

# Qisda Corporation

## 2024 Annual General Shareholders' Meeting

Time: 9:00 am., May 29, 2024

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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## 2 ‹‹ Report Items

### I. Report Items

#### 1. To report the business of 2023

Explanation: The 2023 Business Report is attached hereto as Attachment 1 (pages 9-10).

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

Explanation: The Audit Committee's Review Report is attached hereto as Attachment 2 (page 11).

#### 3. To report the distribution of employees' and directors' remuneration of 2023

Distribution of NT\$245,716,000 and NT\$6,800,000 in cash as remunerations to employees and directors, respectively, have been approved by the meeting of board of directors held on March 05, 2024.

#### 4. To report the cash dividend distribution of 2023 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 2023 earnings available for distribution, and cash dividends amounting to NT\$2,360,138,350 were distributed to shareholders at NT\$1.2 per share. It is approved by the meeting of board of directors held on March 05, 2024, 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 29, 2023 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 7of 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 2024 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. Recognition and Discussion Items****1. To recognize 2023 Financial Statements and Business Report (proposed by the Board of Directors)**Explanation:

- (1) The 2023 Financial Statements were audited by the independent auditors, Chang, Huei-Chen and Shi, Wei-Ming of KPMG.
- (2) For the 2023 Business Report, Independent Auditors' Report, and the 2023 Financial Statements please refer to Attachment 1 (page 9-10) and Attachment 3 (page 12-31).

Resolution:**2. To recognize the proposal for the distribution of 2023 earnings (proposed by the Board of Directors)**Explanation:

For the Proposal for 2023 Earnings Distribution, please refer to Attachment 4 (page 32).

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

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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 I 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 depository 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 depository 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 I 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 I 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 Company's common shares and the theoretical price in accordance with the

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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 5 (page 33-34).

### (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:

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### **4. To lift non-competition restrictions on current 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 2024 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 2024 annual shareholders' meeting is as Attachment 6 (page 35).

Resolution:

### **III. Extraordinary Motions**

### **IV. Meeting Adjourn**



## Business Report of 2023

Dear Shareholders,

In the face of challenges such as war, inflation, interest rate hikes, and debt issues in banking and real estate, the global economic environment in 2023 remained complex. Despite this, Qisda reported consolidated revenue of NT\$203.6 billion, a 15% decrease compared to the previous year. However, due to our continued focus on the healthcare sector, we achieved a 20% growth in the medical business, maintaining Qisda's overall consolidated revenue above NT\$200 billion. Our operating income reached NT\$5.01 billion, and net income was NT\$4.52 billion. The net income attributable to Qisda was NT\$2.98 billion, with earnings per share of NT\$1.51.

### Building a Sustainable Future – Together Towards Excellence

Qisda is committed to sustainable business practices, maintaining transparency in ESG indicators such as environmental impact, social responsibility, and corporate governance. In 2023, Qisda scored 81 points in the **S&P Global ESG** rating (out of a maximum 100), marking its debut inclusion in the S&P Global Sustainability Yearbook 2024. It achieved the distinction of being in the **top 5% globally**, standing out among the evaluated 9400 global enterprises. Qisda received a low-risk rating of 14.13 points in the **Sustainalytics ESG Risk Ratings** (out of a maximum 0 points). Our **Corporate Governance Evaluation on TWSE** remained in the top 6% to 20% of listed companies. Qisda has been a component of **TWSE Corporate Governance 100 Index** for five consecutive years since 2019 and has been a component of **TWSE RAFI® Taiwan High Compensation 100 Index** for nine consecutive years since 2015. Additionally, we have been recognized as "**Best Companies to Work for in Asia**" for five consecutive years.

Qisda extends the spirit of sustainability, encapsulated in "Together make the world better," to its affiliated enterprises and partners throughout the supply chain. We continue to pursue the "3-4-5" sustainability goals, committing to a 30% reduction in supply chain carbon emissions by 2030, 100% use of renewable energy by 2040, and achieving net-zero emissions by 2050. In 2023, Qisda led a consortium of 23 companies to obtain the world's first ISO 20121 sustainability event certification at COMPUTEX, demonstrating our commitment to green exhibitions with zero waste. Qisda and six affiliated companies received 29 sustainability awards, showcasing Qisda's leadership in sustainable business practices.

### Strategic Focus and Expansion of High-Margin Businesses

Qisda is progressing towards the goal of achieving **over half of its profits from high-value-added businesses by 2027**. Despite challenging external factors in 2023, we continued our strategic focus and expanded high-margin businesses, achieving a 20-year-record-high average gross margin of 16.2%. This focus involved divesting non-core businesses and optimizing the organization, concentrating resources on four key business directions. In 2023, we facilitated the integration of Wixtar, Brainstorm acquired by MetaAge, and K2 Medical acquired by BenQ Medical Tech, enhancing the efficiency of customer service by consolidating resources within subsidiary companies.

In expanding high-margin businesses, our dedication resulted in the Medical business surpassing NT\$24.6 billion in revenue in 2023, a 20% growth from the previous year, accounting for 12% of Qisda's total revenue. The revenue contribution from Business Solutions (BSG) and Networking & Communication (NCG) stood at 16% and 14%, respectively. Considering high-value-added product lines, these new high-margin businesses collectively accounted for approximately half of the total revenue. The display business adjusted its inventory to respond to supply and demand changes while actively cultivating high-end models in preparation for market recovery.

