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BenQ Materials Corp.
2021 ANNUAL REPORT

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Company Spokesperson

Name: Sheng-Hsiang, Wang

Title: Chief Financial Officer

Tel: (03) 374-8800

Email: IR@BenQMaterials.com

Corporate, Office and Factory

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

Tel: (03) 374-8800

Longtan Factory and Longke Factory

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

Tel: (03) 255-8800

Yunke Factory

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

Tel: (05) 537-8800

Stock transfer agency

Name: Taishin Securities Co., Ltd.

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

Website: www.tssco.com.tw

Tel: (02) 2504-8125

Auditors

CPAs: Cih Jie, Tang , Wei Ming, Shih

Name of Accounting Firm: KPMG Taiwan

Address: 68F, No.7, Sec., 5, Xinyi RD., Taipei City 11049, Taiwan, R.O.C (Taipei 101)

Website: www.kpmg.com.tw

Tel: (02) 8101-6666

Name of Trading Venues for Overseas Flotation of Marketable Securities and Means of Inquiry into Information Thereof: Not applicable

Company Website: www.BenQMaterials.com

Letter to Shareholders

Dear Shareholders,

The combined revenue of BenQ Materials in 2021 is approximately NT$ 16.5 billion, the net profit after tax is approximately NT$ 972 million, and the net profit per share after tax is NT$ 3.03, continuing to achieve the goal of both revenue and profit growth. Although there is rampant COVID-19 epidemic in recent two years, BenQ Materials conquers difficulties constantly, and continues to make an outstanding performance, making constant new heights in terms of gross profit rate throughout the company.

Under joint efforts of all staff, BenQ Materials tends to form prototype of multi-product, multi-technology and multi-application layout, and the industry to which BenQ Materials belongs is also in the teeth of the storm, therefore, no matter in display technology, electro-mobile or medical field, in order to seize growth opportunities, ascend into leading group of various industries, and based on optimistic vision of the company in the future, the Board of Directors and Management Team also decide to expand capital expenditure in the future three years, and enhance investment in polarized surface coating, advanced battery materials and medicine related high-order technologies, and it is believed that BenQ Materials will come to another commanding height by virtue of these important technologies and production capacity; on the other hand, in order to accelerate growth and make up for unmet market demand, in the future, the company will take the strategy of simultaneous auto-organic growth and M&A strategic partner for continuous expansion.

At the same time, identify key issues of concern of stakeholders via stakeholder discussion, and implement environmental sustainability, social participation and corporate governance in the management, product design and marketing. In terms of environmental sustainability, "DermaAngel" launched sun block without harmful ingredients and friendly to ocean; the functional woven material "Xpore" adopts 100% material free of per-fluorinated compound (PFC), and then in combination with solvent-free procedure for production, thus sticking to the commitment to environmental sustainability. In terms of social participation, assist with peasants of Taoyuan and Yunlin Plant Areas by means of purchasing cabbages, bananas, etc. from them locally, and provide self-produced clean-keeping pads and other articles for local care centers, showing the practical action in making feedback to the society, and in terms of internal corporate governance, the governance appraisal performance maintains within top 20% and ranks top 5% in small and medium-sized market value. Led by the Management Team, BenQ Materials hopes that everyone can set an example for all staff following the principle of honesty and transparency.

Looking forward to 2022, confronted with unknown environment, we hope to lay more emphasis on "Lead Change, Drive Value", and BenQ Materials will pursue for leading status in various fields such as display industry and power battery materials, and will not only do what we said, but also try to make self-transcendence and challenge the limit constantly. In the future, BenQ still needs to rely on cautious and conscientious efforts of everyone, and will lay efforts in handling the supplier and customer relationship, enhance research & development and technological base, and try to guarantee manufacturing quality and efficiency, and it is hoped that BenQ can create a new development pattern against difficulties. Here, we look forward to the continued support of shareholders to jointly create the Company's sustainable development.

Sincerely

Chairman: General Manager: Accounting supervisor:

Company Profile

(I) Date of Incorporation: July 16, 1998

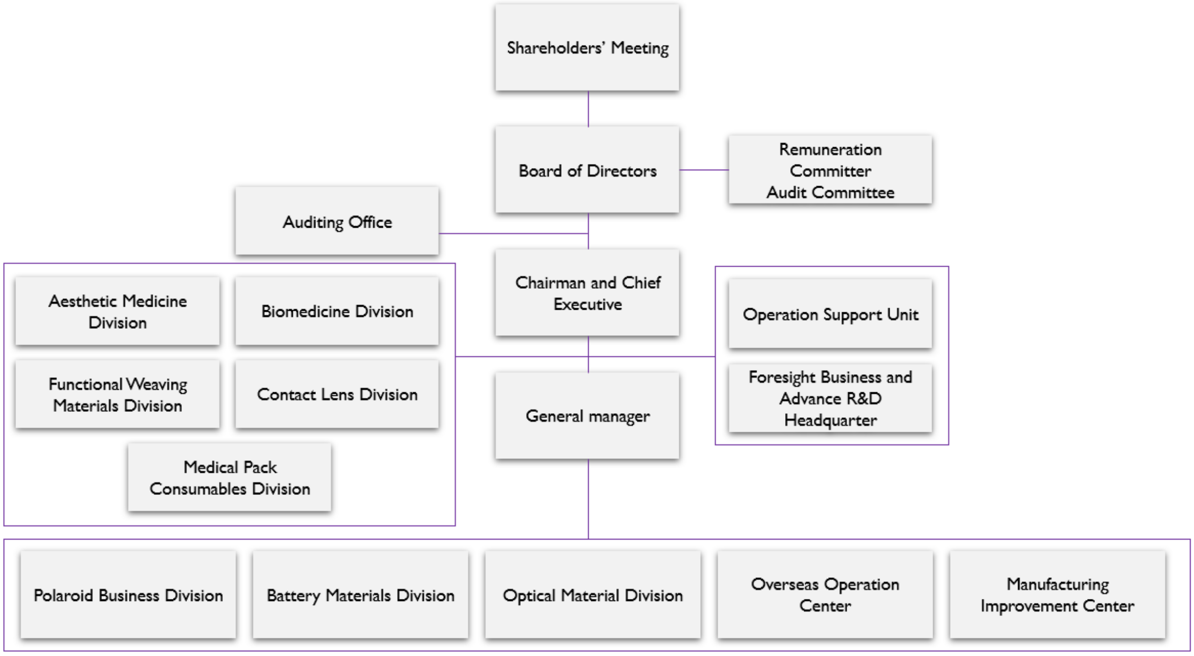
(II) Milestones

1998- 07	Established Daxon Technology Co., Ltd., with a capital of NT$ 10,000
1999- 10	Increase capital by NT$250,000 thousand in cash, and received capital amount to NT$ 500,000 thousand and supplemented the office development bank
2000- 09	Approved by the MOEAIC to invest indirectly from the third place and established Daxon Medical Technology (Suzhou) Co., Ltd, engaged in the manufacture and sales of medical related product series
2001- 09	Issued NT$ 500,000 thousand for the first time in year 2001 of domestic guaranteed ordinary secured convertible bonds With establishment of BenQ , it wa renamed Daxon Technology Inc.
2002- 01	Established Daxon Technology Sdn. Bhd. In Malaysia, and established the first overseas optical disc production base in Penang, Malaysia.
2003- 09	Taipei OTC center (TPEx) approved to log in as a counter stock
2005- 05	Polarizers are shipped formally, starting the first case of independent research and devleopment & mass production of LCD upstream key materials by Chinese people
2007- 12	Establishment of Polarizer factory in Longtan
2008- 09	Approved the application of Yunlin Industrial Zone, and engaged in the manufacture of polymer chemical products
2009- 05	Approved by the MOEAIC to invest indirectly from the third place and established Daxon Medical Technology (Suzhou) Co., Ltd, engaged in the manufacture and sales of medical related product series, and listing of medical care products and self-brand "Anscare"
2010- 03	Conducting private placement of securities increase the capital in cash NT$ 200,000 thousand, and the paid in capital increased to NT2,865,301 thousand
04	Establishment of Polarizer factory in Tainan
06	Approved to changed company name to"BenQ Materials Co., Ltd. "by the meeting of Shareholders
09	Established Danite Material Technology (Wuhu) Co., Ltd with joint venture Wuhu Chery Technology Co., Ltd (each holding 50% of shares), engaged in the manufacturer and sales of lithium battery isolation frim products
10	Financial Supervisory Commission (FSC) approved to publish the cash increase NT$ 236,000 thousand, and the paid-in capital increased to NT$ 3,101,301 thousand
11	Listed on the Taiwan Stock Exchange, stock code: 8214
2012- 03	Officially launched the "Miacare" Silicone Contact Lens series
2014- 10	Contributing the sustainable development of environmental protection, and won the National Enterprise Environmental Protection Award
12	Tainan plant obtained AEO Quality Enterprise Certification
2015- 01	Miacare high-exygen-permeability silicone disposable contact lens won the 2014 Taiwan Excellence Award
03	Reward the 3 rd Potential Enterprise Award of the Ministry of Economic Affairs
06	Taoyuan Factory and Longke Factory obtained AEO Quality Enterprise Certification
09	Personal medical beauty brand "DermaAngel" came into the market
01	AnsCare ChitoClot Gauze, AnsCareChitoColt Artery Compression Device, and Miacare CONFiDENCE silicone hydrogel color daily soft contact lens are awarded Taiwan Excellence Awards 2015
2016- 01	AnsCare Scar Reduction Silicone Gel C+ and ChitoClot Bandage are awarded Taiwan Excellence Awards 2016
04	Acquired 100% equity of Danite Material Technology (Wuhu) Co., Ltd, and revised its name to BenQ Material (Wuhu) Co., Ltd.
09	End of Nanke branch operation
2017- 01	Miacare Silicone Hydrogel Soft Contact Lens (1 Day) Comfort-Premium awarded Taiwan Excellence Awards 2017
2018- 01	ATBF Film won Gold Panel Award; Anscare SIMO negative pressure wound therapy system won the 15th Taiwan National Innovation Award; Anscare Leining Xika Scar Care Silicone Gel Pen and Miacare Silicone Hydrogel Daily Contact Lens won Taiwan Excellence Award 2018
07	Acquire SIGMA Medical Supplies Corporation
2019- 01	USIF won Gold Panel Award: Anscare SIMO negative pressure wound therapy system won "Red Dot Award- Product Design 2019)"; Anscare SIMO negative pressure wound therapy system, Miacare CONFIDENCE Silicone Hydrogel Color Daily Soft Contact Lens (Meteor) and AirySektor waterproof & breathable protective pad awarded Taiwan Excellence Awards 2019
07	Indirectly investment of BenQ Material Medical (Suzhou) Corporation establish in China by the third place approved by the MOEAIC, engaged in the manufacture and sales of medical consumables and equipment
2020- 09	In 2019, it ranked first in the optical industry, with excellent import and export performance and growth rate. Commended by the Ministry of Economic Affairs and awarded the Golden Trade Award
11	Awarded the Sports Enterprise Certification of Ministry of Education
01	Waterproof and breathable fabric brand "Xpore" came into the market
01	Anscare debridement gel, AirySektor waterproof and breathable fabric won Taiwan Excellence Award 2020, Xpore won ISPO Textrends Award Top Ten & Selection and Performance Award
2021- 04	Corporate governance appraised as "Top 5% of Small-and-Medium-sized Market Value Group"
09	It is dedicated to sustainable development of employees and winning the Best Asia Employer Brand
11	Won Taiwan Sustainable Enterprise Award 2021 — Silver Award of Sustainability Report
2022- 01	Upon TAF appraisal, it became the sole Medical Packaging Material Manufacturer certified by TAF throughout Taiwan Anscare Scar Scare Silicone Gel Pen, Miacare CONFIDENCE Silicone Hydrogel Color Monthly Soft Contact Lens (Meteor), Xpore Fashionable Protective Cap T and Xpore Proofed and Breathable Pure-cotton Function Fabric, won Excellence Award 2022
03	Deepened layout of intellectual property right, and passed Grade A verification of "Taiwan Intellectual Property Management System" of Industrial Development Bureau
04	Won ISO27001 Information Security Management System Certification

Corporate Governance Report

Organization

(I) Organizational Chart



(II) Department Functions

Divisions	Functions
Auditing Office	❖ The establishment and implementation of the Company's auditing system, the formulation and declaration of the annual audit plan, and the implementation of internal and external control of the Company and its subsidiaries.
Foresight Business and Advance R&D Headquarter	❖ Coordinating product development, technology development, evaluation, planning and intellectual property rights of new business.
Biomedicine Division	❖ Responsible for biomedical product planning, manufacturing, marketing sales and customer service.
Contact Lens Division	❖ Responsible for contact lens product planning, R&D design, manufacturing, marketing sales and customer service.
Aesthetic Medicine Division	❖ Responsible for aesthetic medicine product planning, R&D design, manufacturing, marketing sales and customer service.
Functional Weaving Materials Division	❖ Responsible for functional weaving materials product planning, manufacturing, marketing sales and customer service.
Medical Pack Consumables Division	❖ Responsible for medical package consumables product planning, manufacturing, marketing sales and customer service.
Polaroid Business Division	❖ Responsible for polaroid product planning, manufacturing, marketing sales and customer service.
Optical Material Division	❖ Responsible for optical film, optical cement and intelligent optical film product planning, manufacturing, marketing sales and customer service.
Battery Materials Division	❖ Responsible for Advanced Battery Materials product planning, manufacturing, marketing sales and customer service.
Manufacturing Improvement Center	❖ Make overall planning of development of advanced equipment for manufacturing, environmental security of factory affairs and industrial engineering planning related matters.
Overseas Operation Center	❖ Responsible for related operation in Suzhou plant and Wuhu plant.
Operation Support Unit	❖ Including finance, legal affairs and regulation, human resources, information technology, brand management, strategic planning, and other functions.

Information on General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches

(I) Directors and Supervisors

1. Basic information

April 18, 2022 Unit: shares; %

Position	Nationality/Place of Registration	Name	Gender and Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairman	R.O.C.	Qisda Corporation (Note 2)	-	2019.06.19	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	Ph., D., Swiss Federal Institute of Technology in Zurich M.S., Materials & Engineering, University of Utah Director and Executive Vice President of Darfon Electronics Corp. Development Manager of Philips Taiwan Ltd.	Chairman and CEO of BenQ Materials Co., Ltd. Director of LAGIS ENTERPRISE CO., LTD. Director of BenQ Foundation Chairman of Circular Taiwan Foundation	-	-	-	Note 1
	R.O.C.	Representative: Zhien-Chi (Z.C.) Chen	Male 61-70 years old				-	-	1,257,252	0.39%	31,020	0.01%	-	-						
Director	R.O.C.	Kuen-Yao (K.Y.) Lee	Male 61-70 years old	2019.06.19	3 years	2009.02.20	4,580,396	1.43%	4,580,396	1.43%	775,001	0.24%	-	-	MBA, Switzerland IMD Chairman of Qisda Corp. Chairman of AU Optronics Corp.	Chairman of BenQ Corp. Chairman of BenQ Foundation Director of Qisda Corp. Director of AU Optronics Corp. Director and Executive Vice President of Darfon Electronics Corp.	-	-	-	-
Director	R.O.C.	Eric Yu	Male 61-70 years old	2019.06.19	3 years	2010.06.19	1,252,871	0.39%	1,252,871	0.39%	384,613	0.12%	-	-	M.S., Business Administration, University of Strathclyde Chairman of SIGMA Medical Supplies Corp. Director of AU Optronics Corp. Financial Vice President of Qisda Corp.	Director of Visco Vision Inc.	-	-	-	-

Position	Nationality/Place of Registration	Name	Gender and Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Director	R.O.C.	Qisda Corporation (Note 2)	-	2019.06.19	3 years	1998.07.06	43,659,294	13.61%	43,659,294	13.61%	-	-	-	-	The Graduate Institute of Technology & Innovation Management, National Chengchi University M.S., International Business Management, Thunderbird School of Global Management B.S., Electrical Engineering, National Cheng Kung University Technology Product Center Executive Vice President, BenQ Corp.	Chairman and CEO of Qisda Corp. Chairman of BenQ Medical Technology Corp. Chairman of Partner Tech Corp. Chairman of DFI Inc. Vice Chairman of Alpha Network Inc. Director and Executive Vice President of Darfon Electronics Corp. Director of Hitron Technologies Inc. Director of BenQ Foundation	-	-	-	-
	R.O.C.	Representative: Peter Chen	Male 61-70 years old				-	-	72,825	0.02%	-	-	-	-						
Director	R.O.C.	BenQ Corporation (Note 2)	-	2019.06.19	3 years	2007.10.17	80,847,763	25.21%	80,847,763	25.21%	-	-	-	-	M.S., Business Administration, University of Southern Mississippi Chairman of SIGMA Medical Supplies Corp. Vice President of Qisda Corp.	Chairman of BenQ Asia Pacific Corp. Chairman of Infty Corp. Director and General Manager of BenQ Corp. Director of BenQ Foundation	-	-	-	-
	R.O.C.	Representative: Conway Lee	Male 61-70 years old				-	-	99,161	0.03%	-	-	-	-			-	-	-	
Independent Director	R.O.C.	Frank Yeh	Male 61-70 years old	2019.06.19	3 years	2003.05.22	-	-	-	-	-	-	-	-	Electronic Engineering, Feng Chia University Director and CEO of WPG General Manager of Arrow Electronics Taiwan Ltd.	Director and General Manager of WPG Holdings Ltd. Director of WPG Holdings & Director of its Affiliated Venture;				

Position	Nationality/Place of Registration	Name	Gender and Age	Date Elected (inaugurated)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor's current Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Executives, Directors or Supervisors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Independent Director	R.O.C.	Chiou-Ming Chen	Male 61-70 years old	2019.06.19	3 years	2006.05.18	-	-	-	-	-	-	-	-	Department of Electrical Engineering, National Taiwan University M.S., Electrical Engineering, University of Rhode Island Associate Director of Gold Circuit Electronics Purchasing General Manager of HP Taiwan Information Technology Ltd.	Member of Remuneration Committee of Allied Circuit Co. Ltd.				
Independent Director	R.O.C.	Louis Y.Y. Lu	Male 61-70 years old	2019.06.19	3 years	2019.06.19	-	-	-	-	-	-	-	-	Ph.D. Business and Management, National Chiao Tung University M.S., Computer Science, National Chiao Tung University Dean, College of Management, Yuan Ze University Manager of BenQ Corporation	None				

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

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

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

Note 2: Major shareholders of corporate shareholders

Name of Institutional Shareholder	Major shareholders of corporate shareholders	Shareholding Ratio (%)
Qisda Corporation (Note 3)	AU Opreonics Corporation (Note 4)	17.04
	Acer Incorporated (Note 4)	4.15
	Kangli Investment Co., Ltd.	2.55
	Darfon Electronic Corporation (Note 4)	1.86
	Citi (Taiwan) Commercial Bank is entrusted with UBS European SE investment account	1.12
	Citi (Taiwan) Commercial Bank is entrusted of Banguard's emerging market stock index fund investment account	1.06
	Citi (Taiwan) Commercial Bank is entrusted with the investment account of Poluning Development National Fund Co., Ltd	1.02
	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	1.00
	Taishin International Commercial Bank is entrusted with Jiasida Technology's employee shareholding trust property account	0.94
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.91
BenQ Corporation	Qisda Corporation	100.00

Note 3: Qisda Corporation'sdata source is based on the company's shareholder register on the base date of closing the transfer on April 26, 2021; BenQ Corporation is a subsidiary 100% held by Qisda Corporation.

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

Name of Institutional Shareholder	Major shareholders of corporate shareholders (Note 5)	Shareholding Ratio (%)
AU Opreonics Corporation	Qisda Corporation	6.90
	Acer Incorporate	4.61
	Trust Holding for Employees for AU Optronics Corp. with the custody of HSBC Bank	4.58
	Dedicated account from the Hong Kong Financial Service Co., Ltd. in the custody of Citi Bank; The deposit contract established by AU Optronics Corporation and bearer of depository receipts on May 29, 2002, was registered by the co-representative of the depository receipt bearers and the appointed person by depository receipt organization.	4.19
	Fubon Life Insurance Co., Ltd.	3.93
	Tong Hwei Enterprise Co., Ltd.	1.58
	American JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the series of funds of the PGIA Fund, the PGIA Taiwan Limited International Stock Index Fund	1.26
	Citi (Taiwan) Commercial Bank is entrusted of Banguard's emerging market stock index fund investment account	0.97
	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	0.94
	New Labor Pension Fund	0.79
Acer Incorporated	Hung Rouan Investment Corp.	2.42
	Investment of University Pension Scheme Co., Ltd. in trusteeship of the Chase Bank	1.53
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.33
	JPMorgan Chase Bank N.A.	1.21
	Credit Suisse First Boston Securities International Company in custody of the Chase Bank	1.20
	JP Morgan Chase bank account via Escrow special account	1.16
	Stan Shih	1.15
	iShares MSCI in the custody of Standard Chartered Bank	1.01
	Dedicated investment account of Saudi Arabia Central Bank in custody of the Chase Bank	0.97
	Acer GDR	0.95
Darfon Electronic Corporation	Qisda Corporation-	20.72
	BenQ Corporation	5.01
	Citi (Taiwan) Commercial Bank is entrusted of Banguard's emerging market stock index fund investment account	2.06
	Guang-Rui Zhang	1.66
	Mega International Commercial Bank Co., Ltd.	1.62
	Investment Account of Credit Suisse International Company under the custody of Standard Chartered International Commercial Bank	1.48
	Su, Kai-Chien	1.45
	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	1.08
	Investment Account of JP Morgan Securities Co., Ltd. In custody of JPMorgan Chase Bank	1.07
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95

Note 5: AU Optronics Corporation's major shareholders arebased on the company's shareholder register on the base date of closing the transfer on April 19, 2020; The major shareholders of Acer Incorporated are based on the company's shareholder register on April 13, 2021, on the basis of the closing date; Kangli Investment Co., Ltd. is a 100% holding subsidiary of AU Optronics Corporation; DARFON ELECTRONICS CORP.'s major shareholders are based on the company's shareholder register on April 25, 2021, on the basis of the closing date.

2. Other resource

(1) The Borad of Director Diversity:It has been clearly specified by our company in the *Code of Corporate Governance* that, members of the Board of Directors should be of diversified constitution, and appropriate diversification policies should be formulated for their own operations, operating types and development needs, but not limited to gender, age, nationality or culture, etc., and the Board of Directors shall be equipped with knowledge, skills and accomplishment necessary for executing their positions on the whole. In order to achieve ideal objectives of corporate governance, the Board of Directors shall be equipped with the following abilities on the whole: (a) Business judgement ability. (b) Accounting and financial analysis ability. (c) Operating management ability. (d)Crisis management ability. (e) Industrial knowledge. (f) View of international market. (g) Leadership. (h) Decision-making ability.

(2) The Borad of Director Independence:There are total 8 existing board members, 3 of which are independent directors, accounting for 37.5% of all director members. All independent directors meet the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission for independent directors, and there is no relationship between the directors of a spouse or within the second degree of kinship. Therefore, there is no requirement of Article 26-3 of the Securities and Exchange Act. and the matter of item 4. In conclusion, the Board of Directors of the Company is independent.

2021-12-31

Qualifications / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Representative of Qisda Corporation: Zhien-Chi (Z.C) Chen	Existing Chairman and CEO of BenQ Materials Co., Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 4.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Kuen-Yao (K.Y.) Lee	Existing Chairman and CEO of BenQ Co., Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 4.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Eric Yu	Former Chairman and CEO of BenQ Materials Co., Ltd., equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 4.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Representative of Qisda Corporation: Peter Chen	Existing Chairman and CEO of Qisda Corporation, shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 5.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Representative of BenQ Corporation: Conway Lee	Existing Director & General Manager BenQ Co., Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 5.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Frank Yeh	Existing Deputy Chairman of WPG Holdings Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 5.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Chiou-Ming Chen	Former Chairman of Gold Circuit Electronics Limited, equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 6.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	1
Louis Y.Y. Lu	Former Dean, Colleage of Management, Yuan Ze University, equipped with business, finance and accounting experience, etc., and acted as Dean, College of Management, Yuan Ze University, and refer to Page 6 for his experience.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0

(II) Information on CEO, General Manager, Deputy General Manager, Assistant Managers, and Managers of Departments and Branches

April 18, 2022 Unit: shares; %

Position (Note 1)	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Major Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
CEO	R.O.C.	Zhien-Chi (Z.C.) Chen	Male	2013.10.01	1,257,252	0.39%	31,020	0.01%	-	-	Ph., D., Swiss Federal Institute of Technology in Zurich M.S., Materials & Engineering, University of Utah Director and Executive Vice President of Darfon Electronics Corp. Development Manager of Philips Taiwan Ltd.	Director (Legal Representative) of Changguang Company Director of BenQ Foundation (Note 2) Chairman of Circular Taiwan Foundation	-	-	-	Note 3
General manager	R.O.C.	Gary Liu	Male	2017.08.01	77,508	0.02%	-	-	-	-	Ph.D., Department of Optoelectronics, Jiaotong University	None	-	-	-	
Vice President	R.O.C.	Oliver Liu	Male	2009.12.01	272,590	0.09%	-	-	-	-	M.S., Department of Optoelectronics, Jiaotong University	Director of Visco Vision Inc. (Note 2)	-	-	-	
Vice President	R.O.C.	Charles Liu	Male	2015.11.01	23,480	0.01%	-	-	-	-	MS., Department of Inorganic Chemistry, Saitama University Japan Executive Vice President of Sumika Technology Co., Ltd	(Note 2)	-	-	-	
Vice President	R.O.C.	Li-chuan Chiu	Female	2022.01.06	13,416	0.00%	-	-	-	-	M.S., Department of Materials Engineering, Jiatong University	Director of Cenefom Corporation Limited. (Note 2)	-	-	-	
Senior Manager	R.O.C.	Lung-hai Wu	Male	2010.07.01	13,878	0.00%	517	0.00%	-	-	Ph.D., Department of Applied Chemistry, Jiaotong University Project Manager of Technology Department of Optimax Technology Corporation	None	-	-	-	
Senior Manager	R.O.C.	Chen-kuan Kuo	Male	2014.01.01	13,608	0.00%	-	-	-	-	Ms., Department of Chemistry, Tamkang University Research and Development Manager of Optimax Technology Corporation	None	-	-	-	
Senior Manager	R.O.C.	Ting-yuan Chiang	Male	2014.01.01	13,420	0.00%	37,611	0.01%	-	-	Ms., Department of Earth and Environmental Science, Chung Cheng University	(Note 2)	-	-	-	
Senior Manager	R.O.C.	Chao-yi Yang	Female	2015.04.01	13,418	0.00%	-	-	-	-	Ms., Department of Business Administration J&J Product Manager CIBA Vision Marketing Manager	None	-	-	-	
Finance Associate General Manager	R.O.C.	Sheng-hsiang Wang	Male	2006.03.01	186,904	0.06%	-	-	-	-	MS., Enterprise Research Institute of Chuo University Department of Statistics, Fu Jen University	(Note 2)	-	-	-	

Note 1: He is the General Manager of our company at the end of 2021, with the title being the information on publication date of annual report.

Note 2: Please refer to the section of "Information on Directors, Supervisors and General Managers of Related Companies" in this annual report for the situation where managers concurrently hold positions in the Company 's related companies.

