

## **BENQ MATERIALS CORP. AND SUBSIDIARIES**

### **Consolidated Financial Statements**

### **With Independent Auditors' Report**

**For the Nine Months Ended September 30, 2022 and 2021**

Address: No.29 Jianguo E. Rd., Guishan, Taoyuan, Taiwan

Telephone: 886-3-374-8800

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. NOT AUDITED OR REVIEWED BY AUDITORS. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
Cover Page	I
Table of Contents	2
Independent Auditors' Report	3
Consolidated Balance Sheets	4
Consolidated Statements of Comprehensive Income	5
Consolidated Statements of Changes in Equity	6
Consolidated Statements of Cash Flow	7~8
Notes to the Consolidated Financial Statements	
1. Organization and business	9
2. Approval of financial statements	9
3. Application of New and Revised Accounting Standards and Interpretations	9~10
4. Summary of significant accounting policies	10~11
5. Critical accounting judgments and key sources of estimation and assumption uncertainty	11
6. Description of Significant Accounts	11~40
7. Related-party transactions	41~45
8. Pledged assets	45
9. Significant commitments and contingencies	45
10. Significant loss from disaster	45
11. Significant subsequent events	45~46
12. Others	46
13. Additional disclosures	
(1) Information of significant transactions	47~51
(2) Information of investees	52
(3) Information of investments in Mainland China	53~54
(4) Major shareholders information	54
14. Segment information	55~56

## Independent Auditors' Report

To the Board of Directors of BenQ Materials Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of BenQ Materials Corp. and its subsidiaries as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income, for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No.65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 6 (8), the equity accounted investments of BenQ Materials Corp. and its subsidiaries in the investee companies amounted to \$277,953 thousand and \$197,608 thousand as of September 30, 2022 and 2021, respectively, as well as the equity in net earnings on the joint ventures using the equity method of \$29,529 thousand, \$13,860 thousand, \$86,452 thousand and \$31,781 thousand for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

### Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have influenced by the financial statements of certain investee companies described in the Basis for Qualified Conclusion paragraph which were not reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of BenQ and its subsidiaries as of September 30, 2022 and 2021, and the consolidated financial performance for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, and the consolidated cash flows for the nine months ended September 30, 2022 and 2021, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG Taipei, Taiwan, Republic of China

Philips Tang

CPA:

Steven Shih

Approved audit number: FSC (6) No. 0940100754

Approved audit number: FSC (6) No. 0950103298

November 1<sup>st</sup>, 2022

**Review only, not audited in accordance with generally accepted auditing standards as of September 30, 2022 and 2021**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2022, December 31 and September 30, 2021**

**(Unit: NT\$ thousand)**

		<b>September 30, 2022</b>		<b>December 31, 2021</b>		<b>September 30, 2021</b>				<b>September 30, 2022</b>		<b>December 31, 2021</b>		<b>September 30, 2021</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note 6 [1])	\$ 1,173,864	9	278,127	2	145,635	1	2100	Short-term borrowings (Note 6 [14])	\$ 1,668,000	12	586,849	5	180,960	2
1110	Financial assets at fair value through profit or loss – Current (Note 6 [2])	10,812	-	5,908	-	-	-	2120	Financial liabilities at fair value through profit or loss – Current (Note 6 [2])	15,523	-	9,361	-	22,630	-
1120	Financial assets at fair value through other comprehensive income – Current (Note 6 [3])	56,565	-	55,490	-	58,212	1	2170	Accounts payable	2,568,564	19	3,141,185	25	3,183,277	27
1170	Notes and accounts receivable, net (Note 6 [4] and [22])	2,629,256	19	2,252,030	18	1,738,263	15	2180	Accounts payable – Related parties (Note 7)	89,315	1	48,436	-	26,075	-
1180	Accounts receivable – Related parties, net amount (Note 6 [4] [22] and 7)	529,154	4	610,135	5	977,357	8	2200	Other payables (Note 6 [23])	1,824,856	13	1,668,190	13	1,493,535	13
1200	Other receivables (Note 6 [4] [5] and [7])	231,620	2	184,842	2	173,286	2	2220	Other payables – Related parties (Note 7)	14,020	-	24,108	-	23,278	-
1210	Other receivables – Related parties (Note 6 [5] and 7)	22	-	20	-	86	-	2320	Long-term borrowings due within one year (Note 6 [15] and 8)	118,520	1	1,666	-	-	-
1310	Inventories net (Note 6 [6])	2,700,636	20	2,807,868	23	2,538,826	22	2281	Lease liabilities – Current (Note 6 [16])	7,809	-	7,871	-	3,220	-
1479	Other current assets	266,721	2	268,911	2	342,787	3	2282	Lease liabilities – Related parties – Current (Note 6 [16] and 7)	23,442	-	91,779	1	91,470	1
1476	Other financial assets – Current (Note 8)	36,599	-	87,084	1	7,927	-	2399	Other current liabilities	236,601	2	215,073	2	92,771	1
1460	Non-current assets held for sale (Note 6 [7])	-	-	163,909	1	163,909	1								
	<b>Total current assets</b>	<b>7,635,249</b>	<b>56</b>	<b>6,714,324</b>	<b>54</b>	<b>6,146,288</b>	<b>53</b>		<b>Total current liabilities</b>	<b>6,566,650</b>	<b>48</b>	<b>5,794,518</b>	<b>46</b>	<b>5,117,216</b>	<b>44</b>
<b>Noncurrent assets:</b>								2540	Long-term borrowings (Note 6 [15] and 8)	1,103,109	8	1,305,028	11	1,619,838	14
1517	Financial assets at fair value through other comprehensive income – Non-current (Note 6 [3])	96,513	1	9,187	-	9,187	-	2570	Deferred tax liabilities	140,113	1	144,735	1	6,069	-
1550	Investment accounted for using equity method (Note 6 [8])	277,953	2	221,918	2	197,608	2	2581	Lease liabilities – Non-current (Note 6 [16])	46,558	-	52,383	-	11,976	-
1600	Real estate, plant, and equipment (Note 6 [10] 7 and 8)	5,026,684	37	4,493,229	36	4,361,897	38	2582	Lease liabilities – Related parties – Non-current (Note 6 [16] and 7)	658	-	-	-	23,057	-
1755	Right-of-use asset (Note 6 [11])	119,248	1	190,290	2	165,555	1	2600	Other non-current liabilities (Note 6 [15])	50,022	1	56,661	1	47,451	1
1760	Net Investment property (Note 6 [12])	166,875	1	431,072	3	433,587	4		<b>Total non-current liabilities</b>	<b>1,340,460</b>	<b>10</b>	<b>1,558,807</b>	<b>13</b>	<b>1,708,391</b>	<b>15</b>
1780	Intangible assets (Note 6 [9] [13] and 7)	149,608	1	165,773	1	35,016	-		<b>Total liabilities</b>	<b>7,907,110</b>	<b>58</b>	<b>7,353,325</b>	<b>59</b>	<b>6,825,607</b>	<b>59</b>
1840	Deferred tax assets	183,465	1	183,535	1	174,276	2		<b>Equity (Note 6 [20]):</b>						
1920	Guarantee deposits paid	24,708	-	28,974	-	27,182	-	3110	Common stock	3,206,745	23	3,206,745	26	3,206,745	27
1995	Other non-current assets	46,428	-	71,626	1	56,846	-	3200	Capital reserve	5,808	-	5,808	-	11,428	-
	<b>Total non-current assets</b>	<b>6,091,482</b>	<b>44</b>	<b>5,795,604</b>	<b>46</b>	<b>5,461,154</b>	<b>47</b>		Retained earnings:						
								3310	Legal reserve	414,305	3	317,262	2	317,262	3
								3320	Special reserve	103,309	1	83,534	1	83,534	1
								3350	Balance of retained earnings	2,020,692	15	1,533,290	12	1,270,937	11
								3400	Other equity	(34,651)	-	(103,309)	(1)	(108,071)	(1)
									Total equity attributable to the	5,716,208	42	5,043,330	40	4,781,835	41
								36XX	Non-controlling (Note 6 [9] [20])	103,413	-	113,273	1	-	-
									<b>Total equity</b>	<b>5,819,621</b>	<b>42</b>	<b>5,156,603</b>	<b>41</b>	<b>4,781,835</b>	<b>41</b>
<b>Total Assets</b>		<b>\$ 13,726,731</b>	<b>100</b>	<b>12,509,928</b>	<b>100</b>	<b>11,607,442</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 13,726,731</b>	<b>100</b>	<b>12,509,928</b>	<b>100</b>	<b>11,607,442</b>	<b>100</b>

(See the attached notes to the Consolidated Financial Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

**Review only, not audited in accordance with generally accepted auditing standards**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the Three and Nine Months Ended September 30, 2022 and 2021**

		(Unit: NT\$ thousand)							
		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Net sales revenue (Note 6 [ 22 ] , 7 and 14)</b>	\$ 3,646,699	100	4,046,855	100	11,922,439	100	12,406,258	100
5000	<b>Operating expenses</b>								
	<b>(Note 6 [ 6 ] , [ 10 ] , [ 11 ] , [ 12 ] , [ 13 ] , [ 18 ] , [ 23 ] , 7 and 12)</b>	(2,868,531)	(79)	(3,217,179)	(79)	(9,543,917)	(80)	(10,132,361)	(82)
	<b>Gross operating profit</b>	778,168	21	829,676	21	2,378,522	20	2,273,897	18
	<b>Operating expenses: (Note 6 [ 4 ] , [ 10 ] , [ 11 ] , [ 13 ] , [ 16 ] , [ 18 ] , [ 23 ] , 7 and 12):</b>								
6100	Selling expenses	(295,389)	(8)	(267,674)	(6)	(883,613)	(7)	(754,955)	(6)
6200	General and administrative expenses	(83,443)	(2)	(65,964)	(2)	(241,097)	(2)	(200,880)	(2)
6300	Costs of research and development	(254,754)	(7)	(189,406)	(5)	(657,755)	(6)	(547,845)	(4)
		(633,586)	(17)	(523,044)	(13)	(1,782,465)	(15)	(1,503,680)	(12)
	<b>Net operating income</b>	144,582	4	306,632	8	596,057	5	770,217	6
	<b>Non-operating income and expenses (Note 6 [ 7 ] , [ 8 ] , [ 15 ] , [ 16 ] , [ 24 ] and 7):</b>								
7100	Interest revenue	510	-	175	-	1,657	-	546	-
7010	Other income	9,821	-	4,985	-	17,617	-	12,010	-
7020	Other profits and loss	768,035	21	10,880	-	924,617	8	106,777	1
7050	Financial cost	(16,412)	-	(9,993)	-	(41,993)	(1)	(31,374)	-
7370	Share of profits of associates accounted for using the equity method	29,529	1	13,860	-	86,452	1	31,781	-
		791,483	22	19,907	-	988,350	8	119,740	1
	<b>Income before income tax</b>	936,065	26	326,539	8	1,584,407	13	889,957	7
7950	<b>Less: Income tax expense (Note 6 [ 19 ] )</b>	(404,842)	(11)	(58,550)	(1)	(503,285)	(4)	(180,755)	(1)
	<b>Net profit</b>	531,223	15	267,989	7	1,081,122	9	709,202	6
	<b>Other comprehensive income:</b>								
8310	<b>Items that will not be reclassified to profit or loss (Note 6 [ 20 ] )</b>								
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(12,319)	-	(3,971)	-	(3,869)	-	(730)	-
8349	Income tax related to items that will not be reclassified	-	-	-	-	-	-	-	-
		(12,319)	-	(3,971)	-	(3,869)	-	(730)	-
8360	<b>Items that may be reclassified subsequently to profit or loss (Note 6 [ 8 ] and [ 20 ] )</b>								
8361	Exchanges differences arising on translation of financial statements of foreign operations	25,626	-	(3,083)	(1)	63,609	1	(8,789)	-
8370	Share of other comprehensive income of associates accounted for using the equity method	7,762	-	(2,586)	-	8,918	-	(16,152)	-
8399	Income tax related to items that may be reclassified	-	-	-	-	-	-	-	-
		33,388	-	(5,669)	(1)	72,527	1	(24,941)	-
	<b>Other Comprehensive Income (loss)</b>	21,069	-	(9,640)	(1)	68,658	1	(25,671)	-
8500	<b>Total comprehensive income for the period</b>	\$ 552,292	15	258,349	6	1,149,780	10	683,531	6
	<b>Net profit after tax for the period attributable to:</b>								
8610	Owners of the parent company	\$ 534,018	15	267,989	7	1,088,530	9	709,202	6
8720	Non-controlling interests	(2,795)	-	-	-	(7,408)	-	-	-
		\$ 531,223	15	267,989	7	1,081,122	9	709,202	6
	<b>Total comprehensive income attributable to:</b>								
8710	Owners of the parent company	\$ 555,087	15	258,349	6	1,157,188	10	683,531	6
8720	Non-controlling interests	(2,795)	-	-	-	(7,408)	-	-	-
		\$ 552,292	15	258,349	6	1,149,780	10	683,531	6
	<b>Earnings per share (Unit: NT\$ , Note 6 [ 21 ] )</b>								
9750	<b>Basic earnings per share</b>	\$ 1.67		0.84		3.39		2.21	
9850	<b>Diluted earnings per share</b>	\$ 1.64		0.83		3.33		2.19	