### Future Outlook

Looking ahead to 2024, although uncertainties in the economic environment persist, conditions are gradually stabilizing. Qisda will continue to focus on its four main operational directions, aiming to ascend to new heights and create long-term value for the company. Our plans include:

1. **Optimize Current Business:** Consolidating the global top 2 leading positions of displays and projectors, with a focus on high-end, high-priced, professional, and medical displays.
2. **Expand Medical Business:** Expanding the reach of BenQ Medical Center and actively pursuing a listing in Hong Kong to support the rapid growth of the hospital business. In the strategy of "Dual Engines in Medical Devices and Pharmaceuticals," we focus on technological innovation in medical equipment. We are enhancing the quality and differentiation of products, including blood dialysis, ultrasound, oral scanners, digital dentistry, and surgical room equipment. Additionally, we are actively expanding into overseas markets, particularly in Southeast Asia. In the medical pharmaceutical distribution channel, we prioritize the needs of the aging population, integrating Qisda's innovative technological strength with the pharmaceutical expertise of our partners to create a comprehensive healthcare system for the public.
3. **Accelerate Business Solutions:** Strengthening the integration of information technology (IT) and operational technology (OT) to create an OMO omnichannel service. Developing comprehensive hardware and software services to meet the diverse needs of different vertical markets in the face of trends such as cloud integration, cybersecurity, AI computing, new energy, smart automation, and new infrastructure.
4. **Deploy Network Business:** Recognizing the central role of networks in the digital environment, Qisda, through its subsidiaries like Alpha Networks Inc., Hitron Technologies Inc., Interactive Digital Technologies Inc., aims to create a comprehensive broadband service integrating both wired and wireless networks. Expanding into the telecom market, seizing 5G opportunities, and positioning in low-orbit satellites and space opportunities to provide seamless and rapid broadband services

#### **Innovation Excellence – Leveraging the Influence of the Grand Fleet**

Qisda sustains its competitive advantage through innovation and technological development, allocating an average of 2% to 3% of annual revenue to product innovation and R&D. Accumulating to date, we hold a total of 1,251 patents worldwide. In 2023, Qisda introduced QMUT, a new technology in the medical field involving capacitive ultrasound probes. This innovative technology and process aim to provide more precise and easily interpretable medical images for doctors, with potential applications in various medical fields.

The value transformation of Qisda has entered its second chapter, and the resource platform created for the "Grand Fleet Partners" is actively contributing positively to the group and the industrial landscape of Taiwan. We extend our gratitude to all shareholders for their long-term support and encouragement. The management team and all employees of the company will continue to work diligently to maximize benefits for the company and shareholders.

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

Sincerely,

Chairman: Peter Chen



President: Joe Huang



Chief Accountant: Jasmin Hung



## Audit Committee's Review Report

The Board of Directors has prepared the Company's Financial Statements for the year of 2023. Chang, Hwei-Chen and Shi, Wei-Ming Certified Public Accountants of KPMG, have audited the Financial Statements. The 2023 Financial Statements, Business Report, Independent, Auditors Report and the Company's 2023 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 2024 Annual General Shareholders' Meeting

Chair of the Audit Committee



Lo-Yu (Charles) Yen  
March 05, 2024

## Independent Auditors' Report and 2023 Financial Statements

### 2023 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, 2023 and the restated consolidated balance sheets as of December 31, 2022, and the related consolidated statements of comprehensive income, and changes in equity for the years then ended, and cash flows for the year ended December 31, 2023 and the restated cash flows for the year ended December 31, 2022 and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please 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, 2023 and 2022(restated), and their consolidated financial performance for the years then ended, and its consolidated cash flows for the year ended December 31, 2023 and the restated cash flows for the year ended December 31, 2022 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"), 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 Financial Statement Audit and Attestation Engagements of 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, 2023 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 Qisda Corporation and its subsidiaries are engaged in, the life cycle of certain 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 note 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 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\$5,920,686 thousand and NT\$9,914,620 thousand, respectively, constituting 3.14% and 5.13%, respectively, of the consolidated total assets as of December 31, 2023 and 2022, and the total operating revenue amounting to NT\$5,955,300 thousand and NT\$11,405,195 thousand, respectively, constituting 2.93% and 4.76%, respectively, of the consolidated total operating revenues for the years ended December 31, 2023 and 2022.

Qisda Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 exercised 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 remained solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the 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 Chang, Huei-Chen and Shih, Wei-Ming.

KPMG

Taipei, Taiwan (Republic of China)