Note 3: The director and the general manager or equivalent (executive manager) are the same person, spouses, or relatives, which need to explain the reason, rationality, necessity and related information about the implementation:

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

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

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

1. Remuneration of General Directors and Independent Directors

December 31, 2021 Unit: NT$ thousand

Position	Name	Remuneration Paid to Directors								Percentage of the total of four items A, B, C and D to net income after taxes (%)		Relevant Remuneration Received by Directors who Are Also Employees								The Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Compensation (A) (Note 1)		Severance Pay and Pension (B)		Directors' remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus, and Allowance (E) (Note 4)		Severance Pay and Pension (F)		Employee Compensation (G) (Note 5)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Corporate Director	Qisda Corporation	7,000	7,000	-	-	7,050	7,050	250	250	14,300/ 1.47	14,300/ 1.47	14,015	14,015	-	-	6,200	-	6,200	-	34,515/ 3.55	34,515/ 3.55	94,238
Representative Corporate Director, Chairman and CEO	Zhien-Chi (Z.C.) Chen																					
Director Representative of Corporate Shareholder	Peter Chen																					
Corporate Director	BenQ Corporation																					
Director Representative of Corporate Shareholder	Conway Lee																					
Director	Kuen-Yao (K.Y.) Lee																					
Director	Eric Yu																					
Independent Director	Frank Yeh	4,200	4,200	-	-	3,021	3,021	150	150	7,371/ 0.76	7,371/ 0.76	-	-	-	-	-	-	-	-	7,371/ 0.76	7,371/ 0.76	-
	Chiou-Ming Chen																					
	Louis Y.Y. Lu																					

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

Note 1: The directors' compensations in the year 2021 (include salary, allowances, severance pay, and various awards and bonuses.)

Note 2: The directors compensation of 2021.

Note 3: Expense relating to business execution by directors in the year 2021 (include transportation allowances, special allowances, various subsidies, accommodations, and personal cars etc.)

Note 4: The directors serving as employees in the year 2021 (include those concurrently serving as CEO, General Manager, Assistant General Manager, or other managerial officers and employees) who receive salaries, supervisors' allowances, severance pay, bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc.

Note 5: In the year 2021, directors who concurrently serve as employee (including concurrently serve as Chairman, General Manager, Assistant General Manager, other managerial officers and employees) who receive employee compensation (including stock and cash dividends.)

Range of Remuneration

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

2. Remuneration paid to Supervisors: Note applicable.

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

December 31, 2021 Unit: NT$ thousand

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay and Pension (B)</th><th colspan="2">Remuneration (C)</th><th colspan="4">Employee Compensation (D) (Note)</th><th rowspan="3">Total remuneration (A+B+C+D) as a percentage of net income (%)</th><th rowspan="3">Remuneration from Invested Companies Other than Subsidiaries or the Parent Company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All Companies in Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies in Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies in Consolidated Financial Statements</th><th colspan="2">The Company</th><th colspan="2">All Companies in Consolidated Financial Statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CEO</td><td>Zhien-Chi (Z.C.) Chen</td><td rowspan="4">14,926</td><td rowspan="4">14,926</td><td rowspan="4">324</td><td rowspan="4">324</td><td rowspan="4">22,186</td><td rowspan="4">22,186</td><td rowspan="4">14,650</td><td rowspan="4">-</td><td rowspan="4">14,650</td><td rowspan="4">-</td><td rowspan="4">52,086/5.36</td><td rowspan="4">-</td></tr>
<tr><td>General manager</td><td>Gary Liu</td></tr>
<tr><td>Vice President</td><td>Oliver Liu</td></tr>
<tr><td>Vice President</td><td>Charles Liu</td></tr>
</table>

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

Range of Remuneration

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

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

Unit: NT$ thousand

Item	Position (Note 1)	Name (Note 1)	Stock amount (Note 2)	Cash amount (Note 2)	Grand Total (Note 2)	Ratio of Total Amount to Net Income (%)
Managerial Officer	CEO	Zhien-Chi (Z.C.) Chen	-	20,883	20,883	20,883 2.15%
	General manager	Gary Liu				
	Vice President	Oliver Liu				
	Vice President	Charles Liu				
	Vice President	Li-chuan Chiu				
	Senior Manager	Lung-hai Wu				
	Senior Manager	Chen-kuan Kuo				
	Senior Manager	Ting-yuan Chiang				
	Senior Manager	Chao-yi Yang				
	Finance Associate General Manager	Sheng-hsiang Wang				

Note 1: He is the General Manager of our company at the end of 2021, with the title being the information on publication date of annual report.

Note 2: Refers to the proposed allotment amount calculated with reference to the actual allotment ratio in previous years.

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

Year / Item	2021		2020	
	The Company	All consolidated entities	The Company	All consolidated entities
After-tax (loss) profit (NT$ thousand)	971,555	971,555	395,973	395,973
Ratio of compensation paid to Directors by the Company (%)	2.24	2.24	3.95	3.95
Ratio of compensation for Managers such as deputy general manager or above paid by the Company (%)	5.36	5.36	10.07	10.07

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

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

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

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

The State of the Company's Implementation of Corporate Governance

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

I. A total of 5 meetings of the Board of Directors were held in 2021. The Directors and Supervisors' attendance status is as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Note
Chairman	Qisda Corporation Representative: Zhien-Chi (Z.C.) Chen	5	0	100%	
Director	Qisda Corporation Representative: Peter Chen	5	0	100%	
Director	BenQ Corporation Representative: Conway Lee	5	0	100%	
Director	Kuen-Yao (K.Y.) Lee	5	0	100%	
Director	Eric Yu	5	0	100%	
Independent Director	Frank Yeh	5	0	100%	
Independent Director	Chiou-Ming Chen	5	0	100%	
Independent Director	Louis Y.Y. Lu	5	0	100%	

Other matters to be recorded:

1. If any of the following circumstances occur during board meetings, the date of said meeting, session, proposal content, all independent director opinions, and the Company's responses to said independent director opinions:

(1) According to Article 14-3 of the Securities and Exchange Act:

Date	2021	Major Resolutions	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2021.02.25	First time	"Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2020 Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new	1.Approved by the unanimous decision of the independent directors and

		common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Proposed amendments to the "Procedures for the Acquisition and Disposal of Assets" Proposed donation to the BenQ Foundation	directors present 2. The Company's responses to said independent director's opinions: None
2021.05.06	Second time	The Proposal that the Subsidiary and Medical Device Corporation are proposed to make disposal of Ruifang Factory Land and Plants	
2021.07.22	Third time	The subsidiary BenQ Materials Corporation's proposed disposal of some lands and buildings proposal	
2021.08.05	Fourth time	Proposed to review CPA fees Proposed to convene 2021 regular shareholders' meeting in optional time	
2021.10.29	Fifth time	Proposed Preparation of 2022 Internal Audit Plan Proposed Appointed CPAs to the 2022 financial statements of the Company. Proposed Production Equipment Acquisition Plan	

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

2. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of the proposal, reasons for recusal, and results of voting shall be specified:

The board of directors on February 25, 2021:

(I) Passed the proposal for waiver of non-competition clauses for current directors and their representatives, when discussing this issue, director Zhien-Chi (Z.C) Chen and director Peter Chen were the Director Representative of Corporate Shareholder, and they were related parties in the case. According to provisions of Article 206 and 178 of the Company Law, they are not permitted to participate in the discussion and voting of this case. Except for the above two directors who avoided because of their interests, the independent directors had no objection and the other directors agreed to pass the case.

(II) Passed the donation of the BenQ Foundation, the four directors: Chairman Zhien-Chi (Z.C) Chen and directors Kuen-Yao (K.Y.) Lee, Peter Chen, Conway Lee, have served as directors of the foundation. According to the provisions of Article 206 and 178 of the Company Law, they are not permitted to participate in the discussion and voting of this case. Except for the above four directors who avoided because of their interests, the independent directors had no objection and the other directors agreed to pass the case.

3. The evaluation cycles, evaluation periods, scope and method of evaluation, and contents of evaluation for evaluating the performance of the board members (on themselves or peers). The implementation of evaluation for the Board of Directors:

Frequency	Period	Scope	Method	Content
Once a year	January 2021 - December 2021	The board of directors and Functional Committees (including Audit Committee and Remuneration Committee)	Self-evaluation of the board of directors and Functional Committees (including Audit Committee and Remuneration Committee)	• The performance evaluation of the board of directors and its individual members includes five major aspects: participation in the operation of the Company, improvement in the quality of decision-making of the board of directors, Board composition and structure, appointment of directors and their continued development, and internal controls. • The performance evaluation of the Functional Committees includes five major aspects: participation in the operation of the Company, understanding of the responsibilities of the Functional Committees, improvement in the quality of decision-making of the Functional Committees, the composition of the Functional Committees, and the election of committee members, and internal control.

4. External appraisal report of BOD performance of the Company

Frequency	Period	Scope	Method	Content
Once every three years	August 2020 - July 2021	Board of Directors, Internal Control and Risk Management	Entrust Taiwan Corporate Governance Association with appraising BOD performance (on-site appraisal).	Contents of BOD performance appraisal include eight aspects: BOD constitution, guidance, authorization, supervision, communication, self-discipline, internal control and risk management.

Other overall appraisal and suggestions are as follows:

Overall appraisal	Suggestions
1. In early planning stage of operation strategy and annual budget, the Company shall report to the Board of Directors for appropriate suggestions. 2. The company makes regular risk management report to the Audit Committee and the Board of Directors, so as to supervise the company's management and control of business risks efficiently. 3. The company includes the contact experts and scholars into the Directors' Talent Base, so as to guarantee that the company can select new directors meeting the company's development requirements. 4. The company invites professional independent institution for appraisal of BOD performance, showing that the company takes the initiative in implementing corporate governance and improving BOD efficiency.	1. It is suggested making separate appraisal of BOD and BOD members, for the sake of post-appraisal review and enhancement. 2. It is suitable to formulate measures for appraisal of CPAs, and it is suggested leaving written records on communication between the auditors, CPAs and the Audit Committee. 3. It is suggested that the Audit Committee should participate in formulation and performance appraisal of Audit Supervisor. 4. It is suitable to establish written system for introducing operation, etc. of the company to new directors. 5. It is suggested that the company website should set highly independent accepting channel.

5. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as the establishment of an Audit Committee, the enhancement of information transparency, etc.) and the assessment of implementation.
   (1) AUO's Board of Directors' duties include: supervising the company's strategy, monitoring the management and the operation and arrangement of corporate governance system. It is also responsible for the company and the shareholders, and shall exercise its powers in accordance with the law, company regulations, or the resolutions of the shareholders' meetings.
   (2) At least one independent director of the Company's board of directors attended the meeting in person, and all the independent directors attended the board of directors' resolutions in Article 7 of the Rules of Procedures for Board Meetings in the most recent year and the year up to the date of publication of the annual report.
   (3) The Company chose to establish an independent director and an Audit Committee on November 16, 2007, during the shareholders' interim meeting and set up a Remuneration Committee on October 25, 2011. This plan has helped strengthen the functions of the board of directors and implement corporate governance.
   (4) The independent directors of the Company meet regularly for discussion. Accountants, internal audit, legal affairs, finance, risk control and other units are invited to report and ask the independent directors for the latest financial statement review, internal audit results, litigation cases, and financial affairs. Information such as business overview enables independent directors to assist investors to ensure credibility in corporate governance and information transparency to protect shareholders 'rights.
   (5) According to the "Methods to Evaluate Performance of Directors" passed by the Company's BOD on May 6, 2019, the board and directors have to be evaluated at least one time every year, and receive external apprasial once every three years. The BOD self-evaluation and external appraisal of 2021 was done and was reported to the BOD on February 24, 2022.
   (6) The Board of Directors appointed a Corporate Governance Officer on May 6, 2019, responsible for corporate governance matters, including handling of matters relating to Board, Audit Committee, Remuneration Committee, and Shareholders' meetings in compliance with the law, assistance in onboarding and continuing education of directors, provision of information required for the performance of the duties by directors, and assistance in directors' compliance of law, etc.

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

A total of 5 Audit Committee meetings were held in the most recent year. The attendance of the independent directors was as follows:

Position	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%)	Note
Convener	Frank Yeh	5	0	100%	
Committee Member	Chiou-Ming Chen	5	0	100%	
Committee Member	Louis Y.Y. Lu	5	0	100%	

Other matters to be recorded:

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

Date	2021	Major Resolutions	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
2021.02.25	First time	"Statement of Internal Control System" and Self-Evaluation Implementation Result Report for 2020 2020 Financial Statements and Operation Report & 2021 Operation Plan are proposed to approve issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Proposed amendments to the "Procedures for the Acquisition and Disposal of Assets"	1. Approved by the unanimous decision of the members of the Audit Committee present 2. The Company's handling of opinions of members of the Audit Committee: None.
2021.05.06	Second time	Proposed ratification of the Company's 2020 earnings distribution proposal Ratification of 2021 Q1 financial statements	
2021.07.22	Third time	The subsidiary BenQ Materials Corporation's proposed disposal of some lands and buildings proposal	
2021.08.05	Fourth time	Proposed ratification of 2021 Q2 financial statements Proposed to review CPA fees	
2021.10.29	Fifth time	Proposed Preparation of 2022 Internal Audit Plan Proposed ratification of 2021 Q3 financial statements Proposed Appointed CPAs to the 2022 financial statements of the Company. Proposed Production Equipment Acquisition Plan	

   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.
2. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposal, reasons for recusal, and results of voting shall be specified: None.
3. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations).
   (1) The Company regularly convenes Audit Committee meetings. Where necessary, the independent auditor, audit manager, and relevant managers are invited to the meeting.
   (2) The internal audit supervisor regularly submits the audit summary report to the Audit Committee according to the annual audit plan. The Audit Committee also regularly evaluates the Company's internal control system, internal auditors, and their work.
   (3) The Audit Committee communicates regularly with the Company's CPAs on the quarterly financial statements review or verification results and other relevant legal requirements to communicate, and conduct an independent review on the selection of CPAs and the audit and non-audit services.
4. Annual Work Priorities and Operational Status:
   Annual priorities:
   (1) Communicate with the chief internal auditor regularly about the audit reports according to the annual audit plan.
   (2) Communicate with CPAs regularly over financial statement review or audit results in each quarter.
   (3) Review the financial report.
   (4) Assess the effectiveness of internal control system.

(5) Appointment of CPAs.
(6) The independent evaluation of accountants' provision of audit and non-audit services.
(7) Review the objects and amounts of assets, derivative commodities, capital loans and endorsement guarantees and major asset transactions, capital loans and endorsement guarantees.
(8) Regulatory compliance.

2021 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		V		The Company has a "Corporate Governance Principles", which have relevant regulations for protecting shareholders' rights, strengthening the functions of the board of directors, respecting the rights and interests of stakeholders, and improving information transparency. For the Company's corporate governance regulation, please visit the Company's website (www.BenQMaterials.com).	No material difference
Shareholding Structure & Shareholders' Rights	Does the Company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations? If yes, have these procedures been implemented accordingly?	V		the Company has set up a spokesperson system to ensure that the information which may affect shareholders 'decisions can be disclosed promptly and fairly, and the shareholding unit is the responsible unit, and a private letter box is set up to receive shareholders' suggestions, doubts and disputes; for shareholders to file lawsuits, then refer to the legal department for proper handling.	No material difference
	Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		In addition to mastering a list of major shareholders and beneficial owners of these major shareholders, the Company regularly publishes monthly announcements on MOPS for directors and major shareholders holding 10% of the shares and other insiders' equity changes and pledges.	No material difference
	Does the Company establish and execute a risk management and firewall system within its affiliates?	V		1. In order to establish a risk control and firewall with related companies, the Company has entered into "specific company, group enterprise, and related party transaction operation procedures" and "subsidiary management measures". 2. The Company's affiliated companies all have specified financial, business and manufacturing departments, and their management rights and responsibilities are clear. The Company would regularly conduct comprehensive risk assessments of related companies and their main banks, customers, and suppliers to reduce credit risk.	No material difference
	Does the Company establish internal rules against insiders using undisclosed information to trade securities?	V		In order to establish a perfect major information processing and disclosure mechanism to avoid improper leakage of information and ensure the consistency and correctness of externally published information, the Company has formulated the internal specifications of "Operating Procedures for Handling Internal Material Information and Preventing Insider Trading", prohibiting the Company insiders use unpublished information on the market to buy and sell securities.	No material difference

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td rowspan="2">Composition and responsibilities of the Board of Directors</td><td>(1) Has the Board developed, and does it implement, a diversity policy and specific management goal for the composition of its members?</td><td>V</td><td></td><td>
According to the Company's Corporate Governance Principles, the composition of the board of directors should consider diversification. In addition to the managerial officers who are also company managers should not exceed one-third of the number of directors, and formulate appropriate diversification policies for their own operations, operating types and development needs, including but not limited to the following two major standards:
1. Basic conditions and values: gender and age.
2. Professional knowledge and skills: professional background, professional skills and industrial experience, etc.
The specific management objectives and achievement of the Company's diversity policy are as follows:
<table>
<tr><th>Management objectives</th><th>Status</th></tr>
<tr><td>More than 2 independent directors</td><td>Achieved</td></tr>
<tr><td>At least one female director</td><td>Unachieved (Note 1)</td></tr>
</table>
Note 1: It is planned to increase the number of female directors to enhance the diversity of BOD.
The Company's fulfillment of diversification of members of the Board of Directors in 2021 is as follows:
<table>
<tr><th rowspan="2">Name</th><th rowspan="2">Title</th><th rowspan="2">Gender</th><th colspan="3">Term of Office of an Independent Director</th><th colspan="3">Professional knowledge or skills</th><th colspan="3">Age</th><th></th></tr>
<tr><th><3 years</th><th>3-9 years</th><th>>9 years</th><th>Industrial circle</th><th>Academic circle</th><th>Legal and financial/ accounting backgrounds</th><th>50-60 years old</th><th>61-65 years old</th><th>66-70 years old</th><th>Employee</th></tr>
<tr><td>Zhien-Chi (Z.C.) Chen</td><td>Chairman</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td>V</td></tr>
<tr><td>Kuen-Yao (K.Y.) Lee</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Eric Yu</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Peter Chen</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>Conway Lee</td><td>Director</td><td>Male</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td></td></tr>
<tr><td>Frank Yeh</td><td>Independent Director</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Chiou-Ming Chen</td><td>Independent Director</td><td>Male</td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Louis Y. Y. Lu</td><td>Independent Director</td><td>Male</td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td></td></tr>
</table>
By the end of December 31, 2021
</td><td>No material difference</td></tr>
<tr><td>Does the Company voluntarily establish other Functional Committees in addition to the Remuneration Committee and Audit Committee, which are required by law?</td><td>V</td><td></td><td>
1. The Company has set up an Audit Committee. Please refer to page 16 of the annual report for the operation.
2. The Company has set up a Remuneration Committee. Please refer to page 26 of the annual report for the operation.
3. The Company has set up a risk management committee. Please refer to the risk management chapter on Page 78 of the annual report for the operation.
4. The Company does not have a nomination committee, but in practice, the Company's directors (including independent directors) are elected by the candidate nomination system. The list of candidates for current directors (including independent directors) is proposed by shareholders who hold more than 1% of the Company's total shares, and the list of candidates is reviewed by the board of directors in accordance with the law and submitted to the shareholders' general meeting for selection.
</td><td>No material difference</td></tr>
</table>

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
	Does the Company establish standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		The Company's Board of Directors has approved the "Methods to Evaluate Performance of Directors" on May 6, 2019, stipulating that the board of directors should perform performance evaluations for the board of directors and directors at least once a year, and at least every three years by an external independent agency or an team of external experts and scholars. The internal evaluation shall be conducted at the end of each year of the current year's performance in accordance with this method. the Company completed the evaluation of the board of directors and Functional Committees at the end of 2021. The results of the self-evaluation are beyond the standard and there are no major improvement items. The board meeting was held in February 2022 to report the evaluation results. The performance evaluation of the Board of Directors includes five major aspects: participation in the operation of the Company, improvement in the quality of decision-making of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. The performance evaluation of the Functional Committees includes five major aspects: participation in the operation of the Company, understanding of the responsibilities of the Functional Committees, improvement in the quality of decision-making of the Functional Committees, the composition of the Functional Committees, and the election of committee members, and internal control. the Company's Remuneration Committee shall regularly review the policy, system, standards, and structure for the performance appraisal, salary, and remuneration of directors and managerial officers based on the Company's operating results and with reference to director's performance evaluation results, and shall submit its recommendations to the Board of Directors' for deliberation.	No material difference
	Does the Company regularly evaluate the independence of the CPAs?	V		The Audit Committee and the Board of Directors evaluate independence of the CPAs annually, requiring them to offer "transcendental independence statement" to make sure that the certified CPAs and the Company have no other financial interests or business relationship exception for visa and taxation fees. Confirm that the accounting firm (CPAs and members of its audit team) does not violate the requirements of independence, and submit it to the Audit Committee and the board of directors for relevant reports and evaluations. Below is a summary of the evaluation mechanism: 1.CPAs of the Company is not related party with either the Company or its Directors. 2.the Company complies with the provisions of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies to handle the rotation of CPAs. 3.The Company obtained an independent statement issued by the accountant. The evaluation results are as follows: 1.Independence between the CPAs and the Company complies with relevant provisions of the Certified Public Accountant Act of the Republic of China, Code of Professional Ethics for Certified Public Accountant. 2.The Company has not commissioned the same CPA for five consecutive years.	No material difference

Composition and responsibilities of the Board of Directors	Has the TWSE/TPEx listed company appointed competent and appropriate corporate governance personnel and corporate governance officer be in charge of corporate governance affairs (including but not limited to providing directors and supervisors with the information necessary to carry out their duties, assisting directors' compliance with the law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Finance Department is in charge of corporate governance, and the CFO Mr. Sheng-Hsiang Wang is appointed as the Corporate Governance Officer by the BOD, responsible for corporate governance-related matters, and its qualification meets the first item of Article 3, Item 1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies of the Company's governing officer. Their eligibility is reported to the board of directors every year, and they continue to study every year in accordance with the regulations. The major duties for the corporate governance officer are as follows: 1. Handle matters related to the meetings of the board of directors, Functional Committees and shareholders' meetings, including planning and formulating agendas, sending notices of meetings within the statutory time limit and providing necessary materials for the meetings, and making minutes after the meetings 2. Assist directors and independent directors to follow laws, take office and continue to study. 3. Provide the information necessary for directors and independent directors to perform their business. 4. Consolidate the latest regulations of the competent authority, and review and revise the Company's Articles of Association and other internal regulations from time to time. 5. Announcement and major information on major company resolutions according to law. 6. Handle company registrations and changes in company registrations according to law. 7. Update and expose various corporate governance information. 8. Other matters stipulated in the Company's Articles of Association or contract. **The implementation status in 2021 is as follows:** 1. 5 Board meetings, 5 Audit Committee meetings, and 2 Remuneration Committee meetings were convened in 2021, with average attendance rate of 100%. 2. Board members have completed at least 6 credits of advanced courses. 3. The Company has not received any reported incidents of stakeholder-ethical violations. 4. The Company insured liability insurance for directors and important staff. 5. The Company has established deputies for the Accounting Supervisor and accounting staff responsible for compiling the financial statements, and these employees have undertaken 12 hours and 6 hours of advanced studies respectively in accordance with regulations. 6. The roadshow was held 4 times. 7. The Audit Committee invites accountants, auditors and legal personnel to attend the meeting, and discusses with the Audit Committee on relevant issues. 8. The Risk Management Committee regularly conducts risk management reports to the Audit Committee every year. 9. The Unit in charge of Intellectual Property regularly conducts risk management reports to the BOD every year.	No material difference
Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees,		V		In order to effectively establish communication channels with interested parties, in addition to implementing the spokesperson system, the Company has set up an "investor service" area and an "investor mailbox" (IR@ BenQMaterials) on the official website (www.benqmaterials.com), as a window for handling	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?				shareholder suggestions or disputes, to properly respond to important corporate social responsibility issues of concern to stakeholders.	
Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?		V		The Company has appointed the Taishin Securities Co., Ltd. as the Company's stock affairs agency to manage affairs related to shareholders' meetings.	No material difference
Information disclosure	Has the Company established a corporate website to disclose information, regarding its financial, business, and corporate governance information?	V		Investor Relations section has been set up on both Company's Chinese and English websites (www.BenQMaterials.com), which regularly updates financial, business and corporate governance information as reference for investors.	No material difference
	Has the Company established any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conferences, etc.)?	V		An English website has been set up, a designated person is responsible for the collection and disclosure of company information, and the spokesperson system is implemented. The chief financial officer is the spokesperson. Road shows are organized regularly or irregularly, briefing materials are uploaded on the Company's website, and investor mailboxes are set up to answer investor questions.	No material difference
	Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?	V		The Company announced and reported the first, second, and third-quarter financial statements of 2021 as well as the operating status of each month on MOPS before the prescribed deadline. The 2021 consolidated and individual financial statements were announced and filed on February 24, 2022, and uploaded to the Company's website simultaneously.	No material difference

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Other important information to facilitate a better understanding of the Company's governance and operation	Employee rights and employee care	V		The Company's business philosophy is to respect human nature and care for employees. To ensure employee rights and employee care, it has a staff welfare committee, which is composed of representatives of colleagues from various departments. It regularly holds staff welfare committee meetings and formulates various welfare plans, such as organizing club activities, special sales activities, and employee family days. For employee rights, please refer to Page 65 of this annual report.	No material difference
	Investor relationship	V		The Company has set up an investor service mailbox IR@BenQMaterials.com, and has a dedicated person answering the investor's phone to answer the shareholders' questions in detail, and immediately complete the announcements of the Taiwan Stock Exchange, such as financial statements, corporate governance rules and regulations, and operational results. The content of the meeting will be immediately disclosed on the Company's website, so that investors can understand the Company's operating conditions.	No material difference
	Supplier relationship	V		The Company has established Supplier Evaluation Procedures. The quality and technical capabilities of the supplier, service levels, green products, environmental protection, safety and health risks, and social responsibility are reviewed by internal relevant departments. Only those who have passed the evaluation can become partners to the Company. In addition, in order to enhance the smooth communication with suppliers, the Company has set up a supplier service contact mailbox as a communication and complaint channel with the Company, and also built several systems to enhance the efficiency of communication and transparency of information between each other. The Company upholds the Company's culture of integrity and integrity. In the event of illegal matters, please send mail to the integrity mailbox: Integrity@ BenQMaterials.com.	No material difference
	Rights of stakeholders	V		The Company has set up different and diversified interaction methods with different stakeholders, which are disclosed in the corporate social responsibility report every year. At the beginning of each year, the Company reports to the Board of Directors on the communication with various stakeholders so that the Board of Directors can hear the voices of the stakeholders.	No material difference
	Continuing Education and Training for the Board of Directors	V		The Company has undertaken the following training pursuant to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" from TWSE. For details, please refer to the "Continuing Education and Training for Directors and Managers" on page 43 of the annual report.	No material difference
	Implementation of risk management policies and risk evaluation measures	V		The Company has a risk management committee that formulates risk management policies and assesses company risks to reduce business risks. For specific information, please refer to the chapter on risk management on Page 78 of the annual report.	No material difference

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td rowspan="3"></td><td>Implementation of customer relations policies</td><td>V</td><td></td><td>The Company maintains a good cooperative relationship with customers, provides
high-quality products and services, and also provides multiple channels to let customers,
shareholders, and stakeholders immediately know the Company's operating situation and
financial status. The Company has set up a contact window for each product on the official website (www.BenQMaterials.com) for inquiries about related product information.</td><td>No material difference</td></tr>
<tr><td>Purchase of liability insurance for directors and supervisors</td><td>V</td><td></td><td>The Company insures liability insurance and assesses the insurance limit for directors
(including independent directors) and managerial officers, so that it can proceed from the investor's rights as a starting point and execute its business prudently. After the insurance is purchased every year, the insurance situation will be reported in the latest board meeting.</td><td>No material difference</td></tr>
<tr><td>Succession planning and operation of board members and important management</td><td>V</td><td></td><td>Based on future strategic development and transformation planning, combined with the Company's diversified policy planning director succession plan and candidates, the Company regularly holds meetings to discuss and review the succession planning and cultivation of the Company's important management; sets individual development plans based on their individual capabilities and job requirements. Depending on the needs of the organization and individuals, it includes training courses, EMBA in-service training, different-learning studies, job rotation and executive coaching. The purpose is to cultivate the management, leadership, and management capabilities of important management. In particular, the training courses are planned by the Company's training system. In addition to internal training courses, renowned external institutions are also introduced to facilitate the management team in expanding its external perspectives. To foster multi-dimensional strategic views at the management level, the Talent Development Committee will establish management level rotations based on the organization's needs. A mentorship system is also established to facilitate new managers. In addition to organizing and incubating a well-rounded management reserve to assume subsequent leadership through cross-disciplinary methods, the mentorship system also allows managers to learn up close the strategic views required for corporate management.
The 2021 training course information is as follows:
<table>
<tr><th>Course category</th><th>Total number of courses</th><th>Course hours (hours)</th><th>Total number of trainees</th></tr>
<tr><td>Technology and industry trends</td><td>10</td><td>71.5</td><td>43</td></tr>
<tr><td>Management courses</td><td>16</td><td>118.9</td><td>52</td></tr>
<tr><td>Customer and lectures</td><td>1</td><td>36</td><td>9</td></tr>
</table></td><td>No material difference</td></tr>
<tr><td colspan="2">Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved.</td><td>V</td><td></td><td>1. The Company complies with relevant laws and regulations to disclose information on MOPS in real time, with full disclosure of information in annual reports and company website, with high transparency and timeliness.
2. The Company is in the top 5% to 20% range of the 7^{th} Corporate Governance Evaluation organized by the Taiwan Stock Exchange, and among top 5% of companies with small and medium-sized market value.
The improvements of 2021:</td><td>No material difference</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			– Increase the attendance rate of directors at shareholders' meetings and increase the opportunities for shareholders to communicate with decision-making units. – Enhance the information transparency, announce materials information and financial statements in Mandarin and English version. – Annual communication status with stakeholders, intellectual property management plan and risk management operation status are reported to the board of directors. – Complete appraisal of BOD performance by external organization – –Continue to deepen corporate governance, make the Company's DNA comply with international standards, and announce the annual financial statements before the end of February; and voluntarily provide financial statements in English quarterly to increase international visibility.	

