

# Qisda Corporation

## 2023 Annual General Shareholders' Meeting

Time: May 29, 2023

Place: No.300, Sec. 1, Zhuangjing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)  
Monarch Plaza Hotel

Method of Convening the Meeting: Physical shareholders' meeting

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## I. Report Items

### 1. Business Report of 2022

Greetings to all of our Valued Shareholders,

Qisda Group's consolidated revenue for 2022 was NT\$240 billion, an increase of NT\$13.9 billion over the previous year. The consolidated operating income was NT\$5.9 billion. The consolidated net income was NT\$11.1 billion. The consolidated net income attributed to Qisda Corporation was NT\$8.3 billion. The earnings per share after tax was NT\$4.20.

In recent years, Qisda has been active in transforming its business, focusing on the Vision 2027- High value-added business will account for more than half of the profit by 2027. 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 five consecutive years under the uncertain conditions such as the COVID-19 pandemic, supply chain challenges and rise in global trade conflict. In 2022, we were 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 2022, the revenue of medical business reached NT\$20 billion. Nanjing BenQ Medical Center has been rated as the highest classification hospital (Level A in Tertiary hospitals) in China. Two hospitals in Suzhou and Nanjing continued to grow and improved medical quality and management, and committed to build up smart healthcare. In terms of medical appliances and channel expansion, BenQ Qflux Dialyzer produced by BenQ Dialysis obtained Malaysia's medical device approval and expanded into the ASEAN and Mainland China markets, and continued to create a one-stop service from production to distribution of dialyzer, dialysate and disinfectant. Through investment of TCI Gene, Qisda stepped into the future business opportunity of precision medicine.
- (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 2022 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 deployment in Network Business:** The consolidated revenue of Network Business in 2022 was NT\$30 billion. 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 2023, while there are uncertainties such as inflation, rate hikes, war and geopolitics, 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 develop products and services in four fields, such as smart healthcare, medical service, medical equipment/consumables, and hemodialysis. 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 brands distributed by MetaAge in IT field with the brands distributed by ACE PILLAR in OT field to deliver the best smart solution for customers, helping them to meet the needs of digital transformation, cloud integration and information security protection.
- (4) **Strategic deployment in Network business:** Provide products and services that meet customers' needs with networking, expand 5G networks and Low-Earth Orbit (LEO) Satellites opportunities, 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 1,199 patents worldwide.

Qisda has dedicated to the corporate sustainable operation. Qisda officially joined RE100 in 2022, becoming the first computer peripheral technology group in Taiwan to join RE100. We promised that Qisda would completely 100% use recycled energy by 2040. Moreover, we committed that suppliers can reduce carbon emissions by 20% by 2030 and Qisda will reach net zero emissions by 2050. The ESG indicators on environment, society and governance still maintained high information transparency. Qisda led partners to practice ESG together with the concept of grand fleet. Therefore, Qisda Group got 14 awards in the "Taiwan Corporate Sustainability Awards (TCSA) and Taiwan Sustainability Action Awards (TSAA)". Not only was Qisda crowned as a "Taiwan Top 100 Sustainability Model Enterprises", its seven Grand Fleet partners also won various awards. Among them, competing for the first time, Alpha Networks, Hitron, DFI, and MetaAge left a deep impression by winning the "Sustainability Report Award", demonstrating that Qisda's determination in the implementation of sustainability with its fleet, and our efforts have been widely recognized.

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



Chief Accountant: Billy Liou

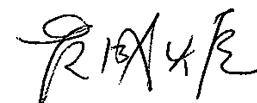


## **2. Audit Committee's Review Report**

The Board of Directors has prepared the Company's Financial Statements for the year of 2022. Chang, Huei-Chen and Shi, Wei-Ming Certified Public Accountants of KPMG, have audited the Financial Statements. The 2022 Financial Statements, Business Report, Independent, Auditors Report and the Company's 2022 Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Qisda Corporation. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Qisda Corporation 2023 Annual General Shareholders' Meeting

Chair of the Audit Committee



Cheng-Ju (Allen) Fan  
March 06, 2023

## **3. To report the distribution of employees' and directors' remuneration of 2022**

Distribution of NT\$681,239,000 and NT\$18,672,000 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on March 06, 2023.

## **4. To report the cash dividend distribution of 2022 earnings**

- (1) According to Article 16-1 of the Company's Article of Incorporation, if earnings distribution plan 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) The proposed distribution is allocated from the 2022 earnings available for distribution, and cash dividends amounting to NT\$3,933,563,916 were distributed to shareholders at NT\$2 per share. It is approved by the meeting of board of directors held on March 06, 2023, and proposed that the Chairman of the Board of Directors is authorized to determine the ex-dividend date and payment date for the cash dividend distribution and other related matters.
- (3) If the cash dividend distribution ratio is adjusted and need to be modified due to change of the Company's total number of outstanding common shares it is proposed to authorized the Chairman of Board of Directors with full power to adjust the distribution ratio.

## **5. To report the issuance of securities in private placement**

- (1) It has been approved by the Annual General Shareholders' Meeting held on May 30, 2022 to authorize the Board of Directors, within the limit of 195,000,000 common shares, depending on the market conditions and the Company's capital needs, to choose appropriate timing and one or more fund raising instruments to issue new common shares for cash to sponsor issuance of the overseas depositary shares and/or new common shares for cash in public offering and/or new preferred shares for cash in public offering and/or new common shares for cash in private placement and/or overseas or domestic convertible bonds in private placement in accordance with the applicable laws and regulations.
- (2) In according to paragraph 7 of Article 43-6 of the Securities and Exchange Act, the private placement may be carried out within one year of the date of the resolution of the shareholders meeting.
- (3) In case the amount of the aforementioned fundraising has not been completed will be cancelled from the date of the 2023 Annual General Shareholders' Meeting.

**6. To report the implementation of 1st Domestic Secured Corporate Bond in 2022**

- (1) Proceed in accordance with Article 246 of the Company Act.
- (2) The company has issued one domestic secured ordinary corporate bond in 2022. The offering and issuance status of the bond are as follows:
  - A. Approval Number: The first domestic secured ordinary corporate bond was approved by Taipei Exchange Letter No. Securities-TPEX-Bond-11100060991 dated June 20, 2022.
  - B. Issuance Status: The issuance was approved by the Board of Directors on March 7, 2022, and finished the raising on June 28, 2022.
  - C. Purpose and benefits of the issuance: Repay loans from financial institutions, and strengthen the company's financial structure.
  - D. Total Offering: NT\$3 billion in total.
  - E. Interest rate: Coupon rate: fixed rate at 1.80% per annum.
  - F. Period: 5-year period. Issuance date: June 28, 2022. Maturity date: June 28, 2027.
  - G. Repayment method: The bonds will be repaid in one lump sum; the maturity date is five years from the issuance date.
  - H. Interest payment method: Simple interest is paid once a year.

**II. Election Item****To elect nine directors (including five independent directors) (proposed by the Board of Directors)**Explanation:

- (1) The term of the office of the directors will be expired on June 18, 2023. Thus, it is proposed to elect nine directors (including five independent directors) at the 2023 Annual General Shareholders' Meeting. The term of the office of the new directors (including independent directors) is three years from the date on which the completion of the 2023 Annual General Shareholders' Meeting.
- (2) According to the Company's Articles of Incorporation and the Article 192-1 of the Company Act, the company's directors (including independent directors) shall be elected by adopting candidate nomination system. The list of candidates of the director and independent directors has been approved by the Board on March 6, 2023. For the relevant information of the nominated candidates, please refer to Attachment 1 (pages 11-12).

Result:**III. Recognition and Discussion Items****1. To recognize 2022 Business Report and Financial Statements (proposed by the Board of Directors)**Explanation:

- (1) The 2022 Financial Statements were audited by the independent auditors, Chang, Huei-Chen and Shi, Wei-Ming of KPMG.
- (2) For the 2022 Independent Auditors' Report, and the 2022 Financial Statements, please refer to Attachment 2 (pages 13-32).

Resolution:**2. To recognize the proposal for the distribution of 2022 earnings (proposed by the Board of Directors)**Explanation:

For the Proposal for 2022 Earnings Distribution, please refer to Attachment 3 (page 33).

Resolution:

**3. To approve 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 (proposed by the Board of Directors)**

Explanation:

(1) Fund raising purpose and size:

In order to enrich working capital, have sound financial structure, purchase of materials from overseas and support the Company's funding needs for long term development, it is hereby proposed that the shareholders meeting to authorize the Board of Directors ("Board"), within the limit of 195,000,000 common shares and preferred shares, depending on the market conditions and the Company's capital needs, to choose appropriate timing and fund raising instrument(s), to issue new common shares for cash to sponsor DR Offering and/or issue new common shares for cash in public offering and/or issue Private Placement Shares and/or issue Private Placement CB, in accordance with the applicable laws and regulations and the following fund raising principles. For issuance of Private Placement CB, the number of common shares to be converted within the limit of 195,000,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement CB.

(2) Fund raising method(s) and handling principles:

A. Issuance of new common shares for cash to sponsor DR Offering:

a. The issue price of the new common shares will be decided with reference to (a) the closing price of the Company's common shares on the pricing date or (b) the average of the closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date (each of (a) and (b) is referred to hereinafter as the "reference price"). The Chairman of the Company is authorized to coordinate with the foreign lead-underwriter(s) of the DR Offering to determine the actual issue price in accordance with market conditions, provided that, the actual issue price shall not be less than 90% of the reference price after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends. The reference price and the actual issue price will be decided in accordance with market practice and applicable law and regulations. In addition, assuming that the Company issues 195,000,000 common shares which is approximately 9.91% of the Company's total outstanding common shares on the record date for the Company's 2022 annual shareholders meeting, as the actual issue price shall be no less than 90% of the reference price after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, it is unlikely that such issuance will have a material dilutive effect on the holding of the current existing shareholders. Thus, determination of the issue price of the new common shares to be issued in connection with the DR Offering should be reasonable and should not have a material adverse effect on the rights and benefits of the current existing shareholders.

b. Except for 10% to 15% of the new common shares shall be allocated for the employees' subscription in accordance with Article 267, Paragraph 1 of the Company Act, it is proposed for the shareholders meeting to approve the rights to subscribe to the remaining shares to be waived by the shareholders and such remaining shares should be offered to the public under Article 28-1 of the Securities and Exchange Act as the underlying shares of the global depositary shares to be sold in the DR Offering. Any new common shares not subscribed by employees of the Company shall be determined by the Chairman of the Company, depending on the market needs, to be allocated as underlying shares of the global depositary shares or to be subscribed by the designated person(s).