March 5, 2024

#### 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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets	December 31, 2023		December 31, 2022 (Restated)		January 1, 2022 (Restated)	
	Amount	%	Amount	%	Amount	%
<b>Current assets:</b>						
1100 Cash and cash equivalents	\$ 25,472,899	13	31,202,619	16	18,449,682	10
1110 Financial assets at fair value through profit or loss						
– current	325,552	-	145,049	-	133,212	-
1120 Financial assets at fair value through other comprehensive income – current	109,921	-	100,146	-	102,037	-
1170 Notes and accounts receivable, net	35,742,965	19	38,085,893	20	29,999,477	16
1181 Notes and accounts receivable from related parties	2,299,192	1	2,064,033	1	3,007,620	2
1200 Other receivables	1,021,406	1	2,353,786	1	852,087	-
1210 Other receivables from related parties	300,403	-	304,287	-	304,166	-
130X Inventories	37,931,141	20	43,870,428	23	50,147,906	27
1470 Other current assets	3,163,005	2	2,929,967	2	3,069,555	2
1476 Other financial assets – current	1,298,713	1	329,598	-	4,046,389	2
1461 Non – current assets held for sale	<u>345,201</u>	-	<u>-</u>	-	<u>476,511</u>	-
<b>Total current assets</b>	<u>108,010,398</u>	<u>57</u>	<u>121,385,806</u>	<u>63</u>	<u>110,588,642</u>	<u>59</u>
<b>Non – current assets:</b>						
1510 Financial assets at fair value through profit or loss						
– non – current	751,233	-	516,377	-	354,333	-
1517 Financial assets at fair value through other comprehensive income – non – current	12,070,208	7	10,231,092	5	18,047,059	10
1550 Investments accounted for using the equity method	8,313,613	4	5,479,148	3	4,067,106	2
1600 Property, plant and equipment	40,389,379	22	36,506,711	19	33,037,041	18
1755 Right – of – use assets	5,222,230	3	5,142,615	3	4,613,883	2
1760 Investment property	844,682	1	921,424	1	3,408,285	2
1780 Intangible assets	9,512,853	5	10,227,656	5	10,538,787	6
1840 Deferred income tax assets	2,205,533	1	2,085,522	1	1,761,231	1
1900 Other non – current assets	374,868	-	311,097	-	386,454	-
1980 Other financial assets – non – current	<u>728,640</u>	-	<u>608,344</u>	-	<u>435,708</u>	-
<b>Total non – current assets</b>	<u>80,413,239</u>	<u>43</u>	<u>72,029,986</u>	<u>37</u>	<u>76,649,887</u>	<u>41</u>
<b>Total assets</b>	<u>\$ 188,423,637</u>	<u>100</u>	<u>193,415,792</u>	<u>100</u>	<u>187,238,529</u>	<u>100</u>



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

**QISDA CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>December 31, 2023</b>		<b>December 31, 2022</b>		<b>January 1, 2022</b>	
			<b>(Restated)</b>		<b>(Restated)</b>	
<b>Liabilities and Equity</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current liabilities:</b>						
2100 Short-term borrowings	\$ 29,919,639	16	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	79,374	-	96,982	-	78,178	-
2130 Contract liabilities – current	3,035,848	2	2,798,320	2	2,431,400	1
2170 Notes and accounts payable	29,891,039	16	28,290,462	15	39,319,708	21
2180 Accounts payable to related parties	577,039	-	747,500	-	1,465,399	1
2200 Other payables	13,203,307	7	15,229,989	8	12,863,465	7
2220 Other payables to related parties	26,117	-	24,835	-	27,307	-
2230 Current income tax liabilities	1,731,112	1	4,448,014	2	1,540,749	1
2260 Liabilities related to non-current assets held for sale	48,024	-	-	-	-	-
2300 Other current liabilities	852,649	-	757,374	-	878,646	-
2365 Refund liabilities – current	2,709,182	1	2,867,758	2	2,884,556	2
2321 Current portion of bonds payable	-	-	-	-	461,471	-
2322 Current portion of long-term debt	1,556,119	1	1,635,671	1	714,857	-
2280 Lease liabilities – current	564,317	-	531,390	-	466,245	-
2250 Provisions – current	1,074,754	1	1,045,970	1	906,468	1
<b>Total current liabilities</b>	<b>85,268,520</b>	<b>45</b>	<b>84,643,620</b>	<b>44</b>	<b>88,333,471</b>	<b>47</b>
<b>Non-current liabilities:</b>						
2503 Financial liabilities at fair value through profit or loss – non-current	-	-	63,144	-	97,986	-
2530 Bonds payable	3,260,702	2	2,995,015	2	-	-
2540 Long-term debt	29,784,806	16	32,086,612	17	26,702,353	14
2580 Lease liabilities – non-current	1,863,813	1	1,986,764	1	1,524,736	1
2550 Provisions – non-current	775,589	-	763,548	-	743,366	1
2570 Deferred income tax liabilities	2,520,226	1	2,031,650	1	2,383,103	1
2670 Other non-current liabilities	856,409	1	908,008	-	1,290,751	1
<b>Total non-current liabilities</b>	<b>39,061,545</b>	<b>21</b>	<b>40,834,741</b>	<b>21</b>	<b>32,742,295</b>	<b>18</b>
<b>Total liabilities</b>	<b>124,330,065</b>	<b>66</b>	<b>125,478,361</b>	<b>65</b>	<b>121,075,766</b>	<b>65</b>
<b>Equity attributable to shareholders of the Company:</b>						
3110 Common stock	19,667,820	11	19,667,820	10	19,667,820	11
3260 Capital surplus	1,983,975	1	1,949,409	1	1,844,310	1
3300 Retained earnings	18,793,317	10	24,185,472	13	20,777,515	11
3400 Other equity	(3,387,754)	(2)	(5,076,387)	(3)	(833,222)	(1)
<b>Total equity attributable to shareholders of the Company</b>	<b>37,057,358</b>	<b>20</b>	<b>40,726,314</b>	<b>21</b>	<b>41,456,423</b>	<b>22</b>
36XX Non-controlling interests	27,036,214	14	27,211,117	14	24,706,340	13
<b>Total equity</b>	<b>64,093,572</b>	<b>34</b>	<b>67,937,431</b>	<b>35</b>	<b>66,162,763</b>	<b>35</b>
<b>Total liabilities and equity</b>	<b>\$ 188,423,637</b>	<b>100</b>	<b>193,415,792</b>	<b>100</b>	<b>187,238,529</b>	<b>100</b>