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

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

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

2021-12-31

Qualifications / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Frank Yeh	Existing Deputy Chairman of WPG Holdings Ltd., shall be equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 5.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0
Chiou-Ming Chen	Former Chairman of Gold Circuit Electronics Limited, equipped with business, financial and accounting experience, etc., and other experiences shall be subject to Page 6.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	1
Louis Y.Y. Lu	Former Dean, Colleage of Management, Yuan Ze University, equipped with business, finance and accounting experience, etc., and acted as Dean, College of Management, Yuan Ze University, and refer to Page 6 for his experience.	Such director is free of the circumstances in Article 30 of the Company Act and Item 3 and 4 of Article 26(3) of Securities and Exchange Act	0

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

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

Other matters to be recorded:

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

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

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

Date	Item	Major Resolutions	Resolutions and implementation
2021.02.25	The 4th Session Fourth time	(I) Amendment of the Principles for Setting Annual Performance Indicators for Senior Managerial Officers (II) Approval of the Directors and Employees Remuneration Distribution Plan for 2020	The proposal was approved unanimously by all the members present, and was submitted to the Board of Directors for resolution.
2021.10.29	The 4th Session Fifth time	(I) Report remuneration result of the General Manager for 2020 (II) Report market comparison of remuneration result of the General Manager for 2021	

(V) State of Promoting Implementation of Sustainable Developmentand Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof:

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
Has the company established the governance framework and a dedicated (part-time) unit to promote sustainable development? Has the Board of Directors authorized senior management to handle such matter and to report their supervision to the Board of Directors?	V		1. The company establishes trans-department ESG Sustainable Committee, where, the chairman is acted by the CEO, with five subordinated task preparation groups: Supply Chain Group, Product Lifecycle and Innovation Group, Environmental Policy and Management Group, Social Participation Group and Corporate Governance Group; it covers the company's R&D, Production, Factory Affair Environmental Protection and Security, Supply Chain Management, HR, Finance and Legal Units, etc., so as to promote implementation of the company's sustainable plan from all aspects. 2. ESG Sustainable Committee convenes progress meeting of various groups' plans once half a year, in which various groups shall explain their short-and-mid-term objectives and implementation result; various groups of the Committee also convene intra-group plan progress review meeting, so as to carry out setting of objectives, collaborative operation of various units and implementation tracing of plans. The Committee makes regular inspection of plan promotion achievements of various groups, and the chairman also convenes topic discussion irregularly, so as to draft mid-and-long-term sustainability objectives and strategy priorities of BenQ Materials. 3. In 2021, ESG Sustainable Committee formulated mid-and-long-term objectives due to climate change, integrated resources of Product Lifecycle Group and Environmental Policy Group, and laid emphasis on aspects from layout of renewable energies to product development and improvement of production efficiency, etc., hoping to be able to achieve RE100 and carbon neutralization objective in 2050. 4. Officer Group of ESG Sustainable Committee makes fixed report to the Board of Directors at least once a year, to explain the company's implementation achievements of ESG plan in the previous year, as well as the short-and-mid-term objectives in the future, and at the same time, collect relevant opinions from the Board of Directors. 5. At the 2nd Board Meeting in 2021, the directors got to understand the company carbon reduction objectives and plan, and expressed their recognition and emphasis on the objectives set by the company. In the meantime, required by corporate governance, the company's promotion achievements of ESG will also be combined with reward mechanism for senior supervisors of the company since 2022, so as to show emphasis of the Board of Directors on the company's ESG implementation degree and achievements.	No material difference
Does the Company assess ESG risks associated with its operations based on the principle of materiality and establish related risk management policies or strategies?	V		To cope with global major economic, social and environmental risks, the company prepared Enterprise Sustainability Report in 2021 in accordance with GRI Sustainability Reporting Standards (GRI Standards) of The Global Reporting Initiative (GRI) released by the (Global Sustainability Standard Board (GSSB), and the risk assessment boundary was based on the company. ESG Sustainable Committee made analysis in accordance with major principles of sustainability report, summarized important stakeholders' attention, impact of the sustainability topic on BenQ Materials' economic/environmental/social operation, and listed 9 important disclosure topics, including corporate governance and financial performance, business ethics and code of conduct, mitigation and accommodation of climate change, energy reduction and efficiency improvement, water resource management and wastewater treatment, material reduction and circular economy, learning and group of work career, responsibility and commitment to sales of product, respect and equality of labor right, diversity and inclusiveness of workplace, local procurement and supply chain management, environmental conservation and biological diversity. In addition, the following	No material difference

<table>
<tr><th rowspan="2">Item of promotion</th><th colspan="3">Implementation state</th><th rowspan="2">Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>topics were disclosed considering “mitigation and accommodation of climate change”:
<table>
<tr><th>Important disclosure topics</th><th>Description</th></tr>
<tr><td>Corporate Governance and Financial Performance</td><td rowspan="2">Through implementation of corporate governance, strengthen the corporate culture of honest operation, and implement to acts of members of the Board of Directors and all staff, thus forming the economic connotation of sustainable development.</td></tr>
<tr><td>Business ethics and code of acts</td></tr>
<tr><td>Mitigation and accommodation of climate change</td><td>Various countries made addition or amendment to laws and regulations due to climate change, and various large trans-national enterprises also announced time course of carbon neutralization successively, and had increasing requirements from policies and customers, therefore, they should reduce emission of greenhouse gas to mitigate climate change, and enhance their accommodation ability to improve the corporate resilience.</td></tr>
<tr><td>Energy reduction and efficiency improvement</td><td rowspan="3">Due to reduction in emission of greenhouse gas, the company must make management of materials, energies and water resources starting from operation, and reduce loss from the production process through improvement of technologies, or improve utilization efficiency of resources through the thought of circular economy and systematic cooperation, and implement reduction of waste generation. Please refer to Page 35 of the annual report for details.</td></tr>
<tr><td>Water resource management and wastewater treatment</td></tr>
<tr><td>Material reduction and circular economy</td></tr>
<tr><td>Diversity and inclusiveness of work career</td><td rowspan="3">Diversified and inclusive working environment is good for innovation and growth of the corporate; establish competitive HR management measures, respect labor right, and in the meantime, exert the best working competence of the employees by improving various functions of the employees, perfecting a safe and healthy workplace, and combining with effective communication and exchange.</td></tr>
<tr><td>Respect and equality of labor right</td></tr>
<tr><td>Learning and growth of work career</td></tr>
<tr><td>Responsibility and commitment to sales of products</td><td>BenQ Materials’ products can be divided into two categories: function film product, which takes end product and green product (free of hazardous substances) dominated by 3C product as the main requirements; while medical material related products are highly related with product safety due to high relevant with medical behavior and body care. All products sold by BenQ Materials must conform to code for green products of various regions and safety</td></tr>
</table>
</td><td></td></tr>
</table>

Item of promotion		Implementation state: Yes	No	Description	Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
				standard for medical materials/products of various countries.	
Environmental issues	Has the Company established proper environmental management systems based on the characteristics of the industries?	V		BenQ Materials has obtained ISO 14001 environmental management system certification since 2005, and each manufacturing area around the world regularly implements internal and external audits every year to ensure the operation of various environmental management standards.	No material difference
	Is the company committed to improving the efficient use of resources and utilize renewable resources to reduce environmental impact?	V		1. Every manufacturing site has full-time employees for management of air pollution, wastewater, waste, etc. according to the type of environmental pollutant generation in the production process, who is responsible for environmental management related affairs, and properly handling various environmental pollutants in compliance with national laws and regulations to reduce the impact of production on the environment. Please refer to page 35 for the implementation. 2. BenQ Materials is committed to the development of membrane technology that does not contain perfluorinated compounds and does not use solvents to make holes, and provides waterproof and breathable fabrics with both high performance and sustainability. It is responsible for the environment and is friendly to the earth. 3. BenQ Materials invites the manufacturers to jointly focus on re-design of the products in the direction of biomass materials and bio-degradable materials that are easy to disassemble, easy to recycle and friendly to environment, so as to reduce carbon footprint together.	No material difference
	Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate-related topics?	V		I. Environmental Regulation Risk 1. Identify risks and opportunities: (1) It is mandatory in China to register greenhouse gas emissions. (2) The Paris Agreement affects the international trade of companies, and export products need to be marked to reveal their carbon footprint. (3) Follow to promote green production. 2. Regulations and related response plans: (1) Please refer to page 35 of the annual report for the energy saving and carbon reduction policies of BenQ Materials. (2) In order to reduce the impact on the environment and ecology and fulfill the corporate responsibility for environmental sustainability, and continue to comply with international regulations and the expectations of all stakeholders, we review the management of hazardous substances every year in accordance with international regulations, customer requirements and environmental protection trends and update the "Operating Standards of Environmental Quality Assurance Management System". At the same time, we communicate with and train colleagues in the factory to maintain the effectiveness of the hazardous substance management system. The measures include: ● EU Restriction of Hazardous Substances Directive (EU RoHS) ● Meet the halogen-free requirements of electronic products. ● EU Chemical Substances Registration and Control Act (EU REACH): (3) Establish ESG (Environmental/Social/Governance) Committee, to make regular tracing of implementation achievements of various mitigation and accommodation management measures. 3. Corresponding measures in 2021:	No material difference

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			(1) Establish ice maker management system to adjust and control use amount of ice water, replace the lightings, replace blower motor, adjust pipeline pressure difference of pure water pipeline/air conditioner hot water pipeline/cold water pipeline, etc., appraise humidifying equipment of wet film plate of MAU equipment with relatively low energy consumption, and adjust temperature of high pressure air way points, and it is estimated to save about 779,358 KWH under normal use all year round. (2) In 2021, investment was made in solar power stations at the capacity of total 1.64MW, and by means of self-generation and self-use within the factory, it is estimated that 1,379,200 KWH can be generated every year. (3) Adjust organic exhaust air volume processed by RTO, and achieve maximum waste heat recovery by taking RTO matched with waste heat boiler as the main processing equipment; replace FGR combustion engine, and import the local tail gas back to the combustion engine for combustion again (secondary combustion). It is estimated that about 252,808 KWH of natural gases under normal use all year round. (4) Add de-watering machine to improve negative pressure drainage equipment, use pure water as cooling water resource for the cooling system, and recover KOH discharged from the production line to be used as NaOH, and reduce discharge amount of wastewater. It is estimated that 49,439 KWH of water can be saved under normal use all year round. II. Climate Change Risks 1. Identify risks and opportunities: In accordance with operation management of TCFD framework, BenQ Materials evaluates the risks and opportunities of climate change, where, the risks can be divided into transformation risk and entity risk, and the opportunities can be divided into resource and material efficiency, energy source, product and service, market and resilience, and through operation of ESG Sustainable Committee and RMC Risk Management Committee, draft strategy objectives and tracing management regarding "green products", "green manufacturing", "green coordination" and "circular economy", and make management as key performance indicator (KPI). 2. Regulations and related response plans: (1) In order to control risk management, we have formulated risk management policies and continuity plans for operations and set up a Risk Management Committee (RMC). (2) ESG Committee makes regular tracing of implementation achievements of various mitigation and accommodation management measures and schemes. (3) Continue to make risk and opportunity appraisal of climate change and implement management measures. (4) All operation sites are subject to GHG inventory and external verification. (5) New self-generation and self-use solar optoelectronic system is established in the factory. (6) ISO 14001 Management Review Meeting makes regular tracing of energy-saving and emission-reduction management indicators. 3. Corresponding measures in 2021: Drillings on disaster prevention throughout the plant were carried out twice.	

Item of promotion		Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Environmental issues				BenQ Materials assesses the risks and opportunities of climate change based on the Company's internal risk identification process, and divides them into risks/opportunities brought by laws and regulations, risks/opportunities caused by climate change, and other related risks/opportunities caused by climate. Through the operation of Social Responsibility Committee, we focus on "green products", "green operations" and "green supply chains", individual development strategies and management goals, and management with key performance indicators. III. Climate-related risks: 1. Identify risks and opportunities: Green supply chain for customers/consumers and manufacturers. 2. Regulations and related response plans: (1) The Company's supplier management system is based on green procurement. In order to fulfill the responsibility of society and environmental protection, the Company requires suppliers to provide green product guarantee letters, green product specifications, homogeneous material test reports, material safety data sheets, and other documents before dealing with them to comply with international regulations and the hazardous substance management requirements specified by customers. (2) The Company has established Supplier Evaluation Procedures, and relevant departments are responsible for reviewing items including the suppliers' quality, service standards, green products, environmental protection, safety, and health risks (such as environmental management system (ISO 14001), occupational safety and health management system (OHSAS 18001)), Code of Ethical Conduct and social responsibility. Only those who have passed the evaluation can become partners to the Company. 3. Corresponding measures in 2021: (1) In 2021, the response rate of conflict minerals surveys is 100%. (2) In 2021, the achievement rate of non-use of hazardous substances is 100%. (3) The relevant policies and plans for the recycling and reuse of waste materials produced during the process are detailed on page 35 of this annual report.	
	Does the Company inspect its greenhouse gas (GHG) emissions, water consumption and the total weight of wastes in the past two years? Does the Company formulate policies on energy conservation and carbon reduction, GHG reduction, water reduction, or waste management?	V		● BenQ Materials has joined the "Greenhouse Gas Reduction Program of the Industrial Low-Carbon Technology Integration Application Counseling Program" of the Industrial Bureau since 2009, and examines greenhouse gas emissions according to the World Business Sustainable Development Association (WBCSD) and the GHG Protocol issued by the Resource Research Institute (WRI). ● The relevant policies and plans for energy conservation and carbon reduction are detailed on page 35 of this annual report. ● Practice low-carbon production and resource recycling, reduce impact on environment and ecology, and improve accommodation and resilience to climate change.	No material difference
Social issues	Does the Company formulate appropriate management policies and procedures according to relevant regulations and the	V		BenQ Materials lays emphasis on respect and equality of labor right, abides by International Labor Standard Verification, Global Sullivan Principles, United Nations' Guiding Principles on Business and Human Rights, Responsibility Business Alliance Code of Act RBA and relevant human right criteria, decrees and regulations of the countries where the operation sites	No material difference

Item of promotion		Implementation state: Yes	No	Description	Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	International Bill of Human Rights?			are, and abides by regulations of ISO 45001 Occupational Safety and Health Management System. See Page 65 of this annual report for details.	
	Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits) and appropriately reflect operating performance or results in employee compensation?	V		1. Article 19 of the Company's Articles of Association has stipulated that employee remuneration shall be 5%-20% of the year's profit. 2. The Company considers the performance of each business unit and individual, and provides reasonable remuneration to employees after being approved by the responsible supervisor. 3. The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salary in the market; adjusts salary of 2021 based on the operations of the Company, price index, economic growth rate, and individual performance, etc., with the average salary adjustment rate of 4%. 4. Maternity care welfare measures superior to decrees were implemented since 2021, including extending the maternity leave to 12 weeks, monthly NT$ 5,000 of child care allowance, and independent performance appraisal of pregnant employees. 5. New employee welfare leave measures were implemented since 2021, offering 3 days of welfare leave for new employees having been working for less than half a year, so as to promote work-life balance and workplace adaptation. 6. Hold health examination superior to decrees and regulations every year, which consists of three categories: "Laborer Health Examination", "Special Health Examination", and "Self-paid Health Examination". 7. The management system including salary, performance appraisal, promotion and training, etc. shall not be different due to gender, and among all staff in 2021, females accounted for 38%, and female senior supervisors accounted for 31%.	No material difference
	Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Company attaches great importance to the safety management of the working environment of colleagues. While abiding by the regulations/decrees of the competent authority, each factory has passed the ISO 45001 certification. In addition, it actively improves the working environment, avoids exposure to harmful substances in the working environment, which causes health hazards, prevents occupational disasters and occupational diseases, and builds a safe work circle for all employees. ● The occupational safety and sanitation meeting is held every quarter with the deputy general manager as the chairman. ● We conduct on-site inspections for the safety and environmental risks of each plant from time to time, and track improvements in regular industrial safety meetings. ● The manufacturing department supervisor conducts on-site safety inspections on the work environment of colleagues every month. ● Regular safety training and publicity: In 2021, there was a total of 11,421 attendees of industrial safety education and training, and a total of 20,356 Man-hours of training. Item/Year | 2020 | 2021 Number of participants in industrial safety education and training (persons) | 20,421 | 11,808 Industrial safety education and training man-hours (hours) | 27,998 | 20,356 ● Strengthen the safety awareness of colleagues and establish an incentive bonus system for safety proposals. ● In 2021, there were total 4 disabling injury events involving 4 persons, accounting for 0.15% of total employees at the end of 2021, the	No material difference

Item of promotion		Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
				frequency of disabling injury was 0.71, and the severity of disabling injury was 22, failing to reach the objective of zero occupational hazard. The main occupational hazard factor was insufficient active protection of the machines, therefore, the company carried out parallel examination of the machines in the whole factory, improved unsafe machines, and set fool-proof mechanism, to guarantee operation safety of the employees. ● Each factory regularly carries out two operating environment monitoring every year, and conducts planning, sampling, testing and analysis to ensure that workers are free from harmful substances in the operating environment and workers work in a healthy and comfortable working environment. At the entrances and exits of machine equipment maintenance in the process area, an inductive voice messaging device is established to remind workers of warning messages and reduce the incidence rate of occupational disasters.	
	Has the Company established effective career development training plans?	V		1. Create an education training system with perfect system and high quality, and set talent development blueprint, and divide education training courses into 4 colleges according to professional functional requirements: College of Science, College of Quality, College of Engineering and College of Business Management. 2. Provide complete training to new employees, including orientation training for the company's employees working on the first day, relevant CSR courses (workplace unlawful infringement, integrity advocation, legal concept, quality concept and seven QC means, etc.), and two-day Win Camp held together with group enterprises, etc., so as to help the employees get familiar with the corporate culture rapidly, and cultivate common knowledge and skills ought to be equipped with for work. 3. Considering impact of COVID-19, in 2021, online course recording workshop was held, to assist with the internal lecturers in converting face-to-face course into online course systematically, and by increasing number of online courses, to guarantee that the employees can make continuous learning whenever and wherever they are, and in 2021, total 30 online courses were uploaded, with effective readership of 2,654 persons, and effective reading hours of 1,380 hours. In addition, cooperation was also made with the external learning resource i.e. Commonwealth Innovation College, to provide the employees with diversified and rich online management learning resources. 4. In order to create a more convenient learning environment, in 2021, comprehensive revision and upgrading of LMS education training system were performed, and in addition to providing the employees with more intuitive operation interface to improve their learning willingness, the module function of distance learning and mobile learning at home was imported, making it available for employees working at home, working outside of office or interested in learning at home. 5. By regular discussion of important organization and talent topics via the Talent Development Committee, establish an all-round Business Management Program (BMP), and in combination with physical course, individual case discussion meeting, experience sharing lecture, mentor, job rotation and task assignment and other means, to cultivate future supervisors of public institutions. In addition, it also carried out Successor Inventory Plan, and trained all supervisors to make career interview with the employees, so as to help all employees have a specific orientation of career development and learning focus,	No material difference

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			and enable excellent talents to be activated within the organization.	
Has the Company complied with relevant regulations and international standards regarding customers' health and safety, customer privacy, marketing and labeling for products and services, and established relevant policy and appeal procedures to protect the rights of consumers or customers?	V		The Company sets up legal and regulatory departments, and builds a contract review system, requiring external documents of all departments to be reviewed by legal personnel to ensure that they are labeled and marketed in compliance with relevant domestic laws and international standards, and consumer rights and interests are protected. The Company has set up consumer service hotline 0809-092-599 and e-mail Customer@BenQMaterials.com to offer consumer product consultation and multiple customer service complaints channels.	No material difference
Does the Company have supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety, and health, or labor rights? How is the implementation?	V		1. The Company has established Supplier Evaluation Procedures, and relevant departments are responsible for reviewing items including the suppliers' quality and technical capacity, service standards, green products, environmental protection, safety, and health risks (such as environmental management system ISO 14001, occupational safety and health management system (OHSAS 18001), Code of Ethical Conduct and social responsibility. Only those who have passed the evaluation can become partners to the Company. 2. When selecting suppliers, the Company gives priority to suppliers who provide environmental protection products and machinery, appliances, equipment, parts, and materials with the lowest impact on energy performance, and requires suppliers accordingly. Once the supplier or contractor violates Corporate Social Responsibility policy, it would negatively impact the company's business relationship with AUO. 3. 3 Establish RBA Audit Group and formulate key supplier appraisal criteria, where, in 2021, completion rate of RBA audit of the suppliers was 80%, with percent of pass being 100%.	No material difference
Does the Company prepare and publish reports such as its sustainability report to disclose non-financial information of the Company with reference to internationally recognized standards or guidelines for the preparation of reports? Are the reports certified or assured by a third-party accreditation body?	V		1. The company prepared Enterprise Sustainability Report in 2021 in accordance with GRI Sustainability Reporting Standards (GRI Standards) of The Global Reporting Initiative (GRI) released by the (Global Sustainability Standard Board (GSSB), and in the meantime, it made disclosure in accordance with hardware industry of information and communication field of Sustainability Accounting Standards Board (SASB), as well as reference to the spirit of international integrated reporting framework formulated by International Integrated Reporting Council (IIRC). 2. The Enterprise Sustainability Report 2021 was assured by SGS Taiwan Ltd. in accordance with compliance standard of "core options" of GRI standards and specifications for sustainability report as well as moderate assurance grade of Type I in AA1000 Assurance Standards v3, confirming that this report conformed to requirements of GRI sustainability report standards.	No material difference

If the Company has established the sustainable development policies based on the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
The Company has formulated the Corporate Social Responsibility Regulation in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". All employees of the Company shall promote and perform corporate social responsibility, relevant regulations for environmental protection, social contribution, social services,

Item of promotion	Implementation state			Deviations from the Corporate Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
public welfare, customer rights, human rights, safety, and health. The overall operation is in line with the spirit of corporate social responsibility, with no major differences. Company website:http://www.benqmaterials.com/				

Did the Company have an adequate governance framework to adopt and review Corporate Social Responsibility policies, systems, or related management principles?

In order to enhance corporate social responsibility (CSR) and make the Company's operation towards sustainable development, the Company formulated the "Code of Integrity Management of BenQ Materials Corporation" in 2015 and the "Corporate Social Responsibility Best Practice Principles of BenQ Materials Corporation" in 2017. We informed colleagues and announced on the Company's website; set up an inter-departmental "corporate social responsibility committee", which was renamed as ESG Sustainable Committee in 2020, with the Chief Executive Officer as the chairman It has five subordinated task preparation groups: supply chain group, product life cycle and innovation group, environmental policy and management group, social participation group and corporate governance group; covering the company's R&D, production, Factory Affair Environmental Protection and Security, Supply Chain Management, HR, Finance and Legal Units, etc., so as to promote implementation of the company's sustainable plan from all aspects.

The Committee convenes progress meeting of various groups' plans once half a year, in which various groups shall explain their short-and-mid-term objectives and implementation result; various groups of the Committee also convene intra-group plan progress review meeting, so as to carry out setting of objectives, collaborative operation of various units and implementation tracing of plans. The Committee makes regular inspection of plan promotion achievements of various groups, and the chairman also convenes topic discussion irregularly, so as to draft mid-and-long-term sustainability objectives and strategy priorities of BenQ Materials. In 2021, the Committee formulated mid-and-long-term objectives due to climate change, integrated resources of Product Lifecycle Group and Environmental Policy Group, and laid emphasis on aspects from layout of renewable energies to product development and improvement of production efficiency, etc., hoping to be able to achieve RE100 and carbon neutralization objective in 2050.

Officer Group of ESG Sustainable Committee of BenQ Materials makes fixed report to the Board of Directors at least once a year, to explain the company's implementation achievements of ESG plan in the previous year, as well as the short-and-mid-term objectives in the future, and at the same time, collect relevant opinions from the Board of Directors.

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

- The Company continues to provide customers and consumers with environmentally friendly and green products, with better product competitiveness.
- The Company formulates environmental, safety, health, and energy policies, which include six major items: compliance with regulatory commitments, compliance with customer's environmental protection, safety, health, and energy requirements, prioritized purchase of energy-saving products, continuous improvement of energy performance, permanent maintenance of clean discipline and environmental greening, and continuous investment in social responsibility. ISO 14001 Environmental Management System has been implemented at all manufacturing facilities of the Company.

