities	251,189	52,216
Increase in other payables and other current liabilities	943,925	247,495
Increase (decrease) in other non-current liabilities	8,024	(9,362)
Net changes in operating liabilities	<u>1,474,379</u>	<u>(1,924,662)</u>
Total changes in operating assets and liabilities	<u>2,939,306</u>	<u>1,327,806</u>
Total adjustments	<u>(5,183,580)</u>	<u>(2,392,309)</u>
Cash provided by operations	3,259,979	2,858,623
Interest received	2,618	11,344
Dividends received	2,907,725	906,838
Interest paid	(363,252)	(359,873)
Income taxes paid	(256,599)	(85,397)
<b>Net cash provided by operating activities</b>	<u>5,550,471</u>	<u>3,331,535</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**QISDA CORPORATION**

**Parent-Company-Only Statements of Cash Flows (Continued)**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments accounted for using the equity method	(1,699,394)	(7,591,175)
Additions to property, plant and equipment	(571,497)	(88,425)
Proceeds from disposal of property, plant and equipment	24,124	-
Additions to intangible assets	(168,513)	(21,029)
Increase in other financial assets	(154,790)	(81,888)
<b>Net cash used in investing activities</b>	<b>(2,570,070)</b>	<b>(7,782,517)</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(2,810,400)	(962,400)
Increase in long-term debt	8,257,776	9,238,864
Repayments of long-term debt	(5,429,852)	(2,421,590)
Payment of lease liabilities	(118,466)	(116,354)
Cash dividends distributed to shareholders	(2,950,173)	(1,475,086)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,051,115)</b>	<b>4,263,434</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(70,714)</b>	<b>(187,548)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>865,308</b>	<b>1,052,856</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 794,594</b>	<b>865,308</b>

See accompanying notes to parent-company-only financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION**

**Notes to the Parent-Company-Only Financial Statements**

**For the years ended December 31, 2021 and 2020**

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

**1. Organization and business**

Qisda Corporation (the “Company”) was incorporated on April 21, 1984, as a company limited by shares under the laws of the Republic of China (“R.O.C.”) and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 157, Shan-Ying Road, Gueishan, Taoyuan, Taiwan. The Company is engaged in the manufacturing, sales and services of high-end monitors and opto-mechatronics products.

**2. Authorization of the parent-company-only financial statements:**

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 7, 2022.

**3. Application of New and Revised Accounting Standards and Interpretations:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

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

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

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

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**4. Summary of significant accounting policies:**

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows and have applied consistently to all periods presented in these financial statements.

- (a) Statement of compliance

The Company’s accompanying parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items:

- 1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
- 2) Financial assets measured at fair value through other comprehensive income; and
- 3) Net defined benefit liabilities (assets) measured at recognized as the present value of the defined benefit obligation less the fair value of the plan assets.

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

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

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

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

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

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

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

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

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

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

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

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

#### 5) Impairment of financial assets

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

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

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

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights of the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

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

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

3) Derecognition of financial liabilities

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

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

#### 4) Offsetting of financial assets and liabilities

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

#### (iii) Derivative financial instruments

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

#### (g) Inventories

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

#### (h) Investment in associates

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

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

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

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

Adjustments are made to associates' financial statements to conform to the accounting policies applied by the Company.

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

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

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in the parent-company-only financial statements is in line with the changes in equity attributable to shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for it to be available for use, and any borrowing cost that is eligible for capitalization.

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



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

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

(k) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: buildings: 10 to 40 years; machinery and equipment: 2 to 10 years; furniture and fixtures: 3 years; and other equipment: 3 to 10 years.

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

(l) Leases

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

(i) As a lessee

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an extension or a purchase option to purchase the underlying asset; or
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modification in lease subject, scope of the lease or other terms.

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

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

(ii) As a lessor

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

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

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

(m) Intangible assets

Intangible assets including acquired software, and patents are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 2 to 5 years.

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

(n) Impairment of non-financial assets

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

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

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

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

(p) Revenue recognition

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

(i) Sale of goods

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

(ii) Rendering of services

The Company's revenue from providing product design and development services is recognized in the accounting period in which services are rendered.

(iii) Financing components

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

(q) Government grants and government assistance

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

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

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

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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### Notes to the Parent-Company-Only Financial Statements

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

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

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

#### (iii) Short-term employee benefits

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

#### (s) Income taxes

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

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

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

- (i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

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

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

(u) Earnings per share ("EPS")

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

(v) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

**5. Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the parent-company-only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

Information about judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

- (a) Judgment regarding whether the Company has substantial control over the investee. Please refer to consolidated financial statements for the year ended December 31, 2021.
- (b) Judgment regarding significant influence of associates

The Company holds less than 20% of the voting rights in AU Optronics Corp. (“AU”) but has significant influence over AU as the chairman of the Company was elected as one of the directors and participates in the decision-making on the Board before May 11, 2021. However, the chairman of the Company resigned as the director of AU on May 11, 2021, which caused the Company to lose significant influence over AU’s financial and operating policy decisions. As a result, the investment in AU has been reclassified to financial assets at fair value through other comprehensive income—non-current since then.

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

- (a) Valuation of inventory

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environments in the electronic industry, the life cycle of certain products of the Company are short and their market prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon, which could result in significant adjustments.

- (b) Assessment of impairment of goodwill from investments in subsidiaries

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

**6. Significant account disclosures**

- (a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Demand deposits and checking accounts	\$ 235,425	108,354
Foreign currency deposits	559,169	756,954
	<b>\$ 794,594</b>	<b>865,308</b>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(b) Financial instruments measured at fair value through profit or loss

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets measured at fair value through profit or loss – current:		
Foreign currency forward contracts	\$ 5,647	55,999
Foreign exchange swaps	1,971	158
	<b>\$ 7,618</b>	<b>56,157</b>
Financial liabilities at fair value through profit or loss – current:		
Foreign currency forward contracts	\$ 646	-
Foreign exchange swaps	19,729	8,744
	<b>\$ 20,375</b>	<b>8,744</b>

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

The Company entered into derivative contracts to manage foreign currency exchange risk resulting from its operating and financing activities. As of December 31, 2021 and 2020, the outstanding derivative financial instruments did not conform to the criteria for hedge accounting consisted of the following:

(i) Foreign currency forward contracts

			<b>December 31, 2021</b>	
		<b>Contract amount (in thousands)</b>	<b>Maturity period</b>	
MYR	Buy/ USD Sell	MYR 34,000	2022/01~2022/02	
CNY	Buy/ USD Sell	USD 43,600	2022/02~2022/04	
			<b>December 31, 2020</b>	
		<b>Contract amount (in thousands)</b>	<b>Maturity period</b>	
MYR	Buy/ USD Sell	MYR 14,000	2021/03	
CNY	Buy/ USD Sell	USD 73,600	2021/01~2021/03	

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Foreign exchange swaps

	<b>December 31, 2021</b>	
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
Swap in USD/Swap out TWD	USD 268,000	2022/01~2022/06
	<b>December 31, 2020</b>	
	<b>Contract amount (in thousands)</b>	<b>Maturity period</b>
Swap in USD/Swap out TWD	USD 48,000	2021/01~2021/03

(c) Financial assets at fair value through other comprehensive income—non-current

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks	<b>\$ <u>15,253,712</u></b>	<b><u>37,438</u></b>

The Company designated the equity investments shown above as financial assets at fair value through other comprehensive income because these investments are held for long-term for strategic purposes and not for trading.

On May 12, 2021, the Company lost significant influence over AU Optronics Corp. (“AU”). Hence, the investment in AU was reclassified from investment accounted for using the equity method to financial assets at fair value through other comprehensive income. Please refer to note 6(g).

No strategic investments were disposed for the years ended December 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes and accounts receivable	\$ 7,378,266	9,100,985
Notes and accounts receivable from related parties	12,802,517	14,017,651
	20,180,783	23,118,636
Less: loss allowance	(42,731)	(27,854)
	<b>\$ 20,138,052</b>	<b>23,090,782</b>

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

- (i) The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including receivables from related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 19,279,745	0.05%	9,216
Past due 1-90 days	898,239	3.42%	30,716
Past due over 91 days	2,799	100%	2,799
	<b>\$ 20,180,783</b>		<b>42,731</b>

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 20,413,086	0.09%	19,293
Past due 1-90 days	2,699,323	0.09%	2,334
Past due over 91 days	6,227	100%	6,227
	<b>\$ 23,118,636</b>		<b>27,854</b>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 27,854	33,141
Impairment losses (gain on reversal of impairment loss)	14,877	(3,876)
Write-off	-	(1,411)
Balance at December 31	<b>\$ 42,731</b>	<b>27,854</b>

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

- (iii) The Company entered into factoring contracts with financial institutions to sell its accounts receivable without recourse. According to these contracts, the Company is not responsible for any risk of uncollectible accounts receivable, but only the loss due to commercial disputes. The Company derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The receivables from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivables. Details of these contracts at each reporting date were as follows:

December 31, 2021						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
Taishin International Bank	\$ 8,903,357	-	8,903,357	-	0.54%~0.82%	-
CTBC Bank	5,260,495	-	5,198,490	62,005	0.54%~0.72%	-
	<b>\$ 14,163,852</b>	<b>-</b>	<b>14,101,847</b>	<b>62,005</b>		<b>-</b>
December 31, 2020						
Underwriting bank	Factored amount	Unpaid advance amount	Advance amount	Amount recognized in other receivables	Range of interest rates	Collateral
Taishin International Bank	\$ 3,638,461	-	3,638,461	-	0.61%~0.72%	-
CTBC Bank	2,688,933	-	2,688,933	-	0.60%~0.68%	-
	<b>\$ 6,327,394</b>	<b>-</b>	<b>6,327,394</b>	<b>-</b>		<b>-</b>

- (e) Other receivables

	December 31, 2021	December 31, 2020
The factored accounts receivable, net of advance amount	\$ 62,005	-
Other receivables — others	27,697	1
Other receivables from related parties	4,179	2,531
	<b>\$ 93,881</b>	<b>2,532</b>

As of December 31, 2021 and 2020, no loss allowance was provided for other receivables after management’s assessment.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(f) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Raw materials	\$ 293,553	295,596
Work in process	62,979	49,046
Finished goods	5,108,205	3,930,798
Inventories in transit	407,644	157,752
	<b>\$ 5,872,381</b>	<b>4,433,192</b>

For the years ended December 31, 2021 and 2020, the cost of inventories sold amounted to \$100,255,047 and \$87,273,687, respectively, of which the write-downs of inventories to net realizable value amounted to \$12,872, and \$8,680, respectively.

(g) Investments accounted for using the equity method

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Subsidiaries	\$ 49,123,621	44,089,838
Associates	2,099,527	14,662,446
	<b>\$ 51,223,148</b>	<b>58,752,284</b>

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2021.

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

1) Consideration transferred

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

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

2) Identifiable net assets acquired in a business combination

On June 19, 2020 (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

Cash	\$	254,000
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Less: identifiable net assets acquired at fair value:

Cash and cash equivalents	\$	42,989	
Notes and accounts receivable, net		56,664	
Inventories		54,988	
Other current assets		36,610	
Other financial assets – current		4,288	
Financial assets at fair value through other comprehensive income – non-current		2,960	
Property, plant and equipment		545,568	
Right-of-use assets		45,633	
Intangible assets – trademarks		69,156	
Intangible assets – computer software		1,921	
Intangible assets – customer relationships		1,176	
Intangible assets – agency		2,843	
Intangible assets – others		1,235	
Other non-current assets		27,873	
Other financial assets – non-current		21,432	
Short-term borrowings		(203,902)	
Notes and accounts payable		(19,826)	
Accounts payable to related parties		(3,805)	
Other payable		(30,927)	
Other current liabilities		(27,572)	
Current portion of long-term debt		(37,148)	
Long-term debt		(191,885)	
Deferred income tax liabilities		(13,657)	
Lease liabilities		(48,331)	
Other non-current liabilities		(9,761)	
Non-controlling interests		(87,034)	241,488

Goodwill	\$	<b>12,512</b>
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Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

## **QISDA CORPORATION**

### **Notes to the Parent-Company-Only Financial Statements**

(iii) Acquisition of subsidiaries— Simula Technology Inc. and its subsidiaries

1) Consideration transferred

On April 1, 2020, the Company subscribed 30,000 thousand shares of Simula Technology Inc. (“Simula”) at a price of \$600,000 through private offering and acquired 37.5% of its ownership. In addition, the Company’s subsidiaries, Darly Venture Inc. and Darly2 Venture Co., Ltd. acquired 13.77% of its ownership in public market for \$411,840. After these investments in Simula, the Company obtained 51.27% of Simula’s ownership and owned more the half of Simula’s total number of directors. Therefore, the Company obtained control over Simula. Thereafter, Simula and its subsidiaries to become the Company’s subsidiaries. Simula and its subsidiaries are engaged in electronic components manufacturing, electronic material wholesale, product design and international trade. The acquisition of Simula enables the Company to jointly develop vehicle networking, medical and health equipment, and AIoT solutions, and assist the Company to develop upstream and downstream key components of supply chain.



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

2) Identifiable net assets acquired in a business combination

On April 1, 2020(the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

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

Less: identifiable net assets acquired at fair value:

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

	1,657,219
Goodwill	\$ <b>162,183</b>

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

- (iv) Acquisition of subsidiaries – Alpha Networks Inc. and its subsidiaries
- 1) Consideration transferred

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

2) Identifiable net assets acquired in a business combination

On July 23, 2020, (the acquisition date), the fair value of identifiable assets acquired and liabilities assumed from the acquisition was as follows:

Consideration transferred:

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

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

Goodwill arising from the acquisition are included in the carrying amount of investments accounted for using the equity method.

The Company's previously held 23.84% ownership of Alpha is remeasured to fair value at the acquisition date, and recognized a gain on disposal of \$676,979 in other gains and losses, net.

(v) Impairment test on goodwill

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose as of December 31, 2021 and 2020 were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Alpha	\$ 1,730,813	1,730,813
DFI	\$ 1,427,555	1,427,555
PTT	\$ 810,579	924,757

Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Company, the recoverable amount exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Alpha :		
Revenue growth rate	4%~15%	4%~15%
Discount rates	17.46%	16.98%
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
DFI :		
Revenue growth rate	7%~20%	16%~24%
Discount rates	13.51%	17.17%
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
PTT :		
Revenue growth rate	7%~13%	-5%~6%
Discount rates	13.24%	13.92%

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

- 1) The cash flow projections were based on future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using 1% to 3.58% growth rate.
- 2) The estimation of discount rate is based on the weighted average cost of capital.

(vi) Investments in associates

<u>Name of Associates</u>	<u>Main Business and Relationship</u>	<u>Location</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
			<u>Percentage of voting rights</u>	<u>Carrying amount</u>	<u>Percentage of voting rights</u>	<u>Carrying amount</u>
AU Optronics Corp. ("AU")	R & D, manufacture and sale of TFT-LCD panels, the Company's strategic partners	Taiwan	-	-	6.99 %	12,701,500
Darfon Electronics Corp. ("DFN")	Manufacture and sale of power devices, peripheral equipment, and integrated communication devices, the Company's strategic partners	Taiwan	20.72 %	2,040,465	20.72 %	1,904,389
Q.S.Control Corp.	Manufacture and sales of medical consumables and equipment, the Company's strategic partners	Taiwan	20.00 %	59,062	20.00 %	56,557
			<u>\$ 2,099,527</u>		<u>14,662,446</u>	

The equity-method was used to account for the Company's investments in AU, in which the Company holds less than 20% of the voting rights but has significant influence over AU as the chairman of the Company was elected as director and participates in the decision-making on the Board of AU before May 11, 2021. However, the chairman of the Company resigned as the director of AU on May 11, 2021, which caused the Company to lose significant influence over AU's financial and operating policy decisions. As a result, the investment in AU has been reclassified to financial assets at fair value through other comprehensive income— non-current. A gain on disposal of investments of \$1,979,741 was recognized under other gains and losses, net accordingly.

For the years ended December 31, 2021 and 2020, the Company's shares of profits (losses) of associates amounted to \$1,495,904 and \$440,368, respectively.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
AU	\$ -	9,290,386
DFN	2,940,854	2,514,517

The summarized financial information in respect of each of the Company's material associates is set out below:

1) The summarized financial information of AU:

		<u>December 31, 2020</u>
Current assets		\$ 168,317,673
Non-current assets		238,952,622
Current liabilities		(98,338,179)
Non-current liabilities		<u>(115,141,751)</u>
Equity		<u>\$ 193,790,365</u>
Equity attributable to non-controlling interests of AU		<u>\$ 10,985,674</u>
Equity attributable to shareholders of AU		<u>\$ 182,804,691</u>
		<u>2020</u>
Net sales		\$ <u>270,955,381</u>
Net income		\$ 2,907,427
Other comprehensive income		<u>2,862,980</u>
Total comprehensive income		<u>\$ 5,770,407</u>
Total comprehensive income attributable to non-controlling interests of AU		<u>\$ (319,234)</u>
Total comprehensive income attributable to shareholders of AU		<u>\$ 6,089,641</u>
		<u>2021</u>
The Company's share of equity of associates at January 1	\$ 12,804,784	<u>12,348,373</u>
Net income attributable to the Company	1,255,866	236,005
Other comprehensive income (loss) attributable to the Company	(63,477)	189,661
Capital surplus attributable to the Company	(55,616)	3,020
Reclassified to financial assets at fair value through other comprehensive income	(13,838,274)	-
Cumulative effect of net income recognized under treasury stock method	<u>(103,283)</u>	<u>(75,559)</u>
The carrying amount of investments in the associates at December 31	<u>\$ -</u>	<u>12,701,500</u>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

- 2) The summarized financial information of DFN:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 21,078,564	14,983,083
Non-current assets	12,116,710	9,286,423
Current liabilities	(16,153,908)	(11,672,915)
Non-current liabilities	(4,320,029)	(2,017,529)
Equity	<b>\$ 12,721,337</b>	<b>10,579,062</b>
Equity attributable to non-controlling interests of DFN	<b>\$ 2,879,152</b>	<b>1,387,996</b>
Equity attributable to shareholders of DFN	<b>\$ 9,842,185</b>	<b>9,191,066</b>
	<b>2021</b>	<b>2020</b>
Net sales	<b>\$ 28,048,736</b>	<b>22,349,528</b>
Net income	\$ 1,301,622	953,347
Other comprehensive income (loss)	(174)	124,103
Total comprehensive income	<b>\$ 1,301,448</b>	<b>1,077,450</b>
Total comprehensive income attributable to non-controlling interests of DFN	<b>\$ 161,642</b>	<b>42,255</b>
Total comprehensive income attributable to shareholders of DFN	<b>\$ 1,139,806</b>	<b>1,035,195</b>
	<b>2021</b>	<b>2020</b>
The Company's share of equity of associates at January 1	\$ 1,904,389	1,798,607
Net income attributable to the Company	237,533	187,238
Other comprehensive income (loss) attributable to the Company	(1,393)	27,228
Capital surplus attributable to the Company	44,948	24,726
Dividend received from associates	(145,012)	(133,410)
The carrying amount of investments in the associates at December 31	<b>\$ 2,040,465</b>	<b>1,904,389</b>

- 3) Aggregate financial information of associates that were not individually material to the Company was summarized as follows. The financial information was included in the Company's parent-company-only financial statements.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The aggregate carrying amount of associates that were not individually material to the Company	<b>\$ 59,062</b>	<b>56,557</b>

**QISDA CORPORATION**  
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	<b>2021</b>	<b>2020</b>
Attributable to the Company:		
Net income	\$ 2,505	3,979
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 2,505</b>	<b>3,979</b>

Refer to note 8 for a description of the Company's investments accounted for using the equity method pledged as collateral for long-term debt and credit facilities.

(h) Property, plant and equipment

	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost:						
Balance at January 1, 2021	\$ 805,484	1,667,399	806,287	176,941	49,203	3,505,314
Additions	-	79,176	219,004	42,028	231,289	571,497
Disposals	-	(3,999)	(78,981)	(3,426)	-	(86,406)
Reclassification	-	19,904	17,053	7,608	(45,516)	(951)
Balance at December 31, 2021	<b>\$ 805,484</b>	<b>1,762,480</b>	<b>963,363</b>	<b>223,151</b>	<b>234,976</b>	<b>3,989,454</b>
Balance at January 1, 2020	\$ 805,484	1,660,803	849,007	163,336	40,985	3,519,615
Additions	-	6,596	36,876	10,535	34,418	88,425
Disposals	-	-	(101,816)	(910)	-	(102,726)
Reclassification	-	-	22,220	3,980	(26,200)	-
Balance at December 31, 2020	<b>\$ 805,484</b>	<b>1,667,399</b>	<b>806,287</b>	<b>176,941</b>	<b>49,203</b>	<b>3,505,314</b>
Accumulated depreciation:						
Balance at January 1, 2021	\$ -	1,205,397	643,670	142,408	-	1,991,475
Depreciation	-	44,421	48,001	15,362	-	107,784
Disposals	-	(329)	(56,463)	(2,704)	-	(59,496)
Balance at December 31, 2021	<b>\$ -</b>	<b>1,249,489</b>	<b>635,208</b>	<b>155,066</b>	<b>-</b>	<b>2,039,763</b>
Balance at January 1, 2020	\$ -	1,162,211	707,235	130,752	-	2,000,198
Depreciation	-	43,186	38,251	12,566	-	94,003
Disposals	-	-	(101,816)	(910)	-	(102,726)
Balance at December 31, 2020	<b>\$ -</b>	<b>1,205,397</b>	<b>643,670</b>	<b>142,408</b>	<b>-</b>	<b>1,991,475</b>
Carrying amount:						
Balance at December 31, 2021	<b>\$ 805,484</b>	<b>512,991</b>	<b>328,155</b>	<b>68,085</b>	<b>234,976</b>	<b>1,949,691</b>
Balance at December 31, 2020	<b>\$ 805,484</b>	<b>462,002</b>	<b>162,617</b>	<b>34,533</b>	<b>49,203</b>	<b>1,513,839</b>

(i) The Company owned a parcel of land with a book value of \$104,324. Because of certain legal restrictions, this land was registered under the name of individuals. In order to protect the Company's rights to this land, the Company signed a deed of trust with these individuals, under which they are obliged to surrender their rights to the Company when required.

(ii) Pledge as collateral

Refer to note 8 for a description of the Company's property, plant and equipment pledged as collateral for long-term debt.