(See the attached notes to the Consolidated Financial Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

**Review only, not audited in accordance with generally accepted auditing standards**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the Nine Months Ended September 30, 2022 and 2021**

(Unit: NT\$ thousand)

	Profit and / loss attributable to the owners of parent company						Other equity items						
	Retained earnings												
	Common stock	Capital reserve	Legal reserve	Special reserve	Balance of retained earnings	Total	Exchange differences arising on translation	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined welfare plan	Total	Total equity attributable to the owners of parent company	Non-controlling	Total equity
<b>Balance as of January 1, 2021</b>	\$ 3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775	-	4,322,775
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	39,597	-	(39,597)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	49,638	(49,638)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(224,472)	(224,472)	-	-	-	-	(224,472)	-	(224,472)
Changes in capital surplus from investments in associate under the equity method	-	1	-	-	-	-	-	-	-	-	1	-	1
Disposal of the equity instruments at fair value through other comprehensive income	-	-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-	-	-
Net profit	-	-	-	-	709,202	709,202	-	-	-	-	709,202	-	709,202
Other Comprehensive Income (Loss)	-	-	-	-	-	-	(24,941)	(730)	-	(25,671)	(25,671)	-	(25,671)
Total comprehensive income for the period	-	-	-	-	709,202	709,202	(24,941)	(730)	-	(25,671)	683,531	-	683,531
<b>Balance as of September 30, 2021</b>	<b>\$ 3,206,745</b>	<b>11,428</b>	<b>317,262</b>	<b>83,534</b>	<b>1,270,937</b>	<b>1,671,733</b>	<b>(65,887)</b>	<b>(20,187)</b>	<b>(21,997)</b>	<b>(108,071)</b>	<b>4,781,835</b>	<b>-</b>	<b>4,781,835</b>
<b>Balance as of January 1, 2022</b>	\$ 3,206,745	5,808	317,262	83,534	1,533,290	1,934,086	(51,470)	(22,910)	(28,929)	(103,309)	5,043,330	113,273	5,156,603
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	97,043	-	(97,043)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	19,775	(19,775)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(481,012)	(481,012)	-	-	-	-	(481,012)	-	(481,012)
Acquisition parts of the equity from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,750)	(5,750)
Acquired real differences between consideration and carrying amount of subsidiaries	-	-	-	-	(3,298)	(3,298)	-	-	-	-	(3,298)	3,298	-
Net profit	-	-	-	-	1,088,530	1,088,530	-	-	-	-	1,088,530	(7,408)	1,081,122
Other Comprehensive Income (Loss)	-	-	-	-	-	-	72,527	(3,869)	-	68,658	68,658	-	68,658
Total comprehensive income for the period	-	-	-	-	1,088,530	1,088,530	72,527	(3,869)	-	68,658	1,157,188	(7,408)	1,149,780
<b>Balance as of September 30, 2022</b>	<b>\$ 3,206,745</b>	<b>5,808</b>	<b>414,305</b>	<b>103,309</b>	<b>2,020,692</b>	<b>2,538,306</b>	<b>21,057</b>	<b>(26,779)</b>	<b>(28,929)</b>	<b>(34,651)</b>	<b>5,716,208</b>	<b>103,413</b>	<b>5,819,621</b>

(See the attached notes to the Financial Consolidated Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

**Review only, not audited in accordance with generally accepted auditing standards**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the Nine Months Ended September 30, 2022 and 2021**

**(Unit: NT\$ thousand)**

	For the Nine Months Ended September	
	30	
	2022	2021
<b>Cash flows from operating activities:</b>		
Income before income tax for the period	\$ 1,584,407	889,957
<b>Adjusted item:</b>		
Depreciation	453,540	419,909
Amortization expenses	44,659	33,189
Expected credit losses (reverse benefits)	1,016	(425)
Valuation loss on financial liabilities measured at fair value through net profit or loss	1,258	35,050
Interest expenses	41,993	31,374
Interest revenue	(1,657)	(546)
Dividend income	(1,680)	(1,344)
Share of profit of affiliated companies accounted under the equity method	(86,452)	(31,781)
Loss (profits) from disposal of real estate, plant and equipment	12,903	(1,455)
Profits from disposal of non-current assets held for sale	(893,148)	-
Loss from disposal of investment	-	8,928
Amortization of deferred expenses transferred to expenses	119,491	106,779
Amortization of syndication fee costs	3,345	1,425
Gains on lease modifications	-	(2)
Total adjustments to reconcile profit (loss)	(304,732)	601,101
<b>Changes in operating assets / liabilities:</b>		
Net changes in operating assets:		
Increase in notes and accounts receivable	(370,026)	(285,652)
Accounts receivable – (increase) decrease in related parties	145,480	(27,910)
Increase in other receivables	(1,300)	(2,991)
Other accounts receivable – related parties increase	(2)	(31)
(Increase) decrease in inventory	107,232	(133,937)
Increase in other current assets	(75,662)	(87,168)
Increase in other non-current assets	-	(9)
Total net changes in operating assets	(194,278)	(537,698)
Net changes in operating liabilities:		
Decrease in accounts payable	(572,621)	(238,184)
Accounts payable – increase (decrease) in related parties	40,879	(3,691)
Increase (decrease) in other payables	(43,087)	41,307
Increase (decrease) in other payables to related parties	(10,088)	7,060
Increase in other current liabilities	107,498	13,201
Decrease in net defined benefit liability	(1,473)	(1,375)
Total net changes in operating liabilities	(478,892)	(181,682)
Total net changes in operating assets and liabilities	(673,170)	(719,380)
Total adjustments	(977,902)	(118,279)
Cash inflow generated from operations	606,505	771,678
Interest received	1,657	546
Interest payment	(41,008)	(31,267)
Income tax paid	(289,416)	(18,165)
<b>Net cash inflow from operating activities</b>	<b>277,738</b>	<b>722,792</b>

(Continued on the next page)

**Review only, not audited in accordance with generally accepted auditing standards**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

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

**For the Nine Months Ended September 30, 2022 and 2021**

**(Unit: NT\$ thousand)**

	<b>For the Nine Months Ended September</b>	
	<b>30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Acquisitions of financial assets at fair value through other comprehensive income	(92,270)	(9,187)
Acquisitions of investment for using the equity method	-	(4,480)
Disposal of non-current assets held for sale	1,153,532	-
Acquisition of real estate, plant and equipment	(931,066)	(393,808)
Disposal of real estate, plant and equipment	225	2,258
Decrease (increase) in refundable deposits	4,266	(13,252)
Acquisition of intangible assets	(25,533)	(32,198)
Decrease in other financial assets	50,485	7,909
Increase in other non-current assets	(40,403)	(7,751)
Dividends received	41,015	12,161
<b>Net cash inflow (outflow) from investing activities</b>	<b>160,251</b>	<b>(438,348)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	1,081,151	30,960
Proceeds from long-term borrowings	317,450	2,712,690
Repayments of long-term borrowings	(403,365)	(2,710,000)
Increase (decrease) in deposits received	(4,316)	4,699
Repayments of lease principal	(74,736)	(61,950)
Purchase subsidiary shares from non-controlling interests	(5,750)	-
Issuance of cash dividend	(481,012)	(224,472)
<b>Net cash inflow (outflow) from financing activities</b>	<b>429,422</b>	<b>(248,073)</b>
<b>Impact on exchange rates changes</b>	<b>28,326</b>	<b>(38,979)</b>
<b>Increase (decrease) in cash and cash equivalents for the period</b>	<b>895,737</b>	<b>(2,608)</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>278,127</b>	<b>148,243</b>
<b>Cash and cash equivalents at the end of year</b>	<b>\$ 1,173,864</b>	<b>145,635</b>

(See the attached notes to the Consolidated Financial Statements)

**Chairman:**

**Zhien-Chi (Z.C.) Chen**

**General Manager:**

**Ray, Liu**

**Accounting Manager:**

**James, Wang**



**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**For the Six Months Ended June 30, 2022 and 2021**

**(Unless otherwise indicated, the unit for all amounts is in NT\$ thousand.)**

**1. Company History**

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 2010) was established on July 16, 1998, with the approval of the Ministry of Economic Affairs. The registered address is No. 29, Jianguo E. Rd., Guishan Dist., Taoyuan City 333403, Taiwan (R.O.C.). The main business items of the Company and its subsidiaries (hereinafter referred to as "the Combined Company") are manufacturing and sales of film sheet products and medical equipment.

**2. Date and Procedures of Authorization of Financial Statements**

The Consolidated Financial Statements were published upon approval by the Board of Directors on November 1, 2022.

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

(1) The Impact of adopting newly released and revised standards and interpretations endorsed by the Financial Supervisory Commission (hereinafter referred to as "FSC").

The Combined Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Consolidated Financial Statements since January 1, 2022.

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

(2) Impacts from IFRS are endorsed by FSC that are not adopted yet

The Combined Company evaluates that the application of the following newly endorsed IFRS amended since January 1, 2023, will not have a material impact on the Consolidated Financial Statements.

- Amendments to IAS 1 "Disclosure of the Accounting Policy"
- Amendments to IAS 8 "Definition of the Accounting Evaluation"
- Amendments to IAS 12 "Related to Referred Tax Assets and Liabilities from Unity Transaction"

(3) Newly issued and revised standards and interpretations are not yet endorsed by FSC

The standards and interpretations have been issued and amended by IASB that are not yet recognized by FSC, they maybe relate to Combined Company as follows:

<b>New or amended standards</b>	<b>Major amendments</b>	<b>The effective date of issue by IASB</b>
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	<p>The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet.</p> <p>The amendments also clarify the classification rules for debts companies might settle by converting them into equity.</p>	2023.1.1

The Combined Company is continuously evaluating the aforementioned standards and interpreting the financial status and impact of the operating results for the Combined Company. Besides, the relevant impact will be disclosed when the evaluation is completed.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IFRS 16 "Exchange Regulation from Leaseback"

#### 4. Summary of Significant Accounting Policies:

##### (1) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the International Accounting Standards 34, "Interim financial reporting" as endorsed by the FSC. The Company's accompanying consolidated financial statements have been prepared in accordance with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. Refer to Note 4 for the consolidated financial statements for the year ended December 31, 2020 for the details.

##### (2) Basis of consolidation

###### 1) List of subsidiaries in the Consolidated Financial Statements:

Investment company name	Subsidiary name	Business type	Proportion of ownership(%)			
			September 30, 2022	December 31, 2021	September 30, 2021	Description
BenQ	BenQ Material (Suzhou) Corp. (BMLB)	Holding company	100.00	100.00	100.00	-
BenQ	Sigma Medical Supplies Corp. ("SMS")	Sale of medical consumables and equipment	100.00	100.00	100.00	-
BenQ	Genejet Biotech Co., Ltd (Genejet)	Development, manufacturing and sale of medical consumables and equipment	70.00	70.00	-	(note 1)
BenQ	Cenefom Corp. (Cenefom)	Development, manufacturing and sale of medical consumables and equipment	36.64	34.83	12.12	(note 2)
BMLB	BenQ Material (Suzhou) Corp. ("BMS")	Processing of functional film products	100.00	100.00	100.00	-
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Corp. (BMW)	Manufacture and sale of film sheet and cosmetic-related	100.00	100.00	100.00	-
BMLB	BenQ Materials Medical (Suzhou) Co., Ltd (BMM)	Manufacture and sale of medical consumables and equipment	100.00	100.00	100.00	-
SMS	Suzhou Sigma Medical Supply Co., Ltd. ("SMSZ")	Sale of medical consumables and equipment	100.00	100.00	100.00	-

Note 1. On October 28, 2021 the Combined Company acquired control of the company and it became a subsidiary; therefore, it was consolidated into the Consolidated Financial Statements from that date.