◆ Since 2008, in order to ease the global warming trend, the main manufacturing bases have established greenhouse gas inventory in accordance with ISO14064-1, introduced greenhouse gas inventory verification, greenhouse gas reduction targets, and performance considerations, and commissioned the British Standards Institute (BSI) to complete the ISO 14064-1 greenhouse gas verification. According to the results of the inventory, the total carbon dioxide emissions in 2021 and 2020 was 69.7 thousand tons and 67.1 thousand tons, respectively, and carbon emission density was 4.24mt and 4.46mt CO2e/NT$ 1 million revenue, respectively. In order to mitigate the trend of global warming, the company continued to reduce emission of greenhouse gas. At the same time, the Company actively responds to our clients' participation of "Supply Chain Project" survey questionnaires. In the following, based on 2020, it will realize decrease in emission of greenhouse air (mt CO2e) by 30% in 2030.

Year	Category I	Category II	Category III	Emission density (mt CO_2e/NT$ 1 million revenue)
2020	19,051.57	38,523.42	9,527.26	4.46
2021	19,383.07	40,725.42	9,600.00	4.24

Note 1: Disclosure data in 2020 included BenQ Materials' Headquarters, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory, Haihu Factory and Sigma Medical Supply

Note 2: Disclosure data in 2021 included BenQ Materials' Headquarters, Longke Factory, Yunke Factory, Suzhou Factory, Wuhu Factory, Haihu Factory and Sigma Medical Supply, Daxon (Suzhou) Biomedical, BenQ Materials Biomedical (Suzhou)

◆ In addition to complying with relevant domestic laws and regulations, all factories have passed the internationally recognized ISO 45001 Occupational Health and Safety Management System Certification to provide employees with a safe working environment.

◆ The Company has stipulated Chemical Substance Management Principles and continues to update its content based on domestic and overseas regulations and customer requirements, as well as notifying suppliers to comply with relevant regulations to ensure that chemicals provided by suppliers do not contain prohibited substances.

◆ The Company implements work environment monitoring and health inspections in accordance with the law, improves the work environment based on the results, provides necessary protection, and adjusts the labor workplace.

◆ In order to enhance the awareness of all employees on the environmental protection, safety, and health, the Company organizes environmental protection, safety, and health meetings every month in addition to safety and environmental protection theme courses, requiring all employees to participate, and immediately conveying new knowledge and latest news about environmental protection, safety, and health to every colleague.

Other important information to facilitate a better understanding of the Company's implementation state of promoting sustainable development:

◆ **Greenhouse Gas Management:**

1. Since 2008, in order to ease the global warming trend, the main manufacturing bases have established greenhouse gas inventory in accordance with ISO14064-1, introduced greenhouse gas inventory verification, greenhouse gas reduction targets, and performance considerations, and commissioned the British Standards Institute (BSI) to complete the ISO 14064-1 greenhouse gas verification. According to the results of the inventory, the total carbon dioxide emissions in 2021 and 2020 was 69.7 thousand tons and 67.1 thousand tons, respectively, and carbon emission density was 4.24mt and 4.46mt CO2e/NT$ 1 million revenue, respectively. In order to mitigate the trend of global warming, the company continued to reduce emission of greenhouse gas. At the same time, the Company actively responds to our clients' participation of "Supply Chain Project" survey questionnaires. In the following, based on 2020, it will realize decrease in emission of greenhouse air（ mt CO2e） by 30% in 2030.
2. Reduction of VOC emissions from the source (reduction of solvent content ratio).
3. Promote various water saving measures in factories

◆ **Energy Management:**

1. BenQ Materials' energies take natural gas and outsourced non-renewable power from electric power companies as the bulk ones, and in addition, diesel was used in Taoyuan Factory, Yuke Factory and Suzhou Factory, and in 2021, total energy consumption consisted of 7.015 million meters of natural gas, 72.968 million KWH of electric power and 34,787 kl of diesel, which could be converted to thermal unit of 1,326,051.51 GJ in total, with year-on-year decrease of 217,172 GJ (decrease rate: 14.07%), and based on 2018, energy consumption was reduced by 10% in 2025.
2. Taoyuan Factory imported ISO 50001 in 2021, and passed BSI investigation in the same year.
3. In 2021, investment was made in solar power stations at the capacity of total 1.64MW, and by means of self-generation and self-use within the factory, it is estimated that 2,060,000 KWH can be generated every year.

◆ **Waste recycling management:**

1. BenQ Materials aims to reduce the total amount of waste and the recycling of waste. Through process technology improvement, raw material reduction and subsequent recycling and reuse, the waste recovery rate has reached 90% since 2014. In terms of waste treatment, we select qualified waste removal and treatment manufacturers and the most suitable treatment methods, and follow vehicles to track and control the flow of waste from time to time. In 2021 and 2020, output of hazardous wastes was 399.6t and 355.5t, respectively, while output of non-

hazardous wastes was 3,177.5t and 3003.5t, respectively; it is estimated to import self-factory processing equipment of wastes, distillation EAC import and recycling and other schemes, and based on 2018, it is aimed to reduce output of unit waste by 10% in 2025.

Year	Hazardous waste (t)	Non-hazardous waste (t)	Waste output (t)	Density per unit of waste (Kg/NTD millions of revenue)
2020	355.5	3,003.5	3,359.0	223.2
2021	399.6	3,177.5	3,577.1	217.0

2. The wastes are smashed to serve as alternate fuel, which was imported upon successful test in 2021, and total 340.1t of wastes have been turned into alternate fuels for use.

◆ **Water Resources Management:**

Starting from the sustainable use of water resources, BenQ Materials has implemented water-saving plans for the three major aspects (accounting for 80%) of manufacturing, cooling tower and boiler water. In terms of water saving in manufacturing, the improvement in washing, on-line recycling and reuse, and concentration adjustment and reduction is adopted to reduce the use of pure water; the cooling tower uses recycled condensate water and RO water, establishes a balance pipe to reduce overflow loss, and installs frequency conversion device to reduce transport and evaporation loss to save water; increases the recycling of the boiler condensate water and increases the circulation, so that the boiler reduces the water supply. In 2021 and 2020, water consumption was 434,386t and 448,906t, respectively, and compared with 2020, and unit water consumption density (t/TW$ 1 million revenue) was 26.36 and 29.83, respectively, with a decrease of 11.6% in 2021. Based on 2018, it is aimed to reduce consumption of water resources by 10% in 2025.

◆ **2021:**

- Taoyuan Factory won "Taiwan Sustainable Development Goal Action Award" of Taiwan Sustainable Energy Research Foundation for "Water Resource Saving and Recycling, and Creating Sustainable Circular Economic Benefit".
- Longke Factory was awarded the Excellent Occupational Safety Unit of Hsinchu Management Bureau.
- Yunke Plant won the Yunlin Industrial District Safety and Health Excellent Unit.

2020:

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

2016-2021:

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

2015:

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

2014:

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

Social Responsibility:

The Company believes that giving back to society is not limited to monetary donations but shall also encompass dedicating efforts, donating materials, and offering services to the public. In order to satisfy the employees' desire to participate in social welfare, the Company is committed to promoting volunteer services, so that employees can participate in volunteer activities for self-realization, and at the

same time work for a better Taiwan society by supporting Taiwan's agricultural products, clean beaches and streams, tree planting activities and ecology rehabilitation. We are committed to practicing "eco-sustainable development". The main contents of various social activities are summarized as follows:

1. **Support Taiwan Agricultural Products-Agricultural Products Special Sale**: the Company holds agricultural products special sales from time to time, and cooperates with local farmers to sell local organic vegetables and fruits from the Maliguang tribe in Jianshi Township, Hsinchu County to the employees of the Company, and actually gives back the price difference to farmers. The purchase amount in 2021 is NT$ 821,350.
2. **Give back to the society-Child Support Program**: the Company's employees form a caring society, Reindeer Society. It provides transparent and convenient channels, brings together kindness and implementing actions, and assists the groups in need. Members of the Reindeer Society participate in the Support Program of the Landi Children's House in Taoyuan. Invoices, small changes, specific materials are donated by the colleagues, which meet the daily life needs of the children. The cumulative donation amount in 2021 is NT$ 625,886.

3. **Clean home-beach activities**: the Company regularly organizes beach activities in spring and autumn, calls on colleagues and family members to respond to environmental protection and protect the earth with practical actions, cultivates the spirit and concept of next-generation environmental protection, and brings people closer to the sea. In 2021, a total of 36 volunteers were called to Dayuan Beach for cleaning.
4. **Green Carnival-Tree Planting Activities**: In order to practice the group's charity spirit of "getting close to the earth and caring for the society", the Company organizes tree planting activities in recent years to lead employees to get close to nature, plant saplings and clean forests. Plant a tree and make a commitment to implement environmental protection and energy conservation, care for ecology, reduce carbon emissions and love the earth. As of 2021, 8,921 trees have been planted.
5. **Charity donations**: the Company has donated NT$ 2 million to the BenQ Foundation in 2021 to realize the corporate vision of "Wonderful Information Life."
6. **Establishment of Miacare Vision Hope Fund**: We conduct long-term cooperation with Jiafu Foundation and Kobayashi Glasses every month to provide free prescription glasses for disadvantaged children to solve and correct the vision problems of vulnerable children in a timely manner. As the year of 2021, 1,677 children from low- and middle-income families have been assisted.
7. **Develop science education:** The Sainz Science Camp, formed by the Company's volunteers, went to the Yunlin Pianxiang Primary School to participate in a one-day science experience camp. This year, a total of 41 middle and senior school students were served, with a total number of 520 person-times.
8. **BenQ Materials Research Scholarship**: In order to reward and promote students to engage in research in materials-related fields and cultivate outstanding students with professional capabilities, the BenQ Materials Research Scholarship was established in 2015, with the ambition of improving the overall quality and competitiveness of students by rewarding outstanding students. After applications from various schools in 2021, 5 students were approved and awarded a scholarship to 5 students, and opportunities for the student internship or pre-employment were provided.

If the company's Enterprise Responsibility Report has passed investigation criteria of relevant verification institution, it shall be stated: The Enterprise Sustainability Report 2021 was assured by SGS Taiwan Ltd. in accordance with compliance standard of "core options" of GRI standards and specifications for sustainability report as well as moderate assurance grade of Type I in AA1000 Assurance Standards v3, confirming that this report conformed to requirements of GRI sustainability report standards.

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

Evaluation Item		Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
Establishment of integrity management policies and plans	Does the Company have policies and practices for integrity management passed by the BOD and clearly state them in regulations and publicly available documents? Do the BOD and senior management make commitments to actively implement those business policies?	V		The "Code of Ethical Management" disclosed on the Company's website is approved by the Board of Directors. In addition, the Company has also formulated a manual regarding ethical corporate management. Moreover, Board members and all employees must sign the "Ethic Declaration." In addition, every year, the effectiveness and outcomes of the Code of Ethical Management are reported regularly to the Board of Directors, and publicly disclosed in the annual report and CSR report.	No material difference

Evaluation Item		Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
	Does the Company establish an evaluation mechanism for the risk of unethical conduct that regularly analyzes and evaluates business activities with higher risks of unethical conduct in the business scope? Does the Company formulate a plan to prevent unethical conduct, which at least covers the precautionary measures prescribed in Article 7 Paragraph 2 of the Integrity Management Best-Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has developed an assessment mechanism for unethical risks, and set out the following precautionary measures for the following unethical conduct in the corporate ethics manual: I. Offering and acceptance of bribes. II. Provision of illegal political contribution. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents, hospitality, or other improper benefits. V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights. VI. Engaging in unfair competitive practices. VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. The Company regularly analyzes and evaluates business activities with a high unethical risk. We also arrange legal compliance courses every year for employees to comply with the necessary norms when dealing with related businesses at work. Those who violate the corporate integrity policy shall be punished according to the severity of the circumstances, and information such as the title and name of the violator, date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company's internal website. The Company has established work rules for employees. Breach of integrity shall be reviewed by the personnel evaluation committee composed of high-level executives across the unit. Any material breach of the principle of integrity will be reported to the Audit Committee or the board of directors in accordance with relevant laws and operating procedures. Based on the risk assessment, the audit office conducts sampling assessments of related processes and operations to avoid the occurrence of violations of integrity.	No material difference
	Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties, and grievance system in the plan to prevent dishonesty, implement it, and regularly review and revise the pre-disclosure plan?	V		1. Employee work rules are the highest code of conduct for all employees of the Company to conduct business activities. When new employees join, the Company implements the education and training "Corporate Culture: Code of Integrity Management" to remind employees to abide by it, and publicize irregularly to strengthen colleagues' sense of integrity. All employees of the Company shall strictly abide by the work rules. In the event of corruption and fraud of the employee, the employee shall be subject to the punishment of expulsion according to the Company's "Reward and Punishment Measures." For example, those who engage in malpractice, embezzlement, give or receive any bribes or commissions; those who engage in business abroad, which affect the Company's interests and business conflicts, with serious circumstances; those who imitate the signatures of superior supervisors or misappropriate printed letters; are all violations that should be dismissed and are subject to regular review of the corrective action plan. 2. Internal complaint channels of this company include: Immediate Supervisor, HR Supervisor, Auditor and "Internal Communication Mailbox", "General Manager's Mailbox", "HR Employee Relationship Contact Window" and special line for sexual harassment; the external complaint channel is Supervisor of the Audit Office - Integrity@BenQMaterials.com.	No material difference

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

<table>
<tr><th colspan="2" rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td>Does the Company regularly hold both internal and external educational training on integrity management?</td><td>V</td><td></td><td>
<table>
<tr><th>Course Name</th><th>Hours</th><th>Description</th><th>Attendees in 2020</th><th>Attendees in 2021</th></tr>
<tr><td>Newcomer Integrity Course</td><td>0.5 hour</td><td>Required courses for all new colleagues</td><td>364</td><td>131</td></tr>
<tr><td>Integrity Code Online Course</td><td>0.25 hour</td><td>All employees of the Company need to complete online courses</td><td>1,894</td><td>1,756</td></tr>
<tr><td>Insider Trading Prevention Course</td><td>2 hours</td><td>The legal unit regularly holds lectures for supervisors or colleagues</td><td rowspan="2">Cancelled due to the impact of the epidemic, and changed to an internal announce ment.</td><td>59</td></tr>
<tr><td>Propaganda of Trade Secrets Act</td><td>2 hours</td><td>Announcement through the Company's electronic newsletter every year, regular lectures for supervisors or colleagues</td><td>Internal announce ment</td></tr>
</table>
The Company takes "integrity" as its core value of enterprise spirit. The Company regularly holds both internal and external educational training on integrity management, and also arranges newcomer training camps for new employees, and use corporate culture courses to foster employees' recognition of the concept of integrity and strengthen employee self-discipline.
The Company's implementation of integrity management in 2021 includes newcomers' integrity courses, company-wide integrity code online courses, business secret laws, and regulations, etc.</td><td>No material difference</td></tr>
<tr><td rowspan="3">Status of the whistleblowing system</td><td>Does the Company establish both a whistleblowing/reward system and convenient whistleblowing channels? Are appropriate personnel assigned to the accused party?</td><td>V</td><td></td><td>The Company's integrity-related regulations specify that illegal incidents must be notified immediately. Any person concerned with any business of the Company may lodge a complaint through the following channels if the person finds any breach of integrity during the course of business:
Internal channels: direct supervisor, human resources supervisor, auditors and general manager mailbox.
External channels: Ethics violation complaint mailbox (Integrity@BenQMaterials.com)。
After whistleblowing, the investigation procedure will be initiated. The responsible personnel, including members of the audit unit, will set up a committee to conduct the investigation. Based on the seriousness of the circumstances and the level of involvement, assess whether the case will be further reviewed by the personnel review committee composed of inter-departmental supervisors. Once the case is verified to cause major damage to the Company, the committee will prepare a report and notify the Audit Committee in writing.</td><td>No material difference</td></tr>
<tr><td>Does the company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</td><td>V</td><td></td><td>Regarding the handling of whistleblowing, the Company regulates the standard operating procedures and related confidentiality mechanisms for complaints based on employee work rules, employee complaint management measures and sexual harassment prevention and treatment measures; the person responsible for handling the case is responsible for the identity of the whistleblower and the content of the report. Keep the files encrypted to protect the reporter.</td><td>No material difference</td></tr>
<tr><td>Does the Company take measures to protect the whistleblowers from improper disposal due to the whistleblowing?</td><td>V</td><td></td><td>The Company's integrity-related regulations clearly stipulate that the Company will strictly keep the investigation content and results confidential and ensure that the rights and interests of the relevant personnel are not damaged.</td><td>No material difference</td></tr>
</table>

<table>
<tr><th rowspan="2" colspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>Strengthening information</td><td>Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?</td><td>V</td><td></td><td>The Company discloses the relevant contents of integrity management policies and implementation of integrity management on the official website (www.BenQMaterials.com) and the annual report for the stakeholders.</td><td>No material difference</td></tr>
<tr><td colspan="6">If the Company has established the integrity management policies based on the Integrity Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.
The Company has established the "Code of Integrity Management" in 2015. There was no major difference between "Employee Work Rules" established by the Company and "Integrity Management Best Practice Principles for TWSE or TPEx Listed Companies."</td></tr>
<tr><td colspan="6">Any other important information to facilitate a better understanding of the Company's integrity management practices:
The HR, legal affairs, and risk control department regularly evaluate whether the design of the operation process can properly prevent risks such as operation and corruption, review the effectiveness of the internal control mechanism, collect the recommendations of the senior executives of each unit for various potential risks, and formulate the audit plan. In order to carry out relevant checks, the results of the checks are regularly reported to the Audit Committee, so that the management can understand the current status of corporate governance and achieve the purpose of management.
Keep employees informed of the integrity culture within the Company through regular broadcasts, and electronic bulletin boards, etc. Moreover, the Corporate Integrity Handbook is announced to be the Code of Conduct for all employees. To ensure that all employees can implement Integrity in their work, the Code offers a guide to behavioral conduct, case studies, and examples for the Company's Corporate Integrity Policy, standards on working with business partners, standards on working with government agencies, Intellectual Property rights, conflict of interest, information system security, insider trading, and anti-trust.</td></tr>
</table>

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

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

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

1. On August 27, 2009, the Company passed the resolution of the Audit Committee and the Board of Directors to formulate the "Major Information Processing and Preventing Insider Transaction Operation Procedures" and has announced to managerial officers and employees that they are aware of the relevant agreements and rules.
2. The Company's directors, independent directors and managerial officers and other insiders, when taking office, will be given the latest version of the "Directors and Supervisors Manual" and "Directors and Supervisors' Publicity Information" prepared by the competent authority, and the latest update of "Manual for the Publicity of Listed Company Insider Equity Transactions" of the Taiwan Stock Exchange.
3. The Company currently has three independent directors, and the independent directors form the Audit Committee and Remuneration Committee to strengthen corporate governance operations.

4. The Company's corporate governance related information is disclosed on the Company's website (www.BenQMaterials.com).
5. The training of directors, managerial officers and financial and audit supervisors in the most recent year:

Position	Name	Date		Hours	Course Name	Training Institution
		From	To			
Chairman	Zhien-Chi (Z.C.) Chen	2021/4/27	2021/4/27	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
		2021/11/12	2021/11/12	3	Business Management and Management Strategies for Public Opinion Crisis	Corporate Governance Association
Director	Kuen-Yao (K.Y.) Lee	2021/8/19	2021/8/19	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
		2021/11/18	2021/11/18	3	Corporate Integrity Governance and Insider Trade Control	Taiwan Digital Governance Association
Director	Eric Yu	2021/3/24	2021/3/24	3	Global economic situation after COVID-19	Taiwan Academy of Banking and Finance
		2021/9/16	2021/9/16	3	Hostile M&A, Case Analysis of Competition for Management Rights and the Company's Countermeasures	Corporate Governance Association
Director	Peter Chen	2021/8/19	2021/8/19	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
		2021/11/18	2021/11/18	3	Corporate Integrity Governance and Insider Trade Control	Taiwan Digital Governance Association
Director	Conway Lee	2021/8/19	2021/8/19	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
		2021/9/10	2021/9/10	3	Realization of enterprise M&A value – Integrated Topic Discussion & Management Mechanism Establishment after Enterprise M&A	Corporate Governance Association
		2021/11/18	2021/11/18	3	Corporate Integrity Governance and Insider Trade Control	Taiwan Digital Governance Association
Independent Director	Frank Yeh	2021/5/11	2021/5/11	3	Enterprise innovation－subscribe economic strategic thought	Taiwan Institute of Directors
		2021/8/10	2021/8/10	3	Risks and Opportunities under Climate Action – Carbon Neutralization Strategy and Procedure	Taiwan Institute of Directors
Independent Director	Chiou-Ming Chen	2021/8/19	2021/8/19	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
		2021/8/27	2021/8/27	3	Business Event Trial Act	TIRI (Taiwan Investor Relations Institute)
Independent Director	Louis Y. Y. Lu	2021/2/26	2021/2/26	3	Early warning and type analysis of enterprise financial crisis	Securities and Future Institute
		2021/4/13	2021/4/13	3	Practical case analysis of responsibility of the directors and supervisors	Taiwan Academy of Banking and Finance
General manager	Gary Liu	2021/4/27	2021/4/27	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
Vice President	Oliver Liu	2021/3/18	2021/3/18	3	Talk about function of the Board of Directors from corporate fraud prevention system	Securities and Future Institute
		2021/8/19	2021/8/19	3	Discussion on employee reward strategy & tool application	Securities and Future Institute
Chief Financial Officer Chief Corporate Governance Officer	Sheng-hsiang Wang	2021/4/14	2021/4/14	3	Enterprise M&A Practice Sharing – Centered on Hostile M&A	Securities and Future Institute
		2021/9/2	2021/9/2	3	The 13th Taipei Corporate Governance Forum	Financial Supervisory Commission
		2021/10/21	2021/10/21	3	ESG Management Practice concerned by Institutional Investors	TIRI (Taiwan Investor Relations Institute)
		2021/11/16	2021/11/16	3	Operation and Decision-making	Corporate Governance

Position	Name	Date		Hours	Course Name	Training Institution
		From	To			
					Efficiency of the Board of Directors	Association
		2021/9/13~14	2021/9/13~14	12	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms and the Securities Exchange	Accounting Research and Development Foundation
Chief internal auditor	Hung, Pi-Lien	2021/10/21	2021/10/21	6	How could the auditors detect fraud with financial statements?	Internal Audit Association of the Republic of China
		2021/11/01	2021/11/01	6	Common internal control defects and case sharing under various business cycle types	Internal Audit Association of the Republic of China

(IX) Implementation of Internal Control System

1. Statement of Internal Control System:

BenQ Material Corporation
Statement of Internal Control System

Date: February 24, 2022

The Company hereby states the results of the self-evaluation of the internal control system for 2021 as follows:

I. TH's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. The objective of the internal control system lies in providing a reasonable guarantee for achieving business benefits and efficiency (including profitability, performance, and protection of assets and safety), ensuring the reliability, timeliness, transparency, and regulatory compliance with relevant norms and laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

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

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

V. In accordance with the aforementioned evaluation, the Company has found that the design and implementation of the internal control system (including the assessment and management of subsidiaries), as of December 31, 2021, including the efficacy of understanding operations, the efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant guidelines and laws, are effective and can reasonably provide assurance of the aforesaid goals.

VI. VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement has been approved on February 24, 2022, by the Board of Directors, and out of the 8 Board members in attendance, none has objected to this statement and all consented to the content expressed herein.

BenQ Material Corporation

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

Signature of General Manager: Ray Liu

2. A separate audit report shall be disclosed where an independent registered public accounting firm has reviewed the Company's internal control system: N/A

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

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

Date	Item	Major Resolutions
2021.02.25	1st Board Meeting for 2021	I. 2020 Financial Statements, Business Report and the 2021 Business Plan II. II. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement III. III. Approval of the donation to the BenQ Foundation IV. IV. Passed the proposal on matters concerning the company's 2021 regular shareholders' meeting
2021.05.06	(2nd Board Meeting for 2021)	I. Ratification of the Company's 2020 earnings distribution proposal II. Ratification of 2020 appropriations of earnings in cash dividends III. Ratification of 2021 Q1 financial statements
2021.08.25	2021 Shareholder Meeting	I. I. Ratification of the Company's 2020 Business Report and Financial Statements Implementation status: Approved by shareholders' voting, and announced in accordance with the prescribed procedures. II. Ratification of the Company's 2020 earnings distribution proposal Implementation status: Approved by shareholders' voting, the ex-dividend base date is July 17, 2021, and paid on August 17, 2021 in accordance with the resolution of the shareholders' meeting. The cash dividend payment amount is NT$ 0.70 per share, the total amount of the cash dividend is NT$ 224,472,160. III. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement Implementation status: Approved in the shareholders' voting. IV. Passed Amendments to the Company's Procedures for the Acquisition and Disposal of Assets. Implementation status: Approved by shareholders' voting, and announced in accordance with the prescribed procedures. V. Approval of the proposal for the waiver of non-competition clauses for current Directors and their representatives. Implementation status: Approved by shareholders' voting, and announced in accordance with the prescribed procedures.
2021.07.22	(3rd Board Meeting for 2021)	None

Date	Item	Major Resolutions
2021.08.05	(4th Board Meeting for 2021)	I. Approval of 2021 Q2 Financial Statements II. Passed the proposal on convening the company's 2021 regular shareholders' meeting in an optional time
2021.10.29	5th Board Meeting for 2021	I. Ratification of 2021 Q3 financial statements
2022.01.06	1st Board Meeting for 2022	None
2022.02.24	(2nd Board Meeting for 2022)	I. Passed 2021 Financial Statements, Business Report and the 2022 Business Plan II. Approved of not continuing to handle the private placement of securities approved by the shareholders' regular meeting in 2021 III. Approved issuance of new common shares for cash to sponsor issuance of the overseas depositary shares and/or issuance of new common shares for cash in public offering and/or issuance of new common shares for cash in private placement and/or issuance of overseas or domestic convertible bonds in private placement IV. Approval of the donation to the BenQ Foundation V. Passed the proposal on matters concerning the company's 2022 regular shareholders' meeting

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

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

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

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

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

CPA Fees Information

(I) CPA Fees Information

Amount unit: NT$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees					Note
				System Design	Company Registration	Human Resources	Others (Note)	Subtotal	
KPMG	Tsih-Jieh, Tang Wei-Ming, Shih	2021.01.01~2021.12.31	**3,580**	-	-	-	160	**160**	Note: Transfer pricing

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

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

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

Replacement of CPAs

None.

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

None

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

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

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

Unit: Share

Position (Note 1)	Name	2021		As of April 18, 2022	
		Change in Number of Shares Held	Change in Shares Pledged	Change in Number of Shares Held	Change in Shares Pledged
Corporate director	Qisda Corporation	-	-	-	-
Representative Chairman and CEO	Zhien-Chi (Z.C.) Chen	40,252	-	-	-
Director Representative	Peter Chen	-	-	-	-
Director	Kuen-Yao (K.Y.) Lee	-	-	-	-
Director	Eric Yu	-	-	-	-
Corporate Director	BenQ Corporation				
Director Representative	Conway Lee	-	-	-	-
Independent Director	Frank Yeh	-	-	-	-
Independent Director	Chiou-Ming Chen	-	-	-	-
Independent Director	Louis Y.Y. Lu	-	-	-	-
General manager	Gary Liu	(219,812)	-	-	-
Vice President	Oliver Liu	(23,228)	-	-	-
Vice President	Charles Liu	23,480	-	-	-
Vice President	Li-chuan Chiu	13,416			
Senior Manager	Lung-hai Wu	13,416	-	-	-
Senior Manager	Chen-kuan Kuo	13,418	-	-	-
Senior Manager	Ting-yuan Chiang	13,420	-	-	-
Senior Manager	Chao-yi Yang	13,418	-	-	-
Finance Associate General Manager	Sheng-hsiang Wang	13,416	-	-	-
Major Shareholder	Qisda Corporation	-	-	-	-
Major Shareholder	BenQ Corporation	-	-	-	-

Note 1: The position is the information on publication date of annual report.