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(i) Right-of-use assets

	<b>Buildings</b>
Cost:	
Balance at January 1, 2021	\$ 844,214
Additions	10,021
Reclassification from investment property	<u>6,212</u>
Balance at December 31, 2021	<u><b>\$ 860,447</b></u>
Balance at January 1, 2020	\$ 1,247,361
Reclassification to investment property	<u>(403,147)</u>
Balance at December 31, 2020	<u><b>\$ 844,214</b></u>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 294,023
Reclassification from investment property	6,342
Depreciation	<u>86,389</u>
Balance at December 31, 2021	<u><b>\$ 386,754</b></u>
Balance at January 1, 2020	\$ 306,812
Depreciation	86,372
Reclassification to investment property	<u>(99,161)</u>
Balance at December 31, 2020	<u><b>\$ 294,023</b></u>
Carrying amount:	
Balance at December 31, 2021	<u><b>\$ 473,693</b></u>
Balance at December 31, 2020	<u><b>\$ 550,191</b></u>

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(j) Investment property

	<b>Right-of-use assets— Buildings</b>
Cost:	
Balance at January 1, 2021	\$ 403,147
Reclassification to right-of-use assets	<u>(6,212)</u>
Balance at December 31, 2021	<b><u>\$ 396,935</u></b>
Balance at January 1, 2020	\$ -
Reclassification from right-of-use assets	<u>403,147</u>
Balance at December 31, 2020	<b><u>\$ 403,147</u></b>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 140,408
Depreciation	41,247
Reclassification to right-of-use assets	<u>(6,342)</u>
Balance at December 31, 2021	<b><u>\$ 175,313</u></b>
Balance at January 1, 2020	\$ -
Reclassification from right-of-use assets	99,161
Depreciation	<u>41,247</u>
Balance at December 31, 2020	<b><u>\$ 140,408</u></b>
Carrying amount:	
Balance at December 31, 2021	<b><u>\$ 221,622</u></b>
Balance at December 31, 2020	<b><u>\$ 262,739</u></b>
Fair value:	
Balance at December 31, 2021	<b><u>\$ 224,507</u></b>
Balance at December 31, 2020	<b><u>\$ 271,630</u></b>

Investment property comprises a number of commercial properties that are sub-leased to third parties. The fair value of the investment property is determined by considering the discounted value of the cash flow that the Company expects to receive the sub-lease rent. The inputs, which are used in the fair value measurement, were classified to level 3.

As of December 31, 2021 and 2020, investment property was not pledged as collateral.

**QISDA CORPORATION**  
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(k) Intangible assets

(i) The movements of cost and accumulated amortization of intangible assets were as follows:

	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 51,027	10,239	61,266
Addition	159,408	9,105	168,513
Reclassification	77,916	-	77,916
Balance at December 31, 2021	<u>\$ 288,351</u>	<u>19,344</u>	<u>307,695</u>
Balance at January 1, 2020	\$ 29,998	10,239	40,237
Addition	21,029	-	21,029
Balance at December 31, 2020	<u>\$ 51,027</u>	<u>10,239</u>	<u>61,266</u>
Accumulated amortization:			
Balance at January 1, 2021	\$ 38,700	10,239	48,939
Amortization	32,587	251	32,838
Balance at December 31, 2021	<u>\$ 71,287</u>	<u>10,490</u>	<u>81,777</u>
Balance at January 1, 2020	\$ 19,147	10,239	29,386
Amortization	19,553	-	19,553
Balance at December 31, 2020	<u>\$ 38,700</u>	<u>10,239</u>	<u>48,939</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 217,064</u>	<u>8,854</u>	<u>225,918</u>
Balance at December 31, 2020	<u>\$ 12,327</u>	<u>-</u>	<u>12,327</u>

(ii) Amortization

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

	<u>2021</u>	<u>2020</u>
Cost of sales	<u>\$ 11,471</u>	<u>379</u>
Operating expenses	<u>\$ 21,367</u>	<u>19,174</u>

(l) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	<u>\$ 3,417,200</u>	<u>6,227,600</u>
Unused credit facilities	<u>\$ 14,462,527</u>	<u>8,426,548</u>
Interest rate	<u>0.48%~0.8%</u>	<u>0.349%~0.877%</u>

**QISDA CORPORATION**  
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(m) Long-term debt

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unsecured bank loans	\$ 19,552,602	14,844,529
Secured bank loans	1,500,000	3,400,000
	21,052,602	18,244,529
Less: current portion of long-term debt	(495,733)	(425,226)
	<b>\$ 20,556,869</b>	<b>17,819,303</b>
Unused credit facilities	<b>\$ 19,604,347</b>	<b>13,605,221</b>
Interest rate interval	<b>0.63%~1.797%</b>	<b>0.84%~1.797%</b>
Maturity year	<b>2022~2026</b>	<b>2021~2026</b>

(i) Collateral for bank borrowings

Refer to note 8 for a description of the Company's assets pledged as collateral to secure the bank loans.

(ii) Low interest rate loan from government assistance

In early 2020, the Company has obtained the low interest rate loans from banks in accordance with "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". The preferential interest rate ranged from 0.63% to 0.812%. As of December 31, 2021, the related loan amount was \$1,839,094. The estimated fair value of the loan was \$1,811,095, using the prevailing market interest rate ranged from 1.05% to 1.30%. The difference of \$28,809 was regarded as government grant and was recognized as deferred income. For the year ended December 31, 2021, the deferred income of \$8,958 was transferred and recognized in other income.

(iii) Compliance with loan agreement

According to the syndicated loan agreement signed between the Company and the banks, the Company has promised to maintain certain financial ratios based on the Company's semi-annual reviewed consolidated financial statements and annual audited consolidated financial statements. If the Company violates any of the related financial ratios, the Company should mend it in a specific period, and the failure to maintain the required financial ratios during the amendment period would not be considered a default.

For the years ended December 31, 2021 and 2020, the Company's financial ratio was in compliance with the syndicated loan agreement.

**QISDA CORPORATION**  
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(n) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 125,831</u>	<u>118,504</u>
Non-current	<u>\$ 637,277</u>	<u>753,499</u>

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

The amounts recognized in profit or loss were as follows:

	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 5,924</u>	<u>5,441</u>
Income from sub-leasing right-of-use assets	<u>\$ 136,608</u>	<u>122,747</u>
Interest on lease liabilities	<u>\$ 14,672</u>	<u>16,771</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 139,062</u>	<u>138,566</u>

(i) Real estate leases

The Company leases buildings for its office and factory. These leases typically run for a period of 2 to 10 years. The Company has to negotiate the new leased term and recognize relevant right-of-use assets and lease liabilities when the lease expires. Some of the leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Company leases some transportation equipment with contract terms within one year. These leases are short-term and the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

**QISDA CORPORATION**  
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(o) Provisions

	<u>Warranties</u>
Balance at January 1, 2021	\$ 101,630
Provisions made	36,990
Amount utilized	(24,330)
Amount reversed	<u>(7,482)</u>
Balance at December 31, 2021	<u>\$ 106,808</u>
Current	<u>\$ 24,329</u>
Non-current	<u>\$ 82,479</u>
Balance at January 1, 2020	\$ 103,525
Provisions made	36,962
Amount utilized	(26,085)
Amount reversed	<u>(12,772)</u>
Balance at December 31, 2020	<u>\$ 101,630</u>
Current	<u>\$ 26,371</u>
Non-current	<u>\$ 75,259</u>

Warranty provision is estimated based on historical warranty data associated with similar products and services. The Company expects to settle most of the warranty liability within three years from the date of the sale of the product.

(p) Operating lease —the Company acts as a lessor

The Company leased its land and buildings under operating leases. The future minimum lease payments under operating leases are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not later than 1 year	\$ 134,019	103,457
Later than 1 year but not later than 5 years	538,499	358,567
Later than 5 years	<u>-</u>	<u>69,615</u>
	<u>\$ 672,518</u>	<u>531,639</u>

**QISDA CORPORATION**  
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In 2021 and 2020, the related rental income amounted to \$136,608 and \$122,747, respectively, and was recognized under non-operating income and loss – other income.

(q) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities for defined benefit plans was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ 875,154	842,820
Fair value of plan assets	<u>(462,771)</u>	<u>(461,797)</u>
Net defined benefit liabilities	<u><b>\$ 412,383</b></u>	<u><b>381,023</b></u>

The Company make defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee’s retirement.

1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2021 and 2020, the Company’s labor pension fund account balance at Bank of Taiwan amounted to \$462,771 and \$461,797, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the fund.

**QISDA CORPORATION**  
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2) Movements in present value of defined benefit obligations

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 842,820	747,266
Current service costs and interest expense	7,954	10,034
Remeasurement on the net defined benefit liabilities:		
— Actuarial losses (gains) arising from experience adjustments	12,292	14,929
— Actuarial losses (gains) arising from changes in financial assumptions	36,972	82,960
Benefits paid by the plan	(21,338)	(12,369)
Benefits paid by employer	(3,546)	-
Defined benefit obligations at December 31	<u>\$ 875,154</u>	<u>842,820</u>

3) Movements of fair value of plan assets

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 461,797	441,843
Interest income	3,506	5,053
Remeasurement on the net defined benefit liabilities (assets)		
— Actuarial gains (losses)	4,725	13,029
Contributions by the employer	14,081	14,241
Benefits paid by the plan	(21,338)	(12,369)
Fair value of plan assets at December 31	<u>\$ 462,771</u>	<u>461,797</u>

4) Changes in the effect of the asset ceiling

In 2021 and 2020, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 1,641	1,620
Net interest expense on the net defined benefit liability	2,807	3,361
	<u>\$ 4,448</u>	<u>4,981</u>
Cost of sales	\$ 794	844
Selling expenses	800	908
Administrative expenses	535	661
Research and development expenses	2,319	2,568
	<u>\$ 4,448</u>	<u>4,981</u>



## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.625 %	0.750 %
Future salary increases rate	3.000 %	3.000 %

The Company expects to make contribution of \$14,040 to the defined benefit plans in the year following December 31, 2021.

The weighted average duration of the defined benefit plans is 14.55 years.

7) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2021 and 2020.

	<b>Increase (decrease) in present value of defined benefit obligations</b>	
	<b>0.25% Increase</b>	<b>0.25% Decrease</b>
December 31, 2021		
Discount rate	(24,640)	25,562
Future salary change	24,492	(23,745)
December 31, 2020		
Discount rate	(25,258)	26,252
Future salary change	25,182	(24,397)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2021 and 2020, the Company recognized pension expenses of \$90,453 and \$88,658, respectively, in relation to the defined contribution plans.

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**Notes to the Parent-Company-Only Financial Statements**

(r) Income taxes

(i) The components of income tax expense were as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense	\$ 164,739	170,312
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	246,601	58,750
Changes in unrecognized deductible temporary differences and tax losses	<u>(275,327)</u>	<u>33,391</u>
Deferred income tax expense (benefit)	<u>(28,726)</u>	<u>92,141</u>
Income tax expense	<u><u>\$ 136,013</u></u>	<u><u>262,453</u></u>

In 2021 and 2020, there was no income tax recognized directly in equity or other comprehensive income.

Reconciliation of income tax expense and income before income tax for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Income before income tax	\$ <u><u>8,443,559</u></u>	<u><u>5,250,932</u></u>
Income tax using the Company's statutory tax rate	\$ 1,688,712	1,050,186
Investment income recorded under equity method	(856,097)	(541,425)
Gain on disposal of investments	(395,948)	(92,140)
Surtax on undistributed earnings	61,245	63,062
Tax-exempt dividend income	(40,093)	(350)
Change in unrecognized temporary differences and tax losses	(275,327)	(17,644)
Others	<u>(46,479)</u>	<u>(199,236)</u>
Income tax expense	<u><u>\$ 136,013</u></u>	<u><u>262,453</u></u>

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred income tax assets:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss associated with investments in subsidiaries	\$ 274,547	261,408
Deductible temporary differences	1,561,432	1,562,001
Tax losses	<u>-</u>	<u>-</u>
	<u><u>\$ 1,835,979</u></u>	<u><u>1,823,409</u></u>

**QISDA CORPORATION**  
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Unrecognized deferred income tax liabilities:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Net profits associated with investments in subsidiaries	<b>\$ 2,246,022</b>	<b>1,958,125</b>

As the Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020, and management considers that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences are not recognized as deferred income tax assets and liabilities. In addition, as the Company determined that it is not probable that future taxable profits will be available against which the temporary differences can be utilized, these items were not recognized as deferred income tax assets.

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

Deferred income tax assets:

	<b>Balance at January 1, 2021</b>	<b>Recognized in profit or loss</b>	<b>Balance at December 31, 2021</b>
Unrealized inter-company profits	\$ 39,098	(39,098)	-
Deferred revenue	36,484	(8,984)	27,500
Allowance for sales discounts	249,487	110,528	360,015
Unrealized accrued expenses	14,989	-	14,989
Others	96,818	(4,738)	92,080
	<b>\$ 436,876</b>	<b>57,708</b>	<b>494,584</b>
	<b>Balance at January 1, 2020</b>	<b>Recognized in profit or loss</b>	<b>Balance at December 31, 2020</b>
Unrealized inter-company profits	\$ 59,286	(20,188)	39,098
Deferred revenue	49,842	(13,358)	36,484
Operating loss carryforwards	78,418	(78,418)	-
Allowance for sales discounts	223,063	26,424	249,487
Unrealized accrued expenses	14,989	-	14,989
Others	91,966	4,852	96,818
	<b>\$ 517,564</b>	<b>(80,688)</b>	<b>436,876</b>

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Deferred income tax liabilities:

	<b>Balance at January 1, 2021</b>	<b>Recognized in profit or loss</b>	<b>Balance at December 31, 2021</b>
Unrealized foreign exchange gain	\$ (21,745)	(7,392)	(29,137)
Unrealized inter-company loss	-	(21,590)	(21,590)
	<b>\$ (21,745)</b>	<b>(28,982)</b>	<b>(50,727)</b>
	<b>Balance at January 1, 2020</b>	<b>Recognized in profit or loss</b>	<b>Balance at December 31, 2020</b>
Unrealized foreign exchange gain	<b>\$ (10,292)</b>	<b>(11,453)</b>	<b>(21,745)</b>

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

(s) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the Company's authorized shares of common stock consisted of 5,000,000,000 shares, of which 1,966,781,958 shares were issued and outstanding. The par value of the Company's common stock is \$10 (dollars) per share.

As of December 31, 2021 and 2020, the Company had issued 285 thousand units of global depository receipts (GDRs). The GDRs were listed on the Luxemburg Stock Exchange, and each GDR represents five common shares.

(ii) Capital surplus

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Changes in equity of associates accounted for using the equity method	\$ 54,052	97,612
Changes in ownership interests in subsidiaries	1,790,258	1,781,889
	<b>\$ 1,844,310</b>	<b>1,879,501</b>

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(iii) Unappropriated earnings and dividend policy

The Company's articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance of the annual net income, together with unappropriated earnings from previous years, if any, can be distributed as dividends after the earnings distribution plan proposed by the Board of Directors and approved during the stockholders' meeting. The abovementioned distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

The Company may distribute its legal reserve or capital surplus to shareholders by issuing new shares or by distributing cash according to article 241 of the Company Act. The abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

As the Company is a technology- and capital-intensive enterprise in its growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth.

The Company's requirements for future expansion and cash flow are the primary factors that the Company considers when appropriating its earnings. The distribution ratio for cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital. According to the Company Act and the Company's articles of incorporation, the abovementioned distribution of earnings by way of cash dividends could be approved by the Company's Board of Directors and then reported to the Company's shareholders in its meeting.

2) Special reserve

In accordance with Rule issued by the Financial Supervisory Commission, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

3) Earnings distribution

The appropriation of 2020 earnings, via cash dividends, has been approved by the Company's Board of Directors on May 11, 2021. The other appropriations of 2020 earnings have been approved by the shareholders during their meeting on August 27, 2021. The cash dividends of appropriation of 2019 earnings was approved by the Company's Board of Directors on May 7, 2020. Other appropriations of 2019 earnings was approved by the shareholders during their meeting on June 19, 2020. The resolved appropriations were as follows:

	2020 earnings		2019 earnings	
	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)	Amount
Legal reserve		\$ <u>455,392</u>		\$ <u>357,505</u>
Special reserve		\$ <u>656,137</u>		\$ <u>440,086</u>
Dividends per share:				
Cash dividends	\$ 1.50	<u>2,950,173</u>	0.75	<u>1,475,086</u>

On March 7, 2022, the cash dividends of appropriated from 2021 earnings approved by the Company's Board of Directors were as follows.

	2021 earnings	
	Dividends per share (in dollars)	Amount
Dividends per share:		
Cash dividends	\$ 2.50	<u>4,916,955</u>

(iv) Other equity items (net after tax)

1) Foreign currency translation differences:

	2021	2020
Balance at January 1	\$ (1,413,867)	(657,512)
Foreign exchange differences arising from translation of foreign operations	<u>(309,370)</u>	<u>(756,355)</u>
Balance at December 31	<u>\$ (1,723,237)</u>	<u>(1,413,867)</u>

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 571,329	410,052
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(842,812)	(11,000)
Disposal of financial assets measured at fair value through other comprehensive income	(312,904)	(298,120)
Share of other comprehensive income of subsidiaries and associates	<u>1,962,954</u>	<u>470,397</u>
Balance at December 31	<u><u>\$ 1,378,567</u></u>	<u><u>571,329</u></u>

- 3) Remeasurement of defined benefit plans:

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (422,107)	(361,048)
Remeasurement of the defined benefit plans	(44,539)	(84,860)
Shares of remeasurement of the defined benefit plans of subsidiaries and associates accounted for using the equity method	<u>(21,906)</u>	<u>23,801</u>
Balance at December 31	<u><u>\$ (488,552)</u></u>	<u><u>(422,107)</u></u>

- (t) Earnings per share ("EPS")

- (i) Basic earnings per share

The basic earnings per share were calculated as the profit attributable to shareholders of the Company divided by the weighted-average number of ordinary shares outstanding as follows:

	<b>2021</b>	<b>2020</b>
Profit attributable to shareholders of the Company	<u>\$ 8,307,546</u>	<u>4,988,479</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>1,966,782</u>	<u>1,966,782</u>
Basic earnings per share (in New Taiwan dollars)	<u><u>\$ 4.22</u></u>	<u><u>2.54</u></u>

- (ii) Diluted earnings per share

	<b>2021</b>	<b>2020</b>
Profit attributable to shareholders of the Company	<u>\$ 8,307,546</u>	<u>4,988,479</u>
Weighted-average number of ordinary shares outstanding (in thousands)	1,966,782	1,966,782
Effect of dilutive potential common stock:		
Remuneration to employee	<u>25,541</u>	<u>19,965</u>
Weighted-average number of ordinary shares outstanding (including effect of dilutive potential common stock)	<u>1,992,323</u>	<u>1,986,747</u>
Diluted earnings per share (in New Taiwan dollars)	<u><u>\$ 4.17</u></u>	<u><u>2.51</u></u>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Asia	\$ 66,048,794	56,950,153
Europe	8,915,730	8,945,516
America	29,453,979	25,741,813
Others	<u>216,080</u>	<u>773,809</u>
	<u><b>\$ 104,634,583</b></u>	<u><b>92,411,291</b></u>
Major products/services lines:		
Electronic products	\$ 103,468,249	91,583,420
Other design and development service	<u>1,166,334</u>	<u>827,871</u>
	<u><b>\$ 104,634,583</b></u>	<u><b>92,411,291</b></u>

(ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable (including related parties)	\$ 20,180,783	23,118,636	25,737,819
Less: loss allowance	<u>(42,731)</u>	<u>(27,854)</u>	<u>(33,141)</u>
	<u><b>\$ 20,138,052</b></u>	<u><b>23,090,782</b></u>	<u><b>25,704,678</b></u>
Contract liabilities	<u><b>\$ 556,308</b></u>	<u><b>305,119</b></u>	<u><b>252,903</b></u>

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

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balances January 1, 2021 and 2020 were \$305,119 and \$252,903, respectively.

(v) Remuneration to employees and directors

The Company's Article of incorporation requires that earnings shall first to be offset against any deficit, then, a range from 5% to 20% will be distributed as remuneration to its employees and no more than 1% to its directors. Employees who are entitled to receive the abovementioned employee remuneration, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

For the years ended December 31, 2021 and 2020, the Company estimated its remuneration to employees amounting to \$682,594 and \$429,669, respectively, and the remuneration to directors amounting to \$68,964 and \$42,925, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The estimated remuneration to employees and directors for 2021 and 2020 were the same as the amount approved by the Company's Board of Directors on March 7, 2022 and May 11, 2021, respectively, and paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(w) Non-operating income and loss

(i) Interest income

	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ <b>2,618</b>	<b>11,344</b>

(ii) Other income

	<b>2021</b>	<b>2020</b>
Rental income	\$ 136,608	122,747
Dividend income	200,467	1,750
Government grants income	14,900	45,377
	\$ <b>351,975</b>	<b>169,874</b>

(iii) Other gains and losses, net

	<b>2021</b>	<b>2020</b>
Loss on disposal of property, plant and equipment	\$ (2,786)	-
Gain on disposal of investments (note 6(g))	1,979,741	460,696
Foreign currency exchange gains	22,002	280,921
Gains (losses) on financial assets and liabilities at fair value through profit or loss	85,280	(59,948)
Others	18,878	23,953
	\$ <b>2,103,115</b>	<b>705,622</b>

(iv) Finance costs

	<b>2021</b>	<b>2020</b>
Interest expense from bank loans	\$ (356,522)	(345,320)
Interest expense on lease liabilities	(14,672)	(16,771)
	\$ <b>(371,194)</b>	<b>(362,091)</b>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

- (x) Financial instruments
- (i) Categories of financial instruments
- 1) Financial assets

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets at fair value through profit or loss	\$ 7,618	56,157
Financial assets at fair value through other comprehensive income	15,253,712	37,438
Financial assets measured at amortized cost:		
Cash and cash equivalents	794,594	865,308
Notes and accounts receivable and other receivables (including related parties)	20,231,933	23,093,314
Other financial assets—non-current	276,900	122,110
Subtotal	<u>21,303,427</u>	<u>24,080,732</u>
Total	<u><b>\$ 36,564,757</b></u>	<u><b>24,174,327</b></u>

- 2) Financial liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial liabilities at fair value through profit or loss	\$ 20,375	8,744
Financial liabilities measured at amortized cost:		
Short-term borrowings	3,417,200	6,227,600
Notes and accounts payable and other payables (including related parties)	27,246,295	26,579,766
Lease liabilities (including current portion and related parties)	763,108	871,553
Long-term debt (including current portion)	21,052,602	18,244,529
Other non-current liabilities—guarantee deposits	30,780	9,225
Subtotal	<u>52,509,985</u>	<u>51,932,673</u>
Total	<u><b>\$ 52,530,360</b></u>	<u><b>51,941,417</b></u>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(ii) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

The financial department of the Company evaluates the fair value of financial instrument and utilizes the assistance from external experts or financial institutions for the evaluation of fair value when necessary, and regularly revises the inputs and makes essential adjustments on the fair value to confirm the evaluation results is reasonable.