Note 2. Formerly as an affiliated enterprise of the Combined Company. On October 25, 2021, the Combined Company acquired control of the company and it became a subsidiary; therefore, it was consolidated into the Consolidated Financial Statements from that date.

###### 2) List of subsidiaries which excluded in the Consolidated Financial Statements: None.

##### (3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

##### (4) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, “Interim Financial Reporting”. Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

## 5. The Primary Sources of Uncertainties in Major Accounting Judgement Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, “Interim Financial Reporting”, as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. The actual results may differ from these estimates.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2021.

## 6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2021.

### (1) Cash and Cash Equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Working capital	\$ 198	224	157
Demand deposit and cheque deposit	1,155,736	252,265	119,680
Time deposits with original maturity within three months	17,930	25,638	25,798
	<u>\$ 1,173,864</u>	<u>278,127</u>	<u>145,635</u>

### (2) Financial assets and liabilities at fair value through profit or loss - current

	September 30, 2022	December 31, 2021	September 30, 2021
Mandatory financial assets measured at fair value through profit or loss – current:			
Foreign exchange forward contracts	\$ 9,227	1,093	-
Foreign exchange swaps	\$ 1,585	4,815	-
	<u>\$ 10,812</u>	<u>5,908</u>	<u>-</u>

	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities held for trading – current:			
Foreign exchange forward contracts	(\$15,523)	(9,361)	(18,301)
Foreign exchange swaps	-	-	(4,329)
	<u>(\$15,523)</u>	<u>(9,361)</u>	<u>(22,630)</u>

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

### 1) Derivatives

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

#### a. Foreign exchange forward contracts

September 30, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>18,000</u>	Sell USD / Buy RMB	October 31, 2022
USD <u>22,000</u>	Sell USD / Buy JPY	October 24, 2022~November 22, 2022
USD <u>13,500</u>	Sell USD / Buy NTD	October 4, 2022~October 24, 2022
December 31, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>6,000</u>	Sell USD / Buy RMB	January 28, 2022
USD <u>33,000</u>	Sell USD / Buy JPY	January 24, 2022~February 24, 2022
USD <u>21,500</u>	Sell USD / Buy NTD	January 4, 2022~January 27, 2022
September 30, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>2,400</u>	Sell USD / Buy RMB	October 29, 2021
USD <u>42,000</u>	Sell USD / Buy JPY	October 22, 2021~December 24, 2021
USD <u>13,500</u>	Sell USD / Buy NTD	October 4, 2021~October 22, 2021

b. Foreign exchange swaps

September 30, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>45,000</u>	Sell USD / Buy NTD	October 31, 2022
December 31, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>48,000</u>	Sell USD / Buy NTD	January 28, 2022
September 30, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>48,000</u>	Sell USD / Buy NTD	October 29, 2021

(3) Financial assets measured at fair value through other comprehensive income

	September 30, 2022	December 31, 2021	September 30, 2021
Equity instruments measured at fair value through other comprehensive income:			
Taiwan	\$ 56,565	55,490	58,212
Unlisted stocks	96,513	9,187	9,187
	<u>\$ 153,078</u>	<u>64,677</u>	<u>67,399</u>
Current	\$ 56,565	55,490	58,212
Non-current	96,513	9,187	9,187
	<u>\$ 153,078</u>	<u>64,677</u>	<u>67,399</u>

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

In August, 2021, the Combined Company acquired an additional 8.97% equity in Coatmed Incorporation (hereinafter referred to as "Coatmed") by investing NT\$4,480 thousand in cash, which increased the Combined Company's equity in Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision making. Therefore, the financial assets measured at FVTOCI were reclassified as investments accounted for using the

equity method as described in Note 6 [8].

For the nine months ended September 30, 2022 and 2021, no disposal of the aforementioned strategical investments for the Combined Company, and the accumulated profits and loss for the period weren't transferred within the equity.

For the nine months ended September 30, 2021, the Combined Company disposed the parts of the equity instruments measured at fair value through Other Comprehensive Income, accumulated \$1,134 thousand loss on disposal, and the accumulated loss on disposal as mentioned above were transferred from other equities to retained earnings.

(4) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 15,666	31,683	42,738
Accounts receivable	2,634,500	2,239,663	1,714,844
Deduction: allowance for loss	(20,910)	(19,316)	(19,319)
	2,629,256	2,252,030	1,738,263
Accounts receivable - related parties	529,154	610,135	977,357
	<u>\$ 3,158,410</u>	<u>2,862,165</u>	<u>2,715,620</u>

- 1) The Combined Company adopted a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of notes receivable and accounts receivable (including related-parties) of the Combined Company as of September 30, 2022, December 31 and September 30, 2021 was as follows:

**September 30, 2022**

	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 3,153,151	0.0001%	3
Past due over 1~30 days	844	1.4218%	12
Past due over 31~60 days	2,992	4.9799%	149
Past due over 61~90 days	1,688	5.9834%	101
Past due over 91 days	20,645	100%	20,645
	<u>\$ 3,179,320</u>		<u>20,910</u>

**December 31, 2021**

	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,861,641	0.0045%	128
Past due over 1~30 days	654	0.3058%	2
Past due over 91 days	19,186	100%	19,186
	<u>\$ 2,881,481</u>		<u>19,316</u>

**September 30, 2021**

	<b>Carrying amount of accounts receivable and bills</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Not past due	\$ 2,712,491	0.005%	136
Past due over 1~30 days	2,779	0.0306%	1
Past due over 31~60 days	501	2.7944%	14
Past due over 91 days	19,168	100%	19,168
	<b>\$ 2,734,939</b>		<b>19,319</b>

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

	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at the beginning of the year	\$ 19,316	23,480
Impairment Loss (reverse benefits)	1,016	(425)
Unrecoverable money offset for the period	-	(3,643)
Gain and Loss of foreign exchange	578	(93)
Balance at the end of the year	<b>\$ 20,910</b>	<b>19,319</b>

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

<b>September 30, 2022</b>						
<b>Sale object</b>	<b>Sale amount</b>	<b>Amount still available in advance</b>	<b>Advance amount</b>	<b>Show as other receivables (Note 6 [5])</b>	<b>Range of interest rates</b>	<b>Other important matters</b>
E.Sun Commercial Bank	\$ 282,222	-	254,000	28,222	3.81%~3.92%	None
Taipei Fubon Commercial Bank	158,210	-	142,389	15,821	4.12%	None
	<b>\$ 440,432</b>	<b>-</b>	<b>396,389</b>	<b>44,043</b>		

December 31, 2021						
Sale object	Sale amount	Amount still available in advance	Advance amount	Show as other receivables (Note 6 [5])	Range of interest rates	Other important matters
Taipei Fubon Commercial Bank	\$ 210,752	-	186,970	23,782	0.70%~0.82%	None
E.Sun Commercial Bank	168,587	-	151,728	16,859	0.75%~0.80%	None
KGI Bank	116,177	-	104,559	11,618	1.00%	Guaranteed promissory note
	<b>\$ 495,516</b>	<b>-</b>	<b>443,257</b>	<b>52,259</b>		<b>830,400</b>

September 30, 2021						
Sale object	Sale amount	Amount still available in advance	Advance amount	Show as other receivables (Note 6 [5])	Range of interest rates	Other important matters
Taipei Fubon Commercial Bank	\$ 491,931	-	440,332	51,599	0.70%	None
E.Sun Commercial Bank	213,845	-	192,460	21,385	0.75%~0.80%	None
KGI Bank	167,121	-	150,409	16,712	0.98%	Guaranteed promissory note
	<b>\$ 872,897</b>	<b>-</b>	<b>783,201</b>	<b>89,686</b>		<b>835,200</b>

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

(5) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables – accounts receivable sale minus advance price balance (Note 6 [4] and 7)	\$ 111,071	183,786	168,247
Other receivables - other (Note 6 [7])	120,549	1,056	5,039
Other receivables - related parties	22	20	86
	231,642	184,862	173,372
Deduction: Allowance for loss	-	-	-
	<b>\$ 231,642</b>	<b>184,862</b>	<b>173,372</b>

The Combined Company's other receivables as of September 30, 2022, December 31 and September 30, 2021, have no expected credit losses after assessment.

(6) Inventories

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Raw materials	\$ 1,060,525	1,251,773	1,152,900
Work in process	838,014	856,421	768,546
Finished goods	802,097	699,674	617,380
	<b>\$ 2,700,636</b>	<b>2,807,868</b>	<b>2,538,826</b>

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

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Inventories cost has been sold	\$ 2,780,316	3,221,791	9,367,263	10,017,792
Reversal of allowance for inventory market price decline	82,865	(11,699)	156,386	93,231
	<b>\$ 2,863,181</b>	<b>3,210,092</b>	<b>9,523,649</b>	<b>10,111,023</b>

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

(7) Non-current assets held for sale

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Land and structure held for sale	\$ -	163,909	163,909

- (a) In May, 2021, the board of directors of SMS decided to sell the lands, structures, and equipment of machinery in Ruifang District, New Taipei City, and these assets on the carrying value was NT\$163,909 thousand. The sale transaction had been finished in the season first, 2022, and besides, the net price on the disposal of the assets was NT\$276,494 thousand, the derivative gains on the disposal was NT\$112,585 thousand (relevant to the land value increment tax and the income tax deduction), was listed under “The Other Profits and Loss”. Some of the machinery equipment was sold to the others-related of the Combined Company, refer to Note 7 for the details.

In July, 2021, the board of directors of BMS decided to sell parts of the real estate and assets-related (the land use rights, buildings, and machinery equipment on the book of first record and deferred expenses), located in the Industrial Park of Suzhou, Suzhou City, China. These assets on the carrying value was NT\$301,672. BMS had signed the bargains with the buyer in March, 2022, and had been sold in the season third of the year, net price on the disposal of the assets was NT\$1,079,231 thousand, the derivative gains on the disposal were NT\$780,563 thousand ( the relevant to the land value increment tax and the income tax deduction), was listed under “The Other Profits and Loss”, as of September 30, 2022, the relevant to the amount which was not received was NT\$118,193, was listed under “The Other Accounts Receivable”.

(8) Investments accounted by equity method



	September 30, 2022		September 30, 2021
	(Not audited)	December 31, 2021	(Not audited)
Joint ventures	\$ 277,953	221,918	197,608

Share of profit and loss of joint ventures accounted for using equity method (not audited) was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Joint ventures	\$ 29,529	13,860	86,452	31,781

(a) Joint ventures

In August, 2021, the Combined Company invested NT\$4,480 thousand in cash, in Coatmed Incorporation (hereinafter referred to as “Coatmed”), which increased the Combined Company’s equity in Cotamed from 11.03% to 20%, and became a director with the ability to participate in decision-making, so gain the significant influence, which it was evaluated using the equity method.

On January 28, 2021, the shareholders’ meeting decided to dissolve the Company, Taikebio Co., Ltd and process the liquidation; therefore, the Combined Company lost the important influence for Tailebio Co., Ltd and derived the loss NT\$6,556 thousand from the disposal of investment.

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

	September 30, 2022		September 30, 2021
	(Not added)	December 31, 2021	(Not added)
The carrying amount of equity of individually immaterial associates at the end of the period	\$ 277,953	221,918	197,608

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Share attributable to the Combined Company:				
Net profit	\$ 29,529	13,860	86,452	31,781
Other comprehensive income	7,762	(2,586)	8,918	(16,152)
Total comprehensive income	37,291	11,274	95,370	15,629

(b) Investments accounted by equity method not reviewed

The Company’s share of the profit and other comprehensive income from the investments accounted by equity method of the financial statements were not reviewed by independent auditors.

(9) Business merges

a. Acquisition of a subsidiary – Cenefom Corp.

(a) Acquisition of transfer consideration from subsidiaries

On October 25, 2021 (the acquisition date), the Combined Company acquired 3,323 thousand shares of common stock of Cenefom Crop. (hereinafter referred to as “Cenefom”) for a total amount of \$63,135

thousand by participating in a cash capital increase, which increased the Combined Company's shareholding in Cenefom from 12.12% to 34.83% and obtained more than half of the seats of directors, thus gaining control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Cenefom is mainly engaged in the research and development, production and sales of PVA foam medical related consumables. The Combined Company acquired Cenefom primarily to acquire the existing customer base and related technologies and applications.