B. Issuance of new common shares for cash in public offering:

a. The par value of the new common shares to be issued per share is NT\$10. It is proposed to authorize the Chairman of the Company to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies for Offering and Issuing Securities and the market conditions and the issue price shall be reported to, and accepted by the regulatory authority before issuance.

b. Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, it is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s) :

- (i) It is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. It is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.
- (ii) It is proposed that 10% of the new shares to be sold to the public through the underwriter(s) in accordance with Article 28-1, Paragraph 2 of the Securities and Exchange Act and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new common shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

C. Issuance of new preferred shares for cash in public offering:

a. The par value of the new preferred shares to be issued per share is NT\$10. It is proposed to authorize the Chairman of the Company to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the Taiwan Securities Association's Self-regulatory Rules Governing the Provision of Advisory Services by Underwriter Members to Issuing Companies for Offering and Issuing Securities and the market conditions and the issue price shall be reported to, and accepted by the regulatory authority before issuance.

b. Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph 1 of the Company Act, it is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s) :

- (i) It is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. It is proposed that any new preferred shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.
- (ii) It is proposed that 10% of the new shares to be sold to the public through the underwriter(s) in accordance with Article 28-1, Paragraph 2 of the Securities and Exchange Act and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new preferred shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

D. Issuance of Private Placement Shares and/or Private Placement CB:

a. Basis and reasonableness for determination of the subscription price of the Private Placement Shares and issue price of Private Placement CB:

- (i) The higher of (x) the simple average closing price of the Company's common shares for either 1, 3 or 5 trading days prior to the pricing date, and (y) the simple average closing price of the Company's common shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, as the reference price of the Private Placement Shares.
- (ii) The issue price of the Private Placement Shares shall be no less than 80% of the reference price. It is proposed to authorize the Board to decide the actual issue price within the range approved by the shareholders meeting, depending on the status of finding specific investor(s) and market conditions. The issue price of the Private Placement CB shall be no less than 80% of the theoretical price.
- (iii) As aforementioned, subscription price of the Private Placement Shares and issue price of Private Placement CB will be determined with reference to the price of the

## 8 Recognition and Discussion Items

Company's common shares and the theoretical price in accordance with the Regulations Governing Public Companies Issuing Securities in Private Placement and which also provide for three years of transfer restrictions thus, the price should be reasonable.

b. The method, purpose, necessity and projected benefits to determine specific investor(s):

(i) The investors to subscribe to the Private Placement Shares and/or Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long-term development, competitiveness, and existing shareholders' rights.

(ii) The purpose, necessity and projected benefits for choosing strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long term development and positive effect on shareholder's right and interests.

(iii) Currently there is no available specific investor and the Board is fully authorized to determine the specific investor(s).

c. The necessity of issuance of Private Placement Shares and/or Private Placement CB:

Considering the effectiveness and convenience for issuance of the Private Placement Shares/Private Placement CB and accommodating the Company's development planning, including inviting the strategic investor(s), it would be necessary to issue the Private Placement Shares and/or Private Placement CB.

d. For the Private Placement Shares and/or the new common shares to be issued upon conversion of Private Placement CB, after expiration of three years following delivery date of the Private Placement Shares/Private Placement CB, the Board is authorized to apply for approval from the Taiwan Stock Exchange ("TSE") acknowledging that the Private Placement Shares /new common shares to be issued upon conversion of Private Placement CB meet the requirements for TSE listing before the Company submitting application with the Financial Supervisory Commission for retroactive handling of public issuance of such shares and submitting application with TSE for listing such shares on TSE.

e. The tentative terms and conditions of the Private Placement CB ("Offering Plan") are shown in Attachment 4 (pages 34-35).

(3) Use of proceeds, the schedule and the projected benefits:

The Company plans to use the funds raised from the DR Offering and/or issuance of the new common shares in public offering and/or issuance of the Private Placement Shares and/or Private Placement CB to invest in equipment and technology of high-end product, enrich working capital, strengthen financial structure and/or support the Company's funding needs for long term development and after completing the fund raising and it is expected that use of such funds will strengthen the Company's competitiveness and improve operational efficiency.

(4) The new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, the new preferred shares to be issued in public offering, Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB will be issued in the script less form. Except that the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB are subject to the selling restrictions within three years after the delivery date of the Private Placement Shares/Private Placement CB under Article 43-8 of the Securities and Exchange Act, the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, the Private Placement Shares and the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the Company's existing issued and outstanding common shares. It is proposed to authorize the Board to determine the rights and obligations of the new preferred shares in accordance with the Article of Incorporation and applicable laws and regulations.

(5) Under the situation where the issue price of the new common shares to be issued to sponsor the DR Offering, the new common shares to be issued in public offering, new preferred shares to be issued in public offering, Private Placement Shares and the conversion price for the



Private Placement CB is set at a price less than the par value due to the market change, the reason for the Company not adopt other fund raising method and the reasonableness for such determination: This is mainly based on considerations of the sound operation of the Company and the security of its financial structure and issuing equity related securities for fund raising is more appropriate than pure debt financing. If the Company decides to use the fund raising methods, such as issuing new shares for cash to sponsor the DR Offering, issuing new common shares for cash in public offering, issuing new preferred shares for cash in public offering, and issuing Private Placement Shares, etc. the Company would not incur any interest of the debt in such case not only the Company's financial risk could be reduced, the Company's financial structure could be improved and the flexibility of the Company's treasury management would also be increased. For issuance of Private Placement CB, if investor converts Private Placement CB into the common shares, such would improve the Company's financial structure and would benefit the Company's long-term development. Thus, it should be reasonable for the Company to issue the equity related securities. If the issue price and the conversion price is less than the par value, such would be expected to cause decrease of the Company's capital surplus and retained earnings in which case the Company will, depending on the actual operating conditions in the future, make up for the losses. As the issue price and the conversion price will be determined in accordance with the relevant regulations, thus, after realization of the benefits of the capital increase, the Company's financial structure will be effectively improved which would be favorable to the Company's long-term development and would not have adverse impact on the rights and benefits of the shareholders.

- (6) After the shareholders meeting approves issuance of new common shares to sponsor the DR Offering, new common shares in public offering, new preferred shares in public offering, the Private Placement Shares and the Private Placement CB, it is proposed for the shareholders meeting to authorize the Board to determine and amend, at the Board's sole discretion, the terms and condition of the new common shares to be issued for the DR Offering and/or in public offering and/or terms and condition of the Private Placement Shares and/or Offering Plan of the Private Placement CB, the plan for the use of proceeds, the schedule and projected benefits and all matters in connection therewith, in accordance with the Company's actual needs, market conditions and relevant regulations and if any amendment thereto is required due to any change of the regulations or as requested by the regulator's order or based on the Company's operation evaluation or change of the market conditions, the Board is authorized to make the required amendments at the Board's sole discretion.
- (7) To complete the fund raising, the Chairman or the Chairman's designee is authorized, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with, issuance of the new common shares to sponsor the DR Offering, issuance of new common shares in public offering, issuance of new preferred shares in public offering, and issuance of the Private Placement Shares and/or Private Placement CB.
- (8) The Board is authorized to handle all matters at the Board's sole discretion which are not addressed herein in accordance with the applicable laws and regulations.

Resolution:

#### **4. To approve the amendment to the Articles of Incorporation (Proposed by the Board of Directors)**

Explanation:

- (1) According to actual needs, it is proposed to amend the Articles of Incorporation.
- (2) The comparison table for the Articles of Incorporation before and after amendment is attached hereto as Attachment 5 (pages 36).

Resolution:

**5. To approve the amendment to the Rules and Procedures for Shareholders' Meeting  
(Proposed by the Board of Directors)**

Explanation:

- (1) To comply with the article of the "Rules of Procedure for Shareholders Meetings" amended order No. 1110004250 on March 8, 2022, it is proposed to amend the Rules and Procedures for Shareholders' Meeting.
- (2) The comparison table for before and after the amendment are attached hereto as Attachment 6 (pages 37-39).

Resolution:

**6. To lift non-competition restrictions on newly-elected directors and their representatives  
(proposed by the Board of Directors)**

Explanation:

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on another's behalf, the scope of which business is within the scope of the Company's business, shall explain at the Shareholders' Meeting the essential contents of such conduct, and obtain approval from shareholders in the Meeting.
- (2) It is proposed for the 2023 annual shareholders meeting to approve lifting non-competition restrictions on directors as who may invest or operate a business which is similar to the business scope of the Company.
- (3) List of non-competition restrictions proposed to be lifted in the 2023 annual shareholders' meeting is as Attachment 7 (page 40-41).

Resolution:

**IV. Extraordinary Motions**

**V. Meeting Adjourn**

## List of Director Candidates

(Nominated by the Company's Board of Directors)

Types of Nominee	Name	Major Education & Experience	Major Current Positions
Director	Chi-Hong (Peter) Chen	<ul style="list-style-type: none"> <li>- Technology Management Program, National Chengchi University</li> <li>- EMBA, Thunderbird American Graduate School, U.S.A.</li> <li>- B.S., Electrical Engineering, National Cheng Kung University</li> <li>- President, Qisda Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman and Chief Executive Officer, Qisda Corp.</li> <li>- Director, Darfon Electronics Corp.</li> <li>- Chairman, DFI Inc.</li> <li>- Vice Chairman, Alpha Networks Inc.</li> <li>- Director, Hitron Technologies Inc.</li> <li>- Chairman, BenQ Medical Technology Corporation</li> <li>- Chairman, Partner Tech Corp.</li> <li>- Director, BenQ Materials Corporation</li> <li>- Director, BenQ Foundation</li> </ul>
Director	Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp.	<ul style="list-style-type: none"> <li>- MBA, Heriot-Watt University</li> <li>- Chief Executive Officer, AU Optronics Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Director, Qisda Corp.</li> <li>- Chairman and Group Chief Strategy Officer, AU Optronics Corp.</li> <li>- Chairman, Konly Venture Corp.</li> <li>- Chairman, Ronly Venture Corp.</li> <li>- Vice Chairman, Ennostar Inc.</li> <li>- Chairman, AUO Foundation</li> </ul>
Director	James CP Chen, Representative of AU Optronics Corp.	<ul style="list-style-type: none"> <li>- Master of Electrical and Control Engineering, National Chiao Tung University</li> <li>- Section Manager at Electronics Research &amp; Service Organization, ITRI</li> </ul>	<ul style="list-style-type: none"> <li>- Senior Vice President, AU Optronics Corp.</li> </ul>
Director	Han-Chou (Joe) Huang, Representative of BenQ Foundation	<ul style="list-style-type: none"> <li>- EMBA, Tsing Hua University in Beijing</li> <li>- MBA, Greenwich University</li> <li>- Senior Vice President, Qisda Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Director and President, Qisda Corp.</li> <li>- Director, AU Optronics Corp.</li> <li>- Director, Alpha Networks Inc.</li> <li>- Director, Topview Optronics Corporation</li> <li>- Chairman, Simula Technology Inc.</li> <li>- Chairman, Data Image Corporation</li> <li>- Chairman, Diva Laboratories, Ltd.</li> <li>- Director, BenQ Foundation</li> </ul>
Independent Director	Lo-Yu (Charles) Yen	<ul style="list-style-type: none"> <li>- Master in Accounting, National Cheng Chi University</li> <li>- Vice Chairman and GM, Vincera Capital</li> <li>- Chief Strategy Officer, Deloitte China</li> <li>- CPA, Deloitte Touche Tohmatsu Limited</li> <li>- President, Deloitte &amp; Touche Consulting Co., Ltd. in Taiwan</li> <li>- President, DELOITTE CONSULTING CO.</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director, Qisda Corp.</li> <li>- Independent Director, Sinyi Realty Inc.</li> <li>- Chairman, Taipei Co-Creation Foundation for Entrepreneurs</li> <li>- Director, Alibaba Entrepreneurs Fund</li> <li>- Director, Taiwan Regional Revitalization Foundation</li> </ul>