The financial instruments at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	<b>December 31, 2021</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	5,647	-	5,647
Foreign exchange swaps	-	1,971	-	1,971
Subtotal	-	7,618	-	7,618
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	15,253,712	-	-	15,253,712
Total	<u>\$ 15,253,712</u>	<u>7,618</u>	<u>-</u>	<u>15,261,330</u>
Financial liabilities at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	646	-	646
Foreign exchange swaps	-	19,729	-	19,729
Total	<u>\$ -</u>	<u>20,375</u>	<u>-</u>	<u>20,375</u>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

	December 31, 2020			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Foreign currency forward contracts	\$ -	55,999	-	55,999
Foreign exchange swaps	-	158	-	158
Subtotal	-	56,157	-	56,157
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stocks	37,438	-	-	37,438
Total	\$ 37,438	56,157	-	93,595
Financial liabilities at fair value through profit and loss:				
Foreign exchange swaps	-	8,744	-	8,744
Total	\$ -	8,744	-	8,744

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices.

For listed stock with standard terms and conditions and traded in active markets. The fair value is based on quoted market prices.

b) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique generally accepted by market participants. The fair value of foreign currency forward contracts and foreign exchange swaps is usually determined by the forward exchange rate.

4) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2021 and 2020.

(y) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

The Company's Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

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

The majority of the Company's customers are well-known international companies with high financial transparency in the electronics industry. As of December 31, 2021 and 2020, 61% and 77%, respectively, of the Company's notes and accounts receivable were concentrated in the top five customers. In order to reduce credit risk of accounts receivable, the Company has established a credit policy under which each customer is analyzed individually for creditworthiness for the purpose of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the risk.

The Company's policy provides financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, except for its subsidiaries, the Company did not provide any other guarantees and endorsements.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2021 and 2020, the Company had unused credit facilities of \$34,066,874 and \$22,031,769, respectively.

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

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 3,419,074	3,419,074	-	-	-	-
Lease liabilities	802,769	72,477	65,972	147,330	432,093	84,897
Long-term debt	21,238,642	204,841	361,342	1,905,037	18,767,422	-
Notes and accounts payable	25,098,118	25,098,118	-	-	-	-
Other payables	2,148,177	2,148,177	-	-	-	-
Guarantee deposits	30,780	-	24,099	125	6,556	-
	<u>\$ 52,737,560</u>	<u>30,942,687</u>	<u>451,413</u>	<u>2,052,492</u>	<u>19,206,071</u>	<u>84,897</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 1,427,213	1,427,213	-	-	-	-
Inflow	(1,432,214)	(1,432,214)	-	-	-	-
Foreign exchange swaps:						
Outflow	7,435,998	7,435,998	-	-	-	-
Inflow	(7,418,240)	(7,418,240)	-	-	-	-
	<u>\$ 12,757</u>	<u>12,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2020</b>						
Non-derivative financial liabilities:						
Short-term borrowings	\$ 6,244,622	5,742,953	501,669	-	-	-
Lease obligations payable	925,770	72,391	60,326	133,380	429,239	230,434
Long-term debt	18,864,485	151,366	371,366	4,152,864	14,107,492	81,397
Notes and accounts payable	24,838,546	24,838,546	-	-	-	-
Other payables	1,741,220	1,741,220	-	-	-	-
Guarantee deposits	9,225	-	-	-	9,225	-
	<u>\$ 52,623,868</u>	<u>32,546,476</u>	<u>933,361</u>	<u>4,286,244</u>	<u>14,545,956</u>	<u>311,831</u>
Derivative financial instruments:						
Foreign currency forward contracts:						
Outflow	\$ 2,185,390	2,185,390	-	-	-	-
Inflow	(2,241,389)	(2,241,389)	-	-	-	-
Foreign exchange swaps:						
Outflow	1,360,800	1,360,800	-	-	-	-
Inflow	(1,352,214)	(1,352,214)	-	-	-	-
	<u>\$ (47,413)</u>	<u>(47,413)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Company's Board of Directors.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

1) Foreign currency risk

The Company utilizes foreign currency forward contracts and foreign exchange swaps to hedge its foreign currency exposure with respect to its sales and purchases. These financial instruments help to reduce, but do not eliminate, the impact of foreign currency exchange rate movements.

The maturity dates of derivative financial instruments the Company entered into were less than six months and did not conform to the criteria for hedge accounting.

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party transactions), notes and accounts payable (including related-party transactions), other receivables (including related-party transactions), other payables (including related-party transactions), and loans and borrowings that are denominated in a currency other than the functional currency of Company. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the functional currency of the Company and the sensitivity analysis were as follows:

December 31, 2021						
		Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>						
USD	\$	745,301	27.680	20,629,932	1 %	206,299
<u>Financial liabilities</u>						
USD		982,307	27.680	27,190,258	1 %	271,903
December 31, 2020						
		Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
<u>Financial assets</u>						
USD	\$	839,687	28.350	23,805,126	1 %	238,051
<u>Financial liabilities</u>						
USD		887,324	28.350	25,155,635	1 %	251,556

As the Company deal in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount. Please refers to note 6(w) for the aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2021 and 2020.

## QISDA CORPORATION

### Notes to the Parent-Company-Only Financial Statements

#### 2) Interest rate risk

The Company's short-term borrowings and long-term debt carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If interest rates had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2021 and 2020 would have been \$244,698 and \$244,721, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

#### 3) Other market price risk

The Company is exposed to the risk of price fluctuation in the securities market due to the investment in domestic listed stock. The Company supervises the equity price risk actively and manages the risk based on fair value.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2021 and 2020, would have increased or decreased by \$762,686 and \$1,872, respectively.

#### (z) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital expenditures, repayment of debts, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders. The Company monitors its capital through reviewing the liability-to-equity ratio periodically.

The Company's liability-to-equity ratio at the end of each reporting period was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<u>\$ 55,753,461</u>	<u>54,321,975</u>
Total equity	<u>\$ 41,456,423</u>	<u>36,025,501</u>
Liability-to-equity ratio	<u>134.49 %</u>	<u>150.79 %</u>



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

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

(i) Please refer to note 6(i) for a description of acquisition of right-of-use assets under lease in 2021.

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,		Non-cash changes		December 31,
	2021	Cash flows	Additions	Others	2021
Short-term borrowing	\$ 6,227,600	(2,810,400)	-	-	3,417,200
Long-term debts	18,244,529	2,827,924	-	(19,851)	21,052,602
Lease liabilities	871,553	(118,466)	10,021	-	763,108
Total liabilities from financing activities	<u>\$ 25,343,682</u>	<u>(100,942)</u>	<u>10,021</u>	<u>(19,851)</u>	<u>25,232,910</u>

	January 1,		Non-cash changes		December 31,
	2020	Cash flows	Others		2020
Short-term borrowing	\$ 7,190,000	(962,400)	-		6,227,600
Long-term debts	11,447,582	6,817,274	(20,327)		18,244,529
Lease liabilities	987,907	(116,354)	-		871,553
Total liabilities from financing activities	<u>\$ 19,625,489</u>	<u>5,738,520</u>	<u>(20,327)</u>		<u>25,343,682</u>

**7. Related-party transactions:**

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Qisda Sdn. Bhd. (“QLPG”)	The Company’s subsidiary
Qisda America Corp. (“QALA”)	The Company’s subsidiary
Qisda Japan Co., Ltd. (“QJTO”)	The Company’s subsidiary
BenQ Corp. (“BenQ”)	The Company’s subsidiary
BenQ Material Corp. (“BMC”)	The Company’s subsidiary
BenQ Dialysis Technology Corp. (“BDT”)	The Company’s subsidiary
Qisda Optronics Corp. (“QTOS”)	The Company’s subsidiary
Qisda (L) Corp. (“QLLB”)	The Company’s subsidiary
Darly Venture (L) Ltd. (“Darly”)	The Company’s subsidiary
Darly Venture Inc. (“APV”)	The Company’s subsidiary
BenQ BM Holding Cayman Corp. (“BBHC”)	The Company’s subsidiary
BenQ Biotech (Shanghai) Co., Ltd (“BBC”)	The Company’s subsidiary
Guangxi Youshan Medical Technology Co., Ltd. (“Youshan”)	The Company’s subsidiary
Wangcheng Medical Technology(Chengdu) Co., Ltd. (“Wangcheng”)	The Company’s subsidiary
Shanghai Filter Technology Co., Ltd (“Filter”)	The Company’s subsidiary

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shanghai Zhenglang Medical Equipment Co., Ltd. (“Zhenglang”)	The Company’s subsidiary
Qisda Vietnam Co., Ltd. (“QVH”)	The Company’s subsidiary
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	The Company’s subsidiary
Qisda (Hong Kong) Limited (“QCHK”)	The Company’s subsidiary
BenQ Medical (Shanghai) Co., LTD (“BMSH”)	The Company’s subsidiary
Qisda (Shanghai) Co., Ltd. (“QCSH”)	The Company’s subsidiary
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	The Company’s subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	The Company’s subsidiary
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	The Company’s subsidiary
BenQ ESCO Corp. (“BES”)	The Company’s subsidiary
BenQ (Hong Kong) Limited (“BQHK”)	The Company’s subsidiary
BenQ Europe B.V. (“BQE”)	The Company’s subsidiary
BenQ Asia Pacific Corp. (“BQP”)	The Company’s subsidiary
BenQ America Corporation (“BQA”)	The Company’s subsidiary
BenQ Latin America Corp. (“BQL”)	The Company’s subsidiary
Mainteq Europe B.V. (“MQE”)	The Company’s subsidiary
Darly2 Venture Co., Ltd. (“Darly 2”)	The Company’s subsidiary
BenQ Intelligent Technology (Hong Kong) Co., Ltd. (“BQHK_HLD”)	The Company’s subsidiary
BenQ INFITY Lab Ltd. (“INF”)	The Company’s subsidiary
BenQ Guru Holding Limited (“GSH”)	The Company’s subsidiary
BenQ Medical Technology Corp. (“BMTC”)	The Company’s subsidiary
PT BenQ Teknologi Indonesia (“BQid”)	The Company’s subsidiary
BenQ Korea Co., Ltd. (“BQkr”)	The Company’s subsidiary
BenQ Japan Co., Ltd. (“BQjp”)	The Company’s subsidiary
BenQ Australia Pty Ltd. (“BQau”)	The Company’s subsidiary
BenQ (M.E.) FZE (“BQme”)	The Company’s subsidiary
BenQ India Private Ltd. (“BQin”)	The Company’s subsidiary
BenQ Singapore Pte Ltd. (“BQsg”)	The Company’s subsidiary
BenQ Service & Marketing (M) Sdn. Bhd (“BQmy”)	The Company’s subsidiary
BenQ (Thailand) Co., Ltd. (“BQth”)	The Company’s subsidiary
BenQ Vietnam Co., Ltd. (BQvn)	The Company’s subsidiary
BenQ Co., Ltd. (“BQC”)	The Company’s subsidiary
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	The Company’s subsidiary
ShengCheng Trading (Shanghai) Co., Ltd (“BQsha_EC2”)	The Company’s subsidiary
BenQ Intelligent Technology (Shanghai) Co., Ltd (“BQC_RO”)	The Company’s subsidiary
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	The Company’s subsidiary
BenQ GURU Corp. (“GST”)	The Company’s subsidiary
BenQ Canada Corp. (“BQca”)	The Company’s subsidiary
BenQ Mexico S. de R.L. de C.V. (“BQmx”)	The Company’s subsidiary
Joytech LLC. (“Joytech”)	The Company’s subsidiary
Vividtech LLC. (“Vividtech”)	The Company’s subsidiary
MaxGen Comercio Industrial Imp E Exp Ltda. (“MaxGen”)	The Company’s subsidiary

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
BenQ Service de Mexico S. de R.L. de C.V. (“BQsm”)	The Company’s subsidiary
BenQ UK Limited (“BQuk”)	The Company’s subsidiary
BenQ Deutschland GmbH (“BQde”)	The Company’s subsidiary
BenQ Iberica S.L. Unipersonal (“BQib”)	The Company’s subsidiary
BenQ Austria GmbH (“BQat”)	The Company’s subsidiary
BenQ Benelux B.V. (“BQnl”)	The Company’s subsidiary
BenQ Italy S.R.L. (“BQit”)	The Company’s subsidiary
BenQ France SAS (“BQfr”)	The Company’s subsidiary
BenQ Nordic A.B. (“BQse”)	The Company’s subsidiary
BenQ LLC. (“BQru”)	The Company’s subsidiary
BenQ BM Holding Corp. (“BBM”)	The Company’s subsidiary
Darly Consulting Corporation (“Darly C”)	The Company’s subsidiary
Highview Investments Limited (“Highview”)	The Company’s subsidiary
Asiacconnect International Company (“Asiacconnect”)	The Company’s subsidiary
LILY Medical Corporation (“LILY”)	The Company’s subsidiary
BenQ AB Dentcare Corporation (“BABD”)	The Company’s subsidiary
BenQ HealthCare Corporation (“BHS”) (Formerly BenQ Hearing Solution Corporation)	The Company’s subsidiary
EASTECH CO., LTD. (“EASTECH”)	The Company’s subsidiary
BenQ Medical Technology (Shanghai) Ltd. (“BMTS”)	The Company’s subsidiary
LILY Medical (Suzhou) Co., Ltd. (“ALS”)	The Company’s subsidiary
BenQ Materials (L) Co. (“BMLB”)	The Company’s subsidiary
Sigma Medical Supplies Corp (“SGM”)	The Company’s subsidiary
Suzhou Sigma Medical Supplies Co., Ltd. (“SGS”)	The Company’s subsidiary
Genejet Biotech Co., Ltd. (“GJB”)	The Company’s subsidiary
Cenefom Corp.	The Company’s subsidiary (note 1)
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	The Company’s subsidiary
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	The Company’s subsidiary
BenQ Materials Medical Supplies (Suzhou) Co., Ltd (“BMM”)	The Company’s subsidiary
BenQ Materials (Wuhu) Co., Ltd. (“BMW”)	The Company’s subsidiary
Nanjing BenQ Hospital Co., Ltd. (“NMH”)	The Company’s subsidiary
Suzhou BenQ Hospital Co., Ltd. (“SMH”)	The Company’s subsidiary
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. (“NMHC”)	The Company’s subsidiary
BenQ Healthcare Consulting Corporation (“BHCC”)	The Company’s subsidiary
Suzhou BenQ Investment Co., Ltd. (“BIC”)	The Company’s subsidiary
Partner Tech Corp. (“PTT”)	The Company’s subsidiary
Partner-Tech Europe GmbH (“PTE”)	The Company’s subsidiary
Partner Tech Middle East FZCO (“PTME”)	The Company’s subsidiary
Partner Tech North Africa (“PTNA”)	The Company’s subsidiary
Partner Tech UK Corp., Ltd. (“PTUK”)	The Company’s subsidiary
P&J Investment Holding Co., Ltd. (B.V.I.) (“P&J”)	The Company’s subsidiary

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
P&S Investment Holding Co., Ltd. (B.V.I.) (“P&S”)	The Company’s subsidiary
Partner Tech (Shanghai) Co., Ltd. (“PTCM”)	The Company’s subsidiary
Partner Tech USA Inc. (“PTU”)	The Company’s subsidiary
Webest Solution Corporation (“WEBEST”)	The Company’s subsidiary
Mace Digital Corporation (“PTMG”)	The Company’s subsidiary
Sloga Team D.o.o. (“Sloga”)	The Company’s subsidiary
Retail Solution & System S.L. (“RSS”)	The Company’s subsidiary
E-POS International LLC (“E-POS”)	The Company’s subsidiary
Epoint Systems Pte. Ltd. (“PTSE”)	The Company’s subsidiary
La Fresh information Co., Ltd (“PTTN”)	The Company’s subsidiary
Corex (Pty) Ltd. (“Corex”)	The Company’s subsidiary
Ace Pillar Co., Ltd. (“ACE”)	The Company’s subsidiary
Cyber South Management Ltd.	The Company’s subsidiary
Tianjin Ace Pillar Co., Ltd.	The Company’s subsidiary
Hong Kong Ace Pillar Enterprise Company Limited	The Company’s subsidiary
Proton Inc.	The Company’s subsidiary
Ace Tek (HK) Holding Co., Ltd.	The Company’s subsidiary
Suzhou Super Pillar Automation Equipment Co., Ltd.	The Company’s subsidiary
Grace Transmission (Tianjin) Co., Ltd.	The Company’s subsidiary
Xuchang Ace AI Equipment Co., Ltd.	The Company’s subsidiary
Advancedtek Ace (TJ) Inc.	The Company’s subsidiary
DFI Inc. (“DFI”)	The Company’s subsidiary
DFI AMERICA, LLC	The Company’s subsidiary
DFI Co., Ltd.	The Company’s subsidiary
Yan Tong Technology Ltd. (“Yan Tong”)	The Company’s subsidiary
Diamond Flower Information (NL) B.V.	The Company’s subsidiary
Brainstorm Corporation	The Company’s subsidiary
Yan-Tong Infotech (Dongguan) Co., Ltd.	The Company’s subsidiary
Yan Ying Hao Trading (ShenZhen) Co., Ltd	The Company’s subsidiary
Aewin Technologies Co., Ltd (“AEWIN”)	The Company’s subsidiary
WISE WAY	The Company’s subsidiary
AEWIN TECH INC.	The Company’s subsidiary
BRIGHT PROFIT	The Company’s subsidiary
Aewin Beijing Technologies Co., Ltd	The Company’s subsidiary
Aewin (Shenzhen) Technologies Co., Ltd	The Company’s subsidiary
K2 International Medical Inc. (“K2”)	The Company’s subsidiary
K2 Medical (Thailand) Co., Ltd.	The Company’s subsidiary
K2 (Shanghai) International Medical Inc. (“K2SH”)	The Company’s subsidiary
PT. Frismed Hoslab Indonesia (“K2ID”)	The Company’s subsidiary
Data Image Corporation (“DIC”)	The Company’s subsidiary
Data Image (Mauritius) Corporation	The Company’s subsidiary
Data Image (Suzhou) Corporation	The Company’s subsidiary

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
DIVA Laboratories. Ltd. (“DIVA”)	The Company’s subsidiary
DIVA Laboratories GmbH	The Company’s subsidiary
DIVA Laboratories U.S.,LLC	The Company’s subsidiary
Panoramic Imaging Solutions Inc.	The Company’s subsidiary
Diva Capital Inc.	The Company’s subsidiary
Diva Holding Inc.	The Company’s subsidiary
Suzhou Diva Lab. Inc.	The Company’s subsidiary
Expert Alliance Systems & Consultancy (HK) Co., Ltd. (“EASC”)	The Company’s subsidiary
Expert Alliance Smart Technology Co., Ltd.	The Company’s subsidiary
Topview Optronics Corporation (“Topview”)	The Company’s subsidiary
Messoa Technologies Inc.	The Company’s subsidiary
Messoa Technologies Inc. (USA)	The Company’s subsidiary
Sysage Technology Co., Ltd. (“Sysage”)	The Company’s subsidiary
Global Intelligence Network Co., Ltd. (“Ginnet”)	The Company’s subsidiary
Epic Cloud Information Integration Corporation. (“Epic Cloud”)	The Company’s subsidiary
AdvancedTEK International Corp. (“AdvancedTEK”)	The Company’s subsidiary (note 1)
Statinc Company (“Statinc”)	The Company’s subsidiary
APEO Human Capital Services Corp.	The Company’s subsidiary
DKABio Co., Ltd. (“Dataa”)	The Company’s subsidiary
Golden Spirit Co., Ltd. (“GSC”)	The Company’s subsidiary
Bigmin Bio-Tech Company Ltd.	The Company’s subsidiary
E-Strong Medical Technology Co., Ltd. (“ESM”)	The Company’s subsidiary
Simula Technology Inc. (“Simula”)	The Company’s subsidiary
Aspire Asia Inc.	The Company’s subsidiary
Simula Technology Corp.	The Company’s subsidiary
Action Star Technology Co., Ltd. (“AST”)	The Company’s subsidiary
Simula Company Limited	The Company’s subsidiary
Aspire Electronics Corp.	The Company’s subsidiary
Opti Cloud Technologies, Inc.	The Company’s subsidiary
Simula Technology (ShenZhen) Co., Ltd.	The Company’s subsidiary
Alpha Networks Inc.(“Alpha”)	The Company’s subsidiary
Alpha Holdings Inc. (“Alpha Holdings”)	The Company’s subsidiary
Alpha Solutions Co., Ltd. (“Alpha Solutions”)	The Company’s subsidiary
Alpha Networks Inc. (“Alpha USA”)	The Company’s subsidiary
Alpha Technical Services Inc. (“ATS”)	The Company’s subsidiary
Alpha Networks (Hong Kong) Limited (“Alpha HK”)	The Company’s subsidiary
Enrich Investment Corporation(“Enrich Investment”)	The Company’s subsidiary
Hitron Technologies Inc. (“Hitron Technologies”)	The Company’s subsidiary
D-Link Asia Investment Pte, Ltd. (“D-Link Asia”)	The Company’s subsidiary
Alpha Networks (Dongguan) Co., Ltd. (“Alpha Dongguan”)	The Company’s subsidiary
Alpha Networks (Chengdu) Co., Ltd. (“Alpha Chengdu”)	The Company’s subsidiary
Mirac Networks (Dongguan) Co., Ltd.	The Company’s subsidiary

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Alpha Networks (Changshu) Co., Ltd. (“Alpha Changshu”)	The Company’s subsidiary
Hitron Technologies (Samoa) Inc. (“Hitron Samoa”)	The Company’s subsidiary
Interactive Digital Technologies Inc. (“Interactive Digital”)	The Company’s subsidiary
Hitron Technologies Europe Holding B.V. (“Hitron Europe”)	The Company’s subsidiary
Hitron Technologies (Americas) Inc. (“Hitron Americas”)	The Company’s subsidiary
Innoauto Technologies Inc. (“Innoauto Technologies”)	The Company’s subsidiary
Hitron Technologies (Vietnam) Inc. (“Hitron Vietnam”)	The Company’s subsidiary
Hitron Technologies (SIP) Inc. (“Hitron Suzhou”)	The Company’s subsidiary
Jietech Trading (Suzhou) Inc. (“Jietech Suzhou”)	The Company’s subsidiary
Hwa Chi Technologies(Shanghai) Inc. (“Hwa Chi Technologies”)	The Company’s subsidiary
Transnet Corporation (“Transnet”)	The Company’s subsidiary
Aespula Technologies Inc. (“Aespula”)	The Company’s subsidiary
AU Optronics Corp. (“AU”)	Prior to May 12, 2021, AU was an associate of the Company. However, starting May 12, 2021, AU was no longer an associate of the Company. Since January 2021, AU accounted the investments in the Company using the equity method.
Darfon Electronics Corp. (“DFN”)	The Company’s associate
Visco Vision Inc. (“Visco Vision”)	The Company’s associate
Q.S.Control Corp. (“Q.S.C”)	The Company’s associate
Nanjing Silvertown Health & Development Co., Ltd. (“NSHD”)	The Company’s associate
Darwin Precisions Corporation (“Darwin”)	AU’s subsidiary
AU Optronics (Kunshan) Co., Ltd. (“AUKS”)	AU’s subsidiary
a.u. Vista Inc. (“AUVI”)	AU’s subsidiary
AU Optronics (Suzhou) Corp. (“AUSZ”)	AU’s subsidiary
AU Optronics (Slovakia) s.r.o. (“AUSK”)	AU’s subsidiary
BenQ Foundation	Substantive related party

(Note 1) Starting from 2021, the Company’s former associate has become a subsidiary.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(b) Significant related-party transactions

(i) Revenue

	<u>2021</u>	<u>2020</u>
Subsidiaries:		
QALA	\$ 24,548,118	21,292,914
BenQ	6,258,208	5,073,679
Other subsidiaries	<u>3,984,675</u>	<u>3,421,153</u>
	<u>34,791,001</u>	<u>29,787,746</u>
Associates	<u>2,305,741</u>	<u>7,470,527</u>
The entity who has significant influence over the Company:		
AU	4,372,337	-
AUSZ	1,247,244	-
Others	<u>221,539</u>	<u>-</u>
	<u>5,841,120</u>	<u>-</u>
	<u>\$ 42,937,862</u>	<u>37,258,273</u>

There were no significant differences between the sales prices for related parties and those for third-party customers. The payment terms of 30~120 days showed no significant difference between related parties and third-party customers.