(b) Acquisition of identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Cenefom on October 25, 2021 (acquisition date) are as follows:

Transfer consideration:		
Cash	\$	63,135
Fair value of the original interest in the acquiree		20,805
Non-controlling interests (measured as identifiable net assets in proportion to non-controlling interests)		96,694
Fair value of identifiable assets acquired and liabilities assumed:		
Cash and Cash Equivalents	\$	92,509
Notes and accounts receivable, net		4,940
Inventories, net		8,249
Other current assets		1,317
Other financial assets - current		1,591
Real estate, plant and equipment		18,583
Intangible assets - patented technology		54,260
Intangible assets - customer relationship		30,012
Intangible assets - others		134
Other non-current assets		1,640
Guarantee deposits paid		790
Short-term borrowings		(16,756)
Long-term loan due within one year		(5,579)
Notes and accounts payables		(4,165)
Other payables		(5,477)
Other current liabilities		(8,004)
Long-term borrowings		(11,235)
Deferred tax liabilities		(14,437)
Goodwill		<u>\$ 32,262</u>

The Combined Company recognized a gain on disposal of NT\$14,370 thousand at the acquisition date for remeasurement of the fair value of the 12.12% equity held by the Combined Company prior to the acquisition date, which was recorded under "other gains and losses".

3) Intangible assets

The above patented technology and customer relationships are amortized on a straight-line basis over 10 and 11 years, respectively, based on the expected future economic benefits.

The goodwill is mainly derived from the value of the human resources team of Cenefom. These benefits do not meet the criteria for recognition as identifiable intangible assets and are not separately recognizes as goodwill, but the goodwill recognized is not expected to have any income tax effect.

b. Acquisition of a subsidiary – Genejet Biotech Co., Ltd.

(a) Acquisition of transfer consideration from subsidiaries

On October 28, 2021 (the acquisition date), the Combined Company acquired an additional 70% equity in Genejet Biotech Co., Ltd. (hereinafter referred to as “Genejet”) for a total amount of \$43,316 thousand by participating in a cash capital increase, thus gaining control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Genejet is mainly engaged in the research and development, production and sales of tissue adhesives. The Combined Company acquired Genejet primarily to acquire the access to existing customer base and expanding sales channel in Taiwan and Asia.

(b) Acquisition of the identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Genejet on October 28, 2021 (acquisition date) are as follows:

Item	Amount
Cash and Cash Equivalents	\$ 46,868
Notes and accounts receivable, net	314
Other receivables	72
Inventories, net	2,055
Other current assets	1,059
Real estate, plant and equipment	1,058
Right-of-use assets	4,096
Intangible assets - patented technology	9,496
Intangible assets - customer relationship	4,913
Intangible assets - others	274
Other non-current assets	2,359
Guarantee deposits paid	148
Notes and accounts payable	(877)
Other payables	(1,791)
Other current liabilities	(994)
Lease liabilities - current	(777)
Lease liabilities - non-current	(3,333)
Other non-current liabilities	(37)
Deferred tax assets and liabilities	(2,881)
Fair value of identifiable net assets	<u>\$ 62,022</u>

(c) Gains on bargain purchase

The gains on bargain purchase recognized from acquisition were as follows:

Transfer consideration - cash	\$ 43,316
Add: Non-controlling interests (measured at fair value of identifiable net assets in proportion to non-controlling interests)	18,607
Less: Fair value of identifiable net assets	<u>(62,022)</u>
Gains on bargain purchase (recorded under "other gains or losses")	<u><u>(\$99)</u></u>

4) Intangible assets

The above patented technology and customer relationships are amortized on a straight-line basis over 5 and 6 years, respectively based on the expected future economic benefits

(10) Real estate, plant and equipment

		<b>Land</b>	<b>Housing and Buildings</b>	<b>Machinery equipment</b>	<b>Others</b>	<b>Total</b>
Cost:						
Balance as of January 1, 2022	\$	1,344,108	3,585,151	6,137,565	2,324,470	13,391,294
Addition		-	16,662	162,376	718,013	897,051
Disposal		-	-	(191,380)	(11,538)	(202,918)
The non-current assets held for sale to be reclassified		-	(4,430)	(16,318)	-	(20,748)
Other reclassifications and effect of foreign exchange rate changes		-	32,077	152,685	(120,952)	63,810
Balance as of September 30, 2022	\$	<b>1,344,108</b>	<b>3,629,460</b>	<b>6,244,928</b>	<b>2,909,993</b>	<b>14,128,489</b>
Balance as of January 1, 2021	\$	1,477,219	3,208,141	5,845,067	2,332,464	12,862,891
Addition		-	75,977	105,453	314,239	495,669
Disposal		-	-	(36,486)	(3,008)	(39,494)
The non-current assets held for sale to be reclassified		(133,111)	(40,024)	(8,253)	(13,677)	(195,065)
Other reclassifications and effect of foreign exchange rate changes		-	302,474	132,538	(426,154)	8,858
Balance as of September 30, 2021	\$	<b>1,344,108</b>	<b>3,546,568</b>	<b>6,038,319</b>	<b>2,203,864</b>	<b>13,132,859</b>
Accumulated depreciation:						
Balance as of January 1, 2022	\$	-	2,008,466	5,162,709	1,726,890	8,898,065
Depreciation for the period		-	92,201	193,886	85,430	371,517
Disposal		-	-	(178,256)	(11,534)	(189,790)
The non-current assets held for sale to be reclassified		-	-	(16,318)	-	(16,318)
Other reclassifications and effect of foreign exchange rate changes		-	19,034	16,038	3,259	38,331
Balance as of September 30, 2022	\$	-	<b>2,119,701</b>	<b>5,178,059</b>	<b>1,804,045</b>	<b>9,101,805</b>
Balance as of January 1, 2021	\$	-	1,895,311	4,970,576	1,647,788	8,513,675
Depreciation for the period		-	97,651	173,052	62,843	333,546
Disposal		-	-	(35,748)	(2,943)	(38,691)
The non-current assets held for sale to be reclassified		-	(19,943)	(5,548)	(5,665)	(31,156)
Other reclassifications and effect of foreign exchange rate changes		-	(3,171)	(2,623)	(618)	(6,412)
Balance as of September 30, 2021	\$	-	<b>1,969,848</b>	<b>5,099,709</b>	<b>1,701,405</b>	<b>8,770,962</b>
Carrying value:						
January 1, 2022	\$	<b>1,344,108</b>	<b>1,576,685</b>	<b>974,856</b>	<b>597,580</b>	<b>4,493,229</b>
September 30, 2022	\$	<b>1,344,108</b>	<b>1,509,759</b>	<b>1,066,869</b>	<b>1,105,948</b>	<b>5,026,684</b>
January 1, 2021	\$	<b>1,477,219</b>	<b>1,312,830</b>	<b>874,491</b>	<b>684,676</b>	<b>4,349,216</b>
September 30, 2021	\$	<b>1,344,108</b>	<b>1,576,720</b>	<b>938,610</b>	<b>502,459</b>	<b>4,361,897</b>

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

(11) Right-of-use assets

	Land use right	Housing and buildings	Total
Right-of-use assets cost:			
Balance as of January 1, 2022	\$ 63,352	482,953	546,305
Addition	-	1,170	1,170
Reclassified as the non-current assets held for sale	(7,114)	-	(7,114)
Effect of changes in exchange rate	1,804	-	1,804
Balance as of September 30, 2022	<b>\$ 58,042</b>	<b>484,123</b>	<b>542,165</b>
Balance as of January 1, 2021	\$ 63,007	426,531	489,538
Addition	-	9,552	9,552
Lease amendment	-	(389)	(389)
Effect of changes in exchange rate	(323)	-	(323)
Balance as of September 30, 2021	<b>\$ 62,684</b>	<b>435,694</b>	<b>498,378</b>
Accumulated depreciation of right-of- use assets:			
Balance as of January 1, 2022	\$ 15,035	340,980	356,015
Depreciation for the period	914	67,929	68,843
Reclassified as the non-current assets held for sale	(2,367)	-	(2,367)
Effect of changes in exchange rate	426	-	426
Balance as of September 30, 2022	<b>\$ 14,008</b>	<b>408,909</b>	<b>422,917</b>
Balance as of January 1, 2021	\$ 13,666	254,282	267,948
Depreciation for the period	967	64,058	65,025
Lease amendment	-	(73)	(73)
Effect of changes in exchange rate	(77)	-	(77)
Balance as of September 30, 2021	<b>\$ 14,556</b>	<b>318,267</b>	<b>332,823</b>
Carrying value:			
January 1, 2022	<b>\$ 48,317</b>	<b>141,973</b>	<b>190,290</b>
September 30, 2022	<b>\$ 44,034</b>	<b>75,214</b>	<b>119,248</b>
January 1, 2021	<b>\$ 49,341</b>	<b>172,249</b>	<b>221,590</b>
September 30, 2021	<b>\$ 48,128</b>	<b>117,427</b>	<b>165,555</b>

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

(12) Investment property

	<b>Housing and buildings</b>	<b>Land use right</b>	<b>Total</b>
Cost:			
Balance as of January 1, 2022	\$ 890,396	67,711	958,107
Reclassified as the non-current assets held for sale	(595,028)	(9,184)	(604,212)
Effect of changes in exchange rate	17,966	1,903	19,869
Balance as of September 30, 2022	<b>\$ 313,334</b>	<b>60,430</b>	<b>373,764</b>
Balance at January 1, 2021	\$ 885,528	67,341	952,869
Effect of changes in exchange rate	(4,517)	(344)	(4,861)
Balance at September 30, 2021	<b>\$ 881,011</b>	<b>66,997</b>	<b>948,008</b>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ 505,452	21,583	527,035
Depreciation for the period	12,215	965	13,180
Reclassified as the non-current assets held for sale	(341,222)	(3,056)	(344,278)
Effect of changes in exchange rate	10,335	617	10,952
Balance as of September 30, 2022	<b>\$ 186,780</b>	<b>20,109</b>	<b>206,889</b>
Balance as of January 1, 2021	\$ 475,692	20,080	495,772
Depreciation for the period	20,297	1,041	21,338
Effect of changes in exchange rate	(2,580)	(109)	(2,689)
Balance as of September 30, 2021	<b>\$ 493,409</b>	<b>21,012</b>	<b>514,421</b>
Carrying value:			
January 1, 2022	<b>\$ 384,944</b>	<b>46,128</b>	<b>431,072</b>
September 30, 2022	<b>\$ 126,554</b>	<b>40,321</b>	<b>166,875</b>
January 1, 2021	<b>\$ 409,836</b>	<b>47,261</b>	<b>457,097</b>
September 30, 2021	<b>\$ 387,602</b>	<b>45,985</b>	<b>433,587</b>
Fair value:			
September 30, 2022			<b>\$ 286,311</b>
January 1, 2022			<b>\$ 775,518</b>
September 30, 2021			<b>\$ 771,271</b>

### (13) Intangible assets

	Goodwill	Patented technology	Customer relationship	Purchased software	Other	Total
Cost:						
Balance as of January 1, 2022	\$ 32,262	122,173	34,925	264,009	1,850	455,219
Separate acquisition	-	-	-	25,533	-	25,533
Reclassification and effect of exchange rate changes	-	6,773	-	2,745	30	9,548
Balance as of September 30, 2022	<u>\$ 32,262</u>	<u>128,946</u>	<u>34,925</u>	<u>292,287</u>	<u>1,880</u>	<u>490,300</u>
Balance as of January 1, 2021	\$ -	47,116	-	218,155	1,490	266,761
Separate acquisition	-	-	-	32,198	-	32,198
Reduction for the period	-	-	-	(743)	-	(743)
Reclassification and effect of exchange rate changes	-	(790)	-	1,946	(5)	1,151
Balance as of September 30, 2021	<u>\$ -</u>	<u>46,326</u>	<u>-</u>	<u>251,556</u>	<u>1,485</u>	<u>299,367</u>
Accumulated amortization:						
Balance as of January 1, 2022	\$ -	54,393	591	232,897	1,565	289,446
Amortization for the year	-	11,364	2,661	30,618	16	44,659
Reclassification and effect of exchange rate changes	-	6,533	-	24	30	6,587
Balance as of September 30, 2022	<u>\$ -</u>	<u>72,290</u>	<u>3,252</u>	<u>263,539</u>	<u>1,611</u>	<u>340,692</u>
Balance as of January 1, 2021	\$ -	34,475	-	196,764	1,268	232,507
Amortization for the year	-	5,323	-	27,659	207	33,189
Reduction for the period	-	-	-	(743)	-	(743)
Reclassification and effect of exchange rate changes	-	(599)	-	4	(7)	(602)
Balance as of September 30, 2021	<u>\$ -</u>	<u>39,199</u>	<u>-</u>	<u>223,684</u>	<u>1,468</u>	<u>264,351</u>
Carrying amount:						
Balance as of January 1, 2022	<u>\$ 32,262</u>	<u>67,780</u>	<u>34,334</u>	<u>31,112</u>	<u>285</u>	<u>165,773</u>
Balance as of September 30, 2022	<u>\$ 32,262</u>	<u>56,656</u>	<u>31,673</u>	<u>28,748</u>	<u>269</u>	<u>149,608</u>
Balance as of January 1, 2021	<u>\$ -</u>	<u>12,641</u>	<u>-</u>	<u>21,391</u>	<u>222</u>	<u>34,254</u>
Balance as of September 30, 2021	<u>\$ -</u>	<u>7,127</u>	<u>-</u>	<u>27,872</u>	<u>17</u>	<u>35,016</u>