Types of Nominee	Name	Major Education & Experience	Major Current Positions
Independent Director	Jyuo-Min Shyu	<ul style="list-style-type: none"> <li>- Ph.D. in Electrical Engineering and Computer Science, University of California, Berkeley</li> <li>- Professor Emeritus, National Tsing Hua University</li> <li>- Minister, Ministry of Science and Technology, R.O.C.</li> <li>- President, Industrial Technology Research Institute</li> <li>- Professor, Department of Computer Science, National Tsing Hua University</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director, Qisda Corp.</li> <li>- Independent director, United Microelectronics Corp.</li> <li>- Independent director, FAR EASTONE TELECOMMUNICATIONS CO., LTD.</li> <li>- Director, Iridium Medical Technology Co., Ltd.</li> <li>- Director, GeoThings Inc.</li> <li>- Director, Alpha Ring Asia Inc.</li> </ul>
Independent Director	Liang-Gee Chen	<ul style="list-style-type: none"> <li>- Ph.D., Electrical Engineering, National Cheng Kung University</li> <li>- Executive Vice President for Academics &amp; Research, National Taiwan University</li> <li>- Minister, Ministry of Science and Technology, R.O.C.</li> <li>- Political Deputy Minister, Ministry of Education, R.O.C.</li> <li>- General Director, Electronics Research and Service Organization of Industrial Technology Research Institute</li> <li>- President, National Applied Research Laboratories</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director, Vanguard International Semiconductor Co.</li> <li>- Independent Director, Everlight Electronics Co., Ltd.</li> <li>- Director, Nuvoton Technology Corporation</li> <li>- Director, Himax Technologies, Inc</li> <li>- Director, GANZIN TECHNOLOGY, INC.</li> </ul>
Independent Director	Chiu-Lien Lin	<ul style="list-style-type: none"> <li>- Master of Management Science, National Chiao Tung University</li> <li>- Investment Consultant, Sinotech Engineering Consultants, LTD.</li> <li>- Assistant Vice General Manager of Department of Financial Transactions, China Development Industrial Bank</li> <li>- Fund Manager of China Securities Investment Trust Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director, TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD</li> <li>- Supervisor, Yu-Song Investment Co, Ltd.</li> </ul>
Independent Director	Shu-Chun Huang	<ul style="list-style-type: none"> <li>- Master of Management of Technology, National Chiao Tung University</li> <li>- Chairperson, Semiconductor International Capacity Statistics, SICAS</li> <li>- Director, National Taiwan University EMBA Foundation</li> <li>- Off-campus advisory committee member, Institute of Science and Technology Management, National Chiao Tung University</li> <li>- Special Assistant to the President and Consultant, ITE Tech. Inc.</li> <li>- Manager, Strategic Marketing Department, Vanguard International Semiconductor Corporation</li> </ul>	<ul style="list-style-type: none"> <li>- Independent Director, Sensortek Technology Corp.</li> <li>- Director, Leraim Technology Co., LTD.</li> <li>- Chairman, Choice Delights Incorporated</li> </ul>

# Independent Auditors' Report and 2022 Financial Statements

## 2022 Consolidated Financial Statements

### Independent Auditors' Report

#### Independent Auditors' Report

To the Board of Directors of 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, 2022 and 2021, 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 (refer to the Other Matter section), 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, 2022 and 2021, 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2022 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, 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 related to 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(a) for estimation uncertainty of inventory valuation, and note 6(f) for the related inventory write-down disclosures, respectively, 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 which the Company and most of its subsidiaries are engaged in, the life cycle of electronic products 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 reasonableness of management's accounting policies 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(b) for estimation uncertainty of impairment of goodwill, and note 6(m) for the related disclosures of goodwill impairment test, respectively, 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 to assess the impact of variations in key assumptions; and assessing the adequacy of Qisda Corporation and its subsidiaries' disclosures with respect to evaluation of goodwill impairment.

## **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\$9,914,620 thousand and NT\$9,990,395 thousand, respectively, constituting 5.13% and 5.34%, respectively, of the consolidated total assets as of December 31, 2022 and 2021, and the total operating revenue amounting to NT\$11,405,195 thousand and NT\$9,383,428 thousand, respectively, constituting 4.76% and 4.15%, respectively, of the consolidated total operating revenue for the years ended December 31, 2022 and 2021.

Qisda Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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 with the IFRSs, IASs, IFRC, SIC 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 the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period 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 6, 2023

#### 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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>December 31, 2022</b>		<b>December 31, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 30,684,635	16	17,781,480	10
1110	Financial assets at fair value through profit or loss – current	145,049	-	133,212	-
1120	Financial assets at fair value through other comprehensive income – current	100,146	-	102,037	-
1170	Notes and accounts receivable, net	38,085,893	20	29,999,477	16
1181	Notes and accounts receivable from related parties	2,064,033	1	3,007,620	2
1200	Other receivables	2,353,786	1	852,087	-
1210	Other receivables from related parties	304,287	-	304,166	-
130X	Inventories	43,870,428	23	50,147,906	27
1470	Other current assets	2,929,967	2	3,069,555	2
1476	Other financial assets – current	329,598	-	4,046,389	2
1461	Non – current assets held for sale	-	-	476,511	-
<b>Total current assets</b>		<u>120,867,822</u>	<u>63</u>	<u>109,920,440</u>	<u>59</u>
<b>Non – current assets:</b>					
1510	Financial assets at fair value through profit or loss – non – current	516,377	-	354,333	-
1517	Financial assets at fair value through other comprehensive income – non – current	10,231,092	5	18,047,059	10
1550	Investments accounted for using the equity method	5,479,148	3	4,067,106	2
1600	Property, plant and equipment	36,506,711	19	33,037,041	18
1755	Right-of-use assets	5,142,615	3	4,613,883	2
1760	Investment property	921,424	-	3,408,285	2
1780	Intangible assets	10,227,656	5	10,538,787	6
1840	Deferred income tax assets	2,055,261	1	1,733,297	1
1900	Other non – current assets	311,097	-	386,454	-
1980	Other financial assets – non – current	<u>1,126,328</u>	<u>1</u>	<u>1,103,910</u>	<u>-</u>
<b>Total non-current assets</b>		<u>72,517,709</u>	<u>37</u>	<u>77,290,155</u>	<u>41</u>
<b>Total assets</b>		<u><b>\$193,385,531</b></u>	<u><b>100</b></u>	<u><b>187,210,595</b></u>	<u><b>100</b></u>

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

## QISDA CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
Liabilities and Equity		Amount	%	Amount	%
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 25,969,736	13	24,295,022	13
2110	Short-term notes and bills payable	199,619	-	-	-
2120	Financial liabilities at fair value through profit or loss				
	— current	96,982	-	78,178	-
2130	Contract liabilities—current	2,798,320	2	2,431,400	1
2170	Notes and accounts payable	28,290,462	15	39,319,708	21
2180	Accounts payable to related parties	747,500	-	1,465,399	1
2200	Other payables	15,229,989	8	12,863,465	7
2220	Other payables to related parties	24,835	-	27,307	-
2230	Current tax liabilities	4,448,014	2	1,540,749	1
2300	Other current liabilities	757,374	-	878,646	-
2365	Refund liabilities—current	2,867,758	2	2,884,556	2
2321	Current portion of bonds payable	-	-	461,471	-
2322	Current portion of long-term debt	1,635,671	1	714,857	-
2280	Lease liabilities—current	531,390	-	466,245	-
2250	Provisions—current	1,045,970	1	906,468	1
	<b>Total current liabilities</b>	<u>84,643,620</u>	<u>44</u>	<u>88,333,471</u>	<u>47</u>
<b>Non-current liabilities:</b>					
2503	Financial liabilities at fair value through profit or loss				
	— non-current	63,144	-	97,986	-
2530	Bonds payable	2,995,015	2	-	-
2540	Long-term debt	32,086,612	17	26,702,353	14
2580	Lease liabilities—non-current	1,986,764	1	1,524,736	1
2550	Provisions—non-current	763,548	-	743,366	1
2570	Deferred income tax liabilities	2,001,389	1	2,355,169	1
2670	Other non-current liabilities	908,008	-	1,290,751	1
	<b>Total non-current liabilities</b>	<u>40,804,480</u>	<u>21</u>	<u>32,714,361</u>	<u>18</u>
	<b>Total liabilities</b>	<u>125,448,100</u>	<u>65</u>	<u>121,047,832</u>	<u>65</u>
<b>Equity attributable to shareholders of the Company:</b>					
3110	Common stock	19,667,820	10	19,667,820	11
3260	Capital surplus	1,949,409	1	1,844,310	1
3300	Retained earnings	24,185,472	13	20,777,515	11
3400	Other equity	(5,076,387)	(3)	(833,222)	(1)
	<b>Total equity attributable to shareholders of the Company</b>	<u>40,726,314</u>	<u>21</u>	<u>41,456,423</u>	<u>22</u>
36XX	Non-controlling interests	27,211,117	14	24,706,340	13
	<b>Total equity</b>	<u>67,937,431</u>	<u>35</u>	<u>66,162,763</u>	<u>35</u>
	<b>Total liabilities and equity</b>	<u>\$193,385,531</u>	<u>100</u>	<u>187,210,595</u>	<u>100</u>

(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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues</b>	\$ 239,837,296	100	225,961,031	100
5000	<b>Operating costs</b>	(205,276,228)	(86)	(193,404,414)	(86)
	<b>Gross profit</b>	34,561,068	14	32,556,617	14
	<b>Operating expenses:</b>				
6100	Selling expenses	(15,099,320)	(6)	(12,974,544)	(6)
6200	Administrative expenses	(6,332,071)	(3)	(5,964,924)	(2)
6300	Research and development expenses	(7,192,111)	(3)	(6,260,312)	(3)
6450	Gain on reversal of impairment loss (expected credit loss)	(85,209)	-	4,129	-
	<b>Total operating expenses</b>	(28,708,711)	(12)	(25,195,651)	(11)
	<b>Operating income</b>	5,852,357	2	7,360,966	3
	<b>Non-operating income and loss:</b>				
7100	Interest income	413,906	-	269,105	-
7010	Other income	1,095,272	1	451,927	-
7020	Other gains and losses, net	10,092,000	4	3,991,284	2
7050	Finance costs	(1,196,799)	-	(688,562)	-
7060	Share of profits of associates and joint ventures	366,565	-	1,607,626	1
	<b>Total non-operating income and loss</b>	10,770,944	5	5,631,380	3
	<b>Income before income tax</b>	16,623,301	7	12,992,346	6
7950	<b>Less: Income tax expense</b>	(5,544,232)	(2)	(2,509,489)	(1)
	<b>Net income</b>	11,079,069	5	10,482,857	5
	<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	220,840	-	(77,520)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(6,863,049)	(3)	1,254,833	-
8320	Share of other comprehensive income (loss) of associates	(159,470)	-	22,669	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	61,906	-	(158,363)	-
		(6,739,773)	(3)	1,041,619	-
	<b>Items that may be reclassified subsequently to profit or loss</b>				
8360	Exchange differences on translation of foreign operations	2,758,759	1	(265,093)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures	220,024	-	(103,275)	-
		2,978,783	1	(368,368)	-
	<b>Other comprehensive income (loss) for the year, net of income tax</b>	(3,760,990)	(2)	673,251	-
	<b>Total comprehensive income for the year</b>	<b>\$ 7,318,079</b>	<b>3</b>	<b>11,156,108</b>	<b>5</b>
	<b>Net income attributable to:</b>				
8610	Shareholders of the Company	\$ 8,251,930	4	8,307,546	4
8620	Non-controlling interests	2,827,139	1	2,175,311	1
		<b>\$ 11,079,069</b>	<b>5</b>	<b>10,482,857</b>	<b>5</b>
	<b>Total comprehensive income attributable to:</b>				
8710	Shareholders of the Company	\$ 4,098,466	2	9,051,873	4
8720	Non-controlling interests	3,219,613	1	2,104,235	1
		<b>\$ 7,318,079</b>	<b>3</b>	<b>11,156,108</b>	<b>5</b>
	<b>Earnings per share (in New Taiwan Dollars):</b>				
9750	Basic earnings per share	<b>\$ 4.20</b>		<b>4.22</b>	
9850	Diluted earnings per share	<b>\$ 4.14</b>		<b>4.17</b>	