The Company sold raw materials and work in process to its subsidiaries for reprocessing, and the related finished goods were resold back to the Company. For this reason, the Company offset the recognized revenues and costs from these transactions, which amounted to \$20,616,259 and \$24,215,200, for the years ended December 31, 2021 and 2020, respectively.

(ii) Purchases

	<u>2021</u>	<u>2020</u>
Subsidiaries:		
QCSZ	\$ 78,724,562	67,384,007
QCOS	14,536,303	11,852,965
Other subsidiaries	<u>1,635,823</u>	<u>122,425</u>
	<u>94,896,688</u>	<u>79,359,397</u>
Associates	<u>7,126</u>	<u>20,456</u>
	<u>\$ 94,903,814</u>	<u>79,379,853</u>

There were no significant differences between the purchase prices for related parties and those for third-party vendors. The payment terms of 30~120 days showed no significant difference between related parties and third-party vendors.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(iii) Lease

The Company leased its office and plant to its related parties. In 2021 and 2020, the related rental income from subsidiaries amounted to \$90,316 and \$76,668, respectively, and from associates amounted to \$4,665 and \$3,162, respectively, recognized as the non-operating income and loss—other income. The related receivables were classified as other receivables from related parties.

The Company leased factory from AU, and the rent is paid monthly with reference to the nearby office rental rates. The Company entered into a new factory lease contract with AU and recognized the right-of-use assets and the lease liabilities amounting to \$10,021, respectively, in 2021. For the years ended December 31, 2021 and 2020, the related interest expense on lease liabilities amounted to \$49 and \$126, respectively. As of December 31, 2021 and 2020, the balance of the lease liability amounted to \$9,608 and \$4,448, respectively.

(iv) Repair service

The Company's subsidiaries provided repair service to the Company. These subsidiaries charged the Company for their repair service based on the actual costs of services rendered. For the years ended December 31, 2021 and 2020, the repair service fees amounted to \$739 and \$1,058, respectively, recognized as operating costs. The related payables were classified as "other payables to related parties".

(v) Donation

For the years ended December 31, 2021 and 2020, the Company made a donation to a substantive related party (BenQ Foundation) \$6,000 and \$5,000, respectively.

(vi) Property transactions

In 2021, the Company sold machinery to subsidiaries at a price of \$22,600. In 2020, the Company purchased machinery from subsidiaries at a price of \$2,682.

(vii) Guarantees

For the years ended December 31, 2021 and 2020, the Company provided guarantees in order to apply for foreign exchange credit line for its subsidiaries amounting to \$2,934,080 and \$3,005,100, respectively.



**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(viii) Receivables

<u>Account</u>	<u>Related-party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Subsidiaries:		
	QALA	\$ 5,538,535	6,269,938
	BenQ	2,524,742	3,033,274
	QJTO	991,853	794,613
	QCSZ	879,741	923,692
	Other subsidiaries	<u>735,919</u>	<u>745,490</u>
		<u>10,670,790</u>	<u>11,767,007</u>
	Associates	1,252	2,250,644
	The entity who has significant influence over the Company:		
	AU	1,281,698	-
	AUSZ	707,652	-
	Others	<u>141,125</u>	<u>-</u>
		<u>2,130,475</u>	<u>-</u>
Other receivables	Subsidiaries	<u>4,179</u>	<u>2,531</u>
		<u>\$ 12,806,696</u>	<u>14,020,182</u>

(ix) Payables

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Subsidiaries:		
	QCSZ	\$ 18,224,092	17,993,269
	QCES	1,376,443	1,704,966
	QCOS	3,567,730	3,574,987
	Other subsidiaries	411,887	249,395
	Associates	<u>9,200</u>	<u>4,773</u>
		<u>23,589,352</u>	<u>23,527,390</u>
	The entity who has significant influence over the Company:		
	AU	<u>440</u>	<u>-</u>
Other payables	Subsidiaries	<u>725</u>	<u>5,865</u>
		<u>\$ 23,590,517</u>	<u>23,533,255</u>

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(c) Compensation for key management personnel

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 164,433	152,285
Post-employment benefits	1,071	864
	<b>\$ 165,504</b>	<b>153,149</b>

**8. Pledged assets:**

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

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Common stock of investments accounted for using the equity method	Credit lines of bank loans	\$ -	5,933,504
Land and buildings	Credit lines of bank loans	1,214,152	1,163,163
Other financial assets (special deposit account)	Restrictions on utilization of repatriated offshore funds	236,906	81,832
		<b>\$ 1,451,058</b>	<b>7,178,499</b>

**9. Significant commitments and contingencies:**

In addition to those in note 7, the Company had the following commitments and contingencies:

(a) Significant unrecognized commitments

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Unused letters of credit	<b>\$ 138,400</b>	<b>113,711</b>

(b) Significant contingent liabilities

In January 2012, some direct and indirect Canadian purchasers of optical disk drive products filed class actions against the Company and BQA, among other co-defendants. In the complaints, the plaintiffs claimed monetary damages from an alleged antitrust conspiracy. The Company has reached a settlement agreement with the plaintiff. However, the final outcome is still pending approval of the court.

**10. Significant loss from disaster: None.**

**11. Significant subsequent events: None.**

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

**12. Others:**

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	559,173	2,636,210	3,195,383	472,868	2,328,207	2,801,075
Insurance	34,519	145,855	180,374	30,614	128,373	158,987
Pension	14,791	80,110	94,901	14,464	79,175	93,639
Remuneration to directors	-	79,584	79,584	-	48,668	48,668
Others	50,486	158,877	209,363	48,673	139,174	187,847
Depreciation	50,263	185,157	235,420	47,295	174,327	221,622
Amortization	11,471	21,367	32,838	379	19,174	19,553

	<u>2021</u>	<u>2020</u>
The number of employees	<u>1,750</u>	<u>1,745</u>
The number of non-employee directors	<u>6</u>	<u>6</u>
Average employee benefits	<u>\$ 2,110</u>	<u>1,864</u>
Average employee salaries	<u>\$ 1,832</u>	<u>1,611</u>
Average employee salaries adjustment rate	<u>13.72 %</u>	<u>6.06 %</u>
Supervisors' remuneration	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policies (including directors, managers and employees) were as follows:

(a) Directors:

- (i) The remuneration to directors is stipulated and distributed according to the Company's Articles of Incorporation, authorizing the Board of Directors to determine the remuneration based on the participation and contribution of each director, as well as "Remuneration Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry norms. If there is earnings, the remunerations to directors is approved by the Board of Directors according to the Company's Articles of Incorporation.
- (ii) The remunerations to directors is in accordance with the Company's Articles of Incorporation and Remuneration Policy, and is reviewed by the Remuneration Committee and approved by the Board of Directors.

(b) Managers:

The remuneration to managers is in accordance with the Company's personnel rules with reference to the industry norms, individual performance and the Company's overall operating performance, and is reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

(c) Employees:

- (i) The Company provides diversified and competitive overall remuneration and career development opportunities. Apart from basic salary (including principal salary, meal allowance, etc.), various allowances and rewards, such as work allowances, duty allowances, performance bonuses, incentive bonuses and remuneration to employees based on the Company's annual profit, are designed for difference job nature and reward purpose.
- (ii) The Company annually participates in the international market salary surveys, wherein it adjust the salary based on the salary benchmark of each job and individual performance to sustain its market competitiveness. Under the premise of enhancing the Company's overall operations and performance through teamwork and individual effort, the Company designs various short term or long term reward plans and profit sharing with employees to achieve the purpose of talent attraction, retention, motivation and programmatic cultivation of high quality talents.
- (iii) The salary and bonus for employees is in accordance with the Company's personnel rules. The remuneration to employees is in accordance with Company's Articles of Incorporation, and is approved by the Board of Directors and reported to shareholders meeting.

**13. Additional disclosures:**

(a) Information on significant transactions:

- (i) Financing provided to other parties: Table 1 (attached)
- (ii) Guarantees and endorsements provided to other parties: Table 2 (attached)
- (iii) Marketable securities held at the reporting date (excluding investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- (iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed \$300 million or 20% of the paid-in capital: Table 4 (attached)
- (v) Acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital: Table 5 (attached)
- (vi) Disposal of real estate which exceeds \$300 million or 20% of the paid-in capital: Table 6 (attached)
- (vii) Total purchases from and sales to related parties which exceed \$100 million or 20% of the paid-in capital: Table 7 (attached)
- (viii) Receivables from related parties which exceed \$100 million or 20% of the paid-in capital: Table 8 (attached)
- (ix) Transactions about derivative instruments: Refer to note 6(b)

(b) Information on investees : Table 9 (attached)

**QISDA CORPORATION**  
**Notes to the Parent-Company-Only Financial Statements**

- (c) Information on investment in Mainland China: Table 10 (attached)
- (d) Major shareholders:

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

**14. Segment information:**

Please refer to the consolidated financial statements for the year ended December 31, 2021.

**QISDA CORPORATION**  
Financing provided to other parties  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 1

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts	Financing Company's Total Financing Limits
													Item	Value			
0	The Company	APV	Other receivables from related parties	yes	200,000	-	-	1.20%	2	-	Operating requirements	-	-	-	8,291,285	16,582,569	
1	BenQ	BQL	Other receivables from related parties	yes	500,400	249,120	249,120	-	2	-	Operating requirements	-	-	-	2,085,224	4,170,448	
1	BenQ	Darly Venture (L) Ltd	Other receivables from related parties	yes	278,000	138,400	138,400	0.75%	2	-	Operating requirements	-	-	-	2,085,224	4,170,448	
1	BenQ	Darly 2	Other receivables from related parties	yes	200,000	-	-	-	2	-	Operating requirements	-	-	-	2,085,224	4,170,448	
1	BenQ	Darly C	Other receivables from related parties	yes	300,000	-	-	-	2	-	Operating requirements	-	-	-	2,085,224	4,170,448	
2	QLLB	Qisda (Shanghai) Co., Ltd. ("QCST")	Other receivables from related parties	yes	3,219,000	1,605,440	1,605,440	-	2	-	Operating requirements	-	-	-	6,053,140	6,053,140	
3	QLFG	QLLB	Other receivables from related parties	yes	558,502	543,529	231,994	3.20%	2	-	Operating requirements	-	-	-	8,291,285	16,582,569	
4	BBM	Suzhou BenQ Hospital Co., Ltd. ("SMHT")	Other receivables from related parties	yes	128,385	110,720	-	-	2	-	Operating requirements	-	-	-	2,037,689	2,037,689	
4	BBM	Nanjing BenQ Hospital Co., Ltd. ("NMHT")	Other receivables from related parties	yes	855,900	692,000	553,600	-	2	-	Operating requirements	-	-	-	2,037,689	2,037,689	
5	BIC	Suzhou BenQ Hospital Co., Ltd. ("SMHT") (Note 26)	Other receivables from related parties	yes	21,787	21,727	21,727	1.00%	2	-	Operating requirements	-	-	-	335,850	335,850	
6	NMHC	Nanjing BenQ Hospital Co., Ltd. ("NMHT") (Note 26)	Other receivables from related parties	yes	22,658	22,596	22,596	1.00%	2	-	Operating requirements	-	-	-	23,639	23,639	
7	QCOS	Suzhou BenQ Hospital Co., Ltd. ("SMHT") (Note 26)	Other receivables from related parties	yes	740,758	738,718	738,718	3.60%	2	-	Operating requirements	-	-	-	1,635,411	1,635,411	
7	QCOS	Qisda (Shanghai) Co., Ltd. ("QCST") (Note 26)	Other receivables from related parties	yes	87,148	86,908	86,908	2.00%~2.30%	2	-	Operating requirements	-	-	-	4,145,642	4,145,642	
8	BMS	BenQ Materials (Wuhu) Co., Ltd. (Note 26)	Other receivables from related parties	yes	1,154,711	1,151,531	818,239	1.30%	2	-	Operating requirements	-	-	-	1,938,681	1,938,681	
8	BMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ") (Note 26)	Other receivables from related parties	yes	86,718	-	-	1.30%	2	-	Operating requirements	-	-	-	1,938,681	1,938,681	
8	BMS	BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM") (Note 26)	Other receivables from related parties	yes	259,560	130,362	23,900	1.30%	2	-	Operating requirements	-	-	-	1,938,681	1,938,681	
9	PTT	Corex (Pty) Ltd.	Other receivables from related parties	yes	113,400	-	-	USD 3.50% ZAR 8.85%	2	-	Operating requirements	-	-	-	402,770	402,770	
10	Ace Pillar Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	250,560	249,120	166,080	0.00%~4.35%	2	-	Operating requirements	-	-	-	410,619	821,237	

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a Related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the Period	Range of Interest Rates During the Period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amounts Limits
													Item	Value		
10	Ace Pillar Co., Ltd.	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	28,530	27,680	27,680	-	2	-	Operating requirements	-	-	-	410,619	821,237
11	Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd.	Other receivables from related parties	yes	15,692	-	-	1.15%	2	-	Operating requirements	-	-	-	626,514	626,514
12	Grace Transmission (Tianjin) Co., Ltd.	Advantedge Ace (TJ) Inc.	Other receivables from related parties	yes	2,614	-	-	1.80%	2	-	Operating requirements	-	-	-	7,018	7,018
12	Grace Transmission (Tianjin) Co., Ltd.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	13,044	-	-	1.80%	2	-	Operating requirements	-	-	-	7,018	7,018
13	Proton Inc.	Tianjin Ace Pillar Co., Ltd.	Other receivables from related parties	yes	17,344	-	-	1.80%	2	-	Operating requirements	-	-	-	39,722	39,722
14	Aewin	Aewin Beijing Technologies Co., Ltd.	Other receivables from related parties	yes	85,590	-	-	-	2	-	Operating requirements	-	-	-	231,859	463,718
14	Aewin	Aewin Beijing Technologies Co., Ltd.	Other receivables from related parties	yes	208,489	102,949	102,949	-	1	445,822	Business transaction	-	-	-	231,859	463,718
15	Alpha HK	Alpha Changshu	Other receivables from related parties	yes	1,425,960	966,032	966,032	-	2	-	Operating requirements	-	-	-	2,263,055	2,263,055
16	Mirac Networks (Dongguan) Co., Ltd.	Alpha Changshu	Other receivables from related parties	yes	129,231	-	-	2.50%	2	-	Operating requirements	-	-	-	303,307	303,307
17	Alpha Networks (Chengdu) Co., Ltd.	Alpha Changshu	Other receivables from related parties	yes	174,296	173,816	173,816	2.00%-2.50%	2	-	Operating requirements	-	-	-	574,686	574,686
18	Hiron Technologies	Hiron Vietnam	Other receivables from related parties	yes	922,680	830,400	608,960	1.00%	2	-	Operating requirements	-	-	-	939,324	1,878,649
18	Hiron Technologies	Suzhou	Other receivables from related parties	yes	427,950	-	-	1.00%	2	-	Operating requirements	-	-	-	939,324	1,878,649
19	Jietech Trading (Suzhou) Inc.	Suzhou	Other receivables from related parties	yes	21,680	-	-	2.00%	2	-	Operating requirements	-	-	-	3,716	3,716
20	Alpha Dongguan	Alpha Changshu	Other receivables from related parties	yes	306,761	305,916	305,916	2.00%	2	-	Operating requirements	-	-	-	1,034,891	1,034,891
21	D-Link Asia	Alpha Changshu	Other receivables from related parties	yes	139,000	138,400	138,400	-	2	-	Operating requirements	-	-	-	1,745,594	1,745,594
22	Darby	BenQ	Other receivables from related parties	yes	200,000	200,000	200,000	0.50%	2	-	Operating requirements	-	-	-	1,563,426	1,563,426
23	Darby 2	BenQ	Other receivables from related parties	yes	400,000	400,000	200,000	0.50%	2	-	Operating requirements	-	-	-	1,675,750	1,675,750
24	Darby C	BenQ	Other receivables from related parties	yes	100,000	100,000	100,000	0.50%	2	-	Operating requirements	-	-	-	181,642	181,642

(Note 1) The aggregate financing amount and the individual financing amount of the Company to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 2) The aggregate financing amount and the individual financing amount of QLLB to subsidiaries shall not exceed 40% of the most recent net worth of QLLB.

(Note 3) The aggregate financing amount and the individual financing amount of BenQ to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of BenQ.

(Note 4) The aggregate financing amount and the individual financing amount of BBM to subsidiaries shall not exceed 40% of the most recent net worth of BBM.

(Note 5) The aggregate financing amount to subsidiaries wholly owned by the Company and the individual financing amount of QCOS shall not exceed 100% and 10%, respectively, of the most recent audited or reviewed net worth of the Company. The financing amount to the subsidiaries not wholly owned by the Company and the individual financing amount of QCOS shall not exceed 40% of the most recent net worth of QCOS.

(Note 6) The aggregate financing amount and the individual financing amount of QPKG to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 7) The aggregate financing amount and the individual financing amount of BIC to subsidiaries shall not exceed 40% of the most recent net worth of BIC.

(Note 8) The aggregate financing amount to subsidiaries wholly owned by BMC and the individual financing amount of BMS shall not exceed 100%, respectively, of the most recent audited or reviewed net worth of BMS.

(Note 9) The aggregate financing amount and the individual financing amount of NMHC to subsidiaries shall not exceed 100% of the most recent net worth of NMHC.

(Note 10) The aggregate financing amount and the individual financing amount of PTT to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent net worth of PTT.

(Note 11) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 100% of the most recent net worth of ACE.

(Note 12) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Cyber South shall not exceed 100% of the most recent net worth of Cyber South.

(Note 13) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 100% of the most recent net worth of Grace Transmission (Tianjin) Co., Ltd. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Grace Transmission (Tianjin) Co., Ltd. shall not exceed 10% and 5%, respectively, of the most recent net worth of Grace Transmission (Tianjin) Co., Ltd.

(Note 14) The aggregate financing amount to foreign subsidiaries wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 100% of the most recent net worth of Hong Kong Ace Pillar Enterprise Company Limited. The aggregate financing amount to the subsidiaries not wholly owned by ACE and the individual financing amount of Hong Kong Ace Pillar Enterprise Company Limited shall not exceed 10% and 5%, respectively, of the most recent net worth of Hong Kong Ace Pillar Enterprise Company Limited.

(Note 15) The aggregate financing amount and the individual financing amount of AEWIN to subsidiaries shall not exceed 40% and 20%, respectively, of the most recent audited or reviewed net worth of AEWIN.

(Note 16) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha HK shall not exceed 100% of the most recent net worth of Alpha HK.

(Note 17) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Mirae Networks (Dongguan) Co., Ltd. shall not exceed 100% of the most recent net worth of Mirae Networks (Dongguan) Co., Ltd.

(Note 18) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Chenidao) Co., Ltd. shall not exceed 100% of the most recent net worth of Alpha Networks (Chenidao) Co., Ltd.

(Note 19) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of Alpha Networks (Dongguan) Co., Ltd. shall not exceed 100% of the most recent net worth of Alpha Networks (Dongguan) Co., Ltd.

(Note 20) The aggregate financing amount to foreign subsidiaries wholly owned by Alpha and the individual financing amount of D-Link Asia shall not exceed 40% of the most recent audited or reviewed net worth of D-Link Asia.

(Note 21) The aggregate financing amount of Hitron Technologies and its subsidiaries (Jietech Trading (Suzhou) Inc.) to subsidiaries shall not exceed 40% of the most recent audited or reviewed net worth of both parties. The financing reason and limit for each type of party is stated as below:

a For entities who have business transactions with Hitron Technologies, the individual financing amount shall not exceed the total transaction amount in the nearest 12 months. The transaction referring to the higher of sales or purchase amount.

b For entities who have a need in short term financing, the individual financing amount shall not exceed 10% of the most recent audited or reviewed net worth of Hitron Technologies.

c For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 100% of the net worth of the lender.

d For foreign subsidiaries which Hitron Technologies has 100% of direct or indirect voting rights, the aggregate financing amount and the individual financing amount shall not exceed 100% of the net worth of the lender.

(Note 22) The aggregate financing amount and the individual financing amount of Darty 2 Venture Inc. to subsidiaries shall not exceed 40% of the most recent net worth of Darty 2 Venture Inc.

(Note 23) The aggregate financing amount and the individual financing amount of Darty 2 Venture, Corp. to subsidiaries shall not exceed 40% of the most recent net worth of Darty 2 Venture, Corp.

(Note 24) The aggregate financing amount and the individual financing amount of Darty Consulting Corp. to subsidiaries shall not exceed 40% of the most recent net worth of Darty Consulting Corp.

(Note 25) Purpose of Fund Financing: 1. Business transaction purpose. 2. Short-term financing purpose.

(Note 26) To decrease the interest expense of the Group, certain subsidiaries using special purpose trust account through financial intermediaries offer idle fund to other subsidiaries in need.