### (14) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank notes	<u>\$ 1,668,000</u>	<u>586,849</u>	<u>180,960</u>
Unused limit	<u>\$ 7,908,549</u>	<u>9,142,627</u>	<u>9,229,566</u>
Interest rate range	<u>1.18%~4.02%</u>	<u>0.75%~1.95%</u>	<u>0.75%</u>

(15) Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank notes	\$ 1,221,629	1,006,694	919,838
Secured bank notes	-	300,000	700,000
Less: Long-term borrowings due within one year	(118,520)	(1,666)	-
Total	<b>\$ 1,103,109</b>	<b>1,305,028</b>	<b>1,619,838</b>
Unused limit	<b>\$ 6,014,550</b>	<b>3,497,000</b>	<b>3,181,000</b>
Expiry year (in year Republic of China)	112-119	112-119	112-119
Interest rate range	<b>1.38%~1.43%</b>	<b>1.25%~1.85%</b>	<b>1.25%~1.30%</b>

(a) Borrowings and repayments

For the nine months ended September 30, 2022 and 2021, the Company's borrow amount of long-term loan was \$317,450 thousand and \$2,712,690 thousand. For the nine months ended September 30, 2022 and 2021, the Company's repayment amount of long-term loan principal was \$403,365 thousand and \$2,710,000 thousand.

(b) Collateral for bank borrowings

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

(c) Low interest loan from government

The combined Company obtained low-interest bank loans in accordance with the "Action Plan for Welcoming Overseas Taiwanese Business to Return to Invest in Taiwan" in 2020. As of September 30, 2022, December 31, 2021 and September 30, 2021, the actual repayment preferential interest rate is 0.88%~0.93%, 0.75%~0.80% and 0.75%~0.80%, besides, the actual amount of transfer amounted on \$1,235,450 thousand, \$1,018,000 thousand, and \$934,000 thousand. The fair value of the loans was \$1,211,215 thousand, \$996,484 thousand, and \$914,078 thousand based on the market interest rate of 1.38%~1.43%, 1.25%~1.30% and 1.25%~1.30%, and the difference of \$24,235 thousand, \$21,516 thousand, and \$19,922 thousand is regarded as the government subsidy and recognized as deferred income. For the three and nine months ended September 30, 2022 and 2021, the amount of the aforementioned deferred income transferred to "other income" amounted to \$1,264 thousand, \$1,018 thousand, \$3,568 thousand and \$2,996 thousand.

(d) Financial ratio agreement in loan contract

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

The financial ratios of the Combined Company as of December 31, 2021, was in compliance with the agreed standards in the joint loan contract.



(16) Lease liabilities

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current:			
Related parties	\$ 23,442	91,779	91,470
Non-related parties	\$ 7,809	7,871	3,220
Non-current:			
Related parties	\$ 658	-	23,057
Non-related parties	\$ 46,558	52,383	11,976

Please refer to note 6 (25) for the expiry analysis.

The amounts recognized in profit or loss were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term lease expense	\$ 6,773	2,410	12,939	5,833
Interest expense of lease liabilities	\$ 431	650	1,620	2,221

The amounts in the statements of cash flows are as follows:

	Nine Months Ended September 30	
	2022	2021
Total cash flows on lease	\$ 89,295	70,004

(a) Lease of housings and buildings

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

(b) Other leases

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

(17) Operating leases - Leaser

There was no significant addition in the Company's operating lease contracts for the nine months ended September 30, 2022 and 2021. Refer to Note 6 [17] for the Consolidated Financial Statements for the year ended December 31, 2020 for the details.

(18) Employee benefits

(a) Defined benefit plans

Due to the report of December 31, 2021, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2021 and 2020.

The expenses recognized were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Operating cost	\$ 14	17	44	36
Operating expenses	14	(3)	41	(1)
	<b>\$ 28</b>	<b>14</b>	<b>85</b>	<b>35</b>

(b) Defined contribution plans

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Operating cost	\$ 14,487	12,537	42,405	36,238
Operating expenses	9,927	7,820	28,457	22,322
	<b>\$ 24,414</b>	<b>20,357</b>	<b>70,862</b>	<b>58,560</b>

(19) Income taxes

(a) Income tax expenses:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Income tax for the period	<b>\$ 404,842</b>	<b>58,550</b>	<b>503,285</b>	<b>180,755</b>

(b) There was no income tax that was directly recognized in equity or other comprehensive profit or loss for the nine months ended in September 30, 2022 and 2021.

(c) The ROC income tax authorities have examined the Company's income tax returns through 2020.

(20) Capital and other equity

1) Common stock

As of September 30, 2022, and December 31 and September 30, 2021, the total value of nominal common stocks amounted to \$4,800,000 thousand, 4,000,000 thousand and 4,000,000 thousand, respectively, with a par value of NT\$ 10 per share, consisting of 480,000 thousand shares, 400,000 thousand shares and 400,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

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

	September 30, 2022	December 31, 2021	September 30, 2021
Changes in net equity of associates accounted for using equity method	<b>\$ 5,808</b>	<b>5,808</b>	<b>11,428</b>

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

3) Retained earnings

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

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

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

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

(b) Special reserve

According to FSC, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the same amount of special surplus reserve is drawn from the current profit and loss and the undistributed surplus in the previous period; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

(c) Earnings distribution

The 2021 and 2020 distributions of earnings were resolved at the shareholders' meetings on May 3, 2022 and May 6, 2021. The dividends distributed to owners are as follows:

	2021		2020	
	Earnings per share(TWD)	Amount	Earnings per share (TWD)	Amount
Cash	\$ 1.50	<u>481,012</u>	\$ 0.70	<u>224,472</u>

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

4) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined welfare plan	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2022	(\$51,470)	(28,929)	(22,910)	(103,309)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	63,609	-	-	63,609
Joint venture	8,918	-	-	8,918
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(3,869)	(3,869)
Balance as of September 30, 2022	<b>\$ 21,057</b>	<b>(28,929)</b>	<b>(26,779)</b>	<b>(34,651)</b>
Balance as of January 1, 2021	(\$40,946)	(21,997)	(20,591)	(83,534)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	(8,789)	-	-	(8,789)
Joint venture	(16,152)	-	-	(16,152)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(730)	(730)
Disposal of financial assets at fair value through other comprehensive income	-	-	1,134	1,134
Balance as of September 30, 2021	<b>(\$65,887)</b>	<b>(21,997)</b>	<b>(20,187)</b>	<b>(108,071)</b>

#### 5) Non-controlling equity (after tax)

	Nine Months Ended September 30, 2022
Balance at the beginning of the year	\$ 113,273
Share attributable to non-controlling interests:	
Net loss of the period	(7,408)
Acquisition parts of the equities from subsidiaries	(5,750)
Acquisition actual differences between consideration and carrying amount of subsidiaries	3,298
	<b>\$ 103,413</b>

(21) Earnings per share

(a) Basic earnings per share

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net profit attributable to holders of common equity of the Company	\$ 534,018	267,989	1,088,530	709,202
The weighted average number of shares outstanding (thousand shares)	320,675	320,675	320,675	320,675
Basic earnings per share (in dollars)	\$ 1.67	0.84	3.39	2.21

(b) Diluted earnings per share

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net profit attributable to holders of common equity of the Company	\$ 534,018	267,989	1,088,530	709,202
The weighted average number of shares outstanding (thousand shares)	320,675	320,675	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):				
Employee bonuses	5,096	2,795	5,857	3,157
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares)	325,771	323,470	326,532	323,832
Diluted earnings per share (in dollars)	1.64	0.83	3.33	2.19

(22) Revenue from contracts with customers

(a) Disaggregation of revenue

	Three Months Ended September 30, 2022		
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 2,329,664	239,358	2,569,022
Taiwan	675,975	119,978	795,953
Others	130,286	151,438	281,724
	\$ 3,135,925	510,774	3,646,699
Major products/services:			
Optoelectronics	\$ 3,135,925	-	3,135,925
Others	-	510,774	510,774
	\$ 3,135,925	510,774	3,646,699

Three Months Ended September 30, 2021			
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 2,627,175	211,533	2,838,708
Taiwan	958,413	96,325	1,054,738
Others	89,426	63,983	153,409
	<b>\$ 3,675,014</b>	<b>371,841</b>	<b>4,046,855</b>
Major products/services:			
Optoelectronics	\$ 3,675,014	-	3,675,014
Others	-	371,841	371,841
	<b>\$ 3,675,014</b>	<b>371,841</b>	<b>4,046,855</b>

Nine Months Ended September 30, 2022			
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 7,202,301	710,972	7,913,273
Taiwan	2,916,198	350,090	3,266,288
Others	339,968	402,910	742,878
	<b>\$ 10,458,467</b>	<b>1,463,972</b>	<b>11,922,439</b>
Major products/services:			
Optoelectronics	\$ 10,458,467	-	10,458,467
Others	-	1,463,972	1,463,972
	<b>\$ 10,458,467</b>	<b>1,463,972</b>	<b>11,922,439</b>

Nine Months Ended September 30, 2021			
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 7,844,794	607,925	8,452,719
Taiwan	3,201,904	323,462	3,525,366
Others	198,469	229,704	428,173
	<b>\$ 11,245,167</b>	<b>1,161,091</b>	<b>12,406,258</b>
Major products/services:			
Optoelectronics	\$ 11,245,167	-	11,245,167
Others	-	1,161,091	1,161,091
	<b>\$ 11,245,167</b>	<b>1,161,091</b>	<b>12,406,258</b>

(b) Contract balances

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes and accounts receivable (including related parties)	\$ 3,179,320	2,881,481	2,734,939
Deduction: Allowance for loss	(19,719)	(19,316)	(19,319)
Total	<u>\$ 3,158,410</u>	<u>2,862,165</u>	<u>2,715,620</u>

Refer to Note 6 (4) for details on accounts receivable and related loss allowance.

(23) Employee and directors' compensation

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

For the three and nine months ended September 30, 2022 and 2021, BenQ accrued the remuneration to employees amounting to \$73,807 thousand, \$36,166 thousand, \$146,501 thousand and \$98,798 thousand, respectively, remuneration to directors amounting to \$5,536 thousand, \$2,713 thousand, \$10,988 thousand and \$7,410 thousand respectively, and the remuneration to directors were estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

Remuneration to employees for 2022 and 2021, amounting to \$134,276 thousand and \$55,119 thousand, respectively, remuneration to directors amounting to \$10,071 thousand and \$4,134 thousand, respectively, in cash for payment had been approved in the meeting of board of directors. The information about the remuneration to employees and directors is available at the Market Observation Post System website.

(24) Non-operating profit and loss

(a) Interest revenue

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on bank deposits	\$ 510	175	1,657	546

(b) Other Income

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Government subsidy revenue	8,141	3,641	15,937	10,666
Dividend revenue	1,680	1,344	1,680	1,344
	<u>\$ 9,821</u>	<u>4,985</u>	<u>17,617</u>	<u>12,010</u>

(c) Other gains and losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Disposal of real estate, plant and equipment interests (losses)	\$ -	1,347	(12,903)	1,455
Disposal of investments loss	-	-	-	(8,928)
Profits in the disposal of non-current assets held for sale	783,358	-	893,148	-
Net foreign currency exchange profits	125,463	19,904	398,378	160,040
Net loss from financial assets (liabilities) measured at fair value through profits and losses -				
Derivative instruments	(150,339)	(14,477)	(369,677)	(53,674)
Others	9,553	4,106	15,671	7,884
	<b>\$ 768,035</b>	<b>10,880</b>	<b>924,617</b>	<b>106,777</b>

(d) Finance costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expense of bank loans	(\$15,981)	(9,343)	(40,373)	(29,153)
Lease liabilities	(431)	(650)	(1,620)	(2,221)
	<b>(\$16,412)</b>	<b>(9,993)</b>	<b>(41,993)</b>	<b>(31,374)</b>

(25) Types of financial instruments and fair value

Except as described below, both the goals and policies of the Company's financial risk management and the Company's exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6 [25] [26] of the consolidated financial statements for the year ended December 31, 2021.