(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, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to shareholders of the Company												
	Retained earnings					Other equity							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains	Remeasurements of defined benefit plans	Total other equity interest	Total equity of the Company	Non-controlling interests	Total equity
								(losses) from financial assets measured at fair value through other comprehensive income					
Balance at January 1, 2021	\$ 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	-	-	-	-	-	-	(309,370)	1,120,142	(66,445)	744,327	744,327	(71,076)	673,251
Total comprehensive income (loss) 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	-	-	-	-	(2,950,173)	(2,950,173)	-	-	-	-	(2,950,173)	-	(2,950,173)
Share of changes in equity of associates and joint ventures	-	(43,560)	-	-	-	-	-	-	-	-	(43,560)	(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)	(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 equity investments at fair value through other comprehensive income	-	-	-	-	312,904	312,904	-	(312,904)	-	(312,904)	-	-	-
Balance at December 31, 2021	19,667,820	1,844,310	2,639,376	1,264,645	16,873,494	20,777,515	(1,723,237)	1,378,567	(488,552)	(833,222)	41,456,423	24,706,340	66,162,763
Net income in 2022	-	-	-	-	8,251,930	8,251,930	-	-	-	-	8,251,930	2,827,139	11,079,069
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	2,598,267	(6,952,755)	201,024	(4,153,464)	(4,153,464)	392,474	(3,760,990)
Total comprehensive income (loss) in 2022	-	-	-	-	8,251,930	8,251,930	2,598,267	(6,952,755)	201,024	(4,153,464)	4,098,466	3,219,613	7,318,079
Appropriation of earnings:													
Legal reserve	-	-	798,486	-	(798,486)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(431,423)	431,423	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(4,916,955)	(4,916,955)	-	-	-	-	(4,916,955)	-	(4,916,955)
Shares of changes in equity of associates and joint ventures	-	105,435	-	-	-	-	-	-	-	-	105,435	118,683	224,118
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	89,701	89,701	-	(89,701)	-	(89,701)	-	-	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,525,512)	(1,525,512)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	75,045	75,045
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(16,719)	(16,719)	-	-	-	-	(16,719)	(45,141)	(61,860)
Changes in ownership interests in subsidiaries	-	(3,732)	-	-	-	-	-	-	-	-	(3,732)	3,732	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	3,370	3,370
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	654,987	654,987
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	3,396	-	-	-	-	-	-	-	-	3,396	-	3,396
Balance at December 31, 2022	\$ 19,667,820	1,949,409	3,437,862	833,222	19,914,388	24,185,472	875,030	(5,663,889)	(287,528)	(5,076,387)	40,726,314	27,211,117	67,937,431

(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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 16,623,301	12,992,346
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	4,203,530	3,803,113
Amortization	1,111,212	993,130
Expected credit loss (gain on reversal of impairment loss)	85,209	(4,129)
Interest expense	1,196,799	688,562
Interest income	(413,906)	(269,105)
Dividend income	(905,068)	(284,449)
Share-based compensation cost	3,370	7,754
Share of profit of associates and joint ventures	(366,565)	(1,607,626)
Loss on disposal of property, plant and equipment	5,434	41,746
Gain on disposal of non-current assets held for sale	(907,772)	(461,362)
Gain on disposal and liquidation of subsidiaries	(8,756,264)	(104,928)
Gain on disposal of investments accounted for using equity method	(120,326)	(3,029,920)
Gain on bargain purchase	(81,089)	(99)
Impairment loss on investments accounted for using equity method	22,715	6,632
Impairment loss on non-financial assets	7,699	-
Total adjustments for profit or loss	(4,915,022)	(220,681)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(43,025)	(40,017)
Decrease (increase) in notes and accounts receivable	(7,723,804)	3,998,156
Decrease in notes and accounts receivable from related parties	958,922	272,749
Increase in other receivables	(421,603)	(51,154)
Increase in other receivables from related parties	(121)	(1,767)
Decrease (increase) in inventories	6,502,065	(13,426,265)
Decrease in other current assets	112,787	88,483
Decrease in other non-current assets	43,700	2,840
Net changes in operating assets	(571,079)	(9,156,975)
Changes in operating liabilities:		
Decrease in financial liabilities at fair value through profit or loss	(16,038)	(64,918)
Decrease in notes and accounts payable	(11,412,889)	(330,743)
Decrease in accounts payable to related parties	(717,899)	(662,137)
Increase in other payables to related parties	1,063	11,156
Increase in provisions	159,684	146,905
Increase in contract liabilities	373,252	523,207
Increase in other payables and other current liabilities	1,060,497	722,183
Decrease in other non-current liabilities	(9,849)	(79,023)
Net changes in operating liabilities	(10,562,179)	266,630
Total changes in operating assets and liabilities	(11,133,258)	(8,890,345)
Total adjustments	(16,048,280)	(9,111,026)
Cash provided by operations	575,021	3,881,320
Interest received	457,559	212,973
Dividends received	1,191,034	475,319
Interest paid	(1,105,958)	(700,190)
Income taxes paid	(2,308,616)	(1,754,567)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,190,960)</b>	<b>2,114,855</b>

(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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (465,167)	(69,187)
Proceeds from disposal of financial assets at fair value through other comprehensive income	113,342	388,905
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,338,239	-
Purchase of financial assets at fair value through profit or loss	(130,856)	(100,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	192,935
Purchase of investments accounted for using equity method	(1,098,690)	(226,672)
Proceeds from disposal of investments accounted for using equity method	150,462	1,231,460
Proceeds from disposal of subsidiaries	10,417,241	312,041
Proceeds from liquidation of investments accounted for using equity method	565	2,372
Proceeds from disposal of non-current assets and liabilities held for sale	1,318,126	1,087,579
Additions to property, plant and equipment	(6,538,224)	(6,099,493)
Proceeds from disposal of property, plant and equipment	281,946	384,198
Additions to intangible assets	(466,069)	(614,706)
Decrease (increase) in other financial assets	3,723,141	(1,253,318)
Net cash paid for acquisition of subsidiaries	(138,508)	(975,093)
<b>Net cash provided by (used in) investing activities</b>	<b>8,505,548</b>	<b>(5,738,979)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	25,784,456	15,186,600
Repayments of short-term borrowings	(24,299,351)	(12,281,227)
Increase in short-term notes and bills payable	199,619	-
Proceeds from issuing bonds	2,994,473	-
Repayments of bonds	(372,300)	-
Increase in long-term debt	27,480,876	15,306,462
Repayments of long-term debt	(21,464,003)	(10,897,134)
Decrease in guarantee deposits received	(21,144)	(1,342,457)
Payment of lease liabilities	(540,611)	(541,109)
Cash dividends distributed to shareholders	(4,916,955)	(2,950,173)
Cash dividends paid to non-controlling interests	(1,525,512)	(1,255,076)
Acquisition of subsidiary's interests from non-controlling interests	(61,860)	(1,969,456)
Proceeds from disposal of subsidiary's interests (without losing control)	-	5,216
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	3,396	-
Capital injection from non-controlling interests	75,045	77,547
<b>Net cash provided by (used in) financing activities</b>	<b>3,336,129</b>	<b>(660,807)</b>
<b>Effects of foreign exchange rate changes</b>	<b>2,252,438</b>	<b>(474,007)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>12,903,155</b>	<b>(4,758,938)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>17,781,480</b>	<b>22,540,418</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$30,684,635</b>	<b>17,781,480</b>

## Independent Auditors' Report

To the Board of Directors of Qisda Corporation:

### Opinion

We have audited the parent-company-only financial statements of Qisda Corporation, which comprise the parent-company-only balance sheets as of December 31, 2022 and 2021, 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 (refer to the Other Matter section), the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of Qisda Corporation as of December 31, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of Qisda Corporation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

Key audit matters for Qisda Corporation's parent-company-only financial statements for the year ended December 31, 2022 are stated as follows:

#### 1. Revenue recognition

Please refer to note 4(p) for the accounting policy on revenue recognition, and note 6(v) for the related disclosures of revenue, respectively, to the parent-company-only financial statements.

##### Description of key audit matter:

Qisda Corporation 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 Qisda Corporation's internal controls over financial reporting related to 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(a) for estimation uncertainty of inventory valuation, and note 6(f) for the related inventory write-down disclosures, respectively, 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 which the Company is engaged in, the life cycle of electronic products 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; evaluating whether valuation of inventories was accounted for in accordance with Qisda Corporation's accounting policies; and assessing the reasonableness of management's accounting policies 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(b) for the estimation uncertainty of impairment of goodwill, and note 6(g) for the related disclosures of goodwill impairment test, respectively, 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, 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 to assess the impact of variation in key assumptions; and assessing the adequacy of Qisda Corporation's disclosures with respect to evaluation of goodwill impairment.

**Other Matter**

We did not audit the financial statements of certain investees accounted for using the equity method of Qisda Corporation. 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\$2,221,412 thousand and NT\$1,992,489 thousand, respectively, constituting 2.27% and 2.05%, respectively, of the total assets as of December 31, 2022 and 2021, and the related shares of profit of subsidiaries amounted to NT\$369,922 thousand and NT\$206,959 thousand, respectively, constituting 4.41% and 2.45%, respectively, of the total income before income tax for the years ended December 31, 2022 and 2021.



## **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 Qisda Corporation'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 Qisda Corporation 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's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 Qisda Corporation'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 Qisda Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause Qisda Corporation 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 remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements for the current period 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 6, 2023

#### **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 Parent-Company-Only Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION****Parent-Company-Only Balance Sheets****December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2022</b>		<b>December 31, 2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents	\$ 1,442,156	1	794,594	1
1110	Financial assets at fair value through profit or loss – current	9,010	-	7,618	-
1170	Notes and accounts receivable, net	10,091,112	10	7,335,535	8
1181	Notes and accounts receivable from related parties	11,574,537	12	12,802,517	13
1200	Other receivables	34,219	-	89,702	-
1210	Other receivables from related parties	10,007	-	4,179	-
130X	Inventories	6,529,066	7	5,872,381	6
1470	Other current assets	78,253	-	156,757	-
	<b>Total current assets</b>	<b>29,768,360</b>	<b>30</b>	<b>27,063,283</b>	<b>28</b>
<b>Non-current assets:</b>					
1517	Financial assets at fair value through other comprehensive income – non – current	8,182,595	8	15,253,712	16
1550	Investments accounted for using the equity method	56,382,005	58	51,223,148	53
1600	Property, plant and equipment	2,106,101	2	1,949,691	2
1755	Right – of – use assets	435,611	1	473,693	-
1760	Investment property	131,879	-	221,622	-
1780	Intangible assets	213,195	-	225,918	-
1840	Deferred income tax assets	502,513	1	494,584	1
1900	Other non – current assets	20,407	-	27,333	-
1980	Other financial assets – non – current	71,959	-	276,900	-
	<b>Total non – current assets</b>	<b>68,046,265</b>	<b>70</b>	<b>70,146,601</b>	<b>72</b>
<b>Total assets</b>		<b>\$ 97,814,625</b>	<b>100</b>	<b>97,209,884</b>	<b>100</b>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