**QISDA CORPORATION**  
Guarantees and endorsements provided to other parties  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars and other currencies)

Table 2

No.	Endorsements/ Guarantee Provider	Counter-party of Guarantee and Endorsement		Limits on Amount of Guarantees and Endorsements Provided to Each Guaranteed Party	Highest Balance of Guarantees and Endorsements During the Period	Balance of Guarantees and Endorsements as of Reporting Date	Actual Usage Amount During the Period	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amounts for Guarantees and Endorsements	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Endorsements/ Guarantees Provided to Subsidiaries in Mainland China
		Name	Relationship with the Company										
0	The Company	QLLB	Parent/Subsidiary	8,291,285	4,381,600	3,376,960	2,934,080	-	8.15%	20,728,211	Y	-	-
1	BenQ	MaxGen	Parent/Subsidiary	2,085,224	98,157	85,006	85,006	-	0.82%	10,426,119	N	-	-
2	PTT	Partner Tech Middle East FZCO	Parent/Subsidiary	201,385	57,060	55,360	55,360	-	5.50%	503,463	N	-	-
2	PTT	Partner-Tech Europe GmbH	Parent/Subsidiary	201,385	57,060	55,360	55,360	-	5.50%	503,463	N	-	-
2	PTT	Partner Tech USA Inc.	Parent/Subsidiary	201,385	28,530	27,680	27,680	-	2.75%	503,463	N	-	-
3	DIC	Data Image (Suzhou) Corporation	Parent/Subsidiary	267,622	55,600	27,680	12,159	-	2.07%	669,056	N	-	Y
4	ACE	Tianjin Ace Pillar Co., Ltd.	Parent/Subsidiary	821,237	327,500	188,400	56,490	-	9.18%	1,026,547	N	-	Y
5	AEWIN	Aewin Beijing Technologies Co., LTD	Parent/Subsidiary	226,889	129,780	65,181	65,181	-	5.63%	579,064	N	-	Y
6	Alpha	Alpha Networks (Dongguan) Co., Ltd.	Parent/Subsidiary	4,801,210	57,060	55,360	14,138	-	0.58%	9,602,419	N	-	Y
6	Alpha	Alpha Networks (Changshu) Co., Ltd.	Parent/Subsidiary	4,801,210	199,710	193,760	13,812	-	2.06%	9,602,419	N	-	Y
7	Hitron Technologies	Innoauto Technologies Inc.	Parent/Subsidiary	4,696,622	75,000	-	-	-	-	7,044,933	N	-	-
7	Hitron Technologies	Hitron Technologies Europe Holding B.V.	Parent/Subsidiary	4,696,622	645,036	601,096	77,352	-	12.80%	7,044,933	N	-	-
7	Hitron Technologies	Hitron Technologies (Americas) Inc.	Parent/Subsidiary	4,696,622	836,100	553,600	-	-	11.79%	7,044,933	N	-	-
7	Hitron Technologies	Hitron Technologies (Vietnam) Inc.	Parent/Subsidiary	4,696,622	2,168,280	1,771,520	-	-	37.72%	7,044,933	N	-	-
7	Hitron Technologies	Hitron Technologies (SIP) Inc.	Parent/Subsidiary	4,696,622	514,446	-	-	-	-	7,044,933	N	-	Y
8	Sysage	Corex (Pty) Ltd.	Parent/Subsidiary	858,113	222,400	221,440	94,737	-	51.6%	2,145,282	N	-	-
8	Sysage	Global Intelligence Network Co., Ltd.	Parent/Subsidiary	858,113	100,000	100,000	100,000	-	2.33%	2,145,282	N	-	-

(Note 1) The aggregate endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of the Company.

(Note 2) The aggregate endorsement/guarantee amount provided by BenQ to MaxGen and the endorsement/guarantee amount provided to individual party shall not exceed 100% and 20%, respectively, of the net worth of BenQ.

(Note 3) The aggregate endorsement/guarantee amount provided by PTT to PTT's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the net worth of PTT.

(Note 4) The aggregate endorsement/guarantee amount provided by DIC to Data Image (Suzhou) Corporation and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the net worth of DIC.

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

(Note 6) The aggregate endorsement/guarantee amount provided by Alpha to Alpha's subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 100% and 50%, respectively, of the net worth of Alpha.

(Note 7) The aggregate endorsement/guarantee amount provided by Hitron Technologies to Hitron Technologies' subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 150% and 20%, respectively, of the net worth of Hitron Technologies.

However, there is no restriction for those directly or indirectly held subsidiaries with more than 50% of the voting shares and for those directly and indirectly hold 100% of the voting shares are indirectly endorsed and guaranteed, but it shall not exceed Hitron Technologies' 100% of the net worth of the most recent financial statements.

(Note 8) The aggregate endorsement/guarantee amount provided by AEWIN to Aewin Beijing Technologies Co., Ltd. and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the recent audited or reviewed net worth of AEWIN.

(Note 9) The aggregate endorsement/guarantee amount provided by Sysage to subsidiaries and the endorsement/guarantee amount provided to individual party shall not exceed 50% and 20%, respectively, of the most recent audited or reviewed net worth of Sysage.

**QISDA CORPORATION**  
**Marketable securities held (excluding investments in subsidiaries, associates, and joint ventures)**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars, unless specified otherwise)**

Table 3

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021			Note	
				Shares/Units	Carrying Value	Percentage of Ownership		Fair Value
The Company	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,388	57,304	4.61%	57,304	-
The Company	Stock: AU	-	Financial assets at fair value through other comprehensive income-non-current	663,599	15,196,408	6.93%	15,196,408	-
QLLB	CPEC Hua Huang Private Equity Fund (Fujian) Co., Ltd. Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	42,788	2.50%	42,788	-
BMC	Stock: Lagis Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,680	55,490	5.25%	55,490	-
BMC	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss-non-current	225	(Note 1)	2.50%	-	-
BMC	Stock: YiLeLaFa Corporation	-	Financial assets at fair value through other comprehensive income-non-current	300	3,000	2.73%	3,000	-
BMC	Stock: CUUMed Catheter Medical Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	323	6,187	2.12%	6,187	-
APV	Stock: Hi-Clearance Inc.	-	Financial assets at fair value through other comprehensive income-current	317	46,547	0.83%	46,547	-
APV	Stock: Joymaster Inc.	-	Financial assets at fair value through other comprehensive income-non-current	619	(Note 1)	6.19%	-	-
APV	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	672	32,222	2.77%	32,222	-
APV	Stock: Gigastone Corporation	-	Financial assets at fair value through other comprehensive income-non-current	31	377	0.06%	377	-
APV	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	2,000	10,680	6.17%	10,680	-
APV	Stock: CDIB Capital Innovation Advisors Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,667	21,665	3.33%	21,665	-
APV	Preferred Stock: D8AI Holdings Corporation	-	Financial assets at fair value through other comprehensive income-non-current	10,000	3,296	6.56%	3,296	-
APV	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,144	88,566	7.13%	88,566	-
APV	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	2,309	1,306,644	3.45%	1,306,644	-
Daily 2	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	470	22,536	1.94%	22,536	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021			Note	
				Shares/Units	Carrying Value	Percentage of Ownership		Fair Value
Darly 2	Stock: Raydium Semiconductor Corporation	-	Financial assets at fair value through other comprehensive income-non-current	1,552	878,099	2.32%	878,099	-
Darly 2	Stock: Fong Huang Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	6,000	83,693	18.75%	83,693	-
Darly 2	Stock: Fong Huang 2 Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,000	36,374	7.01%	36,374	-
Darly 2	Stock: Fong Huang 3 Innovation Corporation	-	Financial assets at fair value through other comprehensive income-non-current	3,000	32,465	13.04%	32,465	-
Darly C	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	34	1,630	0.14%	1,630	-
Darly C	Stock: Athena Capital Management	-	Financial assets at fair value through other comprehensive income-non-current	1,000	5,340	3.09%	5,340	-
Darly C	Stock: Anqing Innovation	-	Financial assets at fair value through other comprehensive income-non-current	1,033	5,409	2.24%	5,409	-
Darly C	Stock: Visco Vision Inc.	-	Financial assets at fair value through other comprehensive income-non-current	285	61,860	0.52%	61,860	-
BenQ	Stock: Crystalvue Medical Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,487	71,302	6.13%	71,302	-
PTT	Preferred Stock: D8AI Holdings Coporation	-	Financial assets at fair value through other comprehensive income-non-current	3,500	5,196	2.30%	5,196	-
DFI	Stock: APLEX Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	999	41,259	3.32%	41,259	-
DFI	Fund: Cathay No 1 REIT	-	Financial assets at fair value through profit or loss-current	1,442	26,144	-	26,144	-
DFI	Asia Tech Venture Fund	-	Financial assets at fair value through other comprehensive income-non-current	USD 225	(Note 1)	-	-	-
DFI	Bond: WM 7.25% Perpetual	-	Financial assets at fair value through other comprehensive income-non-current	USD 200	(Note 1)	-	-	-
AEWIN	Stock: Aewin Korea Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	10	1,288	16.67%	1,288	-
AEWIN	Stock: AuthenTrend Technology Inc.	-	Financial assets at fair value through profit or loss-non-current	300	(Note 1)	1.42%	-	-
Sysage	CDS Holdings Limited	-	Financial assets at fair value through profit or loss-non-current	600	(Note 1)	1.11%	-	-
Sysage	Stock: Yobon Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3	(Note 1)	0.42%	-	-
Sysage	Stock: Dynasafe Technologies, Inc.	-	Financial assets at fair value through profit or loss-non-current	3,906	227,410	19.53%	227,410	-
Sysage	Stock: Touch Cloud, Inc.	-	Financial assets at fair value through profit or loss-non-current	200	856	1.50%	856	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021			Note	
				Shares/Units	Carrying Value	Percentage of Ownership		Fair Value
Sysage	Gemini Data, Inc.	-	Financial assets at fair value through profit or loss-non-current	2,706	10,930	1.70%	10,930	-
Sysage	Stock: Kingtel Corporation	-	Financial assets at fair value through profit or loss-non-current	443	1,498	18.09%	1,498	-
Sysage	Limited Partnership Equity: Taiwania Capital Buffalo Fund V ,LP.	-	Financial assets at fair value through profit or loss-non-current	(Note 2)	97,602	12.78%	97,602	-
Simula	Stock: Optomedia Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	817	2,411	3.26%	2,411	-
Simula	Stock: Taiwan Competition Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	500	2,469	16.67%	2,469	-
GSC	Stock: New Image Medical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	200	2,960	0.74%	2,960	-
Alpha	Stock: TGC, Inc.	-	Financial assets at fair value through profit or loss-non-current	500	(Note 1)	1.83%	-	-
Hitron Technologies	Stock: Senao International Co., Ltd.	-	Financial assets at fair value through profit or loss-current	152	5,077	-	5,077	-
Hitron Technologies	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	441	32,237	-	32,237	-
Hitron Technologies	Stock: Chao Long Motor Parts Corp.	-	Financial assets at fair value through other comprehensive income-non-current	668	19,335	1.79%	19,335	-
Hitron Technologies	Stock: Imagetech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	120	(Note 1)	1.20%	-	-
Hitron Technologies	Stock: Tsunami Visual Technologies, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,220	(Note 1)	9.34%	-	-
Hitron Technologies	Stock: Pivot Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	198	(Note 1)	10.94%	-	-
Hitron Technologies	Stock: Cardtek Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000	(Note 1)	6.45%	-	-
Hitron Technologies	Stock: Yesmibile Holding Company Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	294	(Note 1)	0.75%	-	-
Hitron Technologies	Preferred Stock: Codent Networks (Cayman) Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,570	(Note 1)	-	-	-
Interactive Digital	Stock: Transcend Information Inc.	-	Financial assets at fair value through profit or loss-current	362	26,462	-	26,462	-
DIVA	Stock: Insight Genomics Inc.	-	Financial assets at fair value through other comprehensive income-non-current	600	3,534	10.00%	3,534	-
DIVA	Stock: Renown Information Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	600	762	12.00%	762	-

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2021			Note
				Shares/Units	Carrying Value (Note 1)	Percentage of Ownership	
DIVA	Stock: Pharmally International Holding Co. Ltd.	-	Financial assets at fair value through profit or loss-non-current	150	(Note 1)	-	-

(Note 1) The impairment loss was fully recognized.

(Note 2) There was no shares as the company is a limited partnership.

**QSDA CORPORATION**  
**Marketable securities for which the accumulated purchase or sale amount for the year exceed NT\$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2021**  
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Name of Relationship	Beginning Balance		Purchase		Disposal			Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares
The Company	Sysage	Investment accounted for using equity method	-	Parent/Subsidiary	66,000	1,856,785	30,841	1,387,856	-	-	-	96,841	2,662,719
BBM	NSHD	Investment accounted for using equity method	Hangzhou Lan Cheng Hong	-	-	384,857	-	-	1,231,460	180,476	1,042,365	-	183,100
DFI	Brainstorm	Investment accounted for using equity method	Chuang Investment Ltd.	Parent/Subsidiary	-	-	233	501,582	-	-	-	233	501,582
DFI	ACE	Investment accounted for using equity method	-	Parent/Subsidiary	37,676	793,722	16,282	507,636	-	-	-	53,958	1,301,359
Hitron Technologies	Hitron Vietnam	Investment accounted for using equity method	-	Parent/Subsidiary	-	434,914	-	1,036,992	-	-	-	-	1,471,906
Simula	AST	Investment accounted for using equity method	-	Parent/Subsidiary	-	-	32,001	983,858	-	-	-	32,001	1,008,924
DIC	DIVA	Investment accounted for using equity method	-	Parent/Subsidiary	-	-	20,856	625,680	-	-	-	20,856	617,569

(Note 1) The ending balance includes shares of profits/losses of investees and other related adjustment.

**QISDA CORPORATION**

Acquisition of real estate which exceeds NT\$300 million or 20% of the paid-in capital

For the year ended December 31, 2021

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

Table 5

Company Name	Property Name	Transaction Date	Transaction Amount	Status of Payment	Counter Party	Relationship with the Counter Party	If the Counter Party is a Related Party, Disclose the Previous Transfer Information			Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Company	Date of Transfer			
AEWIN	Land and Buildings	October 4, 2021	470,880	Payment in full	Avanti Commerce Centre Limited	-	-	-	Negotiate according to appraisal report	Operating purpose	None	

**QJSDA CORPORATION**  
**Disposal of real estate which exceeds NT\$300 million or 20% of the paid-in capital**  
**For the year ended December 31, 2021**  
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 6

Company Name	Property Name	Transaction Date	Acquisition date	Book Value	Transaction Amount	Status of Payment	Gain or Loss on Disposal of real estate	Relation with the Counter Party	Counter Party	Purpose of Disposal	Price Reference	Notes
Ojsda Sdn. Bhd. (QLPG)	Two land and buildings in Malaysia	Board resolution date June 11, 2020 ; Transaction date: June, 2021	1990	115,802	618,957(MYR 92,000 thousand) Net selling price after tax is 561,173	517,907 which is 93% of the contract price has been received.	365,338	Associates	Visco Technology Sdn.Bhd.	To activate asset and increase working capital	Refer to appraisal report	Payment term : 10% will be charged within 1 month after signing the contract ; 20% will be charged within 1 month after the government approval is received ; 70% will be charged within 4 month after the government approval is received
DFI	Land and Buildings	November 30, 2021	April 1, 1987	456,344	550,000	Received all payments	85,901 (Note 1)	Not applicable	Axiomtek Co., Ltd.	To activate asset and increase working capital	Negotiate according to appraisal report	None

(Note 1) The amount after deducting transaction-related fees.



**OSDA CORPORATION**  
 Total purchases from and sales to related parties which exceed NT\$100 million or 20% of the paid-in capital  
 For the year ended December 31, 2021  
 (Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Notes/Accounts Receivable or (Payable)	
The Company	BenQ	Parent/Subsidiary	(Sales)	(6,258,208)	(6)	OA90	-	-	2,524,742	13	-
The Company	QJTO	Parent/Subsidiary	(Sales)	(2,827,402)	(3)	OA120	-	-	991,853	5	-
The Company	QALA	Parent/Subsidiary	(Sales)	(24,548,118)	(23)	OA90	-	-	5,538,535	28	-
The Company	AU	(Note 5)	(Sales)	(5,928,960)	(6)	OA120	-	-	1,281,698	6	-
The Company	AUSZ	(Note 5)	(Sales)	(1,931,807)	(2)	OA120	-	-	707,652	4	-
The Company	AUKS	(Note 5)	(Sales)	(280,607)	-	OA120	-	-	141,110	1	-
The Company	DFI	Parent/Subsidiary	(Sales)	(350,492)	-	OA60	-	-	50,843	-	-
The Company	Topview	Parent/Subsidiary	(Sales)	(206,268)	-	OA60	-	-	22,901	-	-
The Company	BBC	Parent/Subsidiary	(Sales)	(125,685)	-	OA30	-	-	24,434	-	-
The Company	PTT	Parent/Subsidiary	(Sales)	(250,248)	-	OA30	-	-	46,137	-	-
The Company	QCSZ	Parent/Subsidiary	Purchases	78,724,562	78	OA120	-	-	(18,224,092)	(73)	-
The Company	QCOS	Parent/Subsidiary	Purchases	14,536,303	14	OA120	-	-	(8,567,730)	(14)	-
The Company	QVH	Parent/Subsidiary	Purchases	1,324,048	1	OA60	-	-	(155,155)	(1)	-
The Company	Sysage	Parent/Subsidiary	Purchases	126,885	-	OA120	-	-	(99,293)	-	-
QCSZ	The Company	Parent/Subsidiary	(Sales)	(78,724,562)	(89)	OA120	-	-	18,224,092	91	-
QCSZ	BQC_RO	Affiliates	(Sales)	(1,110,198)	(1)	OA120	-	-	7,656	-	-
QCSZ	QCIES	Affiliates	(Sales)	(102,951)	-	OA60	-	-	13,173	-	-
QCSZ	QCPS	Affiliates	Purchases	1,527,466	2	OA60	-	-	(173,031)	(1)	-
QCSZ	DIC	Affiliates	Purchases	467,176	1	EQM45	-	-	(37,879)	-	-
QCSZ	AU	(Note 5)	Purchases	7,068,650	8	EQM55	-	-	(601,428)	(3)	-
QCSZ	The Company	Parent/Subsidiary	(Sales)	(14,536,303)	(84)	OA120	-	-	3,567,730	91	-
QCOS	BQC_RO	Affiliates	(Sales)	(1,251,722)	(7)	OA120	-	-	33,197	1	-
QCOS	QCIES	Affiliates	Purchases	835,839	5	OA60	-	-	(88,764)	(2)	-
QCOS	QCPS	Affiliates	Purchases	259,435	2	OA60	-	-	(33,167)	(1)	-
QCOS	AU	(Note 5)	Purchases	134,072	1	OA60	-	-	(13,930)	(1)	-
QCOS	ADPHQ	(Note 5)	Purchases	395,613	2	OA60	-	-	(67,013)	(2)	-
QCIES	QCOS	Affiliates	(Sales)	(835,839)	(4)	OA60	-	-	88,764	3	-
QCIES	QCPS	Affiliates	Purchases	102,951	1	OA60	-	-	(13,173)	(1)	-
QCIES	DARWIN	(Note 5)	Purchases	120,717	1	OA60	-	-	(24,565)	(1)	-
QCPS	QCSZ	Affiliates	(Sales)	(1,527,466)	(80)	OA60	-	-	173,031	68	-
QCPS	QCOS	Affiliates	(Sales)	(259,435)	(14)	OA60	-	-	33,167	13	-
QALA	The Company	Parent/Subsidiary	Purchases	24,548,118	100	OA90	-	-	(5,538,539)	(100)	-
QJTO	The Company	Parent/Subsidiary	Purchases	2,827,402	100	OA120	-	-	(991,853)	(99)	-
QVH	The Company	Parent/Subsidiary	(Sales)	(1,324,048)	(100)	OA60	-	-	155,155	96	-
BenQ	The Company	Parent/Subsidiary	Purchases	6,258,208	38	OA60	-	-	(2,524,742)	(62)	-
BenQ	INF	Affiliates	Purchases	151,688	1	OA60	-	-	(67,297)	(1)	-
BenQ	AU	(Note 5)	Purchases	3,473,089	21	EQM55	-	-	(2,511,593)	(62)	-
BenQ	BQA	Affiliates	(Sales)	(3,898,924)	(21)	OA90	-	-	734,413	13	-
BenQ	BQC_RO	Affiliates	(Sales)	(161,966)	(1)	OA120	-	-	5,521	-	-
BenQ	BOE	Affiliates	(Sales)	(7,017,415)	(39)	OA90	-	-	2,005,350	35	-
BenQ	BOHK_HLD	Affiliates	(Sales)	(145,583)	(1)	OA90	-	-	17,178	-	-
BenQ	BQL	Affiliates	(Sales)	(518,411)	(3)	OA90	-	-	238,912	4	-

Company Name	Related Party	Nature of Relationship	Transaction Detail				Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)		
BenQ	BQP	Affiliates	(Sales)	(6,177,456)	(34)	OA60	-	-	1,998,702	35	-	
BOA	BQCA	Affiliates	(Sales)	(786,502)	(16)	OA60	-	-	136,303	28	-	
BQA	BenQ	Affiliates	Purchases	3,898,924	98	OA90	-	-	(734,413)	(100)	-	
BQC_RO	OCOS	Affiliates	Purchases	1,251,722	37	OA120	-	-	(33,197)	(9)	-	
BQC_RO	QCSZ	Affiliates	Purchases	1,110,198	33	OA120	-	-	(7,656)	(2)	-	
BQC_RO	BenQ	Affiliates	Purchases	161,966	5	OA120	-	-	(5,521)	(2)	-	
BQC_RO	BQsha_ECZ	Affiliates	(Sales)	(159,935)	(3)	OA120	-	-	4,378	1	-	
BQE	BenQ	Affiliates	Purchases	7,017,415	96	OA90	-	-	(2,005,350)	(97)	-	
BOE	BODE	Affiliates	(Sales)	(1,877,581)	(23)	OA30	-	-	109,112	13	-	
BOE	BQTR	Affiliates	(Sales)	(792,211)	(10)	OA30	-	-	228,091	27	-	
BOE	BQIT	Affiliates	(Sales)	(416,472)	(5)	OA30	-	-	52,034	6	-	
BOE	BQIK	Affiliates	(Sales)	(1,467,554)	(18)	OA30	-	-	184,932	22	-	
BOE	BQAT	Affiliates	(Sales)	(888,899)	(11)	OA45	-	-	35,936	4	-	
BOE	BOSE	Affiliates	(Sales)	(422,449)	(5)	OA30	-	-	15,918	2	-	
BOE	BOIB	Affiliates	(Sales)	(648,013)	(8)	OA30	-	-	8,909	1	-	
BOE	BQNL	Affiliates	(Sales)	(352,914)	(4)	OA30	-	-	82,213	10	-	
BOE	BQCH	Affiliates	(Sales)	(201,387)	(3)	OA30	-	-	10,619	1	-	
BOL	BenQ	Affiliates	Purchases	518,411	99	OA90	-	-	(238,912)	(99)	-	
BOL	BQMX	Affiliates	(Sales)	(300,453)	(51)	OA90	-	-	93,090	17	-	
BOL	MaxGen	Affiliates	(Sales)	(126,517)	(22)	OA90	-	-	440,640	79	-	
BOL	BOAU	Affiliates	(Sales)	(439,947)	(6)	OA60	-	-	118,430	5	-	
BOP	BOIN	Affiliates	(Sales)	(837,185)	(12)	OA60	-	-	663,687	30	-	
BOP	BQIP	Affiliates	(Sales)	(2,167,397)	(31)	OA60	-	-	617,410	28	-	
BOP	BOME	Affiliates	(Sales)	(1,006,588)	(14)	OA60	-	-	298,080	13	-	
BOP	BOTH	Affiliates	(Sales)	(188,571)	(3)	OA60	-	-	106,705	5	-	
BOP	BenQ	Affiliates	Purchases	6,177,436	98	OA60	-	-	(1,998,702)	(100)	-	
BQAT	BQE	Affiliates	Purchases	888,899	100	OA45	-	-	(35,936)	(100)	-	
BQAU	BQP	Affiliates	Purchases	439,947	91	OA60	-	-	(118,430)	(98)	-	
BQCA	BQA	Affiliates	Purchases	786,502	100	OA60	-	-	(136,303)	(100)	-	
BQCH	BQE	Affiliates	Purchases	201,387	100	OA30	-	-	(10,619)	(78)	-	
BODE	BQE	Affiliates	Purchases	1,877,581	100	OA30	-	-	(109,112)	(94)	-	
BQER	BQE	Affiliates	Purchases	792,211	100	OA30	-	-	(228,091)	(99)	-	
BQHK_HLD	BenQ	Affiliates	Purchases	143,583	93	OA90	-	-	(17,178)	(92)	-	
BQIB	BQE	Affiliates	Purchases	648,013	100	OA30	-	-	(8,909)	(72)	-	
BQIN	BQE	Affiliates	Purchases	837,185	96	OA60	-	-	(663,687)	(100)	-	
BQIT	BQE	Affiliates	Purchases	416,472	100	OA30	-	-	(52,034)	(96)	-	
BQME	BQP	Affiliates	Purchases	2,167,397	100	OA60	-	-	(617,410)	(97)	-	
BQMI	BQP	Affiliates	Purchases	1,006,588	95	OA60	-	-	(298,080)	(93)	-	
BQMX	BQL	Affiliates	Purchases	300,453	87	OA90	-	-	(93,090)	(93)	-	
BQNL	BQE	Affiliates	Purchases	352,914	98	OA30	-	-	(82,213)	(99)	-	
BQSE	BQE	Affiliates	Purchases	422,449	99	OA30	-	-	(15,918)	(92)	-	
BQsha_ECZ	BQC_RO	Affiliates	Purchases	159,935	96	OA120	-	-	(4,378)	(85)	-	
BQTH	BQP	Affiliates	Purchases	188,571	98	OA60	-	-	(106,705)	(100)	-	
BQUK	BQE	Affiliates	Purchases	1,467,554	100	OA30	-	-	(184,932)	(95)	-	
MaxGen	BQL	Affiliates	Purchases	126,517	80	OA90	-	-	(440,640)	(99)	-	
BBC	The Company	Parent/Subsidiary	Purchases	1,25,685	52	OA30	-	-	(24,434)	(43)	-	