(a) Types of financial instruments

1) Financial assets

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets at fair value through profit or loss:			
Foreign exchange forward contract	\$ 9,227	1,093	-
Foreign exchange swaps	1,585	4,815	-
Subtotal	10,812	5,908	-
Financial assets at fair value through profit or loss	153,078	64,677	67,399
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,173,864	278,127	145,635
Notes and accounts receivable and other receivables (including related parties)	3,390,052	3,047,027	2,888,992
Other financial assets - current	36,599	87,084	7,927
Guarantee deposits paid	24,708	28,974	27,182
Subtotal	4,625,223	3,441,212	3,069,736
Total	<b>\$ 4,789,113</b>	<b>3,511,797</b>	<b>3,137,135</b>



## 2) Financial liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Financial liabilities at fair value through profit or loss:			
Foreign currency forward contract	\$ 15,523	9,361	18,301
Foreign Exchange swaps	-	-	4,329
Subtotal	15,523	9,361	22,630
Financial liabilities measured at amortized cost:			
Short-term borrowings	1,668,000	586,849	180,960
Notes and accounts payable and other payables (including related parties)	4,122,762	4,740,791	4,524,043
Long-term borrowings (including loans due within one year)	1,221,629	1,306,694	1,619,838
Lease liabilities – current and non-current (including related parties)	78,467	152,033	129,723
Guarantee deposit received	21,596	25,912	25,886
Subtotal	7,112,454	6,812,279	6,480,450
Total	<b>\$ 7,127,977</b>	<b>6,821,640</b>	<b>6,503,080</b>

### (b) Liquidity risk

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

The unused loan amounts of the Combined Company as of September 30, 2022, December 31 and September 30, 2021 totaled \$13,923,099 thousand, \$12,639,627 thousand and \$12,410,566 thousand, respectively.

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

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
<b>September 30, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,672,257	1,571,820	100,437	-	-
Accounts payable (including related parties)	2,657,879	2,657,879	-	-	-
Other payables (including related parties)	1,464,883	1,464,883	-	-	-
Long-term borrowings (floating rate)	1,279,025	13,805	115,442	899,210	250,568
Lease liabilities (including related parties)	82,471	27,724	4,538	27,479	23,000
Guarantee deposit received	21,596	2,540	1,762	15,434	1,860
	<b>\$ 7,178,381</b>	<b>5,738,651</b>	<b>222,179</b>	<b>942,123</b>	<b>275,428</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(\$1,690,056)	(1,690,056)	-	-	-
Outflow	1,696,352	1,696,352	-	-	-
	<b>\$ 6,296</b>	<b>6,296</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 589,182	288,139	301,043	-	-
Accounts payable (including related parties)	3,189,621	3,189,621	-	-	-
Other payables (including related parties)	1,551,170	1,551,170	-	-	-
Long-term borrowings (floating rate)	1,363,271	6,645	6,695	1,108,612	241,319
Lease liabilities (including related parties)	157,893	50,869	50,708	43,116	13,200
Guarantee deposit received	25,912	1,010	7,357	16,448	1,097
	<b>\$ 6,877,049</b>	<b>5,087,454</b>	<b>365,803</b>	<b>1,168,176</b>	<b>255,616</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(\$1,666,554)	(1,666,554)	-	-	-
Outflow	1,674,822	1,674,822	-	-	-
	<b>\$ 8,268</b>	<b>8,268</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Contractual cash flows	Within 6 months	6-12 years	1-5 years	More than 5 years
<b>September 30, 2021</b>					
Non-derivative financial liabilities					
Show-term borrowings	\$ 181,090	181,090	-	-	-
Accounts payable (including related parties)	3,209,352	3,209,352	-	-	-
Other payables (including related parties)	1,314,691	1,314,691	-	-	-
Long-term borrowings (floating rate)	1,684,417	7,958	8,043	1,418,599	249,817
Lease liabilities (including related parties)	132,060	48,185	48,051	35,824	-
Guarantee deposit received	25,886	7,640	1,508	15,655	1,083
	<b>\$ 6,547,496</b>	<b>4,768,916</b>	<b>57,602</b>	<b>1,470,078</b>	<b>250,900</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(\$1,593,074)	(\$1,593,074)	-	-	-
Outflow	1,611,375	1,611,375	-	-	-
Foreign exchange swaps - Net delivery	4,329	4,329	-	-	-
	<b>\$ 22,630</b>	<b>\$ 22,630</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(c) Exchange rate risk

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

Currency Unit: NT\$ Thousand

<b>September 30, 2022</b>					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 139,026	31,750	4,414,076	1%	44,141
JPY	298,744	0.2201	65,754	1%	658
Financial liabilities					
Monetary items					
USD	70,473	31,750	2,237,518	1%	22,375
JPY	6,276,402	0.2201	1,381,436	1%	13,814

December 31, 2021					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 124,059	27.680	3,433,953	1%	34,340
JPY	157,306	0.2404	37,816	1%	378
Financial liabilities					
Monetary items					
USD	67,328	27.680	1,863,639	1%	18,636
JPY	6,793,493	0.2404	1,633,156	1%	16,332
September 30, 2021					
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets					
Monetary items					
USD	\$ 112,390	27,840	3,128,938	1%	31,289
JPY	169,199	0.2488	42,097	1%	421
Financial liabilities					
Monetary items					
USD	48,777	27,840	1,357,952	1%	13,580
JPY	7,015,053	0.2488	1,745,345	1%	17,453

As the Company deal in diverse functional currencies, gains and losses on monetary items were summarized as a single amount. The aggregate of realized and unrealized foreign exchange (losses) gains for the three and nine months ended in September 30, 2022 and 2021, refer to note 6 (24) for the details.

(d) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

September 30, 2022					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through the profits and loss:					
Foreign exchange forward	\$ 9,227	-	9,227	-	9,227
Foreign exchange swaps	\$ 1,585	-	1,585	-	1,585
	<b>\$ 10,812</b>	<b>-</b>	<b>10,812</b>	<b>-</b>	<b>10,812</b>
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 56,565	-	56,565	-	56,565
Non-listed Stocks	96,513	-	-	96,513	96,513
	<b>\$ 153,078</b>	<b>-</b>	<b>56,565</b>	<b>96,513</b>	<b>153,078</b>
Financial liabilities at FVTPL:					
Foreign exchange forward	<b>(\$15,523)</b>	<b>-</b>	<b>(15,523)</b>	<b>-</b>	<b>(15,523)</b>
December 31, 2021					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign exchange forward	\$ 1,093	-	1,093	-	1,093
Foreign exchange swaps	4,815	-	4,815	-	4,815
	<b>5,908</b>	<b>-</b>	<b>5,908</b>	<b>-</b>	<b>5,908</b>
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 55,490	-	55,490	-	55,490
Non-listed Stocks	9,187	-	-	9,187	9,187
	<b>\$ 64,677</b>	<b>-</b>	<b>55,490</b>	<b>9,187</b>	<b>64,677</b>
Financial liabilities at FVTPL:					
Foreign exchange forward	<b>(\$9,361)</b>	<b>-</b>	<b>(9,361)</b>	<b>-</b>	<b>(9,361)</b>

	September 30, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 58,212	-	58,212	-	58,212
Non-listed Stocks	9,187	-	-	9,187	9,187
	<u>67,399</u>	<u>-</u>	<u>58,212</u>	<u>9,187</u>	<u>67,399</u>
Financial liabilities at FVTPL:					
Foreign exchange forward	(18,301)	-	(18,301)	-	(18,301)
Foreign exchange swaps	(4,329)	-	(4,329)	-	(4,329)
	<u>(\$22,630)</u>	<u>-</u>	<u>(22,630)</u>	<u>-</u>	<u>(22,630)</u>

(e) The assessment methods and assumptions followed for assessing fair value

1) Non-derivative financial instruments

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

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

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

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

2) Derivative financial instruments

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

(f) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy for the nine months ended in September 30, 2022 and 2021.

(g) Level 3 sheet of changes

Financial assets measured at fair value through other comprehensive profit and loss:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Beginning balances	\$ 11,473	9,728	9,187	1,500
Purchase for the period	89,984	-	92,270	9,187
Changes in other comprehensive profit and loss recognized in the current period	(4,944)	(175)	(4,944)	(1,134)
Reclassification of investment using the equity method	-	(366)	-	(366)
Ending balances	<b>\$ 96,513</b>	<b>9,187</b>	<b>\$ 96,513</b>	<b>9,187</b>

(26) Financial risk management

Both the goals and policies of the Company's financial risk management were not materially different from those disclosed in Note 6(26) of the consolidated financial statements for the year ended December 31, 2020.

(27) Capital management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Refer to note 6(27) for the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

(28) Non-cash transactions of investments and financing activities

(a) Refer to Note 6(11) for The Company acquired the right-of-use assets by lease for the nine months ended September 30, 2022 and 2021.

(b) Only part of the received cash of investments activities:

	Nine Months Ended September 30	
	2022	2021
Disposal of non-current assets held for sale	\$ 1,355,725	-
Deduction: Received in advance at the beginning of the year	(84,000)	-
Received at the end of the year	(118,913)	-
Received cash from disposal of non-current assets held for sale	<b>\$ 1,153,532</b>	<b>-</b>

(c) The reconciliation of liabilities from financing activities was as follows:

	January 1, 2022	Cash flows	Changes in non-cash		September 30, 2022
			Additional lease liabilities	Assessment adjustment	
Short-term borrowings	\$ 586,849	1,081,151	-	-	1,668,000
Long-term borrowings (including loans due within one year)	1,306,694	(85,915)	-	850	1,221,629
Guarantee deposit received	25,912	(4,316)	-	-	21,596
Lease liabilities (including related parties)	152,033	(74,736)	1,170	-	78,467
Total liabilities from financing activities	<u>\$ 2,071,488</u>	<u>916,184</u>	<u>1,170</u>	<u>850</u>	<u>2,989,692</u>

	January 1, 2021	Cash flows	Changes in non-cash			September 30, 2021
			Additional lease liabilities	Amendment lease	Assessment adjustment	
Short-term borrowings	\$ 150,000	30,960	-	-	-	180,960
Long-term borrowings	1,614,624	2,690	-	-	2,524	1,619,838
Guarantee deposit received	21,187	4,699	-	-	-	25,886
Lease liabilities (including related parties)	182,439	(61,950)	9,552	(318)	-	129,723
Total liabilities from financing activities	<u>\$ 1,968,250</u>	<u>(23,601)</u>	<u>9,552</u>	<u>(318)</u>	<u>2,524</u>	<u>1,956,407</u>



7. Related-party Transactions

(I) Name and relationship of related parties

Name of related parties	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Combined Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Combined Company
Cenefom Corp. (Cenefom)	Subsidiary of the Combined Company (Note
MLK Bioscience Co., Ltd	Affiliated company of the Company
Visco Technology Sdn. Bhd.(VVM)	Subsidiary of Visco Vision
Other related parties:	
BenQ foundation	The actual related parties of Qisda
Darfon Electronics Corp. (Darfon)	Affiliated company of Qisda
AU Optronics Corp. (AU)	The corporate shareholder of Qisda
	accounting for using the equity method
AU Optronics (Suzhou) Corp. (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corp.	Subsidiary of AUO
AU Optronics (Xiamen) Corp. (AUX)	Subsidiary of AUO
AUO Care (Suzhou) Co., Ltd	Subsidiary of AUO
Darwin Precisions Industry (Xiamen) Corp.	Subsidiary of AUO
Darwin Precisions Industry (Suzhou) Corp.	Subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co., Ltd	Subsidiary of AUO
Dazhuihui Intelligent Manufacturing (Suzhou) Co., Ltd	Subsidiary of AUO
Edgetech Info-Technology (Suzhou) Co., Ltd	Subsidiary of AUO
AUO Display Plus Corp.	
AUO Digital Technology Services (Suzhou) Co., Ltd	Subsidiary of AUO
Space4M Inc.	Subsidiary of AUO
Daji Education Development Co., Ltd	Subsidiary of AUO
AUO Envirotech Inc.	Subsidiary of AUO
AUO Care Co., Ltd	Subsidiary of AUO
AUO Digital Technology Services Co., Ltd	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
Suzhou BenQMedical Hospital (SMH)	Subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou)	Subsidiary of Qisda
Lily-Medical Corp.	Subsidiary of Qisda

(Continued on the next page)

Name of related parties	Relationship with the Combined Company
Darly Venture Inc.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corp.	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
ACE Energy Co., Ltd (Original name: BenQESCO Corp.)	Subsidiary of Qisda
BenQ Corp.	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corp.	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd	Subsidiary of Qisda
Suzhou Qisda Optoelectronics Co., Ltd.	Subsidiary of Qisda
Metaage Corporation (Original name: Sysage Technology Co., Ltd	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corp.	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
AdvancedTEK International Corp.	Subsidiary of Qisda
Global intelligence Network Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda
BenQ Medical Equipment (Shanghai) Co., Ltd.	Subsidiary of Qisda
Alpha Network Inc.	Subsidiary of Qisda
Epic Cloud information Intergation Corp.	Subsidiary of Qisda
Statinc Company	Subsidiary of Qisda
Action Star Technology Co., Ltd.	Subsidiary of Qisda
Diva Laboratories Ltd.	Subsidiary of Qisda

Note 1. Formerly as an affiliate of the Combined Company, it has become a subsidiary of the Combined Company since October 2021.