(II) Stock transfer with related party: None.

(III) Stock Pledge with related party: None.

Relationships among the company's ten largest shareholders

April 18, 2022 Unit: shares; %

NAME	CURRENT SHAREHOLDING		SPOUSE & MINOR SHAREHOLDING		SHAREHOLDING BY NOMINEES		AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY UNDER NO. 6 OF THE FINANCIAL AND ACCOUNTING STANDARDS OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		NOTE
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Designation (or Name)	Relationship	
BenQ Corporation Director Representative: Conway Lee (Shareholding: 99 thousand shares)	80,848	25.21%	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
							Gordias Investment Limited	Parent and Subsidiary Company	-
							Kuen-Yao (K.Y.) Lee	Director	-
Qisda Corporation Director Representative: Zhien-Chi (Z.C.) Chen (shareholding: 1,257 thousand shares) Peter Chen (shareholding: 73 thousand shares)	43,659	13.61%	-	-	-	-	BenQ Corporation	Parent and Subsidiary Company	-
							Gordias Investment Limited	Parent and Subsidiary Company	-
							Kuen-Yao (K.Y.) Lee	Director	-
Gordias Investment Limited Principle: Qiu-Jin Hong (shareholding: 153 thousand shares)	15,182	4.73%	-	-	-	-	Qisda Corporation	Parent and Subsidiary Company	-
							BenQ Corporation	Affiliates	-
Kuen-Yao (K.Y.) Lee	4,580	1.43%	775	0.24%	-	-	BenQ Corporation	Director	-
							Qisda Corporation	Director	-
Investment account for Cleo Investment Co., Ltd. under the custody of Taishin International Commercial Bank	3,327	1.04%	-	-	-	-	-	-	-
Taishin International Commercial Bank is entrusted with BenQ Materials' employee shareholding trust property account	2,811	0.88%	-	-	-	-	-	-	-
Berkeley Capital's SBL/PB Investment Account under custody of Citibank	1,582	0.49%	-	-	-	-	-	-	-
SNC Investment Account for BNP Investment Operation under custody of Citicbank	1,350	0.42%	-	-	-	-	-	-	-
Zhien-Chi (Z.C.) Chen	1,257	0.39%	31	0.01%	-	-	BenQ Foundation	Director	-
Eric Yu	1,253	0.39%	385	0.12%	-	-	Director of	Visco Vision Inc.	-

Comprehensive shareholding ratio information

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

December 31, 2021 Unit: shares; 1,000 shares

Investee business	Ownership by the Company		Investment directly or indirectly controlled by directors, supervisors, and managers of BenQ Material (Note 1)		Total Ownership	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Visco Vision Inc.	9,834	17.97%	5,524	10.09%	15,358	28.06%
Cenefom Corporation Limited	4,418	34.83%	-	-	4,418	34.83%
Genejet Biotech Co. Ltd.	3,767	70%	-	-	3,767	70%
MLK BIOSCIENCE CO., LTD.	217	20%	-	-	217	20%
Kangde Bio-medical Co., Ltd.	598	20%	-	-	598	20%

Note 1: The reinvestment business held by directors and managers as of the Company's book close date.

Capital Overview

Capital and Shares

(I) Source of Capital

1. Type of Shares

2022-4-18; Unite: share

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

2. Source of Capital

Unit: NT$ thousand, thousand shares

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

Note 1: Approved in the Jing (087) Shang No. 087139840 Letter of the Ministry of Economic Affairs on December 8, 1998.

Note 2: Approved No. Tai Cai Zheng Zi (1) 86673 of Securities and Futures Commission, Ministry of Finance dated October 8, 1999.

Note 3: Approved No. Tai Cai Zheng Zi (1) 27749 of Securities and Futures Commission, Ministry of Finance dated March 29, 2000.

Note 4: Approved No. Tai Cai Zheng Zi (1) 126201 of Securities and Futures Commission, Ministry of Finance dated May 15, 2002.

Note 5: Approved No. Tai Cai Zheng Zi (1) 0920124742 of Securities and Futures Commission, Ministry of Finance dated June 6, 2003.

Note 6: Approved No. Tai Cai Zheng Zi (1) 0920141689 of Securities and Futures Commission, Ministry of Finance dated September 9, 2003.

Note 7: Approved No. Tai Cai Zheng Zi (1) 0930124509 of Securities and Futures Commission, Ministry of Finance dated June 2, 2004.

Note 8: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0940119822 dated May 18, 2005.

Note 9: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0960038627 dated July 24, 2007.

Note 10: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0970033409 dated July 4, 2008.

Note 11: Approved in the Jing-Shou-Shang No. 09901039790 Letter of the Ministry of Economic Affairs on March 3, 2010.

Note 12: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 0990057080 dated October 19, 2010.

Note 13: FSC approval letter under Ching-Kuan-Cheng Yi-Tze No. 1000032124 dated July 12, 2011.

(II) Shareholder structure

April 18, 2022 Unit: shares; %

Shareholder structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	0	16	174	46,574	72	46,836
Shares Held	0	3,672,954	140,983,093	165,185,598	10,832,869	320,674,514
Percentage of Ownership	0%	1.15%	43.96%	51.51%	3.38%	100.00%

(III) Distribution of ownership

Par value per share: NT$ 10; April 18, 2022

Range of Shares	Number of Shareholders	Number of shares held (shares)	Shareholding Ratio (%)
1 to 999	17,635	486,855	0.15%
1,000 to 5,000	23,777	47,855,494	14.92%
5,001 to 10,000	3,029	25,059,960	7.81%
10,001 to 15,000	733	9,573,310	2.99%
15,001 to 20,000	566	10,696,345	3.34%
20,001 to 30,000	413	10,734,009	3.35%
30,001 to 40,000	194	6,959,807	2.17%
40,001 to 50,000	130	6,078,414	1.90%
50,001 to 100,000	211	15,270,021	4.76%
100,001 to 200,000	93	13,287,994	4.14%
200,001 to 400,000	30	8,017,243	2.50%
400,001 to 600,000	5	2,465,701	0.77%
600,001 to 800,000	5	3,379,089	1.05%
800,001 to 1,000,000	3	2,741,483	0.85%
Over 1,000,001	12	158,068,789	49.29%
Total	46,836	320,674,514	100.00%

(IV) List of major shareholders

April 18, 2022

Name of Major Shareholders	Number of shares held (shares)	Shareholding Ratio (%)
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%
Gordias Investment Limited	15,182,178	4.73%
Kuen-Yao (K.Y.) Lee	4,580,396	1.43%
Investment account for Cleo Investment Co., Ltd. under the custody of Taishin International Commercial Bank	3,327,410	1.04%
Taishin International Commercial Bank is entrusted with BenQ Materials' employee shareholding trust property account	2,810,883	0.88%

Name of Major Shareholders	Number of shares held (shares)	Shareholding Ratio (%)
Berkeley Capital's SBL/PB Investment Account under custody of Citibank	1,582,000	0.49%
SNC Investment Account for BNP Investment Operation under custody of Citicbank	13,49,964	0.42%
Zhien-Chi (Z.C.) Chen	12,57,252	0.39%
Eric Yu	1,252,871	0.39%

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

Item \ Year			2021	2020
Market Price Per Share	Highest		44.65	28.50
	Lowest		21.15	11.40
	Average		32.50	19.69
Net Worth per Share	Before distribution		15.73	13.48
	After distribution		Note 1	12.78
Earnings per Share	Weighted average share (thousand shares) (before retrospective)		320,674	320,674
	Earnings per Share	Before retrospective adjustment (NT$)	3.03	1.23
		After retrospective adjustment (NT$)	Note 1	1.23
Dividends Per Share	Cash dividends		Note 1	0.7
	Stock dividends	Stock dividends appropriated from retained earnings	Note 1	-
		Stock dividends appropriated from capital reserve	Note 1	-
	Accumulated unpaid dividends		Note 1	-
Investment Return Analyses	Price/Earnings Ratio (Note 2) (times)		10.73	16.01
	Price/Earnings Ratio (Note 3) (times)		Note 1	28.13
	Cash dividend yield (Note4) (%)		Note 1	3.56

Note 1: Earnings Distribution for 2021 is still under review by the general shareholders' meeting in 2022.
Note 2: P/E Ratio = Average Market Price per Share/Earnings per Share
Note 3: Price/Dividend Ratio = Average Market Price per Share/Cash Dividend per Share
Note 4: Cash dividend yield = Cash dividends per share/Average closing price per share for the year.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:

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

Article 19: If the Company has earnings, it shall set aside 5-20% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors. When there are accumulated losses, the Company shall offset the appropriate amounts before remuneration. The objects of the remuneration of employees in the preceding paragraph to be paid to stocks or cash may include employees of subordinate companies that meet certain conditions, and the conditions and distribution methods
are authorized by the board of directors or its authorized persons to decide.

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

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

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

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

3. Significant changes of dividend policy:

None.

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

(VIII) Employee dividends and compensation of directors and supervisors

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

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

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

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

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

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

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

Approved by Board of Directors on February 24, 2022

(1) Distributions of employees' compensation of NT$ 134,276,412 and Directors' compensations of NT$ 10,070,731 in cash. There is no difference with the estimated amount of the recognized expenses in the year.

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

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

(1) The employee's remuneration distributed in cash was NT $ 55,119,155 and Directors' remuneration is NT $ 4,133,937 in the previous year.

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

5. **Average employee salary adjustment**

The Company regularly participates in international market salary surveys to adjust salary levels and provide competitive salaries in the market; adjusts salary based on the operations of the Company, price index, economic growth rate, and individual performance. The salary adjustment rate is 4% in 2021.

(IX) Share repurchases: None.

Insurance of Corporate Bonds

(I) Corporate bond issuance: None

(II) Special stock issuance: None

(III) Overseas depositary receipt issuance: None.

(IV) Employee stock option certificate issuance: None.

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

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

Implementation of the fund utilization plan

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

Operational Highlights

Business Content

(I) Business Scope

The company focuses on the development of the "Material Science" professional field, and uses polymer, precision coating, injection and extrusion, optics, precision engraving, and roll-to-roll process as core technologies for R&D and manufacturing, and continues to develop applications and components for related industries, in order to provide the most competitive products, and drive the company to continue to profit and grow. The main products in 2021 are functional film products, Advanced Battery Materials, and medical products.

(II) Industry Overview

1. Current status and development of the industry

Functional film：

The current development and application of the functional film industry includes TFT-LCD, OLED, and Micro-LED. Because of the growing capacity of new-generation products production and the increasing usage of foldable product devices, the average size of displays is getting larger quickly, and the demand of raw materials of functional film is also increasing significantly. Meanwhile, the supply and demand gradually balanced when some manufacturers withdrew from the market and the company invested in new capacity.

In addition, because the development of applications is getting diverse, and the demand of high resolution, high weather resistance and next-generation display technology are increasing, the products should not only fulfill the existing functions but also combine cross-material product design to enhance the performance of displays in the areas of wide viewing angle, eye protection and safety.

Advanced Battery Materials:

According to Industrial Technology Research Institute ("ITRI"), the penetration rate of global electric vehicles has reached 19% in 2021, which was equivalent to 14 million units per year, creating an explosive growth of lithium-ion batteries. In addition, due to the widely use of lithium batteries in energy storage products, countries, such as China and Japan, increased their investment in building energy management installations. The US has accounted for 38% of global energy storage installations, and Europe is expected to become the third-largest energy storage market in 2025. According to the latest announcement regarding Taiwan's 2050 net-zero emissions path, wind power and photovoltaic accumulation device capacity will reach 40 GWh in 2030; the sales of vehicles will be all-electric since 2040; the usage of renewable energy, with a stable power supply of energy storage, will exceed 60 % in 2050. Many markets are growing steadily, and the prospects for the application of isolation films are promising.

Medical products:

With the increasing aging population, the demand for medical products, such as medical equipment, eyewear, and medical chemical products, medical services, and medical care is gradually increasing. There is a need to continually expand the scope of medical services and develop a diversified service system. In recent years, technology and healthcare have been integrated together across multiple sectors, and due to the Covid-19 pandemic, healthcare-related industries have grown significantly in the last two years. According to market research firm Global Industry Analysts, the global digital health care market is expected to reach US$456.9 billion by 2026.

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

Upstream industry	Supplier of raw optical film substrates and chemical raw materials.
Midstream industry	Component manufacturers, with products including polarizer, backlight module, Driver IC, glass, etc; sterilization factories, packaging material factories, and medical product inspection and verification organizations.
Downstream industry	Liquid crystal display panel, liquid crystal display module, etc, battery cell manufacturers, medical brands, hospitals of all sizes, e-commerce stores, and end consumers, etc.

3. Industry development trends and competition

Functional film:

- In the post-pandemic era of Covid-19, consumers spent more time using monitors for remote working and online courses, so functions for eye protection will be one of the key features for consumers to choose products. In addition to reducing the proportion of harmful blue light, the product gradually focuses on solving the problem of eye discomfort caused by the reflection of ambient light.
- With the continued widespread of electric vehicles and digitization, the size of vehicle displays is getting bigger, and use of them is rapidly increasing. In addition to providing drivers with driving information and audiovisual entertainment, the displays also provide features to protect drivers' safety. It is featured with low reflection, anti-phobic while and high weather resistance.
- The digitalization of the medical industry is accelerating during the post-pandemic era, and displays with an accurate presentation of medical images are critical in the digital medical era. Among all the features, wide color gamut, high contrast ratio, and high resolution are the first priorities. The shutdown of Japanese and Korean panel manufacturers will reshuffle the closed panel supply chain, which will be a great opportunity for Taiwanese manufacturers to provide high value-added products and complete solutions.
- In order to respond to the changes of consumer behavior, chain stores, shopping malls, and retail-related shopping market should improve and develop smart retail models to enhance consumer shopping experiences by combing existing technologies and applications, such as digital signage, transparent and flexible displays, electronic labels, and AR/VR interactive sensing products, with ultra-high resolution monitors and interactive screen, and high precision and low latency environmental sensing technologies, to achieve the integration of virtuality and reality and collect data through these interactive sensing technologies.

Advanced Battery Materials:

Because of the developing trend of the lithium battery industry and material industry worldwide, the core manufacturing power will be in China, Europe and the US to sustain the market supply and demand. Meanwhile, the major car manufacturers started to create the competitiveness in electric vehicle development and investment strategy.

- China: green-car subsidy is extended to 2022. In addition, the China dual-credit policy outlines the target of Corporate Average Fuel Consumption (CAFC) and the New Energy Vehicle (NEV) credit. It is anticipated that the NEV market share should account for 20% in 2025. At the same time, the new benchmark for the parallel management of the average fuel consumption of passenger car companies and the credits of new energy vehicles implemented in 2018 has forced major auto factories to invest more actively, and manufacturers that do not have industrial technology and cost competitiveness are gradually eliminated and withdrawn from the market.
- European Union: Europe is aiming to decrease the passenger car CO2 emissions to 59g/km in 2030. Thanks to the expansion of subsidies of the European government to the electric vehicle industry, sales of electric vehicles in Europe have been increasing due to the epidemic. Major auto factories have published various types of pure electric vehicles (BEV) and hybrid electric vehicles (HEV) to comply with regulations. At the same time, it also greatly drives the demand for lithium-ion batteries.
- In the United States: The US$2 trillion Green New Deal proposed by the Biden government includes promoting the popularization of electric vehicles (MHEV, PHEV, HEV, BEV), extensively setting up car charging stations, renewing power grids, and deploying utility-scale battery energy storage equipment across the United States. Pay attention to the practical applications promoted by follow-up policies.

Battery, isolation membrane technology route, and lithium battery technology are divided into two main directions, which are high energy density and high power density. In general, high-power lithium-ion batteries are used in super sports cars, vertical takeoff and landing aircraft, HEV / PHEV, or industrial energy storage system. The power density has also increased significantly. Meanwhile, in order to achieve higher power density, the impedance of the isolation film must be reduced to meet the requirements of the next-generation high-power batteries.

Medical products:

The aging global population increases the demand for medical industry services. In addition, due to the impacts and challenges brought by the Covid-19 pandemic to various industries, countries are gradually moving towards the era of medical digitization. The integration of medical and technology is the trend of future. In order to protect patient health records, and eliminate information security risks, health care companies are urged to integrate technology and medical services. In addition, medical marketing has also become the key to the market competition. The high-quality medical services and consumer recognition are critical for market branding and management.

(III) Technology and R&D Overview

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

Unit: NT$ thousand

Item \ Year	2017	2018	2019	2020	2021
R&D Expense	696,442	640,989	686,303	639,769	759,320
Net Sales	11,132,587	12,764,171	13,942,969	15,049,948	16,481,686
Percentage of operating income (%)	6.26%	5.02%	4.92%	4.25%	4.60%

1. Successfully developed technology or product

Functional films: wide-angle polarizer, high glare and low reflection polarizer, high weather resistant optical film and optical adhesive.

Advanced Battery materials: low internal resistance, high strength lithium-ion battery isolating film.

Medical products：Biological hemostatic materials, hydrocolloid, hydrogel, medical-grade silicone gel and other advanced dressing materials, mobile negative pressure systems, scar removal silicone gel pens, silicone gel colored polishing contact lenses, negative pressure wound treatment systems, medical-grade packaging materials, and low-temperature film materials developed for medical packaging materials and medical paper.

2. Future R&D technology focus

Functional Films：Improved the design of high-quality applications, low carbon emission materials and manufacturing development.

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

Medical Products：Advanced medical materials development, infection control materials, applied mechanism design in surgery, medical carrier materials development, medical-grade Tyvek coating technology, and water-resistant eco-friendly coatings.

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

1. Short-term plans:

Functional film

(1) Functional film: In terms of capacity expansion, in response to the market demand for high-value products, BenQ Materials will increase its high-quality capacity with appropriate investment.

(2) In terms of products, the company provides
competitive value-added products based on the current complete product layout, complemented by the advantages of its own core technology.

Advanced Battery Materials:

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

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

Medical products:

The Company should be highly involved in Taiwan's medical market, integrating all-level medical channels, increase brand strength by cooperate with various medical associations and clinical projects; continuously expand more regions overseas to increase the international market share of our products. The company should expand the diverse applications of barriers with medical access and customer information. The Company should actively develop upstream materials to be better engaged in the supply chain in the post-epidemic era.

2. **Long-term development plan:**

Functional film:

(1) The Company should develop and use recycled materials, and implement low carbon emission processes.

(2) The Company should also better differentiate itself in the material technology landscape.

Advanced Battery Materials:

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

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

Medical products:

(1) The Company should build a global image of being an integrated medical solution, deepen its root in the Asian market, and meanwhile develop brand awareness in Europe and America.

(2) The Company should consolidate its R&D resources and efforts on medical products in Taiwan and Asia to establish a complete medical-related product ecosystem.

Marketing and sales overview

(I) Market analysis

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

Unit: NT$ thousand

Region \ Year		2020		2021	
		Amount	Ratio(%)	Amount	Ratio(%)
Domestic Sales		4,899,394	32.6%	4,871,265	29.6%
Foreign Sales	Asia	10,073,976	66.9%	11,525,633	69.9%
	Others	76,578	0.5%	84,788	0.5%
	Export sales subtotal	10,150,554	67.4%	11,610,421	70.4%
Total		15,049,948	100%	16,481,686	100.00%

2. **Market share**

According to data from the survey report of the Yano Institute of Economic Research, the top six global polarizer manufacturers in 2021 are Shanjin Optoelectronics, Sumitomo Chemical, Samsung SDI, Nitto Denko, Chengmei Materials, and BenQ Materials. BenQ Materials' global market share is about 5.6%.

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

Functional film:

(1) Market supply and demand:

The continued increasing production capacity of the next-generation panels will drive the average size of displays and the overall market demand to increase. The polarizer production capacity increased only slightly compared to last year, which was mainly due to the slower-than-expected new production lines that was influenced by the Covid-19 pandemic. The overall outlook for 2022 is optimistic, but the Company needs to look closely at the low and high seasons of demand, maintain flexibility on its own, and take dynamic adjustments to the market.

(2) Positive factor: The demand for high-end products is growing rapidly. Expanding the revenue share of BenQ's high value-added products.

(3) Negative factor: risk of shortage of raw material supply.

(4) Response strategy: enhance the supplier relationship, and strengthen the strategic cooperation between suppliers, BenQ and customers.

Advanced Battery Materials:

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

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

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

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

Medical products:

The Angelab Research Institute, a research-based company, found that the demand for moisturizing and skin-repairing has increased dramatically during the Covid-19 pandemic. The institute combined the latest trend of skincare - skin micro-ecological balancing technology - to develop the Probiotic Moisturizing Series, which is a two-in-one moisturizing and protective series to meet consumers' needs for long-term moisturizing and increase the skin defensive power. The skincare brand "DermaAngel" has established a firm foothold in Taiwan with its acne patch, and has developed its third-generation products to satisfy consumers' desire for invisible and thin products. These exquisite products come with improved acne cleansing and the first-ever blemish cleansing function. The company brand "Miacare" has unique technology in silicone adhesive contact lenses and is expected to develop a blue ocean. In addition to OEM, we also have our own brand "Sigma" products and sell them on five continents.

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

(2) Positive factor：The demand for medical products is not affected by the economic recession; the market entry barrier is high; the global supply chain is volatile, which is favourable to customers' industrial layout and material integration.

(3) Negative factor：The health insurance system has suppressed the market price, and it is difficult for high-end medical products to enter the market.

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

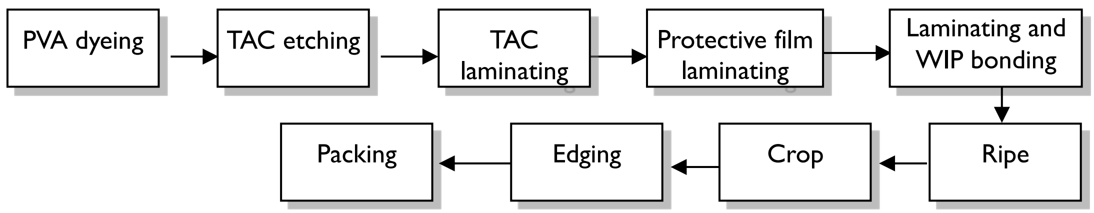
(II) Important uses and production process of main products

1. Important uses of main products

Main products	Important uses or functions
Polarizers	Polarizers are the key components necessary for the current mainstream display technology TFT-LCD and AMOLED. With the diversification and popularization of display device applications, it has been widely used in LCD TVs, desktop LCD monitors, tablet computers, notebook computers, mobile phones, wearable devices, and special industrial control and professional displays. Current key applications are as follows: 1.Liquid Crystal Display (LCD) : The collocation of upper and lower polarizers controls the input and output of the optical polarization attitude. The polarization state of light changes when the alignment of the liquid crystal is changed under the drive of voltage, thus the display achieves the switching of light and dark. 2. Organic Light Emitting Display (OLED): A circular polarizer can effectively mitigate the mirror reflection problem of the internal metal electrode inside the OLED.

2. Production process of main products

Production process of functional film:



There are three production processes for polarizers:

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

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

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

(III) Supply status of main raw materials

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

(IV) Major supplier information in the past two years

Unit: NT$ thousand; %

2020				2021			
Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net purchases in the whole year (%)	Relationship with the Issuer
A	3,362,594	33	-	A	2,493,596	23	-
B	1,372,842	13	-	B	1,341,362	12	-
Others	5,492,875	54	-	Others	7,047,621	65	-
Net purchase	10,228,311	100	-	Net purchase	10,882,579	100	-

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

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

Unit: NT$ thousand; %

2020				2021			
Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer	Name	AMOUNT	Percentage of net sales in the whole year (%)	Relationship with the Issuer
A	5,762,113	38	Stakeholders	A	5,864,527	36	Stakeholders
Others	9,287,835	62	-	Others	10,617,159	64	-
Net sales	15,049,948	100	-	Net sales	16,481,686	100	-

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

(VI)Production value table in the past two year

Unit: km; NT$ thousand

Year / Main Products	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Functional film	35,328	24,698	10,469,986	37,000	26,514	10,297,448
Others	-	-	364,864	-	-	332,215
Total	35,328	24,698	10,834,850	37,000	26,514	10,629,663

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

Unit: km2; NT$ thousand; %

Year / Main Products	2020				2021			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Functional film	11,772	4,468,700	25,992	9,213,635	10.863	4,438,179	28,081	10,398,742
Others	-	430,694	-	936,919	-	433,086	-	1,211679
Total	11,772	4,899,394	25,992	10,150,554	10,863	4,871,265	28,081	11,610,421

Employee information

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

Year		2020	2021	2022-04-18
Number of Employees	Direct employees	912	1,016	999
	Indirect employees	599	699	722
	Total	1,511	1,715	1721
Average age (age)		35.4	35.4	36.2
Average years of service (years)		6.2	6.2	6.3
Education distribution ratio (%)	PhD	2	2	2
	Master's	22	23	24
	Bachelor's	42	44	44
	High school	32	29	29
	Below high school	2	1	1

Environmental protection expenditure information

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

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

- In August 2021, the Taoyuan plant was fined NT$ 60,000 in accordance with Article 31, Paragraph 1, Clause 2 of the Waste Disposal Law, due to the discrepancy in the reported quantity caused by the wrongful setting of the number of storage quantities in the waste statistics table. This is missing declaration, however it has not caused environmental pollution.
- In August 2020, the Taoyuan factory was fined NT$9,000 for not changing its waste personnel. This is a lack of changes in the setting of dedicated personnel and has not caused environmental pollution.
- In June 2020, the Taoyuan plant failed to declare the amount of butyl acrylate released to the competent authority before May 10, 2020, violating the toxic chemical substance operation and release record management methods, and each was fined NT$ 60,000. This is missing declaration, however it has not caused environmental pollution.

(II) Future countermeasures (including improvement measures)

Improvement measures:

- Therefore, in order to prevent the issue happening again, the numerical digits of the factory statistics should be changed to three digits, and the value should be confirmed through repeat calculation; the data should be cross-reference with Taiwan operation factory to confirm the reported value.
- For the reporting work of the competent authority, we make a tracking form, include it in the reporting schedule and complete the reporting feedback mechanism.

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

Recently won public awards:

- In 2021, the Taoyuan plant was awarded the Taiwan Sustainability Action Awards ("TSAA") by the Taiwan Institute for Sustainable Energy ("TAISE") for its "Water Conservation and Reuse, Creating Sustainable Circular Economic Benefits".
- In 2021, Longke plant was recognized as an excellent unit for occupational safety and health by Hsinchu Science Park Bureau.
- In 2021, Yunke plant was awarded the excellent unit of labor safety and health in Yunlin County.
- Taoyuan Factory won the first-class award for water conservation performance of the Ministry of Economic Affairs.
- In 2020, Longke Plant was recognized as Excellent Occupational Safety and Health Officer by the Hsinchu Science Park Bureau.
- Yunke Factory was awarded an Excellent Unit for Workplace Safety, Hygiene and Health Promotion.
- In 2016 ~ 2021, Taoyuan plant assisted Taoyuan City Government in the adoption of Nankanxi River and was awarded the Excellent Award.