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
ESM	GSC	Affiliates	(Sales)	(390,333)	88	OA60	-	-	55,052	80	-
GSC	ESM	Affiliates	Purchases	390,333	100	OA60	-	-	(55,052)	(96)	-
K2	K2(Shanghai)	Affiliates	(Sales)	(300,857)	37	OA90	-	-	112,267	44	-
K2(Shanghai)	K2	Affiliates	Purchases	300,857	44	OA90	-	-	(112,267)	(100)	-
INF	BenQ	Affiliates	(Sales)	(151,688)	100	OA60	-	-	67,297	98	-
DIC	QCSZ	Affiliates	(Sales)	(467,176)	(11)	EOM45	-	-	37,879	4	-
DIC	Data Image (Suzhou) Corporation	Affiliates	Processing cost	1,983,506	65	Depends on its working capital status	-	-	(199,422)	(23)	-
Data Image (Suzhou) Corporation	DIC	Affiliates	Processing Revenue	(1,983,506)	(46)	Depends on its working capital status	-	-	199,422	19	-
Data Image (Suzhou) Corporation	AU	(Note 5)	Purchases	377,832	12	EOM45	-	-	(28,175)	(3)	-
Topview	The Company	Parent/Subsidiary	Purchases	206,268	13	Depends on its contractual terms	-	-	(22,901)	(5)	-
Topview	Messou Technologies Inc	Affiliates	(Sales)	(226,604)	(11)	Depends on its contractual terms	-	-	60,277	11	-
Messou Technologies Inc	Topview	Affiliates	Purchases	226,604	99	Depends on its contractual terms	-	-	(60,277)	(99)	-
DFI	The Company	Parent/Subsidiary	Purchases	350,492	10	OA60	-	-	(50,843)	(6)	-
DFI	DFI AMERICA, LLC	Affiliates	(Sales)	(579,172)	(17)	60-90 Days	-	-	69,313	11	-
DFI AMERICA, LLC	DFI	Affiliates	Purchases	579,172	100	60-90 Days	-	-	(69,313)	(99)	-
DFI	Diamond Flower Information (NL) B.V.	Affiliates	(Sales)	(335,051)	(10)	60-90 Days	-	-	13,451	2	-
Diamond Flower Information (NL) B.V.	DFI	Affiliates	Purchases	335,051	100	60-90 Days	-	-	(13,451)	(100)	-
DFI	DFI Co., Ltd.	Affiliates	(Sales)	(216,968)	(6)	60-90 Days	-	-	14,796	2	-
DFI Co., Ltd.	DFI	Affiliates	Purchases	216,968	99	60-90 Days	-	-	(14,796)	(92)	-
DFI	DFI	Affiliates	(Sales)	(473,425)	(14)	EOM60	-	According to contract price	112,266	18	-
AEWIN	AEWIN	Affiliates	Purchases	473,425	24	EOM60	-	According to contract price	(112,266)	(43)	-
DYTH	DYTH	Affiliates	(Sales)	(146,668)	(4)	60-90 Days	-	-	25,498	4	-
DYTH	DFI	Affiliates	Purchases	146,668	91	60-90 Days	-	-	(25,498)	(94)	-
AEWIN	Aewin Beijing Technologies Co., Ltd	Affiliates	(Sales)	(445,822)	(35)	150 Days after shipment	-	-	398,155	68	-
Aewin Beijing Technologies Co., Ltd	AEWIN	Affiliates	Purchases	445,822	42	150 Days after shipment	-	-	(398,155)	(64)	-
Advancedtek Ace (TJ) Inc.	Tianjin Ace Pillar Co., Ltd.	Affiliates	(Sales)	(455,128)	(100)	T/T 30 Days	-	-	61,680	98	-
Tianjin Ace Pillar Co., Ltd.	Advancedtek Ace (TJ) Inc.	Affiliates	Purchases	455,128	33	T/T 30 Days	-	-	(61,680)	(31)	-
AEWIN	AEWIN TECH	Affiliates	(Sales)	(148,507)	(12)	120 Days after shipment	-	-	57,270	10	-
AEWIN TECH	AEWIN	Affiliates	Purchases	148,507	100	120 Days after shipment	-	-	(57,270)	(100)	-
Alpha	Alpha USA	Affiliates	(Sales)	(4,760,796)	(28)	90 Days	-	-	852,899	29	-
Alpha	D-Link Asia	Affiliates	Purchases	5,541,952	35	90 Days	-	-	(349,133)	(21)	-

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
Alpha Changshu	Alpha Changshu	Affiliates	Purchases	6,329,794	40	90 Days	-	(372,651)	(23)	-	
Mirac	Mirac	Affiliates	(Sales)	(606,216)	(9)	90 Days	-	127,369	24	-	
Alpha HK	Alpha Changshu	Affiliates	(Sales)	(7,407,351)	(100)	90 Days	-	1,307,227	100	-	
D-Link Asia	Alpha Dongguan	Affiliates	Purchases	5,541,952	56	90 Days	-	(377,082)	(41)	-	
Hiton Technologies	Hiton Americas	Affiliates	(Sales)	(4,523,454)	(47)	90 Days	-	1,360,832	75	-	
Hiton Technologies	Hiton Europe	Affiliates	(Sales)	(651,702)	(7)	90 Days	-	111,182	6	-	
Hiton Vietnam	Hiton Technologies	Affiliates	(Sales)	(5,956,885)	(61)	90 Days	-	634,323	35	-	
Hiton Suzhou	Hiton Suzhou	Affiliates	(Sales)	(812,542)	(8)	90 Days	-	55,541	3	-	
Hiton Suzhou	Hiton Vietnam	Affiliates	(Sales)	(153,206)	(2)	90 Days	-	-	-	-	
Alpha USA	Alpha	Affiliates	Purchases	4,760,796	100	90 Days	-	(852,899)	(100)	-	
D-Link Asia	Alpha	Affiliates	(Sales)	(5,541,952)	(56)	90 Days	-	349,133	38	-	
Alpha Changshu	Alpha	Affiliates	(Sales)	(6,329,794)	(90)	90 Days	-	372,631	71	-	
Mirac	Alpha Changshu	Affiliates	Purchases	606,216	99	90 Days	-	(127,369)	(78)	-	
Alpha Changshu	Alpha HK	Affiliates	Purchases	7,407,351	89	90 Days	-	(1,307,227)	(75)	-	
Alpha Dongguan	D-Link Asia	Affiliates	(Sales)	(5,541,952)	(99)	90 Days	-	377,082	92	-	
Hiton Americas	Hiton Technologies	Affiliates	Purchases	4,523,454	96	90 Days	-	(1,360,832)	(100)	-	
Hiton Europe	Hiton Technologies	Affiliates	Purchases	651,702	100	90 Days	-	(111,182)	(99)	-	
Hiton Technologies	Hiton Vietnam	Affiliates	Purchases	5,956,885	58	90 Days	-	(634,323)	(81)	-	
Hiton Technologies	Hiton Suzhou	Affiliates	Purchases	812,542	8	90 Days	-	(55,541)	(7)	-	
Hiton Vietnam	Hiton Suzhou	Affiliates	Purchases	153,206	3	90 Days	-	-	-	-	
BMC	AU	(Note 5)	(Sales)	(3,832,291)	(24)	OA90	(Note 1)	419,854	14	-	
BMC	AUSZ	(Note 5)	(Sales)	(1,215,914)	(8)	OA90	(Note 1)	88,716	3	-	
BMC	AUXM	(Note 5)	(Sales)	(809,816)	(5)	OA90	(Note 1)	51,334	2	-	
BMC	BMM	Affiliates	(Sales)	(433,328)	(3)	OA120	(Note 1)	248,054	8	-	
BMC	SGM	Affiliates	(Sales)	(270,498)	(2)	OA90	(Note 1)	150,948	5	-	
BMC	VVM	Other related party	(Sales)	(102,930)	(1)	OA90	(Note 1)	42,066	1	-	
BMC	BMS	Affiliates	Purchases	861,864	8	OA90	(Note 2)	(351,388)	(10)	-	
BMC	VVT	Other related party	Purchases	359,098	3	OA30	(Note 2)	(48,346)	(1)	-	
BMC	BMW	Affiliates	Purchases	257,518	2	OA90	(Note 2)	(42,785)	(1)	-	
BMC	BMC	Affiliates	Purchases	433,328	57	OA90	-	(248,054)	(96)	-	
SGM	BMC	Affiliates	Purchases	270,498	95	OA120	-	(150,948)	(100)	-	
BMS	BMC	Affiliates	(Sales)	(861,864)	(90)	OA90	-	351,388	98	-	
BMM	BMC	Affiliates	(Sales)	(257,518)	(62)	OA90	-	42,785	47	-	
Simula	Simula Technology (ShenZhen) Co., Ltd.	Affiliates	Purchases	832,516	89	EOM60	(Note 4)	(87,840)	(58)	-	
Simula Technology (ShenZhen) Co., Ltd.	Simula	Affiliates	(Sales)	(832,516)	(89)	EOM60	Equal to third-party customers	87,840	72	-	
PPT	The Company	Parent/Subsidiary	Purchases	250,248	23	OA30	(Note 3)	(46,137)	(22)	-	
PTE	PTE	Affiliates	(Sales)	(562,351)	(30)	OA90	(Note 3)	144,261	28	-	

Company Name	Related Party	Nature of Relationship	Transaction Detail			Transactions with Terms Different from Others			Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total Note/Accounts Receivable or (Payable)	
PTT	PTU	Affiliates	(Sales)	(275,324)	(23)	OA90	(Note 3)	-	112,778	22	-
PTT	PTIME	Affiliates	(Sales)	(120,345)	(10)	OA90	(Note 3)	-	98,208	19	-
PTT	PTUK	Affiliates	(Sales)	(120,016)	(10)	OA90	(Note 3)	-	38,969	8	-
PTE	PTT	Affiliates	Purchases	362,551	53	OA90	(Note 3)	-	(144,261)	(71)	-
PTU	PTT	Affiliates	Purchases	275,324	90	OA90	(Note 3)	-	(112,778)	(99)	-
PTIME	PTT	Affiliates	Purchases	120,345	50	OA90	(Note 3)	-	(98,208)	(98)	-
PTUK	PTT	Affiliates	Purchases	120,016	76	OA90	(Note 3)	-	(38,969)	(94)	-
Sysge	The Company	Parent/Subsidiary	(Sales)	(126,885)	(1)	EOM120	-	-	99,293	4	-

(Note 1) The selling prices of BMC to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 2) The purchase prices to related parties are not comparable to the purchase prices for third-party vendors as the specifications of products were different, and it is conducted under the agreed purchase price and conditions.

(Note 3) The selling prices of PTT to related parties are not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transaction, there were no significant differences between the sales for related parties and those for third-party customers.

(Note 4) Simula seldom purchases the same products from other vendors. Therefore, the purchase prices are not reasonably comparable.

(Note 5) AU and AUSZ were associates before May 2021. Since May 2021, AU and AUSZ has become the entity that has significant influence over the Group.

**QISDA CORPORATION**  
**Receivables from related parties which exceed NT\$100 million or 20% of the paid-in capital**  
**December 31, 2021**  
(Amounts in thousands of New Taiwan dollars, unless specified otherwise)

Table 8

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
The Company	BenQ	Parent/Subsidiary	2,524,742	2.25	321,092	-	968,970	-
The Company	QJTO	Parent/Subsidiary	991,853	3.17	12,911	-	31,569	-
The Company	QALA	Parent/Subsidiary	5,538,535	4.16	651,220	-	-	-
The Company	AU	(Note 3)	1,281,698	4.50	146	-	462,114	-
The Company	AUSZ	(Note 3)	707,652	2.57	-	-	141,532	-
The Company	QCSZ	Parent/Subsidiary	879,741	(Note 1)	9,557	-	438,817	-
The Company	QCOS	Parent/Subsidiary	447,470	(Note 1)	5,985	-	218,478	-
The Company	AUKS	(Note 3)	141,110	3.98	-	-	-	-
The Company	The Company	Parent/Subsidiary	18,224,092	4.44	4,193,746	-	4,193,746	-
QCOS	The Company	Parent/Subsidiary	3,567,730	4.07	-	-	794	-
QCES	The Company	Parent/Subsidiary	1,376,443	(Note 1)	-	-	1,376,443	-
QCPS	QCSZ	Affiliates	173,031	9.45	-	-	-	-
QVH	The Company	Parent/Subsidiary	155,155	8.53	-	-	-	-
BenQ	BQA	Affiliates	734,413	5.82	-	-	308,576	-
BenQ	BQE	Affiliates	2,005,350	3.01	506,285	-	537,852	-
BenQ	BQL	Affiliates	238,912	1.84	110,736	-	58,257	-
BenQ	BQP	Affiliates	1,998,702	3.44	504,031	-	532,386	-
BenQ	QCSZ	Affiliates	212,556	(Note 1)	30,540	-	148,768	-
BQA	BQCA	Affiliates	136,303	4.90	-	-	65,418	-
BQE	BQDE	Affiliates	109,112	6.59	-	-	109,112	-
BQE	BQFR	Affiliates	228,091	2.50	175,789	-	95,100	-
BQE	BQIK	Affiliates	184,932	8.90	71,835	-	260,949	-
BQL	MaxGen	Affiliates	440,640	0.26	416,861	-	-	-
BQP	BQAU	Affiliates	118,430	3.45	168,565	-	54,156	-
BQP	BQIN	Affiliates	663,687	1.28	416,353	-	70,512	-
BQP	BQJP	Affiliates	617,410	4.85	18,701	-	409,171	-
BQP	BQME	Affiliates	298,080	3.42	108,886	-	144,062	-
BQP	BQTH	Affiliates	106,705	1.84	70,020	-	5,550	-
K2	K2SH	Affiliates	112,266	2.68	-	-	-	-
Data Image (Suzhou) Corporation	DIC	Affiliates	199,422	11.22	-	-	-	-
AEWIN	Aewin Beijing Technologies Co., Ltd.	Affiliates	398,155	1.14	151,918	-	-	-

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
ACE	Tianjin Ace Pillar Co., Ltd.	Affiliates	166,080	(Note 1)	-	-	-	-
Alpha	Alpha USA	Affiliates	852,899	4.79	-	-	603,794	-
Alpha	Alpha HK	Affiliates	305,125	(Note 1)	87,427	-	-	-
D-Link Asia	Alpha	Affiliates	349,133	3.59	-	-	349,133	-
Alpha Changshu	Alpha	Affiliates	372,631	8.96	3	-	372,631	-
Alpha Dongguan	D-Link Asia	Affiliates	377,082	3.54	593	-	353,585	-
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd.	Affiliates	127,369	4.26	-	-	113,860	-
Alpha HK	Alpha Changshu	Affiliates	1,307,227	6.51	171,243	-	608,075	-
D-Link Asia	Alpha Dongguan	Affiliates	548,197	3.01	12,540	-	458,311	-
Hitron Technologies	Hitron Americas	Affiliates	1,360,832	2.79	-	-	523,845	-
Hitron Technologies	Hitron Europe	Affiliates	111,182	3.60	-	-	27,839	-
Hitron Technologies	Hitron Vietnam	Affiliates	1,270,467	(Note 1)	-	-	485,180	-
Hitron Vietnam	Hitron Technologies	Affiliates	634,323	7.06	-	-	634,323	-
BMC	AU	(Note 3)	419,854	3.33 (Note 2)	-	-	-	-
BMC	BBM	Affiliates	248,054	2.60 (Note 2)	-	-	-	-
BMC	SGM	Affiliates	150,948	2.74 (Note 2)	-	-	150,948	-
BMS	BMC	Affiliates	351,388	4.06 (Note 2)	-	-	78,969	-
PTT	PTE	Affiliates	144,261	3.47	-	-	96,615	-
PTT	PTU	Affiliates	112,778	3.98	-	-	42,308	-

(Note 1) The sales from repurchasing after processing have been eliminated; therefore, calculation of turnover rate is not applicable.

(Note 2) The calculation of turnover rate includes the account receivable sold to financial institutions.

(Note 3) AU, AUSZ and AUKS were associates before May 2021. Since May 2021, AU, AUSZ and AUKS has become the entity that has significant influence over the Group.

**QISDA CORPORATION**  
**Information of Investees (Excluding Information on Investments in Mainland China)**  
For the year ended December 31, 2021  
(Amounts in thousands of New Taiwan dollars / shares, unless specified otherwise)

Table 9

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	AU	Taiwan	R&D, manufacture and sale of TFT-LCD panels	-	8,085,843	-	-	18,268,182	1,255,866	(Note 2)	
The Company	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	662,195	662,195	58,005	20.72%	2,040,465	237,533	Associate	
The Company	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	507,883	507,883	43,659	13.61%	607,050	52,892	Parent/Subsidiary	
The Company	BenQ	Taiwan	Manufacture and sales of brand-name electronic products	7,160,050	7,160,050	539,662	100.00%	10,449,666	1,783,670	Parent/Subsidiary	
The Company	QALA	USA	Sales of electronic products	32,800	32,800	1,000	100.00%	50,892	8,524	Parent/Subsidiary	
The Company	QJTO	Japan	Sales and maintenance of electronic products in Japanese market	2,701	2,701	-	100.00%	53,722	2,134	Parent/Subsidiary	
The Company	QLPG	Malaysia	Leasing and management services	578,128	578,128	50,000	100.00%	314,820	433,546	Parent/Subsidiary	
The Company	QLLB	Malaysia	Investment and holding activity	3,687,539	3,687,539	114,250	100.00%	14,568,130	1,568,923	Parent/Subsidiary	
The Company	APV	Taiwan	Investment and holding activity	570,016	570,016	153,258	100.00%	3,908,565	332,537	Parent/Subsidiary	
The Company	Darby	Malaysia	Investment and holding activity	165,000	165,000	6,000	100.00%	215,424	64,375	Parent/Subsidiary	
The Company	BBHC	Cayman	Investment and holding activity	1,476,632	1,476,632	47,400	19.35%	985,300	233,624	Parent/Subsidiary	
The Company	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	1,475,978	1,475,978	43,577	38.04%	1,298,234	20,707	Parent/Subsidiary	
The Company	BDT	Taiwan	Manufacture and sale of medical consumable and equipment	280,000	280,000	28,000	100.00%	73,276	(41,256)	Parent/Subsidiary	
The Company	OTOS	Taiwan	Manufacture of computer peripheral products	1,000	1,000	100	100.00%	1,007	5	Parent/Subsidiary	
The Company	Q.S. Control Corp.	Taiwan	Manufacture and sales of medical consumables and equipments	63,000	63,000	6,000	20.00%	59,062	2,505	Associate	
The Company	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	3,154,750	3,154,750	51,610	45.08%	2,832,671	13,585	Parent/Subsidiary	
The Company	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	8,135,810	8,114,943	295,797	54.60%	7,689,378	142,732	Parent/Subsidiary	
The Company	K2	Taiwan	Sale of medical consumable and equipment	217,763	217,763	6,997	34.99%	229,224	76,860	Parent/Subsidiary	
The Company	DIC	Taiwan	Manufacture and sales of marine display modules	260,000	260,000	20,000	28.82%	367,674	318,020	Parent/Subsidiary	
The Company	EASC	Hong Kong	Sales of brand-name electronic products and smart services	78,338	78,338	1	54.00%	83,702	91,932	Parent/Subsidiary	
The Company	Sysage	Taiwan	The agent sales and trading of network software and information and communication hardware and software	3,202,856	1,815,000	96,841	51.41%	2,662,718	252,082	Parent/Subsidiary	
The Company	Terpview	Taiwan	Manufacture and sales of video surveillance cameras	172,500	172,500	5,750	20.00%	213,758	26,066	Parent/Subsidiary	
The Company	QYH	Vietnam	Manufacture of monitors	1,212,849	1,073,549	-	100.00%	716,693	(236,565)	Parent/Subsidiary	
The Company	Simula	Taiwan	Manufacture and sales of electronic material	600,000	600,000	30,000	37.51%	633,324	26,079	Parent/Subsidiary	
The Company	GSC	Taiwan	Sale of alcohol and medical disinfectant	254,000	254,000	10,000	50.00%	291,224	124,892	Parent/Subsidiary	
BMC	BMLB	Malaysia	Investment and holding activity	1,141,340	1,141,340	35,082	100.00%	1,680,378	58,360	Parent/Subsidiary	
BMC	SGM	Taiwan	Manufacture and sales of medical consumables and equipment	231,727	560,000	2,000	100.00%	126,679	-	Affiliates	
BMC	Visco Vision Inc.	Taiwan	Manufacture and sale of contact lenses	177,811	177,811	9,834	17.97%	133,952	444,303	Associate	
BMC	Cendrom Corporation	Taiwan	R&D, manufacture and sale of medical consumable and equipment	92,262	29,127	4,418	34.83%	82,693	(11,594)	Affiliates	
BMC	Genjet Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	43,316	-	3,767	70.00%	44,125	(2,670)	Affiliates	
BMC	Taika Biotech Co., Ltd.	Taiwan	R&D, manufacture and sale of medical consumable and equipment	-	10,001	-	-	(1,921)	-	Associate	
BMC	MLK Bioscience Co., Ltd.	Taiwan	R&D and sale of medical consumable and equipment	6,000	6,000	217	20.00%	4,546	(5,790)	Associate	
BMC	Kangle Corp.	Taiwan	Sale of medical consumable and equipment	5,980	-	598	20.00%	4,071	(10,676)	Associate	
APV	Darby C	Taiwan	Investment management consulting	77,933	77,933	12,105	45.11%	204,853	10,163	Affiliates	
APV	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	221,786	221,786	15,182	4.73%	238,774	971,555	Affiliates	
APV	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	42,584	42,584	3,549	7.96%	83,198	28,840	Affiliates	
APV	BBHC	Cayman	Investment and holding activity	904,102	904,102	25,000	10.21%	519,235	1,207,221	Affiliates	
APV	BES	Taiwan	Energy service	50,250	50,250	4,100	41.00%	8,190	-	Affiliates	



Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
APV	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	112,080	112,080	6,006	8.00%	160,527	94,323	Affiliates	
APV	GST	Taiwan	R&D and sales of computer information system	12	12	1	0.02%	15	7,480	Affiliates	
APV	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	149,096	149,096	2,294	2.00%	149,372	615,903	Affiliates	
APV	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	284,143	284,143	12,236	2.26%	249,299	433,888	Affiliates	
APV	Topview	Taiwan	Manufacture and sales of video surveillance cameras	63,525	63,525	1,286	4.46%	65,973	128,224	Affiliates	
APV	DIC	Taiwan	Manufacture and sales of marine display modules	88,222	88,222	3,607	5.20%	83,624	318,020	Affiliates	
APV	Simda	Taiwan	Manufacture and sales of electronic material	201,673	205,920	5,390	6.74%	212,359	111,216	Affiliates	
APV	GSC	Taiwan	Sale of alcohol and medical disinfectant	150,000	150,000	10,000	50.00%	196,377	124,892	Affiliates	
Darby C	BES	Taiwan	Energy service	28,000	28,000	2,400	24.00%	4,794	962	Affiliates	
Darby C	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	273,445	273,445	12,710	2.35%	237,763	433,888	Affiliates	
Darby	BenQ Gura Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	30,456	30,456	7,800	12.50%	18,238	(30,005)	Affiliates	
Darby	BBHC	Cayman	Investment and holding activity	471,516	471,516	14,158	5.78%	293,027	1,207,221	Affiliates	
BenQ	BQA	USA	Sales of brand-name electronic products in North America markets	114,533	114,533	200	100.00%	816,103	126,573	Affiliates	
BenQ	BQL	USA	Sales of brand-name electronic products in Latin America markets	203,839	203,839	4,350	100.00%	(174,869)	(135,835)	Affiliates	
BenQ	BQHK	Hong Kong	Investment and holding activity	859,037	859,037	466,200	100.00%	3,000,943	152,687	Affiliates	
BenQ	BOE	The Netherlands	Sales of electronic products in European markets	960,568	960,568	5,009	100.00%	758,276	131,273	Affiliates	
BenQ	BQP	Taiwan	Sales of brand-name electronic products in Asia markets	950,000	950,000	20,000	100.00%	406,424	271,292	Affiliates	
BenQ	Darby 2	Taiwan	Investment and holding activity	2,361,132	2,361,132	189,000	100.00%	4,189,375	432,430	Affiliates	
BenQ	BenQ Gura Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	74,021	74,021	23,400	37.50%	54,704	(30,005)	Affiliates	
BenQ	DFN	Taiwan	R&D, manufacture and sale of MLCC and keyboards	233,491	233,491	14,017	5.01%	492,973	1,146,533	Associate	
BenQ	BMC	Taiwan	R&D, manufacture and sale of optoelectronics film	946,731	946,731	80,848	25.21%	1,271,514	971,555	Affiliates	
BenQ	BBHC	Cayman	Investment and holding activity	719,088	719,088	20,000	8.16%	415,387	1,207,221	Affiliates	
BenQ	BMTC	Taiwan	Manufacture and sales of medical consumables and equipments	235,069	235,069	19,353	43.43%	442,423	28,840	Affiliates	
BenQ	MQE	The Netherlands	Maintenance of brand-name electronic monitors and protectors in European markets	90,912	90,912	82	100.00%	68,290	3,077	Affiliates	
BenQ	INF	Taiwan	Assembly and sales of gaming electronic products	117,987	117,987	6,947	100.00%	87,920	1,578	Affiliates	
BenQ	BQHK_HLD	Hong Kong	Sales of brand-name electronic products in HK markets	118,282	118,282	4,000	100.00%	1,413,310	621,809	Affiliates	
BenQ	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	21	21	-	0.31%	52	8,148	Affiliates	
BenQ	Alpha	Taiwan	R & D, manufacture and sale of LAN/MAN, wireless, mobile & broadband, and digital multimedia products	342	342	18	0.00%	351	433,888	Affiliates	
BQP	BenQ India Private Ltd.	India	Sales of brand-name electronic products	224,405	224,405	440,296	100.00%	59,698	31,735	Affiliates	
BQP	BenQ (M.E.) FZE	United Arab Emirates	Sales of brand-name electronic products	8,891	8,891	-	100.00%	53,754	28,933	Affiliates	
BQP	BenQ Japan Co., Ltd.	Japan	Sales of brand-name electronic products	4,518	4,518	-	100.00%	137,935	66,965	Affiliates	
BQP	BenQ Singapore Pte Ltd.	Singapore	Sales of brand-name electronic products	1,837	1,837	500	100.00%	(6,552)	9,099	Affiliates	
BQP	BenQ Australia Pte Ltd.	Australia	Sales of brand-name electronic products	132,590	132,590	2,191	100.00%	79,405	16,192	Affiliates	
BQP	BenQ Service & Marketing (M) Sdn Bhd	Malaysia	Sales of brand-name electronic products	119,488	119,488	100	100.00%	7,501	96	Affiliates	
BQP	BenQ (Thailand) Co., Ltd.	Thailand	Sales of brand-name electronic products	120,116	120,116	12,000	100.00%	(51,392)	(5,810)	Affiliates	
BQP	BenQ Korea Co., Ltd.	Korea	Providing administration and management service to affiliates	1,713	1,713	10	100.00%	6,254	106	Affiliates	
BQP	PT BenQ Teknologi Indonesia	Indonesia	Sales of brand-name electronic products	6,901	6,901	6	99.69%	16,707	8,148	Affiliates	
BQP	BenQ Vietnam Co., Ltd	Vietnam	Sales of brand-name electronic products	5,576	-	-	100.00%	6,625	-	Affiliates	
BQA	BenQ Canada Corp.	Canada	Sales of brand-name electronic products	26	26	1	100.00%	39,074	33,802	Affiliates	
BQL	BenQ Mexico S. de R.L. de C.V.	Mexico	Sales of brand-name electronic products	77,591	77,591	3	99.97%	36,425	(215)	Affiliates	
BQL	Joytech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,964)	(17,629)	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
BQL	Vividtech LLC	USA	Investment and holding activity	4,671	4,671	1	100.00%	(139,964)	(17,629)	Affiliates	
Joytech LLC	Maxigen Comércio Industrial Imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	1	50.00%	(139,964)	(35,259)	Affiliates	
Vividtech LLC	Maxigen Comércio Industrial Imp E Exp Ltda.	Brazil	Sales of brand-name electronic products	4,671	4,671	1	50.00%	(139,964)	(35,259)	Affiliates	
BOmx	BenQ Service de Mexico S. de R.L. de C.V.	Mexico	Providing administration and management services to affiliates	87	87	3	99.97%	3,207	(11)	Affiliates	
GSH	GST	Taiwan	R & D and sales of computer information system	64,898	64,898	5,756	99.94%	79,024	7,480	Affiliates	
Darly 2	Darly C	Taiwan	Investment management consulting	89,179	89,179	14,728	54.89%	249,253	10,163	Affiliates	
Darly 2	BBHC	Cayman	Investment and holding activity	2,122,721	2,122,721	65,024	26.55%	1,350,646	1,207,221	Affiliates	
Darly 2	BenQ Cura Holding Ltd. (GSH)	Hong Kong	Investment and holding activity	121,860	121,860	3,120	50.00%	72,938	(30,005)	Affiliates	
Darly 2	BMTC	Taiwan	Manufacture and sales of medical consumables and equipment	27,337	27,337	1,590	3.57%	37,275	28,840	Affiliates	
Darly 2	BES	Taiwan	Energy service	22,250	22,250	1,800	18.00%	3,596	962	Affiliates	
Darly 2	PTT	Taiwan	Manufacture, sales, and import and export of POS terminals and peripherals	49,426	49,426	1,648	2.19%	44,048	94,323	Affiliates	
Darly 2	DFI	Taiwan	Manufacture and sales of industrial motherboards and components	596,382	596,382	9,175	8.01%	597,810	615,903	Affiliates	
Darly 2	Alpha	Taiwan	R & D, manufacture and sale of LANMAN, wireless, mobile & broadband, and digital multimedia products	79,990	79,990	4,185	0.77%	73,744	433,888	Affiliates	
Darly 2	K2	Taiwan	Sale of medical consumable and equipment	44,997	44,997	1,003	5.01%	49,857	76,860	Affiliates	
Darly 2	DIC	Taiwan	Manufacture and sales of marine display modules	48,093	48,093	3,005	4.33%	66,422	318,020	Affiliates	
Darly 2	Topview	Taiwan	Manufacture and sales of video surveillance cameras	123,252	123,252	2,615	9.10%	132,686	128,224	Affiliates	
Darly 2	Smida	Taiwan	Manufacture and sales of electronic material	205,920	205,920	5,500	6.88%	216,669	111,216	Affiliates	
BOE	BenQ UK Limited	UK	Sales of brand-name electronic products	14,800	14,800	-	100.00%	60,603	14,331	Affiliates	
BOE	BenQ Deutschland GmbH	Germany	Sales of brand-name electronic products	25,587	25,587	-	100.00%	141,115	11,340	Affiliates	
BOE	BenQ Benelux B.V.	The Netherlands	Sales of brand-name electronic products	567	567	-	100.00%	(28,471)	3,072	Affiliates	
BOE	BenQ Austria GmbH	Australia	Sales of brand-name electronic products	1,091	1,091	-	100.00%	61,628	9,694	Affiliates	
BOE	BenQ Iberica S.L. Unipersonal	Spain	Sales of brand-name electronic products	4,677	4,677	-	100.00%	84,581	4,075	Affiliates	
BOE	BenQ Italy S.R.L.	Italy	Sales of brand-name electronic products	92,654	92,654	50	100.00%	34,694	5,867	Affiliates	
BOE	BenQ France SAS	France	Sales of brand-name electronic products	2,045	2,045	-	100.00%	(105,754)	6,482	Affiliates	
BOE	BenQ Nordic A.B.	Sweden	Sales of brand-name electronic products	445	445	-	100.00%	30,415	4,493	Affiliates	
BOE	BenQ LLC.	Russia	Providing administration and management services to affiliates	52	52	-	100.00%	14,530	1,365	Affiliates	
BMTC	Asinconnect	Taiwan	Sales of medical consumables and equipment	21,984	21,984	1,995	99.75%	27,397	2,281	Affiliates	
BMTC	Highview	Sri Lanka	Investment and holding activity	36,211	36,211	1,062	100.00%	9,843	1,963	Affiliates	
BMTC	LLLY	Taiwan	Manufacture and sales of medical consumables and equipment	185,000	185,000	10,000	100.00%	241,114	16,087	Affiliates	
BMTC	BABD	Taiwan	Manufacture and sales of medical consumables and equipment	88,000	88,000	8,800	88.00%	59,367	3,615	Affiliates	
BMTC	BHS	Taiwan	Manufacture and sales of medical consumables and equipment	100,000	100,000	10,000	100.00%	140,676	33,882	Affiliates	
BMTC	EASTECH	Taiwan	Manufacture and sales of medical consumables and equipment	20,300	20,300	700	70.00%	30,511	14,958	Affiliates	
BHS	NBHIT	Taiwan	Manufacture and sales of medical consumables and equipment	59,280	59,280	1,092	52.00%	75,819	35,348	Affiliates	
PTT	WEBEST	Taiwan	Sales, import and export of electronic products	21,843	21,843	2,500	100.00%	30,288	10,217	Affiliates	
PTT	P&I Investment Holding Co., Ltd (B.V.I.)	British Virgin Islands	Investment and holding activity	230,307	230,307	5,551	100.00%	152,295	16,954	Affiliates	
PTT	Partner Tech UK Corp., Ltd	UK	Sales, import and export of electronic products	43,834	43,834	886	88.60%	33,625	6,151	Affiliates	
PTT	Partner-Tech Europe GmbH	Germany	Sales, import and export of electronic products	51,451	51,451	(Note 1)	50.02%	126,153	54,758	Affiliates	
PTT	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	137,387	137,387	-	99.00%	23,668	8,990	Affiliates	
PTT	Epoint Systems Pte. Ltd	Singapore	Software development and sales of product	57,449	57,449	222	69.88%	55,232	2,863	Affiliates	
PTT	PTTN	Taiwan	Software development and sales of product	20,500	20,500	2,050	50.62%	31,052	7,319	Affiliates	
PTT	PTMG	Taiwan	Software development and sales of product	11,000	-	1,100	52.38%	17,961	10,534	Affiliates	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
PTT	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	4,075	4,075	13	58.18%	(138)	-	Affiliates	
PTE	Partner Tech UK Corp., Ltd.	UK	Sales, import and export of electronic products	5,640	5,640	114	11.40%	5,410	6,151	Affiliates	
PTE	Stiga team D.o.o.	Slovenia	Sales, import and export of electronic products	980	980	(Note 1)	90.00%	(14,472)	2,113	Affiliates	
PTME	Real Solution & System S.L.	Spain	Sales, import and export of electronic products	-	-	(Note 1)	68.00%	15,456	20,451	Affiliates	
PTME	E-POS International LLC	United Arab Emirates	Sales, import and export of electronic products	2,485	2,485	-	100.00%	5,800	(517)	Affiliates	
WEBEST	PTTN	Taiwan	Software development and sales of product	10	10	1	0.02%	12	7,319	Affiliates	
WEBEST	Partner Tech North Africa	Morocco	Sales, import and export of electronic products	1	1	-	-	-	-	Affiliates	
WEBEST	Partner Tech Middle East FZCO	United Arab Emirates	Sales, import and export of electronic products	1,560	1,560	-	1.00%	202	8,990	Affiliates	
P&J	R&S Investment Holding Co., Ltd. (B.V.)	British Virgin Islands	Investment and holding activity	134,973	134,973	4,560	100.00%	151,817	16,946	Affiliates	
P&S	Partner Tech USA Inc.	USA	Sales, import and export of electronic products	31,593	31,593	1,091	100.00%	71,591	15,884	Affiliates	
DFI	DFI AMERICA, LLC.	USA	Sales of industrial motherboards	254,683	254,683	1,209	100.00%	363,409	4,624	Affiliates	
DFI	Yan Tong Technology Ltd.	Mauritius	Investment and holding activity	187,260	187,260	6,000	100.00%	178,568	7,338	Affiliates	
DFI	DFI Co., Ltd.	Japan	Sales of industrial motherboards	104,489	104,489	6	100.00%	287,699	10,481	Affiliates	
DFI	Diamond Flower Information (NL) B.V.	The Netherlands	Sales of industrial motherboards	35,219	35,219	12	100.00%	67,927	13,955	Affiliates	
DFI	AEWIN	Taiwan	Manufacture and sale of industrial motherboards and component	564,191	556,464	30,376	51.38%	596,523	44,617	Affiliates	
DFI	ACE	Taiwan	Sales of automation mechanical transmission system and component	1,301,359	793,722	53,958	48.07%	1,095,684	147,895	Affiliates	
DFI	Brainstorm	USA	Wholesale and retail of computers and peripherals product	501,582	-	233	35.09%	555,021	248,222	Affiliates	
AEWIN	Wise Way	Anguilla	Investment and holding activity	46,129	46,129	1,500	100.00%	163,707	76,229	Affiliates	
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer peripheral products and software	77,791	77,791	2,560	100.00%	(453)	(3,250)	Affiliates	
Wise Way	Bright Profit	Hong Kong	Investment and holding activity	46,129	46,129	1,500	100.00%	190,941	76,229	Affiliates	
ACE	Cyber South	Samoa	Investment and holding activity	107,041	107,041	4,669	100.00%	626,514	56,442	Affiliates	
ACE	Hong Kong Ace Pillar Enterprise Company Limited	Hong Kong	Sales of automation mechanical transmission system and component	5,120	5,120	1,200	100.00%	39,722	(259)	Affiliates	
Cyber South	Proton Inc.	Samoa	Investment and holding activity	527,665	527,665	17,744	100.00%	511,706	44,403	Affiliates	
Cyber South	Ace Tek (HK) Holding Co., Ltd.	Hong Kong	Investment and holding activity	4,938	4,938	150	100.00%	3,661	(598)	Affiliates	
K2	K2 Medical (Thailand) Co., Ltd.	Thailand	Sales of medical consumables	15,919	15,919	-	49.00%	22,908	13,852	Affiliates	
K2	PT Frismed Hoslab Indonesia	Indonesia	Sales of medical consumables	257,728	257,728	-	67.00%	304,312	66,329	Affiliates	
DIC	Data Image (Mauritius) Corporation	Mauritius	Investment and holding activity	518,381	518,381	20,215	100.00%	332,482	55,383	Affiliates	
DIC	DIVA	Taiwan	Manufacture and sales of medical consumables and equipment	625,680	-	20,856	35.55%	617,569	21,855	Affiliates	
DIC	DMC Components International, LLC	Orlando, USA	Agency sales	24,304	24,304	300	30.00%	4,812	6,348	Associate	
DIVA	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00%	1,433	(287)	Affiliates	
DIVA	DIVA Laboratories U.S., LLC	USA	Sales of monitor	35,858	35,858	-	100.00%	7,928	3,421	Affiliates	
DIVA	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	24,600	24,600	2,500	100.00%	35,511	2,709	Affiliates	
DIVA	DIVA Capital Inc.	Samoa	Investments in Mainland China	45,915	45,915	-	100.00%	13,394	(5,417)	Affiliates	
DIVA	QUBYX Limited	UK	Sales and software development	17,815	17,815	2	60.00%	-	-	Associate	
DIVA	The Linden Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00%	26,647	11,387	Associate	
Diva Capital Inc.	Diva Holding Inc.	Samoa	Investments in Mainland China	45,605	45,605	-	100.00%	14,071	(5,395)	Affiliates	
QUBYX Limited	QUBYX LTD	France	Sales and software development	38	38	1	100.00%	-	-	Associate	
QUBYX Limited	QUBYX Software Technologies Inc	USA	Sales and software development	-	-	-	100.00%	-	-	Associate	
EASC	Expert Alliance Smart Technology Co., Ltd.	Macao	Sales of brand-name electronic products and smart services	381	381	100	100.00%	5,483	(26,010)	Affiliates	
Sysage	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	119,142	119,142	10,475	79.36%	205,502	54,169	Affiliates	
Sysage	Unisage Digital Co., Ltd.	Taiwan	Manufacture of medical equipment	506	1,687	67	38.01%	580	(389)	Associate	

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Sysage	Epic Cloud Information Integration Co., Ltd.	Taiwan	Software and data processing services	50,000	9,400	5,000	100.00%	27,428	(19,117)	Affiliates	
Sysage	Grandsys Inc.	Taiwan	Data software processing service	94,547	94,547	5,643	21.84%	105,599	32,970	Associate	
Sysage	AdvancedTEK International Corp	Taiwan	Applications implement services	30,091	30,091	1,153	34.09%	35,489	18,647	Affiliates	
Sysage	Cores (Pty) Ltd.	South Africa	Sales, import and export of electronic products	251,872	-	1	100.00%	286,481	39,611	Affiliates	
Sysage	Statine Company	Taiwan	Market research, marketing consultant and data processing service	69,983	-	1,754	34.99%	86,493	(7,680)	Affiliates	
Sysage	Everlasting Digital ESG Co., Ltd.	Taiwan	Sales and software development	5,000	-	500	29.41%	4,133	(2,948)	Associate	
Epic Cloud	Global Intelligence Network Co., Ltd.	Taiwan	Sales of network and information and communication hardware and software	172	-	10	0.08%	172	54,169	Affiliates	
Epic Cloud	Statine Company	Taiwan	Market research, marketing consultant and data processing service	40	-	1	0.02%	40	(7,680)	Affiliates	
AdvancedTEK	APEO Human Capital Services Corp.	Taiwan	Implementation of application software services	2,060	-	200	100.00%	2,564	52	Affiliates	
Statine	Data	Taiwan	Market research, marketing consultant and data processing service	20,000	-	2,000	100.00%	18,912	(1,088)	Affiliates	
Topview	Messon	Taiwan	Sales, import and export of video surveillance cameras	23,879	23,879	1,945	40.78%	2,892	3,221	Affiliates	
Messon	Messon Technologies Inc. (USA)	USA	Sales, import and export of video surveillance cameras and maintenance services	27,126	27,126	-	100.00%	22,458	4,725	Affiliates	
Simula	Simula Technology Corp.	USA	Sales in North America	15,699	15,699	500	100.00%	30,231	6,988	Affiliates	
Simula	Simula Company Limited	Hong Kong	Investment and holding activity	187,625	187,625	50,500	52.31%	150,145	(15,884)	Affiliates	
Simula	Aspire Asia Inc.	British Virgin Islands	Investment and holding activity	286,764	286,764	9,403	100.00%	151,360	(9,803)	Affiliates	
Simula	Meurch Inc.	Taiwan	Sales of electronic products	15,029	15,029	645	23.33%	947	(8,429)	Associate	
Simula	Action Star Technology Co., Ltd.	Taiwan	Manufacture of computer and peripherals products	983,858	-	32,001	59.35%	1,008,924	82,763	Affiliates	
Aspire Asia Inc.	Aspire Electronics Corp.	Samoa	Investment and holding activity	95,099	95,099	2,188	95.10%	14,878	(2,343)	Affiliates	
Aspire Asia Inc.	Simula Company Limited	Hong Kong	Investment and holding activity	181,726	181,726	46,033	47.69%	136,865	(15,884)	Affiliates	
GSC	Bigman Bio-Tech Company Ltd.	Taiwan	Sale of alcohol and medical disinfectant	20,250	20,450	1,500	100.00%	58,798	40,628	Affiliates	
GSC	E-Strong Medical Technology Co., Ltd.	Taiwan	Manufacture of alcohol and dialysate	286,314	281,872	22,200	66.57%	244,259	73,294	Affiliates	
Alpha	Alpha Holdings	Cayman	Investment and holding activity	203,372	203,372	6,464	100.00%	(21,344)	2,447	Affiliates	
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00%	19,408	244	Affiliates	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00%	138,491	2,436	Affiliates	
Alpha	Alpha HK	Hong Kong	Investment and holding activity	3,143,628	3,143,628	780,911	100.00%	2,257,173	63,150	Affiliates	
Alpha	ATS	USA	Post-sale service	260,497	260,497	8,100	100.00%	167,336	1,544	Affiliates	
Alpha	Enrich Investment	Taiwan	Investment and holding activity	320,000	240,000	32,000	100.00%	232,522	(113)	Affiliates	
Alpha	Hiron Technologies	Taiwan	Marketing on system integration and production and sales of telecommunication products	4,811,000	4,811,000	200	62.24%	3,893,949	71,582	Affiliates	
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	1,692,805	1,692,805	86,946	100.00%	1,765,629	763	Affiliates	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	6.64%	115,599	260,654	Affiliates	
Enrich Investment	Transnet Corporation	Taiwan	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	50,000	50,000	5,000	100.00%	24,244	(11,278)	Affiliates	
Enrich Investment	Aspsula Technologies Inc.	Taiwan	Sale of network equipment, components and technical services	80,000	-	8,000	98.92%	76,775	(3,225)	Affiliates	
Hiron Technologies	Hiron Samoa	Samoa	International trade	642,697	669,031	21,350	100.00%	578,035	(136,704)	Affiliates	
Hiron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	43.10%	542,285	260,654	Affiliates	
Hiron Technologies	Hiron Europe	The Netherlands	International trade	59,604	59,604	15	100.00%	19,110	38,383	Affiliates	
Hiron Technologies	Hiron Americas	USA	International trade	90,082	90,082	300	100.00%	201,533	54,936	Affiliates	
Hiron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	50,000	2,000	100.00%	3,631	(13,451)	Affiliates	
Hiron Technologies	Hiron Vietnam	Vietnam	Production and sale of broadband telecommunications products	1,511,735	550,355	-	100.00%	1,471,906	118,353	Affiliates	

(Note 1) There was no shares as the company is a limited liability company.  
(Note 2) The Company lost significant influence over AU in May 2021 and therefore reclassified the investment in AU from investments accounted for using the equity method to financial assets at fair value through other comprehensive income – non-current.