(2) The Company's significant related party transactions

(a) Operating income

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties:				
AU	\$ 515,672	806,780	2,453,608	2,754,190
AUS	208,906	388,695	731,323	934,910
AUX	172,898	235,796	595,900	639,967
Others	3,174	4,077	14,612	12,092
Affiliated company - VVM	38,151	9,780	116,638	63,945
Other affiliated companies	-	180	480	2,834
Parent company	-	-	-	21
	<b>\$ 938,801</b>	<b>1,445,308</b>	<b>3,912,561</b>	<b>4,407,959</b>

The transaction price sold to related parties is not significantly different from the general sales prices, except that there is no general action price to compare due to the different specifications of some commodities. The collection period is 90~120 days, which is not significantly different from ordinary transactions.

(b) Purchases

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Affiliated company-Visco Vision	\$ 121,551	71,421	301,108	224,389
Other affiliated companies	11	407	11	40
Other related parties	65	70	65	70
	<b>\$ 121,627</b>	<b>71,898</b>	<b>301,184</b>	<b>224,866</b>

The purchase prices for the transactions of related parties were not comparable to the purchase prices for the third-party customers as the specifications of products were different. The purchase prices were under the purchase arrangement and conditions.

(c) Property transaction

The aggregated prices of the Company acquired other assets of related parties were as follows:

Related-party categories	Account	Three Months Ended September 30		Nine Months Ended September 30	
		2022	2021	2022	2021
Parent of company	Intangible assets	\$ 450	-	2,199	982
Other related parties	Intangible assets	1,746	1,171	7,255	8,519
	Real estate, plant and	-	5,750	3,240	11,500
Other related parties	equipment	-	-	-	-
		<b>\$ 2,196</b>	<b>6,921</b>	<b>12,694</b>	<b>21,001</b>

In January, 2022, the Combined Company sold the machinery equipment to Other related parties by \$320 thousand, derived the disposal of the loss of \$2,405 thousand, the related expenses had been received as of the end of September 30, 2022.

(d) Lease

The Combined Company rent and pay for the plants and offices from AUO every month, which is referred to neighboring areas for the rental. Besides, the Combined Company signed a new contract with AUO to rent the office from them, and recognized the same amount as right-of-use assets and lease liabilities was amounted to \$1,170 thousand. Interest expense for the three and nine months ended September 30, 2022, and 2021, amounted to \$177 thousand, \$580 thousand, \$829 thousand, and \$2,042 thousand. As of September 30, 2022, December 31, and September 30, 2021, the lease liabilities amounted to \$24,100 thousand, \$91,779 thousand, and \$114,527 thousand.

The Company rent its plants and offices to related parties. The aggregated rental income was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties	\$ 353	309	1,062	1,326

(e) Donation

As of the three and nine month ended September 30, 2022 and 2021, the Combined Company donated to BenQ foundation, amounted to \$0 thousand, \$2,000 thousand, \$3,000 thousand, and \$2,000 thousand, respectively.

(f) Accounts receivable – related parties

In summary, the Company's accounts receivable of related parties are detailed below:

Account	Related-party categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable - related parties, net	Others related parties- AUO	\$ 357,013	419,854	390,775
	Others related parties- AUS	68,420	88,716	359,017
	Other related parties- AUX	66,323	51,334	208,171
	Other related parties- others	4,203	7,975	4,559
	Affiliated company - VVM	33,195	42,066	14,646
	Other affiliated companies	-	190	189
	Subtotal	529,154	610,135	977,357
Other receivables – related parties	Other related-parties	22	20	86
	Subtotal	22	20	86
		<b>\$ 529,176</b>	<b>610,155</b>	<b>977,443</b>

The Company entered factoring contracts with financial institutions to sell its accounts receivable from related parties without recourse. These contracts met the condition of financial asset derecognition, details of these contracts were as follows:

September 30, 2022						
Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accounts receivable (Note 6(5))	Range of interest rate	Other important matters
CTBC Bank Co., Ltd	\$ 388,056	-	349,250	38,806	3.44%	None -
Mega International Commerical Bank	282,222	-	254,000	28,222	4.62%	Promissory note 150,000
	<b>\$ 670,278</b>	<b>-</b>	<b>603,250</b>	<b>67,028</b>		<b>150,000</b>

December 31, 2021						
Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6(5))	Range of interest rate	Other important matters
Mega International Commerical Bank	\$ 763,366	-	687,030	76,336	0.80%	Promissory note 150,000
CTBC Bank Co., Ltd	551,918	-	496,727	55,191	0.89%	None -
	<b>\$ 1,315,284</b>	<b>-</b>	<b>1,183,757</b>	<b>131,527</b>		<b>150,000</b>

September 30, 2021						
Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6(5))	Range of interest rate	Other important matters
Mega International Commerical Bank	\$ 567,312	-	510,581	56,731	0.80%	Promissory note 150,000
CTBC Bank Co., Ltd	216,700	-	194,880	21,820	0.88%	Promissory note 50,112
	<b>\$ 784,012</b>	<b>-</b>	<b>705,461</b>	<b>78,551</b>		<b>200,112</b>

(g) Accounts payable – related parties

In summary, the Company’s accounts payable – related parties are detailed below:

<b>Account</b>	<b>Categories of the related parties</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Accounts payable - related parties	Affiliated companies	\$ 89,250	48,362	26,001
	Other related parties	65	74	74
	Subtotal	89,315	48,436	26,075
Other payables - related parties	Other related parties	13,894	24,102	23,278
	Parent company	126	-	-
	Affiliated companies	-	6	-
	Subtotal	14,020	24,108	23,278
		<b>\$ 103,335</b>	<b>72,544</b>	<b>49,353</b>

(3) Compensation of major managerial personnel

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Short-term employee benefits and compensation	\$ 20,679	15,486	53,749	45,147
Retirement benefits	81	81	243	243
	<b>\$ 20,760</b>	<b>15,567</b>	<b>53,722</b>	<b>45,390</b>

8. Pledged assets

The details of the carrying value of pledged assets by the Combined Company were as follows:

<b>Asset name</b>	<b>Purpose of pledge</b>	<b>September 30, 2022</b>	<b>Dece. 31, 2021</b>	<b>September 30, 2021</b>
	Long-term			
Land, buildings and structures	borrowings	\$ 620,588	629,602	634,197
Other financial assets - current - deposit certificated	Letter of credit guarantee	-	-	2,946
		<b>\$ 620,588</b>	<b>629,602</b>	<b>637,143</b>

9. Material contingent liabilities and unrecognized contractual commitments

Significant unrecognized contract commitments:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Unused Letters of credit issued	\$ 1,367,330	683,141	1,058,794
Signed and unpaid major engineering and equipment payments	1,052,797	599,853	549,941

10. Significant Loss from disaster: None

11. Significant subsequent events:

- (1) On October 13, 2022, BenQ acquired 6,998 thousand shares of common stock of Cenefom Corp. (hereinafter referred to as “Cenefom”) for a total amount of \$174,956 thousand by participating in a cash capital increase, which increased BenQ’s shareholding in Cenefom from 36.64% to 51.34%
- (2) On November 1, 2022, BenQ acquired 35,700 thousand shares of common stock of WEB-PRO Corp (hereinafter referred to as “WEB-PRO”) by the board of directors’ decision for speeding up the company to transform into increase the medical revenue proportion, and the par of per share is not more than NT\$88.58 and the total amount is not more than NT\$3,162,000 thousand. When the investment finished, BenQ estimate to acquire the shares of 51% from WEB-PRO and obtain the control over the company.

12. Others

(I) The function of employee benefits, depreciation, and amortization expenses are summarized as follows

Function Nature	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	403,876	251,506	655,382	359,619	189,723	549,342
Labor insurance and national health insurance	31,175	16,209	47,384	27,836	12,609	40,445
Pension expenses	14,501	9,941	24,442	12,554	7,817	20,371
Other employee benefits expenses	20,036	8,725	28,761	20,260	6,252	26,512
Depreciation	124,475	30,713	155,188	120,807	22,058	142,865
Amortization	4,051	10,635	14,686	4,066	7,508	11,574

Function Nature	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	1,194,638	696,785	1,891,423	1,071,330	550,352	1,621,682
Labor insurance and national health insurance	93,211	47,690	140,901	80,928	36,890	117,818
Pension expenses	42,449	28,498	70,947	36,274	22,321	58,595
Other employee benefits expenses	62,002	25,130	87,132	58,338	18,447	76,785
Depreciation	369,879	83,661	453,540	356,988	62,921	419,909
Amortization	12,739	31,920	44,659	10,991	22,198	33,189

(I) The Company’s operations are not materially influenced by seasonality or periodicity

### 13. Additional disclosures

#### (1) Information on significant transactions:

For the nine months ended September 30, 2022, the Company should disclose relevant information on significant transactions in accordance with preparation of financial reports:

#### (a) Financing provided to other parties:

(Unit: NT\$ thousand)

No	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for the current period	Balance at the end of the year	Actual amount expenditure	Interest rate range	Nature of financing (Note 2)	Transaction amount	Reason for financing	Allowance for allowance for loss	Collateral		Limit on loans granted to a single party	Fund loan and total limit	Note
													Name	Value			
1	BMS (Note 1)	BenQ Material (Wuhu) Corp.	Other receivables-related parties	Yes	1,191,679 (RMB265,000)	1,186,246 (RMB265,000)	849,621 (RMB189,800)	1.30%	2	-	Operating turnover	-	-	-	2,547,067	2,547,067	(Note 1)
2	BMS (Note 1)	BenQ Materials Medical (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	358,112 (RMB80,000)	358,112 (RMB80,000)	205,914 (RMB46,000)	1.30%	2	-	Operating turnover	-	-	-	2,547,067	2,547,067	(Note 1)

(Note 1): The total amount of the BMS fund loan and the 100%-owned subsidiary of the ultimate parent company and the fund loan and limit for individual objects are the net value of the latest financial statement of BMS with the certificate of accountant.

(Note 2): Those who have business dealings with the nature of capital loans are 1, and 2 for those who require short-term financing.

(Note 3): It has already been written off during compilation of the Consolidated Financial Statements.

#### (b) Endorsements and guarantees provided for others: None.

#### (c) Holding of marketable securities at the end of the period (excluding investment in subsidiaries, affiliated and joint equity):

Name of company held	Type and name of marketable securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares	Book amount	Ownership (%)	Fair Value	
BenQ	Shares of Biodenta Corporation		Financial assets at fair value through the profit and loss	225	(Note)	2.50%	-	-
BenQ	Shares of Lagis Corporation		Financial assets at fair value through other comprehensive income	1,680	56,565	5.25%	56,565	-
BenQ	Shares of Summed Corporation		Financial assets at fair value through other comprehensive income	300	2,435	2.73%	2,435	-
BenQ	Shares of Cuumed Catheter Medical Co., Ltd		Financial assets at fair value through other comprehensive income	2,970	94,078	11.27%	94,078	-

(Note): It was all recognized as impairment losses.