(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, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenues</b>	\$ 203,594,781	100	239,837,296	100
5000 <b>Operating costs</b>	<u>(170,518,878)</u>	<u>(84)</u>	<u>(205,276,228)</u>	<u>(86)</u>
<b>Gross profit</b>	<u>33,075,903</u>	<u>16</u>	<u>34,561,068</u>	<u>14</u>
<b>Operating expenses :</b>				
6100 Selling expenses	(14,955,087)	(7)	(15,099,320)	(6)
6200 Administrative expenses	(6,198,413)	(3)	(6,332,071)	(3)
6300 Research and development expenses	(6,943,939)	(4)	(7,192,111)	(3)
6450 Gain on reversal of impairment loss (expected credit loss)	32,708	-	(85,209)	-
<b>Total operating expenses</b>	<u>(28,064,731)</u>	<u>(14)</u>	<u>(28,708,711)</u>	<u>(12)</u>
<b>Operating income</b>	<u>5,011,172</u>	<u>2</u>	<u>5,852,357</u>	<u>2</u>
<b>Non – operating income and loss:</b>				
7100 Interest income	901,749	1	413,906	-
7010 Other income	900,044	-	1,095,272	1
7020 Other gains and losses, net	910,056	1	10,092,000	4
7050 Finance costs	(1,808,278)	(1)	(1,196,799)	-
7060 Share of profits of associates and joint ventures	404,997	-	366,565	-
<b>Total non – operating income and loss</b>	<u>1,308,568</u>	<u>1</u>	<u>10,770,944</u>	<u>5</u>
<b>Income before income tax</b>	6,319,740	3	16,623,301	7
7950 <b>Less: income tax expense</b>	<u>(1,803,661)</u>	<u>(1)</u>	<u>(5,544,232)</u>	<u>(2)</u>
<b>Net income</b>	<u>4,516,079</u>	<u>2</u>	<u>11,079,069</u>	<u>5</u>
<b>Other comprehensive income (loss):</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	13,290	-	220,840	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,949,297	1	(6,863,049)	(3)
8320 Share of other comprehensive income (loss) of associates	251,145	-	(159,470)	-
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>(14,293)</u>	<u>-</u>	<u>61,906</u>	<u>-</u>
	<u>2,199,439</u>	<u>1</u>	<u>(6,739,773)</u>	<u>(3)</u>
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign operations	(145,292)	-	2,758,759	1
8370 Share of other comprehensive income of associates and joint ventures	(76,241)	-	220,024	-
	<u>(221,533)</u>	<u>-</u>	<u>2,978,783</u>	<u>1</u>
<b>Other comprehensive income (loss) for the period, net of income tax</b>	<u>1,977,906</u>	<u>1</u>	<u>(3,760,990)</u>	<u>(2)</u>
<b>Total comprehensive income for the period</b>	<u>\$ 6,493,985</u>	<u>3</u>	<u>7,318,079</u>	<u>3</u>
<b>Net income attributable to:</b>				
8610 Shareholders of the Company	\$ 2,975,733	1	8,251,930	4
8620 Non – controlling interests	1,540,346	1	2,827,139	1
	<u>\$ 4,516,079</u>	<u>2</u>	<u>11,079,069</u>	<u>5</u>
<b>Total comprehensive income attributable to:</b>				
8710 Shareholders of the Company	\$ 4,920,533	2	4,098,466	2
8720 Non – controlling interests	1,573,452	1	3,219,613	1
	<u>\$ 6,493,985</u>	<u>3</u>	<u>7,318,079</u>	<u>3</u>
<b>Earnings per share (in New Taiwan Dollars):</b>				
9750 Basic earnings per share	<u>\$ 1.51</u>		<u>4.20</u>	
9850 Diluted earnings per share	<u>\$ 1.51</u>		<u>4.14</u>	

(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, 2023 and 2022**  
**(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 (losses) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total other equity interest	Total equity of the Company	Non-controlling interests	Total equity
<b>Balance at January 1, 2022</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	24,706,340	66,162,763
Net income for the period	-	-	-	-	8,251,930	8,251,930	-	-	-	-	8,251,930	2,827,139	11,079,069
Other comprehensive income for the period	-	-	-	-	-	-	2,598,267	(6,952,755)	201,024	(4,153,464)	(4,153,464)	392,474	(3,760,990)
Total comprehensive income (loss) for the period	-	-	-	-	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)
Share of changes in equity of associates and joint ventures	-	105,435	-	-	-	-	-	-	-	-	105,435	118,683	224,118
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)
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)
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	75,045	75,045
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
Changes in non-controlling interests	-	3,396	-	-	-	-	-	-	-	-	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>	<b>27,211,117</b>	<b>67,937,431</b>
Net income for the period	-	-	-	-	2,975,733	2,975,733	-	-	-	-	2,975,733	1,540,346	4,516,079
Other comprehensive income for the period	-	-	-	-	-	-	(198,384)	2,138,796	4,388	1,944,800	1,944,800	33,106	1,977,906
Total comprehensive income for the period	-	-	-	-	2,975,733	2,975,733	(198,384)	2,138,796	4,388	1,944,800	4,920,533	1,573,452	6,493,985
Appropriation of earnings:													
Legal reserve	-	-	832,491	-	(832,491)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,243,165	(4,243,165)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(3,933,564)	(3,933,564)	-	-	-	-	(3,933,564)	-	(3,933,564)
Disposal of equity investments at fair value through other comprehensive income	-	-	-	-	256,167	256,167	-	(256,167)	-	(256,167)	-	-	-
Issue of preference share	-	1,748	-	-	-	-	-	-	-	-	1,748	5	1,753
Distribution of cash dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,559,152)	(2,559,152)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	79,307	79,307
Acquisition or disposal of shares of subsidiaries	-	1	-	-	(4,690,491)	(4,690,491)	-	-	-	-	(4,690,490)	(1,588,467)	(6,278,957)
Changes in ownership interests in subsidiaries	-	28,490	-	-	-	-	-	-	-	-	28,490	(28,490)	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,273	1,273
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,347,169	2,347,169
Claim for the disgorgement right	-	75	-	-	-	-	-	-	-	-	75	-	75
Disposal of financial assets measured at fair value through other comprehensive income	-	4,252	-	-	-	-	-	-	-	-	4,252	-	4,252
<b>Balance at December 31, 2023</b>	<b>\$ 19,667,820</b>	<b>1,983,975</b>	<b>4,270,353</b>	<b>5,076,387</b>	<b>9,446,577</b>	<b>18,793,317</b>	<b>676,646</b>	<b>(3,781,260)</b>	<b>(283,140)</b>	<b>(3,387,754)</b>	<b>37,057,358</b>	<b>27,036,214</b>	<b>64,093,572</b>