**QISDA CORPORATION**  
**Information on investments in Mainland China**  
**For the year ended December 31, 2021**  
**(Amounts in thousands of New Taiwan dollars and other currencies, unless specified otherwise)**

Table 10  
A. Qisda Corporation  
1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Qisda (Suzhou) Co., Ltd. ("QCSZ")	Manufacture of monitors and communication devices	2,048,320 (USD 74,000)	(Note 1)	1,965,280 (USD 71,000)	-	-	1,965,280 (USD 71,000)	870,704 (Note 5)	100.00%	870,704 (Note 5)	10,303,433	-
BenQ Medical (Shanghai) Co., Ltd. ("BMSHF")	Sale of medical consumable and equipment	37,645 (USD 1,360)	(Note 10)	-	-	-	-	(1,789) (Note 4)	100.00%	(1,789) (Note 4)	34,548	-
Qisda Electronics (Suzhou) Co., Ltd. ("QCES")	Manufacture of monitors	326,624 (USD 11,800)	(Note 1)	326,624 (USD 11,800)	-	-	326,624 (USD 11,800)	210,556 (Note 5)	100.00%	210,556 (Note 5)	1,707,495	-
Qisda Optonics (Suzhou) Co., Ltd. ("QCOS")	Manufacture of projectors	344,893 (USD 12,460)	(Note 1)	344,893 (USD 12,460)	-	-	344,893 (USD 12,460)	431,135 (Note 5)	100.00%	431,135 (Note 5)	4,088,528	404,211 (USD 14,603)
Qisda (Shanghai) Co., Ltd. ("QCSH")	Manufacture of monitors	1,840,720 (USD 66,500)	(Note 1)	1,328,640 (USD 48,000)	-	-	1,328,640 (USD 48,000)	(17,943) (Note 8)	100.00%	(17,943) (Note 4)	(1,357,315)	-
Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPIS")	Manufacture of plastic parts	138,400 (USD 5,000)	(Note 1)	131,480 (USD 4,750)	-	-	131,480 (USD 4,750)	30,975 (Note 4)	100.00%	30,975 (Note 4)	413,234	-
BenQ Co., Ltd. ("BQC")	Lease of real estate	2,214,400 (USD 80,000)	(Note 1)	2,214,400 (USD 80,000)	-	-	2,214,400 (USD 80,000)	152,643 (Note 3)	100.00%	152,643 (Note 3)	3,007,414	-
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQIC_RO")	Sales of brand name electronic products in China market	83,040 (USD 3,000)	(Note 1)	830,400 (USD 3,000)	-	-	83,040 (USD 3,000)	543,369 (Note 3)	100.00%	543,369 (Note 3)	1,269,869	-
BenQ Technology (Shanghai) Co., Ltd. ("BQIS")	Sales of brand-name electronic products	27,680 (USD 1,000)	(Note 1)	5,536 (USD 200)	-	-	5,536 (USD 200)	30,978 (Note 7)	100.00%	30,978 (Note 4)	72,849	-
ShengCheng Trading(Shanghai) Co., Ltd. ("BQSH_EC2")	Sales of brand-name electronic products	2,768 (USD 100)	(Note 11)	-	-	-	-	29,815 (Note 4)	100.00%	29,815 (Note 4)	48,951	-
Nanjing BenQ Hospital Co., Ltd. ("NMH")	Medical service	5,038,175 (USD 182,015)	(Note 1)	4,633,521 (USD 167,396)	553,600 (USD 20,000)	-	5,187,121 (USD 187,396)	253,123 (Note 3)	70.05%	177,313 (Note 3)	2,318,208	-
Suzhou BenQ Hospital Co., Ltd. ("SMH")	Medical service	2,615,822 (CNY 601,975)	(Note 1)	2,463,409 (USD 88,996)	-	-	2,463,409 (USD 88,996)	133,603 (Note 3)	70.05%	93,589 (Note 3)	698,034	-
BenQ Hospital Management Consulting (Nanjing) Co., Ltd. ("NMHC")	Medical management consulting	27,680 (USD 1,000)	(Note 1)	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	(485) (Note 4)	70.05%	(340) (Note 4)	16,559	-
Suzhou BenQ Investment Co., Ltd. ("BIC")	Investment and holding activity	830,400 (USD 30,000)	(Note 9)	-	-	-	-	164 (Note 12)	70.05%	115 (Note 4)	588,157	-
Nanjing Silvertown Health & Development Co., Ltd. ("NSHD")	Medical services	434,540 (CNY 100,000)	(Note 12)	-	-	-	-	(106,355) (Note 6)	11.03%	(11,731) (Note 4)	128,261 (Note 16)	-
Guru Systems (Suzhou) Co., Ltd. ("GSS")	R&D and sales of computer information systems	365,376 (USD 13,200)	(Note 1)	268,496 (USD 9,700)	-	-	268,496 (USD 9,700)	(37,456) (Note 6)	100.00%	(37,456) (Note 4)	41,783	-

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
BenQ Biotech (Shanghai) Co., Ltd. ("BBC")	Manufacture and sales of medical consumables and equipment	651,810 (CNY 150,000)	(Note 2)	738,718 (CNY 170,000)	152,089 (CNY 35,000)	-	890,807 (CNY 205,000)	(99,234)	70.00%	(69,464) (Note 4)	636,119	-
Guangxi Youshan Medical Technology Co., Ltd. ("Youshan")	Medical services	26,072 (CNY 6,000)	(Note 14)	-	-	-	-	11,883 (Note 14)	38.50%	4,575 (Note 4)	14,927	-
Wangcheng Medical Technology (Chengde) Co., Ltd. ("Wangcheng")	Medical services	8,691 (CNY 2,000)	(Note 14)	-	-	-	-	1,032 (Note 14)	49.00%	506 (Note 4)	4,767	-
Shanghai Filter Technology Co., Ltd. ("Filter")	Medical services	198,368 (CNY 45,650)	(Note 14)	-	-	-	-	(220)	70.00%	(154) (Note 4)	138,704	-
Guogang Donghui Medical Investment Co., Ltd.	Medical services	2,384,130 (CNY 548,656)	(Note 13)	-	-	-	-	(40,546)	9.89%	(4,010) (Note 4)	307,138 (Note 16)	-
Shanghai Zhonglang Medical Equipment Co., Ltd. ("Zhonglang")	Sales of medical consumables and equipment	26,072 (CNY 6,000)	(Note 14)	-	-	-	-	(140)	35.70%	(50) (Note 4)	9,258	-
Jiangsu Yudi Optical Co., Ltd. ("Yudi")	Sales and Manufacture of Optical Lens	341,456 (CNY 80,880)	(Note 15)	-	-	-	-	880	20.01%	176	536,646	-

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

(Note 2) Direct investment in Mainland China.

(Note 3) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.

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

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

(Note 6) The amount of GRHK reinvestments US\$3,500 thousand were excluded.

(Note 7) The amount of QCES reinvestments US\$800 thousand were excluded.

(Note 8) The amount of QCES reinvestments US\$18,500 thousand were excluded.

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

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

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

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

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

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

(Note 15) The investment was from the operating capital of QCES.

(Note 16) Accounting for investments using equity method.

(Note 17) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
15,237,406 (USD 518,302 and CNY 205,000)	15,852,530 (USD 572,707)	(Note 18)

(Note 18) Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

3. Significant transactions with investee companies in Mainland China:

The transactions between parent and investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

B. BenQ Material Corporation

1. Information on investments in Mainland China:

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Manufacture of optoelectronics	802,720 (USD29,000)	(Note 1)	802,720 (USD29,000)	-	-	802,720 (USD29,000)	39,145	100.00%	39,145 (Note 2)	1,938,681	-
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Service and sales of optoelectronics and medical consumables	47,799 (CNY11,000)	(Note 4)	-	-	-	-	10,152	100.00%	10,152 (Note 2)	1,862	-
BenQ Materials (Wuhu) Co., Ltd.	Manufacture and sales of optoelectronics and cosmetics	347,632 (CNY80,000)	(Note 1)	173,816 (CNY40,000)	-	-	173,816 (CNY40,000)	132,258	100.00%	127,500 (Note 2)	(283,235)	-
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM")	Manufacture and sales of medical consumables and equipment	65,181 (CNY15,000)	(Note 4)	-	-	-	-	(2,873)	100.00%	(2,873) (Note 2)	54,100	-
Suzhou Sigma Medical Supplies Co., Ltd. ("SGS")	Manufacture and sales of medical consumables and equipment	44,067 (USD1,592)	(Note 3)	44,067 (USD1,592)	-	-	44,067 (USD1,592)	(4,546)	100.00%	(4,546) (Note 2)	25,752	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMC	976,536 (USD29,000 and CNY40,000)	1,089,299 (USD29,000 and CNY65,950)	(Note 6)
SGM	44,067 (USD1,592)	44,067 (USD1,592)	80,000

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

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of BMC.

(Note 3) Direct investment in Mainland China.

(Note 4) The reinvestments were from the distribution of dividends of BMLB.

(Note 5) The amount of BMLB reinvestments CNY\$10,950 thousand were excluded.

(Note 6) Since BenQ Material Corporation has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

(Note 7) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

3. Significant transactions with investee companies in Mainland China:

The transactions between BMC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

C. BenQ Medical Technology Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
BenQ Medical Technology (Shanghai) Ltd. ("BMTS")	Agency of international and entrepot trade business	27,680 (USD 1,000)	(Note 1)	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	1,995	100.00%	1,995	12,893	-
LILY Medical (Suzhou) Co., Ltd. ("ALS")	Sales of medical consumables and equipment	5,813 (USD 210)	(Note 2)	5,813 (USD 210)	-	-	5,813 (USD 210)	(518)	100.00%	(518)	2,280	-
TDX Medical Technology (Jiangsu) Co., Ltd.	Sales of medical consumables and equipment	86,900 (CNY 20,000)	(Note 2)	34,760 (CNY 8,000)	-	-	34,760 (CNY 8,000)	4,479	40.00%	1,792	31,116	-
Suzhou Trident Original Medical Technology Co., Ltd.	Sales of medical consumables and equipment	8,690 (CNY 2,000)	(Note 3)	-	-	-	-	3,987	22.00%	714	7,696	-

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

(Note 2) Direct investment in Mainland China.

(Note 3) Invested in Mainland China is through TDX Medical Technology (Jiangsu) Co., Ltd.

(Note 4) There was no shares as the investee company is a limited liability company.

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
BMTC	62,440 (USD 1,000 and CNY 8,000)	78,251 (USD 2,827)	622,847
LILY	5,813 (USD 210)	5,813 (USD 210)	110,007

3. Significant transactions with investee companies in Mainland China:

The transactions between BMTC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.



D. Partner Tech Corp.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Partner Tech (Shanghai) Co., Ltd. ("PTCM")	Sales, import and export of electronic products	96,880 (USD 3,500)	(Note 1)	96,880 (USD 3,500)	-	-	96,880 (USD 3,500)	1,040	100.00%	1,040 (Note 2)	76,620	-

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

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by International CPA firm that has a cooperative relationship with ROC CPA firm.

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
PTT	96,880 (USD 3,500)	191,158 (USD 6,906)	604,155

3. Significant transactions with investee companies in Mainland China:

The transactions between PTT and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

E. DFI Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Yan Tong Infotech (Dongguan) Co., Ltd. ("DYTI")	Manufacture and sales of industrial motherboards and component	69,200 (USD2,500)	(Note 1)	-	-	-	-	-	100.00%	(1,601) (Note 2)	51,498	33,306
Yan Ying Hao Trading (ShenZhen) Co., Ltd. ("DYTH")	Wholesales, import and export of industrial motherboards and component	13,840 (USD500)	(Note 1)	-	-	-	-	-	100.00%	11,090 (Note 2)	46,514	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
DFI	- (Note 3)	57,713 (USD 2,085) (Note 5 and 6)	3,302,288 (Note 4)

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

(Note 2) Investment income or loss was recognized based on the unaudited financial statements of the Company.

(Note 3) The reinvestments and authorized amount of DFI's subsidiaries is excluded from DFI's accumulated investment amounts and the investment amounts authorized by Investment Commission, MOEA.

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

(Note 5) The investment amount of Dongguan Ri Tong Trading Co., Ltd. that has been liquidated was approved by Investment Commission, MOEA in August 2014 and had been deducted in the investment amount.

(Note 6) The earnings that has been remitted to DFI by DYTI was approved by the Investment Commission of the MOEA in February 2017 and had been deducted in the investment amount.

(Note 7) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DFI and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

F. Aewin Technologies Co., Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Aewin Beijing Technologies Co., Ltd.	Wholesale of computer peripheral products and software	46,129	(Note 1)	46,129	-	-	46,129	76,229	100.00%	76,229 (Note 3)	190,936	-
Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer peripheral products and software	13,062	(Note 2)	-	-	-	-	(5,311)	100.00%	(5,311) (Note 3)	(1,829)	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
AEWIN	46,129	55,360 (USD 2,000)	695,676 (Note 4)

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

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

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

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

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between AEWIN and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

G. Ace Pillar Co., Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Tianjin Ace Pillar Co., Ltd.	Sales of automation mechanical transmission system and component	977,021 (USD 35,297)	(Note 1)	53,976 (USD 1,950)	-	-	53,976 (USD 1,950)	56,121	100.00%	56,121 (Note 2)	611,067	125,533
Grace Transmission (Tianjin) Co., Ltd.	Manufacture of automation mechanical transmission system and component	7,257 (RMB 1,670)	(Note 1)	4,429 (USD 160)	-	-	4,429 (USD 160)	(219)	100.00%	(219) (Note 2)	7,018	-
Advancedtek Ace (TJ) Inc.	Electronic system integration	8,304 (USD 300)	(Note 1)	4,152 (USD 150)	-	-	4,152 (USD 150)	3,662	100.00%	3,662 (Note 2)	(622)	-
Suzhou Super Pillar Automation Equipment Co., Ltd.	Manufacture of automation mechanical transmission system and component	40,136 (USD 1,450)	(Note 1)	- (Note 3)	-	-	- (Note 3)	10,511	100.00%	10,511 (Note 2)	98,569	-
Xuchang Ace AI Equipment Co., Ltd.	Wholesale of industrial robot and component	8,304 (USD 300)	(Note 1)	- (Note 3)	-	-	- (Note 3)	(711)	100.00%	(711) (Note 2)	2,156	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
ACE	141,694 (USD 5,119)	141,694 (USD 5,119)	1,231,856 (Note 4)

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of ACE.

(Note 3) Established by Cyber South's reinvestment.

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

(Note 5) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68 and CNY\$1 = NT\$4.3454.

(Note 6) The dissolution of Xuchang Ace AI Equipment Co., Ltd. was approved by the Board of Directors on November 23, 2021, the liquidation procedures is still in process.

3. Significant transactions with investee companies in Mainland China:

The transactions between ACE and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

H. Data Image Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Data Image (Suzhou) Corporation	Manufacture and sales of LCD	451,184 (USD16,300)	(Note 1)	433,303 (USD15,654)	-	-	433,303 (USD15,654)	55,677	100.00%	55,677	332,482	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 15,654	USD 16,952	802,867 (Note 3)

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

(Note 2) Investment income or loss was recognized based on the audited financial statements issued by the auditors of DIC.

(Note 3) Investment amounts in Mainland China shall not exceed the 60% net worth of DIC according to MOEA letter No. 09704604680.

(Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DIC and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

I.DIVA Laboratories. Ltd.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Suzhou Diva Lab. Inc.	Wholesale and import and export of medical equipment	47,748 (USD1,725)	(Note 1)	40,828 (USD1,475)	6,920 (USD250)	-	47,748 (USD1,725)	(5,368)	100.00%	(5,368)	14,009	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
52,643	USD 2,000 (Note 2)	591,853

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

(Note 2) The accumulated investments is US\$1,725 thousand and the investment not yet executed is US\$275 thousand as of December 31, 2021.

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between DIVA and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

J. K2 International Medica Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
K2 (Shanghai) International Medical Inc.	Sales of medical consumables	34,600 (USD 1,250)	(Note 1)	22,144 (USD 800)	31,361 (USD 1,133)	-	53,505 (USD 1,933)	7,157	100.00%	5,211	69,254	-

2. Limits on investments in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
53,505 (USD 1,933)	22,144 (USD 800)	346,669 (Note 3)

(Note 1) Direct investment in Mainland China.

(Note 2) Investment income or loss was recognized based on the unaudited financial statements of the company.

(Note 3) Investment amounts in Mainland China shall not exceed the 60% net worth of K2 according to MOEA letter No. 09704604680.

(Note 4) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between K2 and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

K. Simula Technology Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Simula Technology (ShenZhen) Co., Ltd.	Manufacture of electronic connector, socket and plastic hardware	191,437	(Note 1)	141,375	-	-	141,375	31,991	100.00%	31,991 (Note 2)	194,272	-
Opti Cloud Technologies, Inc.	Development of High-speed optical transmission cable and module product technology	137,336	(Note 1)	95,099	-	-	95,099	(4,354)	51.18%	(2,228) (Note 2)	14,873	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Simula	257,755	307,817	1,338,171

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Simula.

3. Significant transactions with investee companies in Mainland China:

The transactions between Simula and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.



L.Alpha Networks Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Alpha Networks (Chengdu) Co., Ltd.	Research and development of network products	420,426	(Note 1)	420,426	-	-	420,426	12,581	100.00%	12,581	574,686	-
Alpha Networks (Dongguan) Co., Ltd.	Production and sale of network products	787,496	(Note 1)	741,084	-	-	741,084 (Note 6)	(15,378)	100.00%	(15,378)	1,034,891	-
Mirac Networks (Dongguan) Co., Ltd.	Production and sale of network products	307,326	(Note 1)	307,326	-	-	307,326	5,173	100.00%	5,173	303,307	-
Alpha Networks (Changshu) Co., Ltd.	Production and sale of network products	1,925,920	(Note 1)	1,925,920	-	-	1,925,920	111,028	100.00%	111,028	1,347,371	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	3,261,784 (Note 3、4 and 7)	4,123,685	(Note 5)

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Alpha.

(Note 3) Accumulated investments in Alpha Dongguan did not include the previously invested by D-Link Corporation HKD69,387 thousand (equivalent to approximately \$303,055 thousand).

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

(Note 5) As Alpha has obtained the certificate No. 10820415320 of being qualified for operating headquarters issued by Ministry of Economic Affairs on June, 11 2019, the upper limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" issued by Investment Commission, MOEA on August, 29, 2008 is not applicable.

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

(Note 7) Alpha indirectly investment the subsidiary Mingzhen (Changshu) has liquidated all rights and obligations on July 23, 2018 and cancelled the registration. Accumulated outflow of \$164,622 thousand is still necessary to include in the accumulated investment amount by the principle of Investment Commission, MOEA.

3. Significant transactions with investee companies in Mainland China:

The transactions between Alpha and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

M.Hitron Technologies Inc.

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Hitron Suzhou	Production and sale of broadband telecommunications products	641,763	(Note 1)	641,763	-	-	641,763	(136,281)	100.00% (Note 4)	(136,281)	587,235	-
Jietech Suzhou	Sale of broadband network products and related services	31,139	(Note 1)	57,473	-	26,334	31,139	(422)	100.00% (Note 4)	(422)	3,713	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and	5,814	(Note 1)	12,048	-	-	12,048	1,771	43.10% (Note 3 and 4)	763	6,532	21,314

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Hitron Technologies	684,950	684,950	2,817,973

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

(Note 2) Investment income or loss was recognized based on the audited financial statements by the auditors of Hitron Technologies.

(Note 3) Hwa Chi is a China based investment company which invested Hitron (Samoa) through Alpha, however, Hwa Chi has been 100% owned by Interactive Digital due to the Group's restructuring decision resolved in year 2012.

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

3. Significant transactions with investee companies in Mainland China:

The transactions between Hitron Technologies and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

N:Topview Optronics Corporation

1. Information on investments in Mainland China

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
-	-	-	-	-	-	-	-	-	-	-	-	-

2. Limits on investments in Mainland China:

Investee Company Name	Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note1)	Upper Limit on Investment (Note 2)
Topview	5,038 ( USD 182)	5,038 ( USD 182)	672,941

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

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

(Note 3) The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$27.68.

3. Significant transactions with investee companies in Mainland China:

The transactions between Topview and its investee companies in Mainland China have been eliminated when preparing the consolidated financial statements. Please refer to section "Information on Significant Transactions" for detail description.

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