- (d) Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or more than 20% of the paid-in capital or more: None.
- (e) Acquisition of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.
- (f) Disposal of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more: None.

The company of disposal of the real estate	Name of property	Actual date of transaction	Original date of obtained	Carrying Value	Amount of transaction	Status of accounts receivable	Profit or loss on the disposal	The company of transaction	Relationship	Purpose on the disposal	Object of reference for making the price	Other agreed matters
BMS	Real estate and related assets (land use rights, buildings, machinery, equipment and deferred fees)	Date of the contract: March 21, 2022	2006	301,762	RMB264,036 thousand	Obtained 90% amount from the contract expenses, the surplus 10% amounted to NT\$118,193 thousand, recorded under other receivables	Profit of disposal amounted to NT\$780,563 thousand (deducted the relevant to the market value tax and income tax)	Siliconware Precision Industries (Suzhou) Co., Ltd	Unsuitable	Using the assets flexibly and promoting the business efficiency	Refer to the appraisal report	

- (g) Those who purchase or sell with a related party in the amount of NT\$100 million or more than 2% of the paid-in capital.



Purchaser (seller)	Counter party	Relationship with the counter party	Tranction detail				Differences in transfection terms compared to third-party transactions		Notes/acconuts receivable (payable)		Commentary
			Purchases (sales)	Amount	Ratio to total purchase (sell)	Credit period	Unit price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
BenQ	AUO	Other related parties	Sales	2,453,608	21%	OA90	(Note 1)	(Note 3)	357,013	11%	
BenQ	AUS	Other related parties	Sales	731,323	6%	OA90	"	"	68,420	2%	
BenQ	AUX	Other related parties	Sales	595,900	5%	OA90	"	"	66,323	2%	
BenQ	BMM	Parent company and subsidiary	Sales	402,864	4%	OA180	"	"	217,908	7%	(Note 4)
BenQ	Sigma-Medical	Parent company and subsidiary	Sales	175,761	2%	OA180	"	"	8,823	-	(Note 4)
BenQ	VVM	Joint venture	Sales	116,638	1%	OA60	"	"	33,195	1%	
BenQ	BMS	Parent company and subsidiary	Purchases	(701,659)	10%	OA180	(Note 2)	"	(506,737)	16%	(Note 4)
BenQ	Visco Vision	Joint venture	Purchases	(301,108)	4%	OA60	"	"	(89,250)	3%	
BenQ	BMW	Parent company and subsidiary	Purchases	(189,555)	3%	OA180	"	"	(177,423)	5%	(Note 4)

(Note 1): The sales prices for the transactions of related parties were not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers.

(Note 2): The purchase prices for the transactions of related parties were not comparable to the purchase prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the purchase prices for related parties and those for third-party customers.

(Note 3): These transactions were no significant differences between related parties and those for third-party customers.

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

(Note 5): Due to the amounts of transactions of purchases and sales between the Company and related parties is insignificant, combined disclosure is adopted.

(h) Receivables from related parties reaching NT\$100 million or more than 20% of paid-in capital or more:

Company name	Counter party	Relationship with the counter party	Balance dues from related parties	Turnover rate (note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
BMS (Note 2)	BenQ	Parent company and subsidiary	506,737	2.18%	-	-	-	-
BenQ	AUO	Other related parties	357,013	3.59%	-	-	-	-
BenQ (Note 2)	BMM	Parent company and subsidiary	217,908	2.31%	-	-	-	-
BMW (Note 2)	BenQ	Parent company and subsidiary	177,423	2.30%	-	-	-	-

(Note 1): The turnover rate is calculated by adding back of the amount of account receivables sold to financial institutions.

(Note 2): The transactions have been eliminated when preparing the consolidated financial statements.

- (i) Trading in derivative instruments: The transactions information of trading in derivative instruments by the Company, please refer to Note 6(2) for the consolidated financial statements for the details.
- (j) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Transaction (Note 3)			
				Account	Amount	Transaction term	Percentage of consolidated total operating revenues or total assets (Note 4)
1	BMS	BenQ	2	Accounts receivable	506,737	OAI80	3.69%
1	BMS	BenQ	2	Processing income	701,659	OAI80	5.89%
2	BenQ	BMM	1	Accounts receivable	217,908	OAI80	1.59%
2	BenQ	BMM	1	Sales	402,864	OAI80	3.38%
3	BMW	BenQ	2	Accounts receivable	177,423	OAI80	1.29%
3	BMW	BenQ	2	Sales	189,555	OAI80	1.59%

(Note 1): The number is filled in as follows:

- 1) Number 0 represents the parent.
- 2) Subsidiaries are numbered in order from number 1.

(Note 2): The transaction relationships with the counterparties are as follows:

- 1) The parent to the subsidiary.
- 2) The subsidiary to the parent.
- 3) The subsidiary to another subsidiary.

(Note 3): The significant inter-company transactions, only the transactions of sales and accounts receivable have been disclosed, over consolidated operating and assets up to 1%, due to the amounts of transactions of purchases and accounts payable between the Company and related parties are insignificant, combined disclosure is adopted.

(Note 4): The percentage is divided by consolidated operating revenues or consolidated total assets.

(Note 5): The transactions have been eliminated when preparing the consolidated financial statements.

(2) Information on investees:

The information of investee companies for the nine months ended September 30, 2022 (excluding investees in China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of September 30, 2022			Net profit (loss) of the investee for the current period	Investment income (loss) recognized for the period	Comentary
				Balance as of September 30, 2022	Balance as of Dec. 31 2021	Number of shares	Ownership( %)	Carrying amount			
BenQ	BMLB	Malaysia	Investment holding	1,141,340	1,141,340	35,082	100.00%	2,361,087	691,888	691,888	(Note 1)
BenQ	Sigma-Medical	Taiwan	Sales of medical consumables and equipment	231,727	231,727	2,000	100.00%	95,825	272,238	158,327	(Note 1)
BenQ	Visco Vision	Taiwan	Manufacture and sales of contact lenses	177,811	177,811	9,834	17.97%	270,224	493,528	87,337	
BenQ	Cenefom	Taiwan	R&D, manufacture and sales of medical consumables and equipment	98,012	92,262	4,648	36.64%	81,389	(6,559)	(3,757)	(Note 1)
BenQ	Genejet	Taiwan	R&D, manufacture and sales of medical consumables and equipmen	43,316	43,316	3,767	70.00%	43,103	170	(1,022)	(Note 1)
BenQ	Buticon International Corp.	Taiwan	R&D, and sales of medical consumables and equipment	6,000	6,000	217	20.00%	4,392	(748)	(150)	
BenQ	Coatmed	Taiwan	R&D, and sales of medical consumables and equipment	5,980	5,980	598	20.00%	3,337	(3,677)	(735)	

(Note 1): The transactions have been eliminated when preparing the consolidated financial statements.

(3) Information on investments in China:

(a) Relevant information on investments in China:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2022	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan as of September 30, 2022	Net income of investee for the current period	Ownership held by BenQ (direct or indirect)	Investment income (loss) recognized for the current period	Carrying amount of investments as of September 30, 2022	Investment profits repatriated by the end of the current period
					Remitted to Mainland China	Remitted back to Taiwan						
BenQ Material (Suzhou) Corp. (BMS)	Processing of functional film products	920,750 (USD29,000)	(3)	920,750 (USD29,000)	-	-	920,750 (USD29,000)	540,704	100.00%	540,704 (Note 2)	2,547,067 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	49,240 (RMB11,000)	(2)	-	-	-	-	23,319	100.00%	23,319 (Note 2)	25,685 (Note 4)	-
BenQ Materials (Wuhu) Corp.	Manufacture and sales of film sheet and cosmetic-related products	358,112 (RMB80,000)	(3)	179,056 (RMB40,000)	-	-	179,056 (RMB40,000) (Note 3)	126,437	100.00%	122,265 (Note 2)	(167,827) (Note 4)	-
BenQ Materials Medical (Suzhou) Co. Ltd. (BMM)	Sales of medical consumables and equipment	67,146 (RMB15,000)	(2)	-	-	-	-	5,995	100.00%	5,995 (Note 2)	61,569 (Note 4)	-
Suzhou Sigma Medical Supply Co., Ltd. (SMS)	Manufacture and sales of medical consumables and equipment	22,924 (USD722)	(1)	50,546 (USD1,592)	-	24,839 (USD870)	22,924 (USD722)	(623)	100.00%	(623) (Note 2)	1,109 (Note 4)	-

(Note 1): Investment methods are classified into the following three categories:

(1) Directly invest in a company in China.

(2) The reinvestments in China were from the earnings of BMLB.

(3) Indirect investment in China is through a holding company established in a third country.

(Note 2): Investment income or loss was recognized based on the reviewed financial

statements issued by the auditors of the parent in Taiwan.

(Note 3): The amounts of BMLB reinvestments RMB10,950 thousand were excluded.

(Note 4): The transactions have been eliminated when preparing the consolidated financial statements

(b) Limits on investments in Mainland China:

(Unit: NT\$ thousand)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment by Investment Commission, MOEA
BenQ	1,099,806	1,215,969	
SMS	(USD29,000 and RMB40,000) 22,924 (USD722)	(USD29,000 and RMB65,950) 50,546(USD1,592)	(Note) 80,000

It is converted according to the exchange rate of USD to NTD of 31.75 and RMB to NTD of 4.4764 at the end of the period.

(Note): The company has already acquired the certificate of corporate operation headquarters, so there is no limit on investment in mainland China.

(a) Significant transactions with investee companies in China:

The direct or indirect transactions in China have been eliminated when preparing the consolidated financial statements for the nine months ended September 30, 2022, please refer to “Information on significant transactions” for the details.

(4) Major shareholders information

(Unit: share)

Name	Shares	Shareholding	Shareholding ratio
BenQ Corp.		80,847,763	25.21%
Qisda Corp.		43,659,294	13.61%

(Note): This table is calculated by Taiwan Depository & Clearing Corporation (TDCC) on the last business day of every season. To compute the shareholding companies' 5% of total of the ordinary shares and special shares of non-physical securities (including treasury shares). As for the company's financial reporting, it has written down that the share and the company's completed non-physical securities' shareholding might be discrepancy due to its different ways of factorization.

#### 14. Segment information

The Company's operating segment information and reconciliation are as follows:

Three Months Ended September 30, 2022				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,135,925	510,774	-	3,646,699
Intra-segment revenue	-	-	-	-
Total revenue	<u>\$ 3,135,925</u>	<u>510,774</u>	<u>-</u>	<u>3,646,699</u>
Segment (loss) profit	<u>\$ 502,065</u>	<u>(371)</u>	<u>-</u>	<u>501,694</u>
Shares of profits of related companies recognized by the equity method				29,529
Net profit after tax				<u>\$ 531,223</u>

  

Three Months Ended September 30, 2021				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,675,015	371,840	-	4,046,855
Intra-segment revenue	-	-	-	-
Total revenue	<u>\$ 3,675,015</u>	<u>371,840</u>	<u>-</u>	<u>4,046,855</u>
Segment (loss) profit	<u>\$ 261,811</u>	<u>(7,682)</u>	<u>-</u>	<u>254,129</u>
Shares of profits of related companies recognized by the equity method				13,860
Net profit after tax				<u>\$ 267,989</u>

Nine Months Ended September 30, 2022				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 10,458,467	1,463,972	-	11,922,439
Intra-segment revenue	-	-	-	-
Total revenue	<u>\$ 10,458,467</u>	<u>1,463,972</u>	<u>-</u>	<u>11,922,439</u>
Segment (loss) profit	<u>\$ 988,385</u>	<u>6,285</u>	<u>-</u>	<u>994,670</u>
Shares of profits of related companies recognized by the equity method				86,452
Net profit after tax				<u>\$ 1,081,122</u>

Nine Months Ended September 30, 2021				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 11,245,168	1,161,090	-	12,406,258
Intra-segment revenue	-	-	-	-
Total revenue	<u>\$ 11,245,168</u>	<u>1,161,090</u>	<u>-</u>	<u>12,406,258</u>
Segment (loss) profit	<u>\$ 681,740</u>	<u>(4,319)</u>	<u>-</u>	<u>677,421</u>
Shares of profits of related companies recognized by the equity method				31,781
Net profit after tax				<u>\$ 709,202</u>

The Company did not present the measured amount of total assets and total liabilities from segments to the Company's chief operating decision making.