(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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	\$ 6,319,740	16,623,301
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation	4,598,992	4,203,530
Amortization	1,101,189	1,111,212
Expected credit loss (gain on reversal of impairment loss)	(32,708)	85,209
Interest expense	1,808,278	1,196,799
Interest income	(901,749)	(413,906)
Dividend income	(621,566)	(905,068)
Share-based compensation cost	1,273	3,370
Share of profit of associates and joint ventures	(404,997)	(366,565)
Loss (gain) on disposal of property, plant and equipment	(11)	5,434
Gain on disposal of non-current assets held for sale	-	(907,772)
Gain on disposal and liquidation of subsidiaries	(745,466)	(8,756,264)
Loss (gain) on disposal of investments accounted for using equity method	23,589	(120,326)
Gain on bargain purchase	-	(81,089)
Impairment loss on investments accounted for using equity method	-	22,715
Impairment loss on non-financial assets	-	7,699
Total adjustments for profit or loss	<u>4,826,824</u>	<u>(4,915,022)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(297,846)	(43,025)
Notes and accounts receivable	2,190,857	(7,723,804)
Notes and accounts receivable from related parties	(235,159)	958,922
Other receivables	261,065	(421,603)
Other receivables from related parties	3,884	(121)
Inventories	5,703,107	6,502,065
Other current assets	(240,806)	112,787
Other non-current assets	(96,033)	43,700
Net changes in operating assets	<u>7,289,069</u>	<u>(571,079)</u>
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(78,000)	(16,038)
Notes and accounts payable	1,697,513	(11,412,889)
Accounts payable to related parties	(170,461)	(717,899)
Other payables to related parties	1,282	1,063
Provisions	56,730	159,684
Contract liabilities	290,733	373,252
Other payables and other current liabilities	(1,394,759)	1,060,497
Other non-current liabilities	(8,881)	(9,849)
Net changes in operating liabilities	<u>394,157</u>	<u>(10,562,179)</u>
Total changes in operating assets and liabilities	<u>7,683,226</u>	<u>(11,133,258)</u>
Total adjustments	<u>12,510,050</u>	<u>(16,048,280)</u>
Cash provided by (used in) operations	18,829,790	575,021
Interest received	935,921	457,559
Dividends received	1,028,790	1,191,034
Interest paid	(1,778,785)	(1,105,958)
Income taxes paid	<u>(5,404,706)</u>	<u>(2,308,616)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>13,611,010</u>	<u>(1,190,960)</u>

(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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (198,288)	(465,167)
Proceeds from disposal of financial assets at fair value through other comprehensive income	303,198	113,342
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,833	1,338,239
Purchase of financial assets at fair value through profit or loss	(173,557)	(130,856)
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	-
Purchase of investments accounted for using the equity method	(1,830,730)	(1,098,690)
Proceeds from disposal of investments accounted for using the equity method	84,988	150,462
Proceeds from disposal of subsidiaries	1,339,297	10,417,241
Collection of receivables arising from disposal of subsidiaries	-	565
Proceeds from disposal of non-current assets held for sale	-	1,318,126
Cash decrease in disposal groups classified as held for sale	(12,349)	-
Additions to property, plant and equipment (including prepayments for equipment)	(5,047,746)	(6,538,224)
Proceeds from disposal of property, plant and equipment	163,305	281,946
Additions to intangible assets	(287,599)	(466,069)
Decrease (increase) in other financial assets	(1,073,253)	3,572,923
Net cash paid for acquisition of subsidiaries	(1,781,038)	(138,508)
Net decrease in cash from derecognition of subsidiaries	(318,633)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(8,773,547)</b>	<b>8,355,330</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	19,013,137	25,784,456
Repayments of short-term borrowings	(14,915,840)	(24,299,351)
Decrease in short-term notes and bills payable	(199,619)	199,619
Proceeds from issuing bonds	631,884	2,994,473
Repayments of bonds	-	(372,300)
Increase in long-term debt	40,419,767	27,480,876
Repayments of long-term debt	(42,609,613)	(21,464,003)
Decrease in guarantee deposits received	(11,303)	(21,144)
Increase in lease payable	(787,354)	(540,611)
Cash dividends distributed to shareholders	(3,933,564)	(4,916,955)
Distribution of cash dividends by subsidiaries to non-controlling interests	(2,559,152)	(1,525,512)
Acquisition of subsidiary's interests from non-controlling interests	(5,662,128)	(61,860)
Acquisition of ownership interests in subsidiaries	75	-
Proceeds from disposal of subsidiary's interests (without losing control)	12,129	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	4,252	3,396
Capital injection from non-controlling interests	79,307	75,045
<b>Net cash provided by (used in) financing activities</b>	<b>(10,518,022)</b>	<b>3,336,129</b>
<b>Effects of foreign exchange rate changes</b>	<b>(49,161)</b>	<b>2,252,438</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,729,720)</b>	<b>12,752,937</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>31,202,619</b>	<b>18,449,682</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$25,472,899</b>	<b>31,202,619</b>

## Independent Auditors' Report

To the Board of Directors of Qisda Corporation:

### Opinion

We have audited the financial statements of Qisda Corporation ("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 the Company 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, 2023 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 certain 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\$1,554,960 thousand and NT\$2,221,412 thousand, respectively, constituting 1.55% and 2.27%, respectively, of the total assets as of December 31, 2023 and 2022, and the related shares of profit of subsidiaries amounted to NT\$48,820 thousand and NT\$369,922 thousand, respectively, constituting 1.64% and 4.41%, respectively, of the total income before income tax for the years ended December 31, 2023 and 2022.