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

Employment relations management

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

1. BenQ Materials Human Rights Policy

(1) Human Rights Policy: BenQ values and respects the equality of labour rights, and follows international labour standards, the Global Sullivan Principles, the United Nations Guiding Principles on Business and Human Rights, the Responsible Business Alliance Code of Conduct ("RBA") and other relevant human rights standards, the laws and regulations of the countries where the business operates, and the norms of the ISO 45001 Occupational Safety and Health Management System.

(2) Commitments to human rights

- Creating a safe and secure working environment to retain employees and increase employee engagements
- Establishing internal grievance procedures to handle discrimination cases fairly
- Implementing prevention management and auditing system to ensure work environment safety and operational safety

(3) Measures of human rights management:

- implementing workplace protection that is tailored for employees with various working ages, working hours, wages and benefits, humane treatment, advocating non-discrimination conducts, respecting freedoms of assembly and association, establishing management mechanisms, and promoting execution of the mechanisms to ensure that employees' human rights are properly taken care of.
- The Company will promote a healthy and positive labour-management relationship by holding regular labour meetings, setting up multiple communication or complaints channels on matters that violate

labour rights and interests, handling complaints or incidents confidentiality, creating a corporate environment that respects, cares for and protects human rights, and protect the rights of collective bargaining of labour organizations.

- There has been no use of child labour, forced labour, etc.
- In order to protect the rights and interests of employees and BenQ intellectual property, the employment contract should be signed with employees on the first day of employment. The employment contract has also clearly outlined the minimum notice period for the termination in accordance with the laws and regulations of where the Company operates.
- The Company offers regular training courses on unlawful infringement, executes unsafe equipment improvement projects, and advocates safety conducts.
- BenQ has committed itself to protecting employees' rights and interests and safeguarding human rights, and BenQ has established a number of regulations and measures in parallel with the implementation of various management systems.

(4) Human Rights Risk Mitigation Measures: BenQ takes the following actions to ensure that its corporate code of conduct is consistent with the Responsible Business Alliance Code of Conduct (RBA Code of Conduct).

(5) Human Rights Due Diligence Process: In accordance with RBA standards, we conduct regular internal audits and fully cooperate with external stakeholders to investigate and identify human rights issues and high-risk groups.

Objects	Affected objects	Human Rights Issues	Evaluation/Communication Pipeline	Mitigation Measures
Employees	Pregnant and breastfeeding colleagues	1. Health (Pregnant and breastfeeding) 2. Workplace Safety 3. Employee opinion platform	1. Abnormal fetus or miscarriage or poor breastfeeding 2. Workplace or work content affecting fetal health	Planning and executing maternity protection programs
Employees	All employees	Health	1. Poor health check results 2. Occupational diseases or occupational disasters	1. Reminder and advocacy of health check 2. Health Promotion Campaign 3. Health consultation clinic for resident physicians

(6) Training of human rights protection

- The framework of internal communication: to provide pre-employment training for new recruits to comply with relevant laws and regulations, including the prohibition of forced labour and child labour, anti-discrimination, anti-harassment, working hours management, and safeguarding humane treatment.
- Offering online courses that target unlawful infringement: to understand the concept of unlawful infringement, the prevention of abuse, and approaches of the Company handling workplace abuse.
- Providing a complete series of occupational safety training: to provide different safety trainings targeting issues that different types of employees may encounter in the workplace, such as fire training, emergency response training, first responder training, general safety and health education training, plant safety training, newly promoted supervisor safety training, etc.

(7) Results of Human Rights Management Policy

- The rate of regular employees completing the training program relating to unlawful infringement achieved 100% in 2021.

- There are no cases relating to child labour, employment discrimination, workplace discrimination, unlawful assault, sexual harassment, etc. in 2021.
- The settlement rate of employee complaints through the grievance procedure pipeline reached 100% in 2021.
- The FSI of 2021 was 0.12, which failed the target of zero disabling injuries.

2. Employee welfare measures and their implementation:

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

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

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

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

3. Education and training and its implementation:

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

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

(2) On-the-job postgraduate training:

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

Item	2020			2021		
	Total person-times (Person)	Total Hours (hour)	Total fees (NT$: thousand)	Total person-times (Person)	Total Hours (hour)	Total fees (NT$: thousand)
New recruit training	323	928	37	977	1,770	185
Professional job training	1,175	5,060	965	2,570	8,132	1,810
Supervisor training	770	4,354	919	516	1,569	2,427
General training	1,001	2,900	505	1,884	1,872	974
Total	3,269	13,242	2,426	5,947	13,344	5,397

4. Retirement system and its implementation:

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

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

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

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

5. Negotiations between employer and employees:

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

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

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

(1) Focus on source management:

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

(2) Promote safety culture:

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

(3) Strengthen communication and training on hazard prevention

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

(4) Promote employee health

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

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

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

Important contract

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

April 18, 2022

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

Financial Information

I. Financial Highlights

(I) Condensed balance sheet

1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NT$ thousand

Item \ Year		Most Recent 5-Year Financial Information				
		2021	2020	2019	2018	2017
Current assets		6,714,324	5,552,093	4,572,402	4,788,590	4,916,832
Property, plant and equipment		4,493,229	4,349,216	4,357,273	4,331,733	4,586,016
Intangible assets, net		165,773	34,254	44,578	44,663	50,155
Other Assets		1,136,602	1,123,888	1,353,668	1,178,174	657,313
Total Assets		12,509,928	11,059,451	10,327,921	10,343,160	10,210,316
Current liabilities	Before distribution	5,794,518	4,970,859	3,977,707	4,089,202	4,131,643
	After distribution	Before distribution	5,195,331	4,138,044	4,281,607	4,420,250
Non-current liabilities		1,558,807	1,765,817	2,219,246	2,069,943	1,947,865
Total Liabilities	Before distribution	7,353,325	6,736,676	6,196,953	6,159,145	6,079,508
	After distribution	Before distribution	6,961,148	6,357,290	6,351,550	6,368,115
The right attributable to the owner of the parent company		5,403,330	4,322,775	4,130,968	4,125,863	4,130,808
Share capital		3,206,745	3,206,745	3,206,745	3,206,745	3,206,745
Capital surplus		5,808	11,427	5,618	2,734	2,723
Retained earnings	Before distribution	1,934,086	1,188,137	952,501	911,104	871,162
	After distribution	Before distribution	963,665	792,164	718,699	582,555
Other rights		(103,309)	(83,534)	(33,896)	5,280	50,178
Treasury Stock		-	-	-	-	-
Non-controlling rights		113,273	-	0	58,152	-
Total Equity	Before distribution	5,156,603	4,322,775	4,130,968	4,184,015	4,130,808
	After distribution	Before distribution	4,098,303	3,970,631	3,991,610	3,842,201

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

2. International Financial Reporting Standards-Individual Financial Statements

Unit: NT$ thousand

Item \ Year		Most Recent 5-Year Financial Information				
		2021	2020	2019	2018	2017
Current assets		6,098,420	5,135,563	4,153,215	4,298,318	4,763,679
Property, plant and equipment		3,610,070	3,229,360	3,195,212	3,038,812	3,081,644
Intangible assets, net		30,634	21,090	22,125	13,139	13,119
Other Assets		2,461,033	2,481,066	2,702,663	2,616,341	2,322,645
Total Assets		12,200,157	10,867,079	10,073,215	9,966,610	10,181,087
Current liabilities	Before distribution	5,649,461	4,803,917	3,783,109	3,828,897	4,130,013
	After distribution	Before distribution	5,028,389	3,943,446	4,021,302	4,418,620
Non-current liabilities		1,507,366	1,740,387	2,159,138	2,011,850	1,920,266
Total Liabilities	Before distribution	7,156,827	6,544,304	5,942,247	5,840,747	6,050,279
	After distribution	Before distribution	6,768,776	6,102,584	6,033,152	6,338,886

Item / Year		Most Recent 5-Year Financial Information				
		2021	2020	2019	2018	2017
Share capital		3,206,745	3,206,745	3,206,745	3,206,745	3,206,745
Capital surplus		5,808	11,427	5,618	2,734	2,723
Retained earnings	Before distribution	1,934,086	1,188,137	952,501	911,104	871,162
	After distribution	Before distribution	963,665	792,164	718,699	582,555
Other rights		(103,309)	(83,534)	(33,896)	5,280	50,178
Treasury Stock		-	-	-	-	-
Total Equity	Before distribution	5,043,330	4,322,775	4,130,968	4,125,863	4,130,808
	After distribution	Before distribution	4,098,303	3,970,631	3,933,458	3,842,201

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

(II) Condensed income statement

1. International Financial Reporting Standards - Consolidated Financial Statements

Unit: NT$ thousand

Item / Year	Most Recent 5-Year Financial Information				
	2021	2020	2019	2018	2017
Sales Revenue	16,481,686	15,049,948	13,942,969	12,764,171	11,132,587
Gross Profit	3,056,537	2,273,534	2,142,028	1,850,177	1,745,900
Operating net profit (loss)	977,318	547,373	353,857	439,629	295,990
Non-operating income and (expense)	230,654	(37,594)	(19,364)	(67,335)	249,306
Net profit (loss) before tax	1,207,972	509,779	334,493	372,294	545,296
continuing operations Net (loss) in the current period	1,207,972	509,779	334,493	372,294	545,296
Loss from Discontinued Operations	-	-	-	-	-
Net (loss) in the current period	969,527	395,973	256,740	325,374	525,127
Other comprehensive (loss) in the current period (after Tax)	(20,909)	(49,638)	(39,087)	(44,855)	(27,168)
Comprehensive (loss)	948,618	346,335	217,653	280,519	497,959
Net belongs to the owner of the parent company	971,555	395,973	257,124	328,579	525,127
Net belongs to non-controlling right	(2,028)	-	(384)	(3,205)	-
The total profit and loss is attributed to the owner of the parent company	950,646	346,335	217,948	283,681	497,959
Comprehensive profit and loss total attribution from non-controlling right	(2,028)	-	(295)	(3,162)	-
Earning per share (loss)	3.03	1.23	0.80	1.02	1.64

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

2. International Financial Reporting Standards-Individual Financial Statements

Unit: NT$ thousand

Item \ Year	Most Recent 5-Year Financial Information				
	2021	2020	2019	2018	2017
Sales Revenue	15,898,350	14,207,202	13,058,534	12,252,741	11,019,282
Gross Profit	2,341,237	1,843,603	1,826,809	1,652,841	1,660,403
Operating net profit (loss)	815,259	573,884	514,714	558,115	431,636
Non-operating income and (expense)	383,158	(81,945)	(193,104)	(194,490)	97,088
Net profit (loss) before tax	1,198,417	491,939	321,610	363,625	528,724
Net (loss) in the current period	971,555	395,973	257,124	328,579	525,127
Other comprehensive (loss) in the current period (after Tax)	(20,909)	(49,638)	(39,176)	(44,898)	(27,168)
Comprehensive (loss)	950,646	346,335	217,948	283,681	497,959
Net belongs to the owner of the parent company	-	-	-	-	-
Net belongs to non-controlling right	-	-	-	-	-
The total profit and loss is attributed to the owner of the parent company	-	-	-	-	-
Comprehensive profit and loss total attribution from non-controlling right	-	-	-	-	-
Earning per share (loss)	3.03	1.23	0.80	1.02	1.64

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

(III) Names and auditing opinions of CPAs

Year	2021	2020	2019	2018	2017
CPA	Tsih-Jieh, Tang	Tsih-Jieh, Tang	Tsih-Jieh, Tang	Wei-Ming, Shih	Wei-Ming, Shih
	Wei-Ming, Shih	Wei-Ming, Shih	Wei-Ming, Shih	Hui-zhen, Zhang	Hui-zhen, Zhang
Opinion	No reserve	No reserve	No reserve	No reserve	No reserve

II. Financial Analyses for the Past Five Fiscal Years

1. International Financial Reporting Standards-Consolidated Financial Statements

Analysis Item (Year)		Financial Analyses for the Past Five Fiscal Years				
		2021	2020	2019	2018	2017
Financial structure (%)	Debt ratio	58.8	60.9	60.0	59.6	59.5
	Ratio of long-term capital to property, plant, and equipment	149.5	140.0	145.7	144.4	132.6
Solvency (%)	Current ratio	115.9	111.7	115.0	117.1	119.0
	Quick ratio	63.4	57.3	59.6	64.3	75.2
	Interest coverage ratio	29.7	9.3	5.1	6.1	8.8
Operating ability	Accounts receivable turnover rate (times)	6.3	7.2	6.8	5.0	4.2
	Average days for cash receipts (days)	58	51	54	73	88
	Inventory turnover rate (times)	5.2	5.9	6.1	6.1	6.1
	Accounts payable turnover rate (times)	4.0	4.2	4.3	4.3	3.9
	Average days for sale of goods	71	62	60	59	60
	Property, plant, and equipment turnover rate (times)	3.7	3.5	3.2	2.9	2.4
	Total assets turnover rate (times)	1.3	1.4	1.4	1.2	1.1
Profitability	Return on total assets (%)	8.5	4.2	3.1	3.7	5.7
	Return on shareholders' equity (%)	20.5	9.3	6.2	7.8	13.5
	Ratio of income before tax to paid-in capital (%)	37.7	16.0	10.4	11.6	17.0
	Net profit margin (%)	5.9	2.6	1.8	2.5	4.7
	Earnings (loss) per share	3.03	1.23	0.80	1.02	1.64
Cash flows	Cash flow ratio (%)	17.5	22.2	28.5	52.2	7.9
	Cash flow adequacy ratio (%)	96.0	93.7	110.0	111.1	152.8
	Cash reinvestment ratio (%)	11.7	15.5	14.8	29.5	5.34
Leverage	Operating leverage	4.1	6.0	8.7	6.7	9.1
	Financial leverage	1.0	1.1	1.3	1.2	1.3

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

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

2. International Financial Reporting Standards-Individual Financial Statements

Analysis Item (Year)		Financial Analyses for the Past Five Fiscal Years				
		2021	2020	2019	2018	2017
Financial structure	Debt ratio	58.66	60.22	58.99	58.60	59.43
	Ratio of long-term capital to property, plant, and equipment	181.46	187.75	196.86	201.98	196.36
Solvency	Current ratio	107.95	106.90	109.78	112.26	115.34
	Quick ratio	61.84	58.57	62.43	65.32	76.13
	Interest coverage ratio	30.03	9.26	5.07	6.31	8.96
Operating ability	Accounts receivable turnover rate (times)	5.81	6.68	6.44	4.92	4.12
	Average days for cash receipts (days)	62.84	54.62	56.66	74.25	88.52
	Inventory turnover rate (times)	5.77	6.30	6.52	6.43	6.23
	Accounts payable turnover rate (times)	3.83	4.00	4.03	4.03	3.62
	Average days for sale of goods	63.30	57.98	56.00	56.77	58.54
	Property, plant, and equipment turnover rate (times)	4.40	4.40	4.09	4.03	3.58
	Total assets turnover rate (times)	1.30	1.31	1.30	1.23	1.08
Profitability	Return on total assets (%)	8.14	3.33	1.94	2.72	4.62
	Return on shareholders' equity (%)	20.75	9.37	6.23	7.96	13.53
	Ratio of income before tax to paid-in capital (%)	37.37	15.34	10.03	11.34	16.49
	Net profit margin (%)	6.11	2.79	1.97	2.68	4.77
	Earnings (loss) per share	3.03	1.23	0.80	1.02	1.64
Cash flows	Cash flow ratio (%)	11.45	18.08	29.36	49.79	1.90
	Cash flow adequacy ratio (%)	87.61	91.84	111.27	107.40	133.27
	Cash reinvestment ratio (%)	6.45	11.68	14.60	26.36	1.29
Leverage	Operating leverage	4.01	4.54	4.97	4.56	5.63
	Financial leverage	1.05	1.12	1.18	1.14	1.18

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

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

The calculation formula of the analysis item is as follows:

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

III. Audit Committee Check Report

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

Sincerely,
BenQ Materials Co., Ltd. 2022 Regular Shareholders' Meeting

Convener of the Audit Committee:

葉福海

February 24, 2022

The Board of Directors has prepared the proposed profit distribution for 2021. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Sincerely,
BenQ Materials Co., Ltd. 2022 Regular Shareholders' Meeting

Convener of the Audit Committee:

葉福海

May 3, 2022

IV. Consolidated Financial Statements and Independent Auditors' Report of the most recent year: please refer to Appendix 1 (Pages 91-170).

V. Individual Financial Statements and Independent Auditors' Report for the most recent year: Please refer to Appendix 2 (Pages 171-248).

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

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

Review and analysis of financial conditions

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

Unit: NT$ thousand; %

Item \ Year	2021	2020	Difference	
			AMOUNT	%
Current assets	6,714,324	5,552,093	1,162,231	21
Long-term investment	221,918	196,876	25,042	13
Property, plant and equipment	4,493,229	4,349,216	144,013	3
Intangible assets, net	165,773	34,254	131,519	384
Other Assets	914,684	927,012	(12,328)	(1)
Total Assets	12,509,928	11,059,451	1,450,477	13
Current liabilities	5,794,518	4,970,859	823,659	17
Non-current liabilities	1,558,807	1,765,817	(207,010)	(12)
Total Liabilities	7,353,325	6,736,676	616,649	9
Share capital	3,206,745	3,206,745	0	0
Capital surplus	5,808	11,427	(5,619)	(49)
Cumulative profit (loss)	1,934,086	1,188,137	745,949	63
Other equity interest	(103,309)	(83,534)	(19,775)	24
Non-controlling interest	113,273	-	113,273	100
Total shareholder equity	5,156,603	**4,322,775**	833,828	19

Explanation of material changes in financial ratios:

1. Current assets: Mainly driven by the expansion of operation scale.
2. Intangible assets ： Mainly defined by the appraisal value of subsidiaries' intangible assets.
3. Capital reserve: Mainly due to changes in net worth of the shares of the invested company.
4. Cumulative profit and loss: Mainly driven by the increase in net profit this year.
5. Other rights: Mainly due to exchange rate changes.
6. Non-controlling interest ： the portion of equity ownership in subsidiaries

Evaluation and analysis of operation results

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

Unit: NT$ thousand; %

Item \ Year	2021	2020	Change, by Percentage	
			Change, by Amount	%
Net Sales	16,481,686	15,049,948	1,431,738	10
Operating costs	13,425,149	12,776,414	648,735	5
Gross Profit	3,056,537	2,273,534	783,003	34
Operating Expenses	2,079,219	1,726,161	353,058	20
Operating net profit (loss)	977,318	547,373	429,945	79
Non-operating income and (expense)	230,654	(37,594)	268,248	(714)
Net profit (loss) before tax	1,207,972	509,779	698,193	137
Income tax benefit (fee)	(238,445)	(113,806)	(124,639)	110
Net (loss) in the current period	969,527	395,973	573,554	145

Explanation of material changes in financial ratios:

1. Operating profit: the decrease in operating costs will create an increase in operating profit.
2. Operating expenses: the increase in operating expenses is mainly because of the increase in marketing expenses and research and development expenses.
3. Operating net income (loss) and net income (loss) for the period: the increase in operating net income and net income for the period are mainly due to the increase in revenue and gross profit.
4. Non-operating income and (expenses): Mainly due to the differences of exchange rate.
5. Income tax benefits (expenses): Mainly due to the increase in the provision of income tax.

Review and analysis of cash flow

Changes in consolidated cash flow in 2021:

(In Thousands of New Taiwan Dollars)

Year	Cash at Beginning of Year	Net Cash Flows from Operating Activities	Net cash flow from investment activities throughout the year	Net cash flow from financing activities throughout the year	Cash surplus(Including exchange rate influence)
2020	196,254	1,103,302	(662,229)	(522,306)	148,243
2021	148,243	1,012,949	(645,769)	(213,187)	278,127
Change rate(%)	-24.46%	-8.19%	-2.49%	-59.18%	87.62%

(I) Notes to increase/decrease:

Financing activities：Mainly due to the difference between the borrowing and the payment of bank loan and cash dividends in two periods.

(II) Analysis of cash liquidity in the coming year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities, and the status of financial markets into consideration.

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

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

The reinvestment policy of the company focuses on related core business and develops in the field of materials science, making good use of core technologies (polymer, precision coating, ejection and extrusion, optics, precision engraving, and process of roll-to-roll), which will adopt lean production policies, strictly control expenditures, and actively develop potential customers with horizontal integration of industries chain. At the same time, the technical team will continue to derive other applications to create higher added value to enhance the reinvestment business. The Company's net income from equity investments under the equity method that were recognized in the 2021 Consolidated Financial Statements was NT$71,259 thousand. In the future, the Company will continue to invest in core business-related strategies, and focus on brand management and new business development.

Risk Management

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

(I) Risk management vision:

1. Undertake to continue to provide products and services to create long-term value for customers, shareholders, employees and society.

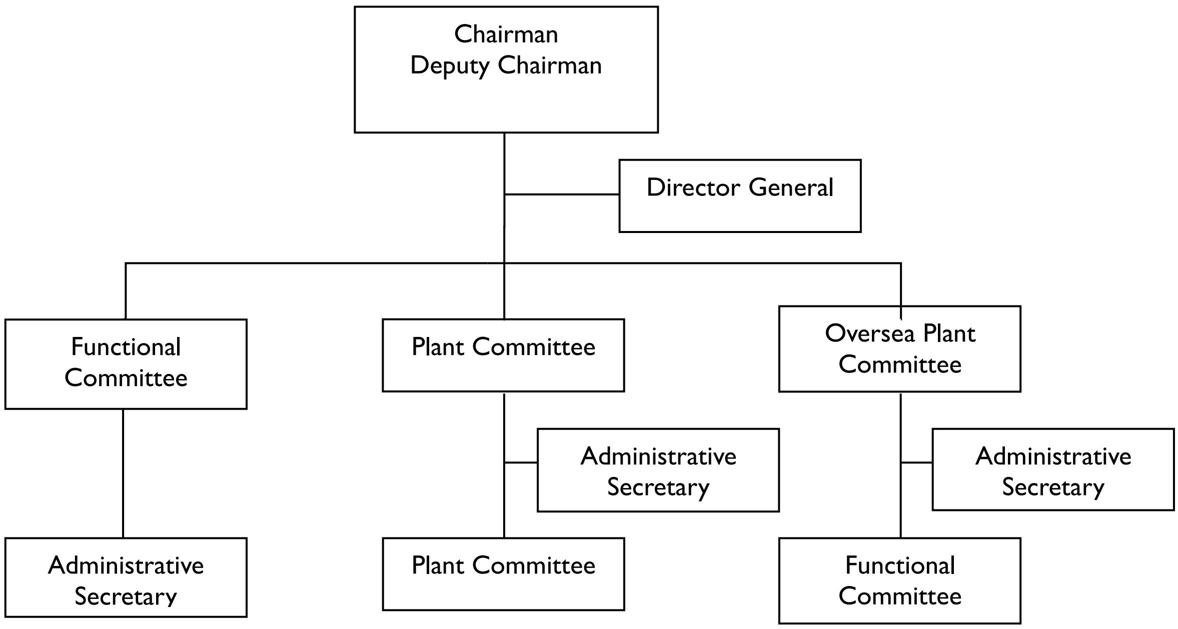
2. Risk management must have systematic risk management procedures and organizations to identify, evaluate, process, report and monitor major risks that affect the company's viability, and enhance the risk awareness of all employees.
3. Risk management is not the pursuit of "zero" risk, but the pursuit of maximum benefit under the condition of acceptable risk to optimize the risk management cost.

(II) Risk management policy:

1. Ensure the company's sustainable operation, establish a risk management committee, and identify, evaluate, process, report, and monitor the risks that may negatively affect the company's operating goals every year.
2. Identify and control risks before an accident occurs, suppress losses when an accident occurs, and quickly resume product and service provision after an accident; and formulate a business continuity plan for major risk scenarios identified by the Risk Management Committee.
3. For the risk that does not exceed the risk tolerance, the risk management cost must be considered and treated with different management tools, but the following conditions are not limited to this.
   - Negative impact on the safety of employees.
   - Negative impact on the company's goodwill.
   - Cause violation of laws and regulations.

(III)Risk management structure and responsibilities:

Risk Management Committee Organization



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

Risk management and evaluation

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

Changes in interest rate:

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

Changes in exchange rate:

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

Inflation:

The price has risen steadily in recent years, which has no significant impact on the results of the company's 2021 consolidated operations. The Company and its subsidiaries will continue to pay close attention to the inflation situation and appropriately adjust the product selling price and inventory to reduce the impact of inflation on the company and its subsidiaries.

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

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

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

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

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

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

For future R&D plans, please refer to page 59 of Operational Highlights of the Annual Report.

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

(1) The relevant units of the company have always paid close attention to and mastered the policies and laws that may affect the operation of the company, and cooperated with the adjustment of internal systems to ensure the smooth operation. Therefore, recent changes in relevant laws and policies have no significant impact on the company's financial and business operations.

(2) The company's business philosophy is compliance with relevant laws and regulations as the highest guiding principle; therefore, the company's management team always pays attention to the changes of various relevant laws and regulations, and expects to respond to the different situations arising from the changes of regulations at any time. To date, the changes are not expected to result in a significant change in the Company's strategy.

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

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

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

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

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

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

(VIII) Expected benefits and possible risks of plant expansion

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

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

(IX) Risks encountered in concentration of purchases or sales

1. The risks and countermeasures of purchases concentration:

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

2. The risks and countermeasures of sales concentration:

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

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

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

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

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

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

(1) Major litigation, non-litigation or administrative litigation in which the company is currently involved: None.

(2) Where the Directors, Supervisors, general managers, substantive responsible persons, major shareholders, and affiliated companies with a shareholding ratio of more than 10% have decided on major litigation, non-litigation, or administrative litigation events that have been confirmed or are still affiliated in the last two years and up to the date of publication of the annual report, and the results may have a significant impact on shareholders' rights and interests or securities prices:

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

1. A number of direct and indirect consumers in the United States filed a class-action lawsuit for damages in September 2010 on the grounds that Qisda was suspected of participating in ODD (Optical Disk Drive) product pricing agreements and violated US anti-trust laws. A settlement has been reached on the part of the class action of the direct consumer on February, 2020. Other cases have been settled by the plaintiffs.
2. A number of direct and indirect consumers in Canada filed a class-action lawsuit for damages in January 2012 on the grounds that the Company participated in the pricing agreement of ODD (Optical Disk Drive) products and violated Canadian antitrust laws. The Company has appointed a lawyer to deal with it. The final result is yet to be determined.

(XIII) Impact and risk of information system

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

1. Information Security Management Framework

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

2. Information Security Policy

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

3. Control of information security and network risks

   Cyber attacks are ever evolving and changing, and information systems cannot completely prevent any third-party denial-of-service attacks. Cyber attacks may introduce malware to the Company's internal network for intentional damage or information theft via emails, online phishing, or brute-force attacks. Brute-force attacks may force the Company's production and operations to stop, while information theft attacks may lead to leaks of material operating information, or personal information from employees or customers. The Company adopts active information security strengthening procedures. Besides introducing next-generation firewalls, email filtering, Internet access protection, operating system updates, installing anti-virus software, and 24/7 managed security service, the Company also evaluates risks related to information security each quarter through internal risk management system and reports status of risk control and improvement plans to the Risk Management Committee to control and mitigate relevant cyber risks. In view of the recent frequent hacking attacks, in order to reduce the company's huge losses due to major information security incidents, the company has already bought information security insurance in 2020. In order to effectively strengthen the overall information security governance capabilities, it is planned to introduce the ISO27001 information security international standard in 2022.