## QISDA CORPORATION

## Parent-Company-Only Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 1,870,000	2	3,417,200	4
2120	Financial liabilities at fair value through profit or loss – current	13,030	-	20,375	-
2130	Contract liabilities – current	702,353	1	556,308	1
2170	Notes and accounts payable	870,439	1	1,508,326	2
2180	Accounts payable to related parties	17,825,473	18	23,589,792	24
2200	Other payables	2,233,938	2	2,148,177	2
2230	Current tax liabilities	296,698	-	217,329	-
2322	Current portion of long-term debt	739,399	1	495,733	-
2280	Lease liabilities – current	137,022	-	125,831	-
2250	Provisions – current	23,769	-	24,329	-
2300	Other current liabilities	68,274	-	79,548	-
2365	Refund liabilities – current	1,677,520	2	1,800,075	2
<b>Total current liabilities</b>		<u>26,457,915</u>	<u>27</u>	<u>33,983,023</u>	<u>35</u>
<b>Non-current liabilities:</b>					
2530	Bonds payable	2,995,015	3	-	-
2540	Long-term debt	26,760,509	27	20,556,869	21
2580	Lease liabilities – non – current	500,255	1	637,277	1
2550	Provisions – non – current	83,801	-	82,479	-
2570	Deferred income tax liabilities	-	-	50,727	-
2600	Other non – current liabilities	290,816	-	443,086	-
<b>Total non – current liabilities</b>		<u>30,630,396</u>	<u>31</u>	<u>21,770,438</u>	<u>22</u>
<b>Total liabilities</b>		<u>57,088,311</u>	<u>58</u>	<u>55,753,461</u>	<u>57</u>
<b>Equity:</b>					
3110	Common stock	19,667,820	20	19,667,820	20
3200	Capital surplus	1,949,409	2	1,844,310	2
3300	Retained earnings	24,185,472	25	20,777,515	22
3400	Other equity	(5,076,387)	(5)	(833,222)	(1)
<b>Total equity</b>		<u>40,726,314</u>	<u>42</u>	<u>41,456,423</u>	<u>43</u>
<b>Total liabilities and equity</b>		<u>\$97,814,625</u>	<u>100</u>	<u>97,209,884</u>	<u>100</u>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION****Parent-Company-Only Statements of Comprehensive Income****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues</b>	\$ 101,928,525	100	104,634,583	100
5000	<b>Operating costs</b>	(96,586,328)	(95)	(100,446,928)	(96)
	<b>Gross profit</b>	5,342,197	5	4,187,655	4
5910	Realized (unrealized) gross profit on sales to subsidiaries, associated and joint ventures	(414,630)	-	303,439	-
	<b>Realized or loss gross profit</b>	4,927,567	5	4,491,094	4
	<b>Operating expenses:</b>				
6100	Selling expenses	(1,353,193)	(1)	(1,178,455)	(1)
6200	Administrative expenses	(953,419)	(1)	(959,555)	(1)
6300	Research and development expenses	(2,464,509)	(3)	(2,274,898)	(2)
6450	Expected credit loss	(17,329)	-	(14,877)	-
	<b>Total operating expenses</b>	(4,788,450)	(5)	(4,427,785)	(4)
	<b>Operating income</b>	139,117	-	63,309	-
	<b>Non-operating income and loss:</b>				
7100	Interest income	20,696	-	2,618	-
7010	Other income	827,300	1	351,975	-
7020	Other gains and losses, net	(586,496)	(1)	2,103,115	2
7050	Finance costs	(553,068)	-	(371,194)	-
7375	Share of profits of subsidiaries, associates and joint ventures	8,538,228	8	6,293,736	6
	<b>Total non-operating income and loss</b>	8,246,660	8	8,380,250	8
	<b>Income before income tax</b>	8,385,777	8	8,443,559	8
7950	<b>Income tax expense</b>	(133,847)	-	(136,013)	-
	<b>Net income</b>	8,251,930	8	8,307,546	8
	<b>Other comprehensive income (loss):</b>				
	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8310	<b>loss</b>				
8311	Remeasurements of defined benefit plans	127,921	-	(44,539)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(5,899,090)	(6)	(842,812)	(1)
8320	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(980,562)	(1)	1,941,048	2
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		(6,751,731)	(7)	1,053,697	1
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	2,598,267	3	(309,370)	-
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		2,598,267	3	(309,370)	-
	<b>Other comprehensive income (loss) for the year, net of income tax</b>	(4,153,464)	(4)	744,327	1
	<b>Total comprehensive income for the year</b>	<b>\$ 4,098,466</b>	<b>4</b>	<b>9,051,873</b>	<b>9</b>
	<b>Earnings per share (in New Taiwan dollars):</b>				
9750	Basic earnings per share	<b>\$ 4.20</b>		<b>4.22</b>	
9850	Diluted earnings per share	<b>\$ 4.14</b>		<b>4.17</b>	

(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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other equity interest	Total equity
<b>Balance at January 1, 2021</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
Net income in 2021	-	-	-	-	8,307,546	8,307,546	-	-	-	-	8,307,546
Other comprehensive income (loss) in 2021	-	-	-	-	-	-	(309,370)	1,120,142	(66,445)	744,327	744,327
Total comprehensive income (loss) in 2021	-	-	-	-	8,307,546	8,307,546	(309,370)	1,120,142	(66,445)	744,327	9,051,873
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 equity instruments measured at fair value through other comprehensive income by investees	-	-	-	-	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	(1,723,237)	1,378,567	(488,552)	(833,222)	41,456,423
Net income in 2022	-	-	-	-	8,251,930	8,251,930	-	-	-	-	8,251,930
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	2,598,267	(6,952,755)	201,024	(4,153,464)	(4,153,464)
Total comprehensive income (loss) in 2022	-	-	-	-	8,251,930	8,251,930	2,598,267	(6,952,755)	201,024	(4,153,464)	4,098,466
Appropriation of earnings:											
Legal reserve	-	-	798,486	-	(798,486)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(431,423)	431,423	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(4,916,955)	(4,916,955)	-	-	-	-	(4,916,955)
Share of changes in equity of subsidiaries, associates and joint ventures	-	101,703	-	-	-	-	-	-	-	-	101,703
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	-	-	-	(16,719)	(16,719)	-	-	-	-	(16,719)
Disposal of equity instruments measured at fair value through other comprehensive income by investees	-	-	-	-	89,701	89,701	-	(89,701)	-	(89,701)	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	3,396	-	-	-	-	-	-	-	-	3,396
<b>Balance at December 31, 2022</b>	<b>\$ 19,667,820</b>	<b>1,949,409</b>	<b>3,437,862</b>	<b>833,222</b>	<b>19,914,388</b>	<b>24,185,472</b>	<b>875,030</b>	<b>(5,663,889)</b>	<b>(287,528)</b>	<b>(5,076,387)</b>	<b>40,726,314</b>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION****Parent-Company-Only Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Income before income tax	\$ 8,385,777	8,443,559
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	281,559	235,420
Amortization	64,958	32,838
Expected credit loss (gain on reversal of impairment loss)	17,329	14,877
Interest expense	553,068	371,194
Interest income	(20,696)	(2,618)
Dividend income	(667,761)	(200,467)
Share of profit of subsidiaries, associates and joint ventures	(8,538,228)	(6,293,736)
Loss (gain) on disposal of property, plant and equipment	(1,582)	2,786
Gain on disposal of investments	-	(1,979,741)
Unrealized gross profit on sales to subsidiaries, associates and joint ventures	414,630	(303,439)
Total adjustments for profit or loss	(7,896,723)	(8,122,886)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(1,392)	48,539
Decrease (increase) in notes and accounts receivable	(2,772,906)	1,722,719
Decrease in notes and accounts receivable from related parties	1,227,980	1,215,134
Decrease (increase) in other receivable	55,483	(89,701)
Increase in other receivable from related parties	(5,828)	(1,648)
Increase in inventories	(656,685)	(1,439,189)
Decrease in other current assets	10,895	21,706
Increase in other non-current assets	-	(12,633)
Net changes in operating assets	(2,142,453)	1,464,927
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(7,345)	11,631
Increase (decrease) in notes and accounts payable	(637,887)	197,170
Increase (decrease) in accounts payable to related parties	(5,764,319)	62,402
Decrease in other payable to related parties	(725)	(5,140)
Increase in provisions	762	5,178
Increase in contract liabilities	146,045	251,189
Increase (decrease) in other payables and other current liabilities	(64,687)	943,925
Increase (decrease) in other non-current liabilities	(24,350)	8,024
Net changes in operating liabilities	(6,352,506)	1,474,379
Total changes in operating assets and liabilities	(8,494,959)	2,939,306
Total adjustments	(16,391,682)	(5,183,580)
Cash provided by (used in) operations	(8,005,905)	3,259,979
Interest received	20,696	2,618
Dividends received	3,934,787	2,907,725
Interest paid	(542,668)	(363,252)
Income taxes paid	(45,305)	(256,599)
<b>Net cash provided by (used in) operating activities</b>	<b>(4,638,395)</b>	<b>5,550,471</b>

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

**QISDA CORPORATION****Parent-Company-Only Statements of Cash Flows (Continued)****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(155,170)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,327,197	-
Purchase of investments accounted for using equity method	(796,210)	(1,699,394)
Proceeds from capital reduction of investments accounted for using equity method	2,196,615	-
Additions to property, plant and equipment	(341,638)	(571,497)
Proceeds from disposal of property, plant and equipment	2,014	24,124
Additions to intangible assets	(21,393)	(168,513)
Decrease (increase) in other financial assets	204,941	(154,790)
<b>Net cash provided by (used in) investing activities</b>	<u>2,416,356</u>	<u>(2,570,070)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(1,547,200)	(2,810,400)
Increase in long-term debt	24,190,000	8,257,776
Repayments of long-term debt	(17,728,282)	(5,429,852)
Payment of lease liabilities	(125,831)	(118,466)
Cash dividends distributed to shareholders	(4,916,955)	(2,950,173)
Proceeds from issuing bonds	2,994,473	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	3,396	-
<b>Net cash provided by (used in) financing activities</b>	<u>2,869,601</u>	<u>(3,051,115)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	647,562	(70,714)
<b>Cash and cash equivalents at beginning of year</b>	<u>794,594</u>	<u>865,308</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>\$ 1,442,156</b></u>	<u><b>794,594</b></u>



## 2022 Earnings Distribution Proposal

Unit: NT\$

<b>Net income of 2022</b>	<b>8,251,930,091</b>
Less: Provisioned as Legal reserve	(832,491,225)
Less: Appropriation of special reserve	(4,243,165,008)
<b>Retained earnings available for distribution in 2022</b>	<b>3,176,273,858</b>
Add: Unappropriated retained earnings from previous years	11,589,475,935
Add: Disposal of financial assets measured at fair value through other comprehensive income by investment accounted for using the equity	89,701,042
Less: Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(16,718,886)
<b>Retained earnings available for distribution as of December 31, 2022</b>	<b>14,838,731,949</b>
Distributable Items:	
Cash Dividend ( NT\$2,000 for every 1,000 common shares )	(3,933,563,916)
<b>Unappropriated retained earnings after earnings distribution</b>	<b>10,905,168,033</b>

**Note:**

The cash dividend distribution to each shareholder will be paid to the rounded-down full NT dollar. Amounts less than one whole NT dollar are rounded-down to the nearest NT dollar. The aggregate unpaid cash dividend resulting from the above rounded-down, will be distributed to shareholders in the descending order of decimal point and the ascending order of shareholder account numbers, until the total amount of the approved cash dividend has been fully distributed.

## **Qisda Corporation**

### **Terms and Conditions for Issuance of Overseas or Domestic Convertible Bonds in Private Placement (Tentative)**

#### **1. Issuer**

Qisda Corporation ("Issuer" or "Qisda").

#### **2. Issuance Size**

The Board of Directors ("Board") is authorized, within the limit of 195,000,000 common shares and preferred shares to issue new common shares for cash to sponsor issuance of the overseas depositary shares ("DRs") and/or issue new common shares for cash in public offering and/or issue new preferred shares for cash in public offering and/or issue new common shares in private placement and/or issue overseas or domestic convertible bonds in private placement ("Private Placement CB"). For issuance of Private Placement CB, the number of common shares to be converted within the limit of 195,000,000 common shares shall be calculated in accordance with the conversion price determined at the time of issuance of Private Placement CB.