**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 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 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 Chang, Hwei-Chen and Shih, Wei-Ming.

KPMG

Taipei, Taiwan (Republic of China)

March 5, 2024

#### **Notes to Readers**

The accompanying parent-company-only 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 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 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 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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>Assets</b>	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
	<b>Current assets:</b>				
1100	Cash and cash equivalents	\$ 2,532,956	3	1,442,156	1
1110	Financial assets at fair value through profit or loss— current	133,486	-	9,010	-
1170	Notes and accounts receivable, net	8,920,059	9	10,091,112	10
1181	Notes and accounts receivable from related parties	14,112,765	14	11,574,537	12
1200	Other receivables	5,160	-	34,219	-
1210	Other receivables from related parties	6,717	-	10,007	-
130X	Inventories	6,199,272	6	6,529,066	7
1470	Other current assets	50,532	-	78,253	-
	<b>Total current assets</b>	<b>31,960,947</b>	<b>32</b>	<b>29,768,360</b>	<b>30</b>
	<b>Non – current assets:</b>				
1517	Financial assets at fair value through other comprehensive income – non – current	9,709,736	10	8,182,595	8
1550	Investments accounted for using the equity method	55,698,948	55	56,382,005	58
1600	Property, plant and equipment	2,021,479	2	2,106,101	2
1755	Right – of – use assets	343,637	-	435,611	1
1760	Investment property	105,934	-	131,879	-
1780	Intangible assets	197,775	-	213,195	-
1840	Deferred income tax assets	467,359	1	502,513	1
1900	Other non – current assets	20,593	-	20,407	-
1980	Other financial assets – non – current	38,566	-	71,959	-
	<b>Total non – current assets</b>	<b>68,604,027</b>	<b>68</b>	<b>68,046,265</b>	<b>70</b>
	<b>Total assets</b>	<b>\$100,564,974</b>	<b>100</b>	<b>97,814,625</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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2023</b>		<b>December 31, 2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings	\$ 6,500,000	6	1,870,000	2
2120	Financial liabilities at fair value through profit or loss—current	-	-	13,030	-
2130	Contract liabilities—current	781,653	1	702,353	1
2170	Notes and accounts payable	1,757,130	2	870,439	1
2180	Accounts payable to related parties	24,571,162	24	17,825,473	18
2200	Other payables	2,400,945	2	2,233,938	2
2230	Current tax liabilities	107,814	-	296,698	-
2322	Current portion of long-term debt	525,193	1	739,399	1
2280	Lease liabilities—current	139,704	-	137,022	-
2250	Provisions—current	16,426	-	23,769	-
2300	Other current liabilities	70,427	-	68,274	-
2365	Refund liabilities—current	1,489,929	2	1,677,520	2
<b>Total current liabilities</b>		<b>38,360,383</b>	<b>38</b>	<b>26,457,915</b>	<b>27</b>
<b>Non-current liabilities:</b>					
2530	Bonds payable	2,996,090	3	2,995,015	3
2540	Long-term debt	21,405,611	21	26,760,509	27
2580	Lease liabilities—non-current	370,048	1	500,255	1
2550	Provisions—non-current	82,994	-	83,801	-
2570	Deferred income tax liabilities	15,548	-	-	-
2600	Other non-current liabilities	276,942	-	290,816	-
<b>Total non-current liabilities</b>		<b>25,147,233</b>	<b>25</b>	<b>30,630,396</b>	<b>31</b>
<b>Total liabilities</b>		<b>63,507,616</b>	<b>63</b>	<b>57,088,311</b>	<b>58</b>
<b>Equity:</b>					
3110	Common stock	19,667,820	19	19,667,820	20
3200	Capital surplus	1,983,975	2	1,949,409	2
3300	Retained earnings	18,793,317	19	24,185,472	25
3400	Other equity	(3,387,754)	(3)	(5,076,387)	(5)
<b>Total equity</b>		<b>37,057,358</b>	<b>37</b>	<b>40,726,314</b>	<b>42</b>
<b>Total liabilities and equity</b>		<b>\$100,564,974</b>	<b>100</b>	<b>97,814,625</b>	<b>100</b>