4. Employee regular information security training

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

5. The company did not have any major cyberattacks that impacted the company's operations in 2021.

(XIV) Impact and Risk of Intellectual Property Management

1. Strategies and Targets of Intellectual Property

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

In order to establish the patent management and trademark management required for the R&D cycle and the company's intellectual property management, and to deepen the company's trade secrets management, the company is promoting four major policies, including:

(1) Implementing corporate governance compliance and intellectual property management
(2) Deepening key technologies and completing the layout of intellectual property
(3) Raising employees' awareness of protecting intellectual property and creating intellectual property value
(4) Protecting the use of R&D achievements and strengthening the protection of business secrets

2. Intellectual Property Management System

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

Meanwhile, the Company has promoted and implemented the intellectual property management system actively, and has followed the Taiwan Intellectual Property Management System (TIPS) to systematical protect the achievements of R&D and maintain the technology competitiveness. The Company has obtained TIPS Class A certification in 2021, with certificate No. TIPS-20221-CERT.-052. The main measures in the intellectual property management system are as follows:

(1) Patents
The Intellectual Property Office is the principal entity responsible for the Company's patent-related activities. In the relevant regulatory documents, the patent management system has specified patent-related management measures, to deal with issues relating to patent proposal examination, R&D record management, patent evaluation and patent maintenance, incentive scheme, and dispute settlements.

(2) Trademarks
The legal department is the principal entity responsible for the Company's trademark-related activities. In the relevant regulatory documents, the trademark management system has specified trademark-related management measures, to deal with issues relating to trademark design, development and search process, trademark proposal examination, trademark evaluation and trademark maintenance, and dispute settlement.

(3) Confidential Information Management
In order to protect the Company's confidential information, the Company has specified the operating rules to the new and terminated employees, with regards to the ownership of intellectual property, the obligations of protecting confidential information, and the non-infringement of the former Company's intellectual property. The Company also requires suppliers to sign relevant documents in the purchase contracts to respect and protect the Company's operation secrets.

3. Implementation of intellectual property management

The Company has integrated the intellectual property management system with the operational strategy, in compliance with the intellectual property management plan. The outcomes of the implementation have been reported to the fifth Board of Directors' meeting in 2021 on October 29, 2021. The execution of management includes:

(1) Organizing working groups to study the training course "Implementation of TIPS System Operation", allowing working group members to well-establish and implement the intellectual property management system through cross-departmental collaboration;

(2) Standardizing the intellectual property management to facilitate intellectual assets' planning, examination, streamlining, assessments, maintenance, documentation and record management, and further establishing a patent and trademark management system to manage intellectual assets;
(3) Effectively controlling and managing the maintenance process of domestic and foreign intellectual property documents and intellectual property assets using the intellectual property management system; Irregularly updating the management system and control procedures in accordance with changes in domestic and foreign intellectual rights laws and regulations to maintain the effectiveness of the patent management system;
(4) Using an incentive system to encourage employees to obtain intellectual property protection, through patents or trade secrets, etc, for R&D results;
(5) Revising the management process of confidential documents of intellectual property, including the use and storage of the documents, confidentiality period, decryption and destruction, etc; Strengthening the management mechanism of R&D to prevent the risk of infringement and leakage of business secrets.
(6) Establish a patented technology system and regularly provide patented technology trends for the heads of technology research and product development units to share technical information and review company strategies;
(7) and R&D cycle internal audit procedures are regularly initiated to confirm that the acquisition, maintenance and use of intellectual property rights are handled in accordance with the company's regulations.
(8) In order to protect the company’s intellectual property rights, employees sign relevant employment contracts at the time of taking office. The contracts legally stipulate that the job invention is the company’s intellectual property rights, and during term of office and after resignation, and the company’s intellectual property rights and business secrets shall be kept confidential;
(9) Organizing related training courses to raise employees' awareness of protecting the intellectual property.

4. Intellectual property achievements

As of December 2021, the Company has filed over 1,170 patent applications worldwide and has obtained more than 770 patents covering wide-ranging applications that focus on materials science technology. In addition, as of December 2021, the Company has filed more than 400 trademark designs worldwide and has obtained 354 trademark exclusivity rights, with more than 40 applications still pending. The huge amount of patent information is systematically managed through the BenQ material patent database to effectively grasp the patent application, certification progress, and subsequent maintenance and operation.

5. Education Training

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

6. Advantages and Contributions of Intellectual Property to Business Operations

Through the integration of intellectual property management, operations strategies, and R&D, the Company is able to demonstrate the value and power of intellectual property and generate profits. Meanwhile, we can effectively understand the trend of technology development before R&D, to capture market opportunities and create competitive advantages in the industry. The company can further consolidate R&D achievements, increase the company's R&D value, accumulate R&D capacities, and reduce the risk of intellectual property disputes.

In terms of intellectual property management, the Company has implemented standardized documentation and management of intellectual property, promote cross-departmental communication and collaboration, and prevent leakage of information and infringement of rights.

7. The Outlook of Intellectual Property Management

BenQ specializes in the development of "material science" and prides itself on developing innovative technologies and applications that bring authenticity and beauty to technological life. The Company is becoming a multi-product, multi-technology and multi-application company that provides unique value and satisfaction to customers through continuous innovation.

With the help of the TIPS system this year, the company has effectively control the risks realting to intellectual property, and further convert the intellectual property to operational benefits. In the future, the Company will continue to review the effectiveness of the TIPS system, gradually standardize the management regulations, strengthen the corporate governance, and achieve company sustainability.

8. The company has no major intellectual property-related litigation or non-litigation cases in 110.

(XV) Other important risks and countermeasures: None.

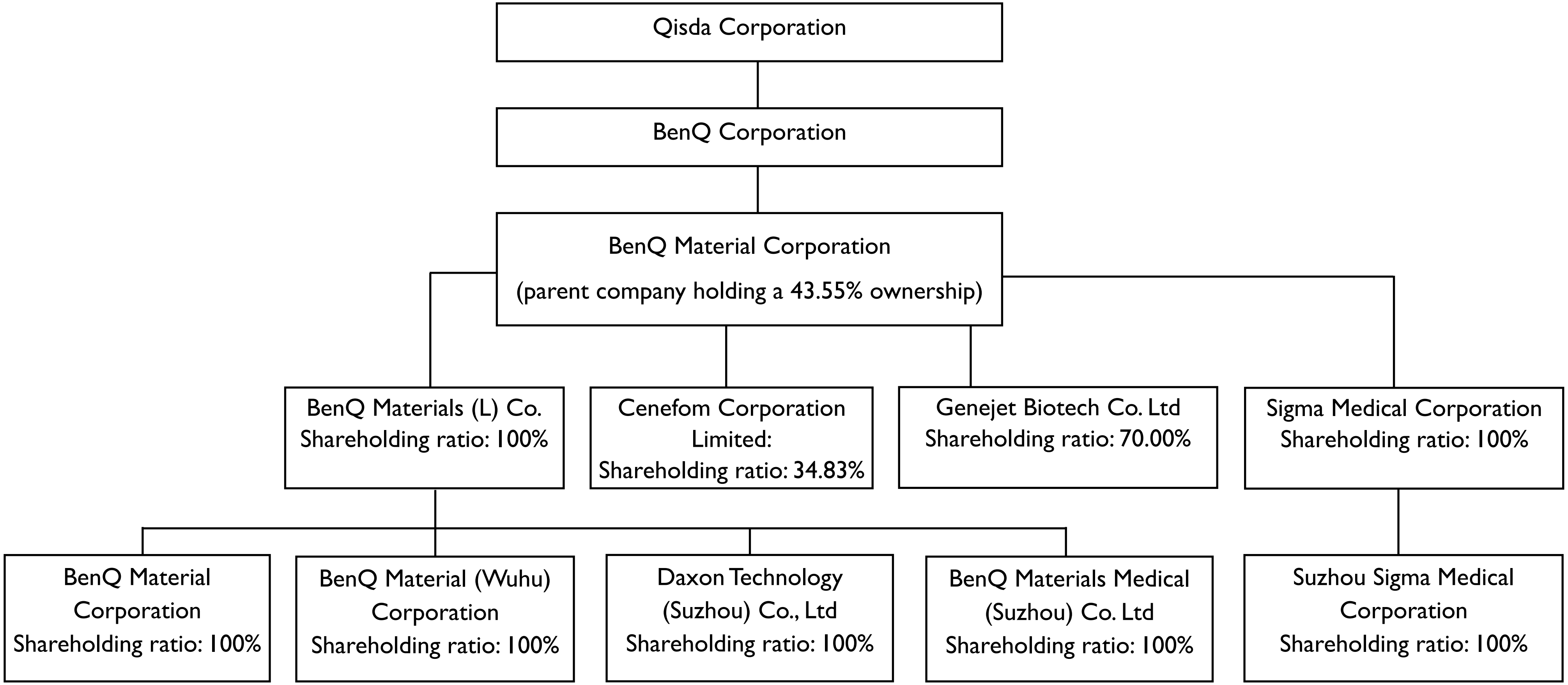
Other important matters

None

Special Disclosure

Affiliated Company Related Information

(I) Organization chart



(II) Basic information of related companies

2021-12-31; Unit: NT$ thousand

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
BenQ Materials (L) Co.	2000.09.07	Level 15(B), Main office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia	1,141,340	Investment holding company
BenQ Material Corporation	2000.09.29	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	802,720	Processing of functional film products
Daxon Technology (Suzhou) Co., Ltd	2009.05.08	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	47,799	Provide services and sales of medical devices and other related products
BenQ Material (Wuhu) Corporation	2010.11.05	No. 106 Huajin South Road, High-tech Development Zone, Yijiang District, Wuhu City, Anhui Province, China	347,632	Manufacturing and sales of functional films and cosmetic-related products
BenQ Materials Medical (Suzhou) Co. Ltd	2019.07.08	No. 13 Chunhui Road, Suzhou Industrial Park, Suzhou City, China	65,181	Manufacturing and sales of medical devices
Sigma Medical Corporation	1979.04.21	No. 29 Jianguo East Road, Guishan District, Taoyuan City	20,000	Manufacturing and sales of medical devices
Suzhou Sigma Medical Corporation	2000.12.15	No. 33, Yuexi Mulin Road, Wuzhong District, Suzhou city, China	44,067	Manufacturing and sales of medical devices
Cenefom Corporation Limited	2013.01.04	1F, No. 50-5, Keyan Road, Zhunan Town, Miaoli County, Hsinchu Science Park	126,860	Research and development, manufacturing and sales of medical equipment
Genejet Biotech Co. Ltd	2011.10.24	3F, No. 56, Lane 77, Xing'ai Road, Neihu District, Taipei City	53,809	Research and development, manufacturing and sales of medical equipment

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

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

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

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

December 31, 2021; Unit: Thousand shares;%

Name of Affiliate	Position	Name or Representative	Shareholding: Number of Shares	Shareholding: Percentage of Ownership
BenQ Materials (L) Co.	Director	BenQ Material Corporation Representative: Zhien-Chi (Z.C.) Chen Sheng-hsiang Wang	35,082	100%
BenQ Material Corporation	Director	BenQ Materials (L) Co. Representative: Ting-yuan Chiang Oliver Liu Charles Liu	-	100%
	Supervisor	Sheng-hsiang Wang		
	General manager	Ting-yuan Chiang		
Daxon Technology (Suzhou) Co., Ltd	Director	BenQ Materials (L) Co. Representative: Wei Chen Ting-yuan Chiang Oliver Liu	-	100%
	Supervisor	Sheng-hsiang Wang		

Name of Affiliate	Position	Name or Representative	Shareholding	
			Number of Shares	Percentage of Ownership
	General manager	Wei Chen		
BenQ Material (Wuhu) Corporation	Director	BenQ Materials (L) Co. Representative: Ting-yuan Chiang Chih-ping Wang Oliver Liu	-	100%
	Supervisor	Sheng-hsiang Wang		
	General manager	Ting-yuan Chiang		
BenQ Materials Medical (Suzhou) Co. Ltd	Director	BenQ Materials (L) Co. Representative: Ching-chi Hsu Ting-yuan Chiang Charles Liu	-	100%
	Supervisor	Sheng-hsiang Wang		
	General manager	Ching-chi Hsu		
Sigma Medical Corporation	Director	BenQ Material Corporation Representative: Zhien-Chi (Z.C.) Chen	2,000	100%
Suzhou Sigma Medical Corporation	Director	Sarah Lin Chih-ping Wang Charles Liu	-	100%
	Supervisor	Sheng-hsiang Wang		
	General manager	Sarah Lin		
Cenefom Corporation Limited	Director	BenQ Material Corporation Representative: Zhien-Chi (Z.C.) Chen Oliver Liu Li-chuan Chiu Chen, Wu	4,418	34.83%
	Supervisor	Sheng-hsiang Wang		
Genejet Biotech Co. Ltd.	Director	BenQ Material Corporation Representative: Sheng-hsiang Wang Oliver Liu Wei Chen	3,767	70%
	Supervisor	Ching-Ning, Huang		

(VI) Financial status and operating results of related companies

2021-12-31; Unit: NT$ thousand

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Worth	Sales Revenue	Operating Income	Profit or loss for the period (After tax)	Earnings Per Share (NT$) (After tax)
BenQ Materials (L) Co.	1,141,340	2,475,004	763,561	1,711,443	2,152,448	682,935	172,521	-
BenQ Material Corporation	802,720	2,241,071	302,389	1,938,681	952,614	218,519	39,145	-
Daxon Technology (Suzhou) Co., Ltd	47,799	39,510	37,649	1,862	254,502	133,980	10,152	-
BenQ Material (Wuhu)	347,632	759,820	1,046,265	(286,445)	416,456	166,094	132,258	-
BenQ Materials Medical (Suzhou)	65,181	394,630	340,530	54,100	634,912	163,223	(2,873)	-
Sigma Medical Corporation	20,000	265,898	247,427	18,472	310,804	26,644	562	-
Suzhou Sigma Medical Corporation	44,067	26,079	326	25,752	3,775	(4,809)	(4,546)	
Cenefom Corporation Limited	126,860	124,500	36,530	87,970	50,869	(14,908)	(11,594)	-
Genejet Biotech Co. Ltd.	53,809	58,984	7,113	51,871	16,730	9,530	(2,670)	

(VII)Related companies consolidated financial statements：

Statement of Declaration

The company's 2021 (from January 1 to December 31, 2021) should be included in the preparation of financial statements of related company consolidations in accordance with the "Relationship Business Combination Business Reports and Related Enterprise Consolidation Financial Statements and Relationship Report Preparation Guidelines" The company is the same as the company that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies according to the International Financial Reporting Standard No. 10 recognized by the Financial Supervisory Commission, and the related information of the consolidated financial statements of the related companies should be disclosed in the consolidated financial statements of the parent and subsidiary companies. All have been disclosed, and no longer prepare separate consolidated financial statements of related enterprises.

Sincerely,

Company Name: BenQ Material Corporation

Chairman: Zhien-Chi (Z.C) Chen

Date: February 24, 2022

(VIII) Affiliated enterprise report: Not applicable

Other necessary supplement

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

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

(III) Other necessary supplementary notes: None.

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

Statement of Declaration

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

Hereby certify

Company Name: BenQ Materials Corporation

Chairman: Chen Chien-Chih

Date: February 24, 2022

Independent Auditor's Report

To: The Board of Directors of BenQ Materials Corporation

Opinions on the audit

We have audited the Consolidated Balance Sheets of BenQ Materials Corporation and its subsidiaries (the BenQ Corporation) as of December 31, 2021 and 2020, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021 and 2020.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of BenQ Materials Corporation and subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the annual periods ended December 31, 2021 and 2020 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis of opinions on the audit

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 Consolidated Financial Statements of BenQ Materials Corporation and its subsidiaries. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountant's judgment should communicate the key audit matters on the audit report as follows:

1. Inventory Valuation

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

Description:

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

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

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

Other Matters

BenQ Materials Corporation has also compiled Individual Financial Statements for 2021 and 2020, and they have also received an unqualified audit opinion from our CPA for your reference.

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

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

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

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

The Accountants' Responsibilities in Auditing the Consolidated Financial Statements

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

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

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of BenQ Materials Corporation to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause BenQ Materials Corporation to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present related transactions and events fairly.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the Consolidated Financial Statements of BenQ Materials Corporation of 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

Accountant: 唐慈杰

施威銘

Approved audit number: FSC (6) No. 0940100754

FSC (6) No. 0950103298

February 24, 2022

Notice to Readers

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

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2021 and 2020
Unit: NT$ thousand

Code	Assets	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 [1])	$ 278,127	2	148,243	1
1110	Financial Assets at Fair Value through Profit or Loss - Current (Note 6 [2])	5,908	-	18,258	-
1120	Financial assets at fair value through other comprehensive income - Current (Note 6 [3])	55,490	-	57,809	-
1170	Notes and accounts receivable, net (Note 6 [4], [22])	2,252,030	18	1,396,423	13
1180	Notes and accounts receivable - related parties net amount (Note 6 [4], [22] and 7)	610,135	5	954,445	9
1200	Other receivables (Note 6 [4], [5])	184,842	2	221,153	2
1210	Other receivables - related parties (Note 6 [5] and 7)	20	-	55	-
1310	Inventories, net (Note 6 [6])	2,807,868	23	2,404,889	22
1479	Other current assets	268,911	2	334,982	3
1476	Other financial assets - current (Note 8)	87,084	1	15,836	-
1461	Non-current assets held for sale (Note 6 [7] and 11)	163,909	1	-	-
	Total current assets	6,714,324	54	5,552,093	50
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 [3])	9,187	-	1,500	-
1550	Investments accounted for using equity method (Note 6 [8])	221,918	2	196,876	2
1600	Real estate, plant, and equipment (Notes 6 [10], 7, and 8)	4,493,229	36	4,349,216	39
1755	Right-of-use asset (Notes 6 [11])	190,290	2	221,590	2
1760	Net investment property (Note 6 [12])	431,072	3	457,097	4
1780	Intangible assets (Note 6 [13] and 7)	165,773	1	34,254	-
1840	Deferred tax assets (Note 6 [19])	183,535	1	174,259	2
1920	Guarantee deposits paid	28,974	-	13,930	-
1995	Other non-current assets (Note 6 [18])	71,626	1	58,636	1
	Total non-current assets	5,795,604	46	5,507,358	50
	Total assets	**$ 12,509,928**	**100**	**11,059,451**	**100**

Code	Liabilities and Equity	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 [14])	$ 586,849	5	150,000	1
2120	Financial assets at fair value through profit or loss - current (Note 6 [2])	9,361	-	5,838	-
2170	Accounts payable	3,141,185	25	3,421,461	31
2180	Accounts payable - related parties (Note 7)	48,436	-	29,766	-
2200	Other payables (Note 6 [23])	1,668,190	13	1,183,091	11
2220	Other payables - related parties (Note 7)	24,108	-	16,218	-
2320	Long-term borrowings due within one year (Note 6 [15] and 8)	1,666	-	-	-
2281	Lease liabilities - current (Note 6 [16])	7,871	-	2,626	-
2282	Lease liabilities - related parties - current (Note 6 [16] and 7)	91,779	1	82,289	1
2399	Other current liabilities (Note 11)	215,073	2	79,570	1
	Total current liabilities	5,794,518	46	4,970,859	45
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 [15] and 8)	1,305,028	11	1,614,624	15
2570	Deferred tax liabilities (Note 6 [19])	144,735	1	7,018	-
2581	Lease liabilities - non-current (Note 6 [16])	52,383	-	5,745	-
2582	Lease liabilities - related parties - non-current (Note 6 [16] and 7)	-	-	91,779	1
2600	Other non-current liabilities (Note 6 [15], [18])	56,661	1	46,651	-
	Total non-current liabilities	1,558,807	13	1,765,817	16
	Total liabilities	7,353,325	59	6,736,676	61
	Equity (Note 6 [20]):				
3110	Common stock	3,206,745	26	3,206,745	29
3200	Capital reserve	5,808	-	11,427	-
	Retained earnings				
3310	Legal reserve	317,262	2	277,665	3
3320	Special reserve	83,534	1	33,896	-
3350	Balance of retained earnings	1,533,290	12	876,576	8
3400	Other equity	(103,309)	(1)	(83,534)	(1)
	Total equity attributable to the owners of parent company	5,043,330	40	4,322,775	39
36XX	Non-controlling interests (Note 6 [9], [20])	113,273	1	-	-
	Total equity	5,156,603	41	4,322,775	39
	Total liabilities and equity	**$ 12,509,928**	**100**	**11,059,451**	**100**

(See the attached notes to Consolidated Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

Code	Item		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Net sales revenue (Notes 6 [17], [22], 7, and 14]**	$	16,481,686	100	15,049,948	100
5000	**Operating costs (Notes 6 [6], [10], [11], [12], [13], [17], [18], [23], 7, and 12)**		(13,425,149)	(81)	(12,776,414)	(85)
	Gross operating profit		3,056,537	19	2,273,534	15
	Operating expenses (Notes 6 [4], [10], [11], [13], [16], [18], [23], 7, and 12):					
6100	Selling expenses		(1,050,132)	(6)	(869,894)	(6)
6200	General and administrative expenses		(269,767)	(2)	(216,498)	(1)
6300	Research and development expenses		(759,320)	(5)	(639,769)	(4)
			(2,079,219)	(13)	(1,726,161)	(11)
	Net Operating Income		977,318	6	547,373	4
	Non-operating income and expenses (Notes 6 [8], [9], [15], [16], [24] and 7):					
7100	Interest revenue		1,170	-	975	-
7010	Other income		19,298	-	14,762	-
7020	Other gains or losses		180,995	1	(2,449)	-
7050	Financial costs		(42,068)	-	(61,392)	(1)
7370	Shares of profits (losses) of associates accounted for using the equity method		71,259	-	10,510	-
			230,654	1	(37,594)	(1)
	Income before income tax		1,207,972	7	509,779	3
7950	**Less: Income tax expense (Note 6 [19])**		(238,445)	(1)	(113,806)	-
	Net profit		969,527	6	395,973	3
	Other comprehensive income (loss):					
8310	**Items that will not be reclassified to profit or loss (Notes 6 [18], [20])**					
8311	Remeasurement of defined benefit plans		(6,932)	-	(2,134)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income		(3,453)	-	(43,423)	(1)
8349	Income tax related to items that will not be reclassified		-	-	-	-
			(10,385)	-	(45,557)	(1)
8360	**Items that may be reclassified subsequently to profit or loss (Notes 6 [18], [20])**					
8361	Exchange differences arising on translation of financial statements of foreign operations		8,741	-	2,096	-
8370	Share of other comprehensive income of associates accounted for using the equity method		(19,265)	-	(6,177)	-
8399	Income tax related to items that may be reclassified		-	-	-	-
			(10,524)	-	(4,081)	-
	Other comprehensive income (loss)		(20,909)	-	(49,638)	(1)
8500	**Total comprehensive income for the year**	$	**948,618**	**6**	**346,335**	**2**
	Net profit for the period attributable to:					
8610	Owners of the parent company	$	971,555	6	395,973	3
8720	Non-controlling interests		(2,028)	-	-	-
		$	**969,527**	**6**	**395,973**	**3**
	Total comprehensive income attributable to:					
8710	Owners of the parent company	$	950,646	6	346,335	2
8720	Non-controlling interests		(2,028)	-	-	-
		$	**948,618**	**6**	**346,335**	**2**
	Earnings per share (Unit: NT$) (Note 6 [21])					
9750	**Basic earnings per share**	$		**3.03**		**1.23**
9850	**Diluted earnings per share**	$		**2.99**		**1.23**

(See the attached notes to Consolidated Financial Statements)

Chairman: Chen Chien-Chih | **General Manager: Liu Chia-Jui** | **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

	Profit and/or loss attributable to the owners of parent company												
			Retained earnings				Other equity item						
	Common stock	Capital reserve	Legal reserve	Special reserve	Balance of retained earnings	Total	Exchange differences arising on translation of financial statements of foreign operations	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Defined benefit plans remeasurement	Total	Total equity attributable to the owners of parent company	Non-controlling interests	Total equity
Balance as of January 1, 2020	$ 3,206,745	5,618	251,953	-	700,548	952,501	(36,865)	22,832	(19,863)	(33,896)	4,130,968	-	4,130,968
Appropriation and distribution of retained earnings:													
Account for legal reserve	-	-	25,712	-	(25,712)	-	-	-	-	-	-	-	-
Account for special reserve	-	-	-	33,896	(33,896)	-	-	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(160,337)	(160,337)	-	-	-	-	(160,337)	-	(160,337)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	5,809	-	-	-	-	-	-	-	-	5,809	-	5,809
Net profit	-	-	-	-	395,973	395,973	-	-	-	-	395,973	-	395,973
Other comprehensive income (loss)	-	-	-	-	-	-	(4,081)	(43,423)	(2,134)	(49,638)	(49,638)	-	(49,638)
Total comprehensive income for the year	-	-	-	-	395,973	395,973	(4,081)	(43,423)	(2,134)	(49,638)	346,335	-	346,335
Balance as of December 31, 2020	3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775	-	4,322,775
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)
Other changes in capital surplus:													
Change in capital surplus from investments in associates under equity method	-	(5,619)	-	-	-	-	-	-	-	-	(5,619)	-	(5,619)
Disposal of equity instruments measured at fair value through other comprehensive gains and losses:	-	-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-	-	-
Net profit	-	-	-	-	971,555	971,555	-	-	-	-	971,555	(2,028)	969,527
Other comprehensive income (loss)	-	-	-	-	-	-	(10,524)	(3,453)	(6,932)	(20,909)	(20,909)	-	(20,909)
Total comprehensive income for the year	-	-	-	-	971,555	971,555	(10,524)	(3,453)	(6,932)	(20,909)	950,646	(2,028)	948,618
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	115,301	115,301
Balance as of December 31, 2021	**$ 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**

(See the attached notes to Consolidated Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021	2020
Cash flows from operating activities			
Income before income tax for the year	$	1,207,972	509,779
Adjusted items			
Depreciation		569,065	579,840
Amortization expenses		45,816	40,296
Expected credit losses (reverse benefits)		(645)	79
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss		15,873	(5,715)
Interest expenses		42,068	61,392
Interest revenue		(1,170)	(975)
Dividend income		(1,344)	(2,400)
Shares of profits of associates accounted for using the equity method		(71,259)	(10,510)
(Profits) looses on disposal of real estate, plant and equipment interests		(1,414)	479
Profits from disposal of investment		(7,814)	(11,975)
Gains on bargain purchase		(99)	-
Amortization of deferred expenses transferred to expenses		139,660	127,429
Amortization of syndication fee costs		1,900	1,900
Gains on lease modifications		(2)	-
Total adjustments to reconcile profit (loss)		730,635	779,840
Changes in operating assets/liabilities:			
Net changes in operating assets:			
(Increase) decrease in notes and account receivable		(756,508)	295,456
(Increase) decrease in account receivable - related parties		286,336	(807,260)
(Increase) decrease in other receivable		1,095	(7,758)
Increases in other receivables - related parties		35	109
Increase in inventory		(392,675)	(441,372)
Increase in other current assets		(39,061)	(58,792)
(Increase) decrease in other non-current assets		(604)	40
Total net changes in operating assets		(901,382)	(1,019,577)
Total net changes in operating liabilities:			
Increase (decrease) in account payables		(285,318)	850,943
Increase in account payables - related parties		18,670	7,936
Increase in other payables		253,939	79,813
Increase (decrease) in other payables - related parties		7,890	(2,059)
Increase (decrease) in other current liabilities		42,505	(36,102)
Decrease in net defined benefit liability		(1,842)	(1,924)
Total net changes in operating liabilities		35,844	898,607
Total net changes in operating assets and liabilities		(865,538)	(120,970)
Total adjustments		(134,903)	658,870
Cash inflow generated from operations		1,073,069	1,168,649
Interests received		1,170	975
Interests paid		(41,841)	(61,707)
Income tax paid		(19,449)	(4,615)
Net cash flow from operating activities		1,012,949	1,103,302

(continued)

(See the attached notes to Consolidated Financial Statements)

Chairman:	General Manager:	Accounting Manager:
Chen Chien-Chih	**Liu Chia-Jui**	**Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021	2020
Cash flows from investing activities			
Purchase from acquisition of financial assets at fair value through profit or loss	$	(9,187)	(1,500)
Acquisition of investment using the equity method		(4,480)	(16,001)
Disposal of investment using the equity method		-	14,955
Return of capital from investee companies accounted for using the equity method due to liquidation		2,372	-
Net cash inflows from merger of subsidiaries		32,926	-
Acquisition of real estate, plant and equipment		(600,176)	(520,211)
Disposal of real estate, plant and equipment		2,257	198
(Increases) decrease in guarantee deposits paid		(14,106)	3,272
Acquisition of intangible assets		(44,260)	(30,884)
Acquisition of investment properties		-	(6,048)
Increase in other financial assets		(69,657)	(11,197)
Advance receipts on disposal of real estate, plant, and equipment		84,000	-
Increase in other non-current assets		(37,619)	(125,169)
Dividends received		12,161	30,355
Net cash outflows from investing activities		(645,769)	(662,230)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		420,093	93,200
Proceeds from long-term borrowings		3,096,690	7,165,810
Repayments of long-term borrowings		(3,423,450)	(7,527,500)
Increase (decrease) in guarantee deposits paid		4,725	(1,369)
Repayments of lease principal		(86,773)	(92,110)
Issuance of cash dividend		(224,472)	(160,337)
Net cash outflows from financing activities		(213,187)	(522,306)
Effect of changes in exchange rates		(24,109)	33,223
Increase (decrease) in cash and cash equivalents for the year		129,884	(48,011)
Cash and cash equivalents at beginning of year		148,243	196,254
Cash and cash equivalents at end of year	$	**278,127**	**148,243**

(See the attached notes to Consolidated Financial Statements)

Chairman:	General Manager:	Accounting Manager:
Chen Chien-Chih	Liu Chia-Jui	Wang Sheng-Hsing

1. Company History

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

2. Date and Procedures of Authorization of Financial Statements

The Consolidated Financial Statements were published upon approval by the Board of Directors on February 24, 2022.