#### **3. Issuance Date**

The Private Placement CB will be issued in one tranche within one year after the 2023 annual general shareholders' meeting.

#### **4. Issuance Method**

The Private Placement CB will be issued in accordance with Article 43-6 of the Securities and Exchange Act and the regulations of the jurisdiction where the Private Placement CB is issued. The investors subscribing to the Private Placement CB must meet the qualifications listed in Article 43-6 of the Securities and Exchange Act and are limited to strategic investor(s). Priority will be given to the investor(s) who could benefit the Company's long-term development, competitiveness, and existing shareholders' rights. The Board is fully authorized to determine the specific investor(s). The purpose, necessity and projected benefits for having strategic investor(s) are to accommodate the Company's operation and development needs to have the strategic investor(s) to assist the Company, directly or indirectly, in its finance, business, manufacturing, technology, procurement, management, and strategy development, etc. so to strengthen the Company's competitiveness and enhance its operational efficiency and long-term development.

#### **5. Form, Denomination and Issuance Price**

The Private Placement CB will be issued in registered form in denomination of US\$10,000 or multiples thereof or NT\$100,000 or multiples thereof and the issue price shall be no less than 80% of the theoretical price.

#### **6. Coupon Rate**

To be determined by the Board based on the dynamics of the financial market.

#### **7. Term**

The term of the Private Placement CB shall not exceed seven years.

#### **8. Redemption**

Unless previously redeemed, converted, or purchased and cancelled, the Private Placement CB will be redeemed by the Issuer at the maturity date in cash at a price equal to the par value or the par value plus interest.

## 9. Conversion Securities

The Private Placement CB will be convertible into Qisda's common shares.

## 10. Conversion

### (1) Conversion Period:

Unless previously redeemed, purchased, cancelled or converted, except during the closed period the holders are not permitted to convert under the Indenture, a holder of the Private Placement CB may request the Issuer to convert the Private Placement CB into Qisda's common shares at any time after a designated period of time following the issuance date of the Private Placement CB and until certain days prior to the maturity date in accordance with applicable rules and regulations and terms of the Indenture.

### (2) Conversion Procedure:

To exercise the relevant conversion rights attached to the Private Placement CB, the holder thereof must deposit with the Issuer a notice of conversion together with the Private Placement CB and any other documents or certificates required by R.O.C. laws.

### (3) Conversion Price Determination:

The conversion price of the Private Placement CB shall be no less than 80% of (x) the simple average closing price of the Issuer's common shares for either 1, 3 or 5 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends, or (y) the simple average closing price of the Issuer's common shares for 30 trading days prior to the pricing date, after adjustment for shares issued as stock dividends, shares cancelled in connection with capital reduction and the cash dividends. It is proposed for the shareholders meeting to authorize the Board to determine and adjust the actual conversion price in accordance with applicable rules and regulations.

### (4) Dividend Entitlement at Conversion

Prior to conversion of the Private Placement CB, holders are not entitled to receive any dividend distribution. Following the conversion of the Private Placement CB, the rights to receive dividend payments will be the same as the other common shareholders of the Issuer.

### (5) Rights and Obligations after Conversion

Except that the Private Placement CB is subject to a three-year holding period after the delivery date of the Private Placement CB under Article 43-8 of the Securities and

Exchange Act, the new common shares to be issued upon conversion of Private Placement CB will have the same rights and obligations as the common shares.

## 11. Early Redemption at the Option of the Issuer

To be determined by the Board.

## 12. Holders' Put Option

The Issuer may elect not to grant holders' put option, or after expiry of a designated period following issuance of the Private Placement CB, holders may require the Issuer to redeem all or part of the Private Placement CB at a price that would result in certain annual yield on the Private Placement CB.

## 13. Others

The Board is authorized to determine and amend, at its sole discretion, the terms and conditions of the Private Placement CB and other matters which are not addressed herein.

### Comparison table for the Articles of Incorporation before and after amendment

Article No	After amendment	Before amendment	Reason for Amendments
Article 2	<p>The lines of business of the Company shall include the following:</p> <ul style="list-style-type: none"> <li>I. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing</li> <li>II. CC01110 Computers and Computing Peripheral Equipment Manufacturing</li> <li>III. CC01070 Telecommunication Equipment and Apparatus Manufacturing</li> <li>IV. CC01101 Retrained Telecom Radio Frequency Equipment and Materials Manufacturing</li> <li>V. CC01040 Lighting Facilities Manufacturing</li> <li>VI. CF01011 Medical Materials and Equipment Manufacturing</li> <li>VII. F108031 Wholesale of Drugs, Medical Goods</li> <li>VIII. F208031 Retail Sale of Medical Equipment</li> <li>IX. F401010 International Trade</li> <li>X. CB01010 Mechanical Equipment Manufacturing</li> <li>XI. CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing</li> <li>XII. CD01060 Aircraft and Parts Manufacturing</li> <li>XIII. ZZ999999 All business items that are not prohibited or restricted by law, except those are subject to special approval</li> </ul>	<p>The lines of business of the Company shall include the following:</p> <ul style="list-style-type: none"> <li>I. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing</li> <li>II. CC01110 Computers and Computing Peripheral Equipment Manufacturing</li> <li>III. CC01070 Telecommunication Equipment and Apparatus Manufacturing</li> <li>IV. CC01101 Retrained Telecom Radio Frequency Equipment and Materials Manufacturing</li> <li>V. CC01040 Lighting Facilities Manufacturing</li> <li>VI. CF01011 Medical Materials and Equipment Manufacturing</li> <li>VII. F108031 Wholesale of Drugs, Medical Goods</li> <li>VIII. F208031 Retail Sale of Medical Equipment</li> <li>IX. F401010 International Trade (New)</li> <li>X. ZZ999999 All business items that are not prohibited or restricted by law, except those are subject to special approval</li> </ul>	Amend according to actual need.
Article 19	<p>These Articles of Incorporation were enacted on March 23, 1984, and amended on March 29, 1984 for the first time, (Ignored.) amended on May 30, 2022 for the forty-four time. <u>amended on May 29, 2023 for the forty-five time.</u></p>	<p>These Articles of Incorporation were enacted on March 23, 1984, and amended on March 29, 1984 for the first time, (Ignored.) amended on May 30, 2022 for the forty-four time.</p>	To add the amendment date.

**Comparison table for the Rules and Procedures for Shareholders' Meeting  
before and after amendment**

Article No	After amendment	Before amendment	Reason for Amendments
Article 4	The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. <u>The restrictions on the place of the meeting shall not apply when the Corporation convenes a virtual-only shareholders meeting.</u>	The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. (New)	Amend according to laws and actual need.
Article 5-1	<u>To convene a virtual shareholders meeting, the Corporation shall include the follow particulars in the shareholders meeting notice:</u> 1. <u>How shareholders attend the virtual meeting and exercise their rights.</u> 2. <u>Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u> A. <u>ATo what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u> B. <u>Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u> C. <u>In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders</u>	(New)	Amend according to laws and actual need.

Article No	After amendment	Before amendment	Reason for Amendments
	<p><u>meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p><u>3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholder meeting online shall be specified.</u></p>		
Article 7	<p>The Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting, and the recorded materials of the preceding paragraph shall be retained for at least one year.</p> <p><u>Where a shareholders meeting is held online, the Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end. The audio and video recording shall be properly kept by this Corporation during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p>	<p>The Corporation shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting, and the recorded materials of the preceding paragraph shall be retained for at least one year.</p> <p>(New)</p>	Amend according to laws and actual need.
Article 11	Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed	Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed	amend according to laws and actual need.

Article No	After amendment	Before amendment	Reason for Amendments
	<p>5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p><u>Shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.</u></p>	<p>5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.</p> <p>(New)</p>	
Article 16	<p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting, if there is no objection after consultation by the chairman, it is deemed to be passed, and its effect is the same as voting by ballot.</p> <p><u>When this Corporation convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting. In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p>	<p>Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting, if there is no objection after consultation by the chairman, it is deemed to be passed, and its effect is the same as voting by ballot.</p> <p>(New)</p>	Amend according to laws and actual need.
Article 20	<p>Matters not stipulated in the rules shall be handled in accordance with the provisions of the Company Act, the Articles of Incorporation of the Company, <u>and any other related acts.</u></p>	<p>Matters not stipulated in the rules shall be handled in accordance with the provisions of the Company Act <u>and the Articles of Incorporation of the Company.</u></p>	Amend according to actual need.

**List of non-competition restrictions on newly-elected directors and their representatives proposed to be lifted**

Director	Released restriction items
Chi-Hong (Peter) Chen	<ul style="list-style-type: none"> <li>- Director, Darfon Electronics Corp.</li> <li>- Chairman, DFI Inc.</li> <li>- Vice Chairman, Alpha Networks Inc.</li> <li>- Director, Hitron Technologies Inc.</li> <li>- Chairman, BenQ Medical Technology Corporation</li> <li>- Chairman, Partner Tech Corp.</li> <li>- Director, BenQ Materials Corp.</li> <li>- Director, BenQ Corp.</li> <li>- Director, BenQ Healthcare Consulting Corp.</li> <li>- Director, BenQ Hospital Management Consulting (NanJing) Co., Ltd.</li> <li>- Director, NanJing BenQ Hospital Co., Ltd.</li> <li>- Director, Suzhou BenQ Hospital Co., Ltd.</li> <li>- Director, BenQ BM Holding Corp.</li> <li>- Director, BenQ BM Holding Cayman Corp.</li> </ul>
AU Optronics Corp.	<ul style="list-style-type: none"> <li>- Director, Darwin Precisions Corp.</li> <li>- Director, Konly Venture Corp.</li> <li>- Director, Ronly Venture Corp.</li> <li>- Director, ENNOSTAR Inc.</li> <li>- Director, ADLINK TECHNOLOGY INC.</li> <li>- Director, Star River Energy Corp.</li> <li>- Director, Space Money Inc.</li> <li>- Director, U-Fresh Technology Inc.</li> <li>- Director, AUO Crystal Corp.</li> <li>- Director, Star Shining Energy Corp.</li> <li>- Director, AUO Health Inc.</li> <li>- Director, AUO Care Inc.</li> <li>- Director, Da Ping Green Energy Corporation</li> <li>- Director, AUO Display Plus Corporation</li> <li>- Director, Sintrones Technology Corp.</li> </ul>
Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp.	<ul style="list-style-type: none"> <li>- Chairman, AU Optronics Corp.</li> <li>- Chairman, Konly Venture Corp.</li> <li>- Chairman, Ronly Venture Corp.</li> <li>- Vice Chairman, ENNOSTAR Inc.</li> <li>- Director, AUO (L) Corp.</li> <li>- Director, AUO Digitech (CAYMAN) Limited</li> <li>- Director, AUO Digitech Holding Limited</li> <li>- Director, AUO Digitech Pte. Ltd.</li> <li>- Director, AUO Singapore Pte. Ltd</li> <li>- Chairman, AU Optronics Manufacturing (Shanghai) Corp.</li> <li>- Chairman, AUO (Kunshan) Co., Ltd.</li> <li>- Chairman, AU Optronics (Xiamen) Corp.</li> <li>- Chairman, AU Optronics (Suzhou) Corp., Ltd.</li> <li>- Director, AU Optronics (Shanghai) Co., Ltd.</li> <li>- Chairman, AUO Digitech (Suzhou) Co., Ltd.</li> <li>- Chairman, AUO Foundation</li> </ul>