(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, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 <b>Operating revenues</b>	\$ 75,425,479	100	101,928,525	100
5000 <b>Operating costs</b>	(71,847,173)	(95)	(96,586,328)	(95)
<b>Gross profit</b>	3,578,306	5	5,342,197	5
5910 Realized (unrealized) gross profit on sales to subsidiaries, associated and joint ventures	(37,090)	-	(414,630)	-
<b>Realized or loss gross profit</b>	3,541,216	5	4,927,567	5
<b>Operating expenses :</b>				
6100 Selling expenses	(1,175,798)	(2)	(1,353,193)	(1)
6200 Administrative expenses	(819,338)	(1)	(953,419)	(1)
6300 Research and development expenses	(2,267,941)	(3)	(2,464,509)	(3)
6450 Expected credit loss	12,981	-	(17,329)	-
<b>Total operating expenses</b>	(4,250,096)	(6)	(4,788,450)	(5)
<b>Operating income</b>	(708,880)	(1)	139,117	-
<b>Non – operating income and loss:</b>				
7100 Interest income	99,692	-	20,696	-
7010 Other income	598,674	1	827,300	1
7020 Other gains and losses, net	284,821	-	(586,496)	(1)
7050 Finance costs	(668,058)	(1)	(553,068)	-
7375 Share of profits of subsidiaries, associates and joint ventures	3,375,451	5	8,538,228	8
<b>Total non – operating income and loss</b>	3,690,580	5	8,246,660	8
<b>Income before income tax</b>	2,981,700	4	8,385,777	8
7950 <b>Income tax expense</b>	(5,967)	-	(133,847)	-
<b>Net income</b>	2,975,733	4	8,251,930	8
<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	1,840	-	127,921	-
8316 Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	1,466,613	2	(5,899,090)	(6)
8330 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	674,731	1	(980,562)	(1)
8349 Less: income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-
	2,143,184	3	(6,751,731)	(7)
8360 <b>Items that may be reclassified subsequently to profit or loss</b>				
8361 Exchange differences on translation of foreign operations	(198,384)	-	2,598,267	3
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	(198,384)	-	2,598,267	3
<b>Other comprehensive income (loss) for the year, net of income tax</b>	1,944,800	3	(4,153,464)	(4)
<b>Total comprehensive income for the year</b>	<b>\$ 4,920,533</b>	<b>7</b>	<b>4,098,466</b>	<b>4</b>
<b>Earnings per share (in New Taiwan dollars):</b>				
9750 Basic earnings per share	<b>\$ 1.51</b>		<b>4.20</b>	
9850 Diluted earnings per share	<b>\$ 1.51</b>		<b>4.14</b>	

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

**QISDA CORPORATION**

**Parent-Company-Only Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest					Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total retained earnings	Foreign currency translation differences	Unrealized gains		Total other equity interest	
								assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans		
<b>Balance at January 1, 2022</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)	-	-	-	-	-	-
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)	-
	-	3,396	-	-	-	-	-	-	-	-	3,396
<b>Balance at December 31, 2022</b>	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
Net income in 2023	-	-	-	-	2,975,733	2,975,733	-	-	-	-	2,975,733
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	(198,384)	2,138,796	4,388	1,944,800	1,944,800
Total comprehensive income (loss) in 2023	-	-	-	-	2,975,733	2,975,733	(198,384)	2,138,796	4,388	1,944,800	4,920,533
Appropriation of earnings:											
Legal reserve	-	-	832,491	-	(832,491)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	4,243,165	(4,243,165)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(3,933,564)	(3,933,564)	-	-	-	-	(3,933,564)
Share of changes in equity of subsidiaries, associates and joint ventures	-	30,238	-	-	-	-	-	-	-	-	30,238
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	-	1	-	-	(4,690,491)	(4,690,491)	-	-	-	-	(4,690,490)
Disposal of equity instruments measured at fair value through other comprehensive income by investees	-	-	-	-	256,167	256,167	-	(256,167)	-	(256,167)	-
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	-	4,252	-	-	-	-	-	-	-	-	4,252
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	75	-	-	-	-	-	-	-	-	75
<b>Balance at December 31, 2023</b>	\$ 19,667,820	1,983,975	4,270,353	5,076,387	9,446,577	18,793,317	676,646	(3,781,260)	(283,140)	(3,387,754)	37,057,358

(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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>Income before income tax</b>	<u>\$ 2,981,700</u>	<u>8,385,777</u>
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation	323,585	281,559
Amortization	67,774	64,958
Expected credit loss (gain on reversal of impairment loss)	(12,981)	17,329
Interest expense	668,058	553,068
Interest income	(99,692)	(20,696)
Dividend income	(437,858)	(667,761)
Share of profit of subsidiaries, associates and joint ventures	(3,375,451)	(8,538,228)
Loss (gain) on disposal of property, plant and equipment	(2,379)	(1,582)
Gain on disposal of investments	(273,124)	-
Unrealized gross profit on sales to subsidiaries, associates and joint ventures	37,090	414,630
Total adjustments for profit or loss	<u>(3,104,978)</u>	<u>(7,896,723)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(28,350)	(1,392)
Decrease (increase) in notes and accounts receivable	1,184,034	(2,772,906)
Decrease in notes and accounts receivable from related parties	(2,538,228)	1,227,980
Decrease (increase) in other receivable	29,059	55,483
Increase in other receivable from related parties	3,290	(5,828)
Increase in inventories	329,794	(656,685)
Decrease in other current assets	36,329	10,895
Increase in other non-current assets	(9,701)	-
Net changes in operating assets	<u>(993,773)</u>	<u>(2,142,453)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(13,030)	(7,345)
Increase (decrease) in notes and accounts payable	886,691	(637,887)
Increase (decrease) in accounts payable to related parties	6,745,689	(5,764,319)
Decrease in other payable to related parties	-	(725)
Increase in provisions	(8,150)	762
Increase in contract liabilities	79,300	146,045
Increase (decrease) in other payables and other current liabilities	(660,335)	(64,687)
Increase (decrease) in other non-current liabilities	(12,034)	(24,350)
Net changes in operating liabilities	<u>7,018,131</u>	<u>(6,352,506)</u>
Total changes in operating assets and liabilities	<u>6,024,358</u>	<u>(8,494,959)</u>
Total adjustments	<u>2,919,380</u>	<u>(16,391,682)</u>
Cash provided by (used in) operations	5,901,080	(8,005,905)
Interest received	99,692	20,696
Dividends received	8,441,851	3,934,787
Interest paid	(653,640)	(542,668)
Income taxes paid	(144,149)	(45,305)
<b>Net cash provided by (used in) operating activities</b>	<u>13,644,834</u>	<u>(4,638,395)</u>