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

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

The Combined Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Consolidated Financial Statements since January 1, 2021.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16 "Changes in Interest Rate Indicators - Phase 2."
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond June 30, 2021"

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

The Combined Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2022, will not have a material impact on the Consolidated Financial Statements.

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

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

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

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IAS 1 “Disclosure of Accounting Policies”

Amendments to IAS 8 “Definition of Accounting Estimates”

Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction”

4. Summary of Significant Accounting Policies

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

a. Statement of compliance

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

b. Basis of preparation

1) Basis of preparation

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

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

b) Financial assets at fair value through other comprehensive income; and

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 [19].

2) Functional Currency and Presentation Currency

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

c. Basis of consolidation

1) Principle of preparation of the Consolidated Financial Statements

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

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

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

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

2) List of subsidiaries in the Consolidated Financial Statements

Investment company name	Subsidiary name	Business type	Proportion of Ownership (%) Dec. 31, 2021	Dec. 31, 2020	Description
The Company	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	-
The Company	Sigma Medical Supplies Corp.(Sigma-Medical)	Medical materials and equipment manufacturing and sale	100.00	100.00	-
The Company	Genejet Biotech Co., Ltd. (Genejet)	Medical materials and equipment development, manufacturing and sale	70.00	-	(Note 1)
The Company	Cenefom Corp. (Cenefom)	Medical materials and equipment development, manufacturing and sale	34.83	12.12	(Note 2)
BMLB	BenQ Materials Co., Ltd. (BMS)	Processing of functional film products	100.00	100.00	-
BMLB	Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Co., Ltd. (BMW)	Manufacture and sales of film sheet and cosmetic-related products	100.00	100.00	-
BMLB	BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Medical materials and equipment manufacturing and sale	100.00	100.00	-
Sigma-Medical	Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Medical materials and equipment manufacturing and sale	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.

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

d. Foreign Currency

1) Foreign currency transactions

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

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

2) Foreign operating agency

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

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

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

e. Assets and liabilities classified as current and non-current

The Company shall classify an asset as current when:

1) It is expected to be realized when the Combined Company is operating, or intended to be sold or consumed in the normal operating cycle;
2) Assets are held primarily for trading purposes;
3) It is expected to be realized within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

f. Cash and Cash Equivalents

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

g. Financial Instruments

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

1) Financial assets

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

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

a) Financial assets measured at amortized cost

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

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

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

b) Financial assets at fair value through other comprehensive income

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

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

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

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

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

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

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

· Any contingency that changes the timing or amount of the contractual cash flows.

· Terms that may adjust the coupon rate of the contract including the characteristics of floating interest rates.

· Attributes of prepayments and deferrals; and

· The Combined Company's claim is limited to the terms of the cash flows from specific asset (e.g., non-recourse terms).

e) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

f) Derecognition of financial assets

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

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

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

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

b) Financial liabilities

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

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

c) Derecognition of financial liabilities

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

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

d) Offsetting of financial assets and financial liabilities

The Combined Company presents financial assets and liabilities on a net basis when the Combined Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3) Derivative financial instruments

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

h. Inventory

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

i. Non-current assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their carrying amount will be recovered through sale rather than through continuing use. Assets or components of disposal groups are remeasured in accordance with the accounting policies of the Combined Company between the original classification and the time of sale. After classification as held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell. Any impairment loss on disposal groups is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that such loss is not allocated to assets not within the scope of IAS 36, Impairment of Assets, which continue to be measured in accordance with the accounting policies of the Combined Company. Gains and losses arising from the recognition of impairment losses and subsequent remeasurement of items originally classified as held for sale are recognized in profit or loss, provided that the reversal of such gains and losses does not exceed the cumulative impairment losses recognized.

Intangible assets and property, plant and equipment are no longer depreciated or amortized when they are classified as held for sale. In addition, the equity method is discontinued when the investment recognized using the equity method is classified as held for sale.

j. Investment in the affiliated enterprises

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

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

From the date of significant impact to the date of losing significant impact, the Combined

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

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

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

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

k. Investment properties

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

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

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

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

l. Real estate, plant and equipment

1) Recognition and measurement

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

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

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

2) Subsequent costs

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

3) Depreciation

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

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

4) Reclassification to investment real estate

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

m. Leases

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

1) Lessee

The Combined Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Combined Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

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

The lease payments comprise as follows:

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

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

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

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

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

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

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

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

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

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

2) Lessor

When the Combined Company acts as a lessor, it determines at lease commencement date whether each lease is a finance lease or an operating lease. To classify each lease, the Combined Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. At the time of evaluation, the Combined Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

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

n. Intangible assets

1) Goodwill

Goodwill arising from the acquisition of subsidiaries is recognized in intangible assets. Please refer to Note 6 [21] for the measurement of goodwill originally recognized. Goodwill is not amortized and is measured at cost less accumulated impairment.

2) Other intangible assets

The patented technology acquired by the Combined Company as a result of mergers and acquisitions is recorded at its fair value on the acquisition date; other intangible assets are recorded at cost, and then measured at cost minus accumulated amortization and accumulated impairment. The amortization amount is calculated based on the following estimated service life based on the straight-line method, and the amortization amount is recognized in the profit and loss: patented technology, 5 to 10 years; purchased software, 1 to 3 years; customer relationship, 6 to 11 years; others, 5 years.

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

o. Impairments of non-financial assets

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

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

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

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

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

p. Liability reserve

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

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

q. Revenue recognition

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

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

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

r. Government subsidies and government assistance

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

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

s. Employee benefits

1) Defined contribution plans

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

2) Defined benefit plans

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

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

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

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

3) Short-term employee benefits

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

t. Income tax

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

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

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

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

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

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

1) The entity has the legal right to settle tax assets and liabilities on a net basis; and
2) The amounts of deferred tax assets and liabilities are:

a) Levied by the same taxing authority; or

b) Levied by different entities that intend to realize the asset and settle the liability at the same time.

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

u. Business mergers

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

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

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

In a business combination achieved in stages, the Combined Company remeasures its previously held interest in the acquiree at fair value at the acquisition date, and any resulting gain or loss is recognized in profit or loss. Changes in the value of the acquiree's interest that were recognized in other comprehensive income before the acquisition date should be treated in the same manner as if the Consolidated Company had directly disposed of its previously held interest, and if it is appropriate to reclassify the interest to profit or loss upon disposal, the amount is reclassified to profit or loss.

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

v. Earnings per share

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

w. Segment Information

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

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

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

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

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

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

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

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year are as follows:

b. Inventory Valuation

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

6. Descriptions of Material Accounting Subjects

a. Cash and Cash Equivalents

		Dec. 31, 2021	Dec. 31, 2020
Working capital	$	224	199
Demand deposit and check deposit		252,265	148,044
Time deposits with original maturity within three months		25,638	-
	$	**278,127**	**148,243**

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

		Dec. 31, 2021	Dec. 31, 2020
Mandatory financial assets measured at fair value through profit and loss - Current:			
Foreign exchange forward contracts	$	1,093	11,112
Exchange contracts		4,815	7,146
	$	**5,908**	**18,258**

Financial liabilities held for transaction - current		Dec. 31, 2021	Dec. 31, 2020
Foreign exchange forward contracts	$	**(9,361)**	**(5,838)**

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

1) Derivative financial instruments

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

Dec. 31, 2021

Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 6,000	Buy RMB Call/USD Put	Jan. 28, 2022
USD$ 33,000	Buy JPY Call/USD Put	Jan. 24, 2022~Feb. 24, 2022
USD$ 21,500	Buy NTD Call/USD Put	Jan. 4, 2022~Jan. 27, 2022

Dec. 31, 2020

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

b) Exchange contracts

Dec. 31, 2021		
Contract amount (NT$ thousand)	**Type of currency**	**Due Date**
USD$ 48,000	Buy NTD Call/USD Put	Jan. 28, 2022

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

c. Financial assets at fair value through other comprehensive income

	Dec. 31, 2021	Dec. 31, 2020
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 55,490	57,809
Unlisted stocks	9,187	1,500
	$ 64,677	**59,309**
Current	$ 55,490	57,809
Non-current	9,187	1,500
	$ 64,677	**59,309**

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

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 fair value through other comprehensive income were reclassified as investments accounted for using the equity method, as described in Note 6 [8].

The Combined Company disposed of a portion of its equity instruments measured at fair value through other comprehensive income in 2021 with an accumulated loss on disposal of NT$1,134 thousand, and has transferred the aforementioned accumulated loss on disposal from other equity to retained earnings.

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

d. Notes and accounts receivable

	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$ 31,683	16,804
Accounts receivable	2,239,663	1,403,099
Deduction: Allowance for loss	(19,316)	(23,480)
	2,252,030	1,396,423
Account Receivables - Related Parties	610,135	954,445
	$ 2,862,165	**2,350,868**

1) The Combined Company adopts a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of note receivables and account receivables (including related-parties) of the Combined Company as of December 31, 2021 and 2020 was as follows:

	Dec. 31, 2021		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	$ 2,861,641	0.0045%	128
Pass due 1~30 days	654	0.3058%	2
Past due more than 91 days	19,186	100%	19,186
	$ 2,881,481		**19,316**

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

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

	2021	2020
Balance at beginning of year	$ 23,480	23,359
Effect of first-time incorporation of subsidiaries	10	-
Impairment loss (gain on reversal of impairment loss)	(645)	79
Amounts written off as uncollectible for the year	(3,644)	-
Foreign currency conversion gains and losses	115	42
Balance at end of year	**$ 19,316**	**23,480**

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

Dec. 31, 2021

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$ 210,752	-	186,970	23,782	0.70%~0.82%	None	-
E.Sun 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	830,400
	$ 495,516	**-**	**443,257**	**52,259**			**830,400**

Dec. 31, 2020

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$ 573,865	-	469,322	104,543	0.82%~1.13%	None	-
KGI Bank	233,957	-	208,894	25,063	1.04%~1.05%	Guaranteed promissory note	850,500
E.Sun Bank	156,469	-	140,616	15,853	0.88%	None	-
	$ 964,291	**-**	**818,832**	**145,459**			**850,500**

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

e. Other receivables

		Dec. 31, 2021	Dec. 31, 2020
Other receivables - account receivables sale minus advance price balance	$	183,786	219,012
(Note 6 [4] and 7)			
Other receivables - Others		1,056	2,141
Other Receivables - Related Parties		20	55
		184,862	221,208
Deduction: Allowance for loss		-	-
	$	**184,862**	**221,208**

The Combined Company's other receivables as of December 31, 2021 and 2020 have no expected credit losses after assessment.

f. Inventory

		Dec. 31, 2021	Dec. 31, 2020
Raw Material	$	1,251,773	1,252,982
Work in progress		856,421	520,005
Finished goods		699,674	631,902
	$	**2,807,868**	**2,404,889**

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

		2021	2020
Inventory cost has been sold	$	13,449,951	12,713,501
Reversal of allowance for inventory market price decline		(62,429)	23,329
	$	**13,387,522**	**12,736,830**

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

g. Non-current assets held for sale

In May 2021, the board of directors of Sigma-Medical resolved to sell the land and buildings located in Ruifang District, New Taipei City, and actively searched for a buyer, and the sale is expected to be completed within one year. Therefore, the aforementioned assets were reclassified as non-current assets held for sale, and the details are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Land and buildings held for sale	$ **163,909**	**-**

The Combined Company has disposed of the above real estate after the period and recognized the related gain on disposal, please refer to Note 11 for details.

h. Investments accounted for using the equity method

	Dec. 31, 2021	Dec. 31, 2020
Affiliated companies	$ **221,918**	**196,876**

1) Affiliated companies

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 Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision-making, thus gaining significant influence, which it was evaluated using the equity method.

On January 28, 2021, the shareholders' meeting resolved the dissolution of Taikebio Co., Ltd. As a result, the Combined Company lost its significant influence on the company and incurred a loss of NT$6,556 thousand on disposal of investment.

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

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

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

	Dec. 31, 2021	Dec. 31, 2020
The carrying amount of equity of individually immaterial associates at end of period	$ **221,918**	**196,876**

	2021	2020
Share attributable to the Combined Company:		
Net profit	$ 71,259	10,510
Other comprehensive income (loss)	(19,265)	(6,177)
Total comprehensive income	$ **51,994**	**4,333**

i. Business mergers

1) 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 Corp. (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 assets and liabilities	(14,437)	148,372
Goodwill		**$ 32,262**

The Combined Company will keep the above matters under review during the measurement period. If new information becomes available within one year of the acquisition date relating to facts and circumstances existing at the acquisition date that would identify an adjustment to the provisional amounts described above or any additional provision for liabilities existing at the acquisition date, the accounting treatment for the acquisition will be modified. 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".

c) 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 therefore not separately recognized as goodwill, but the goodwill recognized is not expected to have any income tax effect.

d) Temporary information on the operating results

From the date of acquisition to December 31, 2021, the operating results of Cenefom were consolidated into the consolidated statement of comprehensive income of the Combined Company, contributing operating income and net loss after tax of NT$9,836 thousand and NT$2,652 thousand, respectively. If this acquisition date occurs on January 1, 2021, the presumed operating income and net income after tax of the Combined Company for 2021 will be NT$16,520,964 thousand and $960,586 thousand, respectively.

2) 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 channels in Taiwan and Asia.

b) Acquisition of 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 payables	(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	**$ 62,022**

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	(62,022)
Gains on bargain purchase (recorded under "other gains or losses")	**$ (99)**

d) 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.

e) Temporary information on the operating results

From the date of acquisition to December 31, 2021, the operating results of Genejet were consolidated into the consolidated statement of comprehensive income of the Combined Company, contributing operating income and net loss after tax of NT$4,361 thousand and NT$1,377 thousand, respectively. If this acquisition date occurs on January 1, 2021, the presumed operating income and net income after tax of the Combined Company for 2021 will be NT$16,494,055 thousand and $965,481 thousand, respectively.

j. Real estate, plant and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2021	$ 1,477,219	3,208,141	5,845,067	2,332,464	12,862,891
Acquisitions of businesses (Note 6[7])	-	-	36,868	6,915	43,783
Addition	-	87,745	174,109	455,810	717,664
Disposal	-	-	(50,859)	(18,538)	(69,397)
Reclassification non-current assets held for sale(Note 6[7])	(133,111)	(40,024)	(8,253)	(13,677)	(195,065)
Others reclassification and effect of foreign exchange rate changes	-	329,289	140,633	(438,504)	31,418
Balance as of December 31, 2021	**$1,344,108**	**3,585,151**	**6,137,565**	**2,324,470**	**13,391,294**
Balance as of January 1, 2020	$ 1,477,219	3,115,137	5,780,134	2,115,547	12,488,037
Addition	-	8,186	72,631	404,062	484,879
Disposal	-	(292)	(89,678)	(15,959)	(105,929)
Reclassification and effect of foreign exchange rate changes	-	85,110	81,980	(171,186)	(4,096)
Balance as of December 31, 2020	**$1,477,219**	**3,208,141**	**5,845,067**	**2,332,464**	**12,862,891**
Accumulated depreciation:					
Balance as of January 1, 2021	$ -	1,895,311	4,970,576	1,647,788	8,513,675
Acquisitions of businesses (Note 6[7])	-	-	22,131	2,011	24,142
Depreciation for the period	-	129,822	236,287	86,575	452,684
Disposal	-	-	(50,080)	(18,474)	(68,554)
Reclassification non-current assets held for sale(Note 6[7])	-	(19,943)	(5,548)	(5,665)	(31,156)
Others reclassification and	-	3,276	(10,657)	14,655	7,274

	Land	Housing and structures	Machinery equipment	Others	Total
effect of foreign exchange rate changes					
Balance as of December 31, 2021	**$ -**	**2,008,466**	**5,162,709**	**1,726,890**	**8,898,065**
Balance as of January 1, 2020	$ -	1,771,061	4,828,067	1,531,636	8,130,764
Depreciation for the period	-	123,046	209,938	126,589	459,573
Disposal	-	(292)	(89,043)	(15,917)	(105,252)
Reclassification and effect of foreign exchange rate changes	-	1,496	21,614	5,480	28,590
Balance as of December 31, 2020	**$ -**	**1,895,311**	**4,970,576**	**1,647,788**	**8,513,675**
Carrying Value:					
December 31, 2021	**$1,344,108**	**1,576,685**	**974,856**	**597,580**	**4,493,229**
December 31, 2020	**$1,477,219**	**1,312,830**	**874,491**	**684,676**	**4,349,216**
January 1, 2020	**$1,477,219**	**1,344,076**	**952,067**	**583,911**	**4,357,273**

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

k. Right-of-use assets

	Land use rights	Housing and structures	Total
Right-of-use assets cost:			
Balance as of January 1, 2021	$ 63,007	426,531	489,538
Acquisitions of businesses	-	4,236	4,236
Addition	-	52,575	52,575
Lease modifications	-	(389)	(389)
Effect of changes in exchange rates	345	-	345
Balance as of December 31, 2021	**$ 63,352**	**482,953**	**546,305**
Balance as of January 1, 2020	$ 62,883	465,035	527,918
Addition	-	1,661	1,661
Disposal	-	(40,165)	(40,165)
Effect of changes in exchange rates	124	-	124
Balance as of December 31, 2020	**$ 63,007**	**426,531**	**489,538**
Accumulated depreciation of right-of-use assets:			
Balance as of January 1, 2021	$ 13,666	254,282	267,948
Acquisitions of businesses	-	140	140

	Land use rights	Housing and structures	Total
Depreciation for the period	1,290	86,631	87,921
Lease modifications	-	(73)	(73)
Effect of changes in exchange rates	79	-	79
Balance as of December 31, 2021	**$ 15,035**	**340,980**	**356,015**
Balance as of January 1, 2020	$ 12,356	208,990	221,346
Depreciation for the period	1,271	85,457	86,728
Disposal	-	(40,165)	(40,165)
Effect of changes in exchange rates	39	-	39
Balance as of December 31, 2020	**$ 13,666**	**254,282**	**267,948**
Carrying Value:			
December 31, 2021	**$ 48,317**	**141,973**	**190,290**
December 31, 2020	**$ 49,341**	**172,249**	**221,590**
January 1, 2020	**$ 50,527**	**256,045**	**306,572**

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.

l. Investment properties

	Housing and structures	Land use rights	Total
Cost:			
Balance as of January 1, 2021	$ 885,528	67,341	952,869
Effect of changes in exchange rates	4,868	370	5,238
Balance as of December 31, 2021	**$ 890,396**	**67,711**	**958,107**
Balance as of January 1, 2020	$ 877,685	67,209	944,894
Addition	6,048	-	6,048
Effect of changes in exchange rates	1,795	132	1,927
Balance as of December 31, 2020	**$ 885,528**	**67,341**	**952,869**
Accumulated depreciation:			
Balance as of January 1, 2021	$ 475,692	20,080	495,772

	Housing and structures	Land use rights	Total
Depreciation for the period	27,071	1,389	28,460
Effect of changes in exchange rates	2,689	114	2,803
Balance as of December 31, 2021	**$ 505,452**	**21,583**	**527,035**
Balance as of January 1, 2020	$ 442,272	18,658	460,930
Depreciation for the period	32,170	1,369	33,539
Effect of changes in exchange rates	1,250	53	1,303
Balance as of December 31, 2020	**$ 475,692**	**20,080**	**495,772**
Carrying Value:			
December 31, 2021	**$ 384,944**	**46,128**	**431,072**
December 31, 2020	**$ 409,836**	**47,261**	**457,097**
January 1, 2020	**$ 435,413**	**48,551**	**483,964**
Fair value:			
December 31, 2021			**$ 775,518**
December 31, 2020			**$ 771,271**

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

m. Intangible assets

	Goodwill	Patented technology	Customer relationship	Purchased software	Others	Total
Cost:						
Balance as of January 1, 2021	$ -	47,116	-	218,155	1,490	266,761
Acquisitions of businesses	32,262	76,113	34,925	379	355	144,034
Separate acquisition	-	-	-	44,260	-	44,260
Decrease	-	-	-	(743)	-	(743)
Reclassification and influence of exchange rate change	-	(1,056)	-	1,958	5	907
Balance as of December 31, 2021	**$ 32,262**	**122,173**	**34,925**	**264,009**	**1,850**	**455,219**
Balance as of January 1, 2020	$ -	50,034	-	187,279	1,488	238,801
Separate acquisition	-	-	-	30,884	-	30,884
Decrease	-	-	-	(11)	-	(11)
Reclassification and influence of exchange rate	-	(2,918)	-	3	2	(2,913)

	Goodwill	Patented technology	Customer relationship	Purchased software	Others	Total
change						
Balance as of December 31, 2020	**$ -**	**47,116**	**-**	**218,155**	**1,490**	**266,761**
Accumulated amortization:						
Balance as of January 1, 2021	$ -	34,475	-	196,764	1,268	232,507
Acquisitions of businesses	-	12,357	-	260	66	12,683
Amortization for the year	-	8,393	591	36,605	227	45,816
Decrease	-	-	-	(743)	-	(743)
Reclassification and influence of exchange rate change	-	(832)	-	11	4	(817)
Balance as of December 31, 2021	**$ -**	**54,393**	**591**	**232,897**	**1,565**	**289,446**
Balance as of January 1, 2020	$ -	28,903	-	164,352	968	194,223
Amortization for the year	-	7,581	-	32,419	296	40,296
Decrease	-	-	-	(11)	-	(11)
Reclassification and influence of exchange rate change	-	(2,009)	-	4	4	(2,001)
Balance as of December 31, 2020	**$ -**	**34,475**	**-**	**196,764**	**1,268**	**232,507**
Carrying Value:						
Balance as of December 31, 2021	**$ 32,262**	**67,780**	**34,334**	**31,112**	**285**	**165,773**
Balance as of December 31, 2020	**$ -**	**12,641**	**-**	**21,391**	**222**	**34,254**
Balance as of January 1, 2020	**$ -**	**21,131**	**-**	**22,927**	**520**	**44,578**

n. Short-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	**$ 586,849**	**150,000**
Unused credit line	**$ 9,142,627**	**8,665,088**
Interest rate range	**0.75%~1.95%**	**0.82%**

o. Long-term borrowings

	Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	$ 1,006,694	864,624
Secured bank loans	300,000	750,000
Less: Long-term borrowings due within one year	(1,666)	-
Total	**$ 1,305,028**	**1,614,624**
Unused credit line	**$ 3,497,000**	**3,318,690**
Expiration year	2023-2030	2023-2030
Interest rate range	**1.25%~1.85%**	**1.25%~1.30%**

1) Collateral for bank loans

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

2) Government low-interest loans

The Combined Company obtained low-interest bank loans in accordance with the "Key Points for Welcome Taiwanese Businessmen to Return to Taiwan Investment Project Loans" in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of December 31, 2021 and 2020, the actual amount of transfer amounted to NT$1,018,000 thousand and NT$881,310 thousand, respectively. The fair value of the loan was NT$996,484 thousand and NT$861,860 thousand respectively based on the market interest rate of 1.25%~1.3%, and the difference of NT$21,516 thousand and NT$19,450 thousand, respectively, are regarded as a government subsidy and recognized as deferred income. In 2021 and 2020, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$4,082 thousand and NT$2,764 thousand, respectively.

3) Financial ratio agreement in loan contract

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

The financial ratios of the Combined Company as of December 31, 2021 and 2020 were in compliance with the agreed standards in the joint loan contract.

p. Lease liabilities

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

	Dec. 31, 2021	Dec. 31, 2020
Current:		
Related parties	$ 91,779	82,289
Non-related parties	$ 7,871	2,626
Non-current:		
Related parties	$ -	91,779
Non-related parties	$ 52,383	5,745

Please refer to Note 6 [26] for expiry analysis

The amounts recognized in profit or loss were as follows:

	2021	2020
Short-term lease expense	$ 10,419	8,737
Interest expense – lease obligations payable	$ 2,973	4,287

The amounts recognized in the statements of cash flows are:

	2021	2020
Total cash flows on lease	$ 100,165	105,134

1) Lease of buildings and constructions

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

2) Other leases

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

q. Operating leases - lessor

The investment property leased by the Combined Company does not transfer all risks and remuneration attached to the ownership of the underlying assets, so the tenancy agreement is classified as an operating lease. Please refer to Note 6 [12] investment property for details.

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

		Dec. 31, 2021	Dec. 31, 2020
Less than 1 year	$	18,367	24,902
1~5 years		1,092	20,216
Non-discounted future cash flows of lease	$	**19,459**	**45,118**

The rental income from investment real estate in 2021 and 2020 was NT$ 75,417 thousand and NT$66,798 thousand, respectively, which