Director	Released restriction items
James CP Chen, Representative of AU Optronics Corp.	<ul style="list-style-type: none"> <li>- Director, AUO Corporation America</li> <li>- Director, AUO Corporation Japan</li> <li>- Director, AUO Europe B.V.</li> <li>- Director, AUO Korea Ltd.</li> <li>- Director, AUO (Kunshan) Co., Ltd.</li> </ul>
Han-Chou (Joe) Huang, Representative of BenQ Foundation	<ul style="list-style-type: none"> <li>- Director, AU Optronics Corp.</li> <li>- Director, Alpha Networks Inc.</li> <li>- Director, Topview Optronics Corporation</li> <li>- Chairman, Simula Technology Inc.</li> <li>- Chairman, ACTION STAR TECHNOLOGY CO., LTD.</li> <li>- Chairman, Data Image Corporation</li> <li>- Chairman, DIVA LABORATORIES, LTD.</li> </ul>
Lo-Yu (Charles) Yen	<ul style="list-style-type: none"> <li>- Independent Director, Sinyi Realty Inc.</li> <li>- Chairman, Taipei Co-Creation Foundation for Entrepreneurs</li> <li>- Director, Alibaba Entrepreneurs Fund</li> <li>- Director, Taiwan Regional Revitalization Foundation</li> </ul>
Jyuo-Min Shyu	<ul style="list-style-type: none"> <li>- Independent director, United Microelectronics Corp.</li> <li>- Independent director, FAR EASTONE TELECOMMUNICATIONS CO., LTD.</li> <li>- Director, Iridium Medical Technology Co., Ltd.</li> <li>- Director, GeoThings Inc.</li> <li>- Director, Alpha Ring Asia Inc.</li> </ul>
Liang-Gee Chen	<ul style="list-style-type: none"> <li>- Independent Director, Vanguard International Semiconductor Co.</li> <li>- Independent Director, Everlight Electronics Co., Ltd.</li> <li>- Director, Nuvoton Technology Corporation</li> <li>- Director, Himax Technologies, Inc</li> <li>- Director, GANZIN TECHNOLOGY, INC.</li> </ul>
Chiu-Lien Lin	<ul style="list-style-type: none"> <li>- Independent Director, TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD</li> </ul>
Shu-Chun Huang	<ul style="list-style-type: none"> <li>- Independent Director, Sensortek Technology Corp.</li> <li>- Director, Lerain Technology Co., LTD.</li> <li>- Chairman, Choice Delights Incorporated</li> </ul>

## Rules and Procedures for Shareholders' Meeting (Before the amendments)

Enacted on May 15, 1990

The 1st amendment was made on June 19, 1993.

The 2nd amendment was made on April 16, 1998.

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1. Qisda Corporation (the "Company") shall convene the shareholders' meeting in accordance with these Rules of Procedures (the "Rules")
  2. Shareholders or their proxies attending the shareholders' meeting (the "Meeting") shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders or their proxies attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or their proxies plus the number of shares exercised by correspondence or electronic means.
  3. The attendance and the voting shall be calculated based on the number of shares represented by the shareholders attending the shareholders' meeting.
  4. The shareholders' meeting shall be convened at a venue where the Company is located or a venue convenient for shareholders' attendance and suitable for the convention. The shareholders' meeting shall not begin earlier than 9:00 a.m. or later than 3:00 p.m.
  5. The Chairman of the Company shall preside as the chairperson at a shareholders' meeting if the meeting is convened by the Board of Directors of the Company. In the situation where the Chairman is on leave or unavailable to perform his or her duty and power for any cause, the Vice Chairman of the Company shall act as the chairperson for the meeting. In the situation where there is no vice chairman or the Vice Chairman of the Company is on leave or unavailable to perform his or her duty and power for any cause, the Chairman shall designate a Managing Director to act as the chairperson on his or her behalf. In the situation where there is no managing director, the Chairman shall designate one Director from the Board of Directors to act as the chairperson for the meeting. In the absence of such designation, the Managing Directors or Directors of the Board shall elect one from among themselves an acting chairperson for the shareholders' meeting.  
Where the shareholders' meeting is convened by a person who is entitled to convene the meeting but is not a member of the Board of Directors, such person shall perform the duty as the chairperson for the shareholders' meeting. In the situation where there are two or more people who are entitled to convene the meeting, a chairperson shall be elected from among themselves.
  6. The Company may appoint its lawyers, accountants or any other people relevant to the meeting to be present at the shareholders' meeting.  
The supporting staff for the proceeding of a shareholders' meeting shall wear an identification badge or armband.
  7. The Company shall video-tape or audio-tape the entire proceeding of a shareholders' meeting, and the recording shall be kept for at least one year.
  8. The chairperson of a shareholders' meeting shall call the meeting to order at the time when the meeting is scheduled to commence. If the number of shares represented by the attending shareholders has not yet constituted more than an aggregate of one-half of the total outstanding shares issued, the chairperson may postpone the time for the meeting. The postponements shall only reach two times at most, and the meeting shall not be postponed for more than one hour in total. If after two postponements the shares represented by attending shareholders has not reached the quorum but has constituted more than one third of the total of outstanding shares issued, a tentative resolution may be passed in accordance with the Article 175-1 of the Company Act. Before the end of such meeting, if the shares represented by the attending shareholders has constituted more than one half of the total of outstanding shares issued, the chairperson may bring the already passed resolution for voting again in accordance with the Article 174 of the Company Act.
  9. The agenda of a shareholders' meeting shall be established by the Board of Directors if the meeting is convened by the Board of Directors of the Company. Unless otherwise approved in the shareholders' meeting, the meeting shall proceed in accordance with the pre-arranged agenda.  
The preceding paragraph applies in the situation where a shareholders' meeting is convened by a person, other than a member of the Board of Directors, entitled to convene such a meeting.  
Unless otherwise resolved at the shareholders' meeting, the chairperson shall not announce

adjournment until the agenda prescribed in the preceding two paragraphs (including extraordinary motions) are resolved.

After the meeting is adjourned, shareholders shall not elect a chairperson and resume the meeting at the same or another venue.

In the situation where the chairperson adjourns the meeting in violation of the Rules, a new chairperson may be elected by more than half of the votes from the shares represented by the attending shareholders so that the meeting is able to be continued.

10. When a shareholder attending a shareholders' meeting wishes to speak, he or she should fill out a speech note with a summary of the speech, shareholder's account number (or the number of attendance card) and the account name of the shareholder in advance. The sequence of speeches shall be determined by the chairperson.

If any attending shareholder at the shareholders' meeting submits a speech note but does not speak, no speech shall be deemed to have been made by such shareholder. In case content of the speech of a shareholder are inconsistent with the content of the speech note, the content of actual speech shall be considered.

The speech of a shareholder shall remain concrete, clear, and relevant to the agenda otherwise the chairperson may stop the speech of such shareholder.

Unless otherwise permitted by the chairperson and the speaking shareholder, no shareholder shall interrupt the speech of other shareholders. The chairperson shall stop such interruption.

11. No shareholder shall speak more than twice regarding the same item without the chairperson's consent, and the time of each speech shall not exceed five minutes. Nevertheless, the speech may extend for three minutes if permitted by the chairperson.

In case the speech of any shareholder violates the preceding paragraph or exceeds the scope of the agenda item, the chairperson may stop the speech of such shareholder

12. A corporate shareholder should only appoint one person as its representative to attend a shareholders' meeting.

In the situation where a corporate shareholder has appointed two or more representatives to attend the shareholders' meeting, an appointment letter shall be provided and only one representative can speak for each agenda item.

13. After the speech of a shareholder, the chairperson may make responses by him or herself or appoint an appropriate person to respond.

14. The chairperson may announce end of discussion of an item listed in the agenda and submit the item for voting if the chairperson deems that the item is ready for voting.

15. With respect to the voting of each proposal, the people who conduct ballot examination and counting shall be designated by the chairperson. At the same time, the ballot examiners also have to be shareholders.

The result of each vote shall be announced at the meeting immediately and shall be recorded into the minute.

16. Unless otherwise provided for under the Company Act, the Articles of Incorporation and other applicable laws and regulations, a proposal put to vote shall be approved by consent of a majority of shares represented by attending shareholders at the meeting. During the voting process, a proposal which proves to meet no objection from the attending shareholders after the inquiry made by the chairperson shall be deemed passed in the validity same as a proposal resolved through balloting process.

17. In the case of an amendment or alternative to an original proposal, the chairperson shall decide on the order of voting together with the original proposal. However, if one of such proposals has been approved, the others shall be deemed overruled and no further vote is required.

18. The chairperson may request picketers (or security guards) to assist in maintaining the order at the meeting venue. Members of the picket (or security guards) shall wear armbands with the word "Picket" when maintaining the order at the meeting venue.

19. In case of incident due to force majeure, the chair may rule the meeting temporarily suspended or resume the meeting at another venue.

20. Any matters which are not adequately provided for herein shall be subject to the Company Act, the Articles of Incorporation.

21. The Rules and any amendment shall take effect after being approved at the shareholders' meeting.

## Rules for the Election of Directors

June 12, 2012

- Article 1 Unless otherwise provided in applicable laws and regulations or the Articles of Incorporation of the Company, the Rules specified herein shall govern the election of the Company's directors.
- Article 2 The Company's directors shall be elected at the Shareholders' Meeting.
- Article 3 The Company's directors should be elected through single-named cumulative voting.
- Article 4 In election of the Company's directors, each share is entitled to the voting rights equivalent to the number of directors to be elected. The voting rights may be concentrated to one candidate or be allocated among several candidates. The candidates who receive the most votes for the position of director shall win the election.
- Article 5 The directors of the Company shall be elected by the shareholders' meeting from among the persons with disposing capacity. The candidates who receive the most votes for the position of director shall win the election, and such number shall be in compliance with the number of positions for director provided for in the Articles of Incorporation. If two or more candidates receive the same number of votes beyond a quota, the winner shall be determined through lot-drawing. The lot may be drawn by the Chairman on behalf of the absentees.
- Article 6 The Board of Directors shall, upon preparing the ballots, enter the voting rights on each ballot. The ballot box shall be prepared by the Board of Directors and shall be checked in public by the inspector before voting.
- Article 7 At the beginning of the election, the chairman shall appoint the inspector and counter to take charge of monitoring and counting of the votes.
- Article 8 The Company shall announce publicly the nomination submission period, the number of directors to be elected, the place for eligible shareholders to submit their nomination, and other relevant information prior to the commencement of the book closed period prior to the Shareholders' meeting.  
The Company adopts the Nomination System for the nomination of candidates to serve as directors. The Board or the shareholders holding 1% or more of the Company's total issued and outstanding shares are entitled to submit a slate of candidates for consideration as directors in pursuant to the Company Act.  
The qualifications of the candidates for consideration as directors shall be in compliance with applicable laws and regulations.
- Article 9 The shareholders shall elect the directors from among the nominees listed in the roster of director candidates.  
If the candidate is a shareholder of the Company, voters shall fill the candidate's name and shareholder's number in the "candidate" column of the ballot; if the candidate is not a shareholder of the Company, voters shall fill the candidate's name and ID number in the "candidate" column. If the candidate is a government agency or a legal entity, voters shall fill the name of the government agency or the legal entity or the name of their representative in the column. In the event that several candidates represent a government agency or a legal entity, the names of the representatives shall be filled separately in the column.
- Article 10 A ballot shall be deemed void if such a ballot:
1. is not a ballot provided under the Rules;
  2. is placed into the ballot box blank;
  3. contains illegible words or corrections;
  4. contains a name in the "candidate" column which is inconsistent of the nominees list;
  5. contains any words or marks other than those specified in Article 10;
  6. is not filled out in accordance with Article 10 or is filled incompletely;
  7. contains two or more candidates.
- Article 11 The ballots should be counted during the meeting right after the vote casting under supervision of the inspector, and the results of the election should be announced by the Chairman at the meeting.
- Article 12 The Rules and any amendment thereof shall become effective after approval by the Shareholders' Meeting.