(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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(60,528)	(155,170)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	1,327,197
Proceeds from disposal of financial assets designated at fair value through profit or loss	(96,126)	-
Purchase of investments accounted for using equity method	(7,613,201)	(796,210)
Proceeds from capital reduction of investments accounted for using equity method	-	2,196,615
Proceeds from disposal of non-current assets held for sale	348,803	-
Additions to property, plant and equipment	(157,079)	(341,638)
Proceeds from disposal of property, plant and equipment	3,259	2,014
Additions to intangible assets	(15,906)	(21,393)
Decrease (increase) in other financial assets	<u>33,393</u>	<u>204,941</u>
<b>Net cash provided by (used in) investing activities</b>	<u>(7,557,385)</u>	<u>2,416,356</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	4,630,000	(1,547,200)
Increase in long-term debt	30,964,413	24,190,000
Repayments of long-term debt	(36,524,399)	(17,728,282)
Payment of lease liabilities	(137,426)	(125,831)
Cash dividends distributed to shareholders	(3,933,564)	(4,916,955)
Proceeds from issuing bonds	-	2,994,473
Proceeds from disposal of forfeited employee stock managed by an employee ownership trust	4,252	3,396
Interest paid	<u>75</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>	<u>(4,996,649)</u>	<u>2,869,601</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,090,800	647,562
<b>Cash and cash equivalents at beginning of year</b>	<u>1,442,156</u>	<u>794,594</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 2,532,956</u></b>	<b><u>1,442,156</u></b>

## 2023 Earnings Distribution Proposal

Unit: NT\$

<b>Net income of 2023</b>	<b>2,975,732,897</b>
Less: Provisioned as Legal reserve	0
Add: Reversal of Special Reserve	1,688,633,610
<b>Retained earnings available for distribution in 2023</b>	<b>4,664,366,507</b>
Add: Unappropriated retained earnings from previous years	10,905,168,033
Add: Disposal of financial assets measured at fair value through other comprehensive income by investment accounted for using the equity	256,167,275
Less: Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	(4,690,491,956)
<b>Retained earnings available for distribution as of December 31, 2023</b>	<b>11,135,209,859</b>
Distributable Items:	
Cash Dividend ( NT\$1,200 for every 1,000 common shares )	(2,360,138,350)
<b>Unappropriated retained earnings after earnings distribution</b>	<b>8,775,071,509</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 2024 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.

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

Director	Released restriction items
AU Optronics Corp.	- Director, AUO Power Corp.
Shuang-Lang (Paul) Peng, Representative of AU Optronics Corp.	<ul style="list-style-type: none"> <li>- Chairman, ENNOSTAR Inc.</li> <li>- Chairman, AUO Digitech Taiwan Inc.</li> <li>- Director, AUO Megainsight(Xiamen) Co., Ltd.</li> <li>- Director, AUO Megainsight(Suzhou) Co., Ltd.</li> <li>- Director, Edgetech Data Technologies (Suzhou) Corp., Ltd.</li> </ul>
Lo-Yu (Charles) Yen	- Director, Scientific Taiwan Co.,Ltd
Shu-Chun Huang	<ul style="list-style-type: none"> <li>- Independent Director, Zero One Technology Co., Ltd.</li> <li>- Director, AURAS TECHNOLOGY CO., LTD.</li> </ul>

## Rules and Procedures for Shareholders' Meeting

Enacted on May 15, 1990

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

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

The 3rd amendment was made on May 29, 2023.

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 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. The restrictions on the place of the meeting shall not apply when the Corporation convenes a virtual-only shareholders meeting.
5. The Chairman of the Company shall preside as the chairperson at a shareholders' meeting if the meeting is convened by the Board of the 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.

- 5-1. To convene a virtual shareholders meeting, the Corporation shall include the follow particulars in the shareholders meeting notice:
  - (1) How shareholders attend the virtual meeting and exercise their rights.
  - (2) 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:
    - A. To 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.
    - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
    - C. 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 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.

D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.

- (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.
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 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.

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.

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. 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 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

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.

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. 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.

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.

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. 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, and any other related acts.

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

## Articles of Incorporation

### 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 · CB01010 Mechanical Equipment Manufacturing
  - 11 · CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
  - 12 · CD01060 Aircraft and Parts Manufacturing
  - 13 · 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.  
amended on May 29, 2023 for the forty-fifth time.

**Appendix 3:****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, 2024, the number of shares held by all directors is 236,873,048 shares. The actual collective shareholding of directors was shown as below:

Title	Name	No. of Shareholding	Shareholding %
Chairman	Chi-Hong (Peter) Chen	1,034,455	0.05
Director	AU Optronics Corp. (Representative: Shuang-Lang (Paul) Peng)	235,230,510	11.96
Director	AU Optronics Corp. (Representative: James CP Chen)	235,230,510	11.96
Director	BenQ Foundation (Representative: Han-Chou (Joe) Huang)	608,083	0.03
Independent Director	Lo-Yu (Charles) Yen	-	-
Independent Director	Jyuo-Min Shyu	-	-
Independent Director	Liang-Gee Chen	-	-
Independent Director	Chiu-Lien Lin	-	-
Independent Director	Shu-Chun Huang	-	-
Total		236,873,048	12.04

**Appendix 4:****Influence of Proposed Stock Dividend Distribution upon 2023 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 2023.