## Articles of Incorporation (Before the amendments)

### Chapter 1 General Provisions

- Article 1 The Company is organized in accordance with the Company Act of R.O.C. and named Qisda Corporation (the "Company"). The Company Name in English shall be Qisda Corporation.
- Article 2 The lines of business of the Company shall include the following:
- 1、CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
  - 2、CC01110 Computers and Computing Peripheral Equipment Manufacturing
  - 3、CC01070 Telecommunication Equipment and Apparatus Manufacturing
  - 4、CC01101 Retrained Telecom Radio Frequency Equipment and Materials Manufacturing
  - 5、CC01040 Lighting Facilities Manufacturing
  - 6、CF01011 Medical Materials and Equipment Manufacturing
  - 7、F108031 Wholesale of Drugs, Medical Goods
  - 8、F208031 Retail Sale of Medical Equipment
  - 9、F401010 International Trade
  - 10、ZZ99999 All business items that are not prohibited or restricted by law, except those are subject to special approval
- Article 3 The head office of the Company is located in Taoyuan, Taiwan. The Company may, as approved by the resolution of the Board of Directors, set up branch offices or factories in compliance with applicable laws and regulations in Taiwan or abroad when necessary.
- Article 4 The Company may, in line with its business needs, provide guarantees externally. The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act.

### Chapter 2 Shares

- Article 5 The total capital of the Company is Fifty Billion New Taiwan Dollars (NT\$50,000,000,000), divided into Five Billion (5,000,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) each. The Board of Directors is authorized to issue in installments. The Company may issue preferred shares amount the above total capital and a total of 200,000,000 shares among the above total capital stock should be reserved for issuing employee stock options. The Company may issue employee stock options at a price that is lower than the market price or the Company may transfer treasury stock to employees at a price that is lower than the average actual share repurchase price pursuant to a resolution approved by the majority (at least 50%) of total issued shares represented at the shareholders' meeting and the consent of more than two-thirds of the attending shareholders' voting rights.
- Article 5-1 (Cancel)
- Article 5-2 Regarding the Shares purchased by the Company pursuant to Securities and Exchange Act, the transferee shall include certain qualified employees of the Company's Subsidiaries. The recipients of employee stock warrants of the Company shall include certain qualified employees of the Company's Subsidiaries.  
In the issuance of new shares by the Company, the recipients of new shares for subscription shall include certain qualified employees of the Company's Subsidiaries.  
In the issuance of restricted employee stock by the Company, the recipients of such shares shall include certain qualified employees of the Company's Subsidiaries.
- Article 5-3 The rights and obligations of the Company's preferred share and related issuing conditions are as follows:
1. If after the annual closing of books there is a profit, the Company shall, after having provided for taxes and offset the accumulated losses of previous years, appropriate legal reserve and recognize or reverse special reserve return earnings in accordance with Article 16-1 of the Company's Articles of Incorporation and applicable laws and regulations. If there is a residual amount after provisions are set aside, the residual shall be distributed as the year's dividend for preferred share first.
  2. Dividend on preferred share is limited to an annual rate of 8%, calculated based on the issuing price of each share. The dividend can be issued in a cash lump sum each year. After the annual shareholders' meeting recognizes the financial report and earnings distribution, the board of directors shall set a benchmark date to issue the previous year's dividend. The issuing of the issuing year and the recovery year dividend is based on the calculation of the current year's actual issuing days. The issuing date is defined as the benchmark date to issue the preferred share.

3. The Company's preferred share dividend distribution has autonomous discretion. If this Company's annual final account shows no earnings or the earnings are insufficient for distribution, the preferred share dividend or others must be considered. If the shareholder's meeting decides not to distribute preferred share dividend, this is not a violation of the contract. If the issued preferred share is of the non-cumulative type, and the resolution is not to distribution or to distribute insufficient dividend, this is not accumulated as deferred payment in future earnings years.
4. In addition to receiving dividend described in Item one, the holder of preferred share shall not participate in the distribution of common share earnings, capital reserve for cash, and capitalization.
5. The holder of this Company's preferred share has priority over holders of common share in the distribution of this Company's remaining asset. Holders of preferred share also have the same payment priority sequence as the holder of other preferred share issued by the Company, and are only second to ordinary creditors. However, this is limited to the amount calculated based on the number of circulating preferred share and the issuing price.
6. The holders of preferred share do not have voting or election rights in the shareholder's meeting. However, holders of preferred share have voting rights in the preferred share shareholder's meeting and regarding issues in the shareholders' meeting that is related to the rights and obligations of preferred shareholders.
7. Preferred share cannot be converted to common share.
8. Preferred share has no expiration date. Holders of preferred stock cannot request this Company to buy back their preferred share. However, the Company can buy back part or all preferred share on the following day of the five-year anniversary of the issuing based on the actual issuing price. The unrecovered preferred share will continue to have the aforementioned issuing conditions and rights and obligations. If the Company decides to issue dividend for the current year, the dividend that should be issued up to the recovery date shall be calculated according to the current year's actual number of issuing days.
9. The paid-in-capital that the preferred share premium is issued from shall not be used for capitalization during the preferred share issuing period other than to make up for losses.
10. The Board is authorized to determine the name, issuance date and terms of the preferred share in accordance with market conditions and investors' expectation, in accordance with the Company's Articles of Incorporation and applicable laws and regulations.

Article 6 The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities.

Article 7 Registration for transfer of shares shall be suspended for a period of sixty days before the convention of an annual general meeting of shareholders, thirty days before an extraordinary general meeting of shareholders, or within five days before the base date on which the dividends, bonuses, or other interests to be paid out by the Company.

### **Chapter 3 Shareholders' Meetings**

Article 8 Shareholders' meeting shall be of two types, namely the annual and extraordinary general meeting of shareholders, with the former convened by the Board of Directors, in accordance with the law, regularly once a year within six months after the close of each fiscal year, and the later convened, in accordance with the law, when necessary.

The preferred shareholders' meeting may be convened when it deemed necessary in accordance with applicable laws and regulations.

The company's shareholders' meeting is held, it may be held by means of visual communication network or other methods promulgated by the central competent authority

Article 9 Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such

shareholder's behalf. Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The relevant matters related to the use and rescission of the proxy shall be conducted in accordance with the Company Act.

Article 10 Directors shall be elected by adopting candidates' nomination system. In these articles, the directors mean including independent directors.

Each shareholder of the Company is entitled to one vote per share, unless otherwise provided by applicable law or regulation or the preferred share with no voting rights issued by the Company.

#### **Chapter 4 Directors and Audit Committees**

Article 11 The Company shall have seven to eleven directors. The term for which a Director will hold office shall be three (3) years. The directors shall be elected from among the list of candidates for directors by the Shareholders' Meeting and are eligible for re-election. The total shares held by the entire body of either directors shall not be less than a specified percentage in accordance with the regulation prescribed by the Competent Authority. A company shall have at least three Independent Directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, methods of nomination and election, and other matters for compliance with respect to Independent Directors shall be followed in accordance with the Rules for election of Directors and relevant laws.

Article 11-1 The Company may take out liability insurance for the directors with respect to the liabilities resulting from exercising their duties during their terms of office. The Board is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

Article 11-2 The Company shall set up the Audit Committee organized by all of the independent directors in accordance with the Securities and Exchange Act. The composition of the audit committee, duties, rules of meeting procedure and other compliance matters shall comply with the regulations prescribed by the securities supervisory authorities

Article 12 The Board of Directors is organized by directors. The Chairman of the Board of Directors shall be elected from among the attending directors by a majority vote and with the attendance over two thirds of the seats in a meeting of the Board of Directors. As necessary, a Vice Chairman may be elected among the attending directors in the same manner. The Chairman of the Board shall externally have the authority to represent the Company.

Article 13 In case the Chairman of the Board asks for leave or for other reason cannot exercise his power and authority, he may appoint another director to represent him by proxy in accordance with Article 208 of the Company Act. Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy. Each director may act as a proxy for one other director only. The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

#### **Chapter 5 Managerial Officer**

Article 14 The Company may appoint a multiple number of managerial officers whose appointment, dismissal and compensations shall be conducted in accordance with the Company Act.

#### **Chapter 6 Accounting**

Article 15 After the close of each fiscal year, the Board of Directors shall provide and submit the following reports to the shareholders' meeting for acceptance in accordance with the legal procedures.

1.Business Report 2.Financial Statement 3.Proposals regarding earning distribution or loss offsetting

It shall be not later than the 30th day prior to the ordinary shareholders meeting and the Audit Committee submit the report to the shareholders at the ordinary shareholders meeting for their acceptance.

Article 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 If after the annual closing of books there is a profit, the Company shall, after having provided for taxes and offset the accumulated losses of previous years, appropriate the 10% legal reserve and recognize or reverse special reserve return earnings in accordance with laws and regulations.

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.

Article 16-2 The Company may distribute new shares or cash by way of legal reserve or capital reserve in accordance with Article 241 of the Company Act.

Where the means of cash is performed in the preceding paragraph, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Shareholders' Meeting.

Article 17 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.

## **Chapter 7 Supplementary Provisions**

Article 18 With regard to the matters not provided for in these Articles of Incorporations, the Company Act shall govern.

Article 19 These Articles of Incorporation were enacted on March 23, 1984, and amended on March 29, 1984 for the first time,  
amended on April 1, 1984 for the second time,  
amended on November 5, 1984 for the third time,  
amended on October 16, 1986 for the forth time,  
amended on May 10, 1987 for the fifth time,  
amended on June 19, 1987 for the sixth time,  
amended on March 24, 1989 for the seventh time,

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amended on June 15, 2016 for the Fortieth time,  
amended on June 21, 2019 for the Forty-first time.  
amended on June 19, 2020 for the Forty-second time.  
amended on August 27, 2021 for the forty-third time.  
amended on May 30, 2022 for the forty-four time.



**Appendix 4:****Shareholding of Directors**

The Company has issued capital of the Company is NT\$19,667,819,580 representing 1,966,781,958 common shares. According to Article 26 of the Securities and Exchange Act, the minimum number of shares that shall be held by all directors of the company is 47,202,766.

As of March 31, 2023, the number of shares held by all directors is 346,186,379 shares. The actual collective shareholding of directors was shown as below:

Title	Name	No. of Shareholding	Shareholding %
Honorary Chairman	Kuen-Yao (K.Y.) Lee	9,719,540	0.49
Chairman	Chi-Hong (Peter) Chen	628,246	0.03
Director	AU Optronics Corp. (Representative: Shuang-Lang (Paul) Peng)	335,230,510	17.04
Director	BenQ Foundation (Representative: Han-Chou (Joe) Huang)	608,083	0.03
Independent Director	Cheng-Ju (Allen) Fan	0	0
Independent Director	Lo-Yu (Charles) Yen	0	0
Independent Director	Jyuo-Min Shyu	0	0
Total		346,186,379	17.59

**Appendix 5:****Influence of Proposed Stock Dividend Distribution upon 2022 Operating Performance, Earnings Per Share, and Return on Investment**

Not applicable because the Company's Board of Directors did not propose stock dividend distribution for the year of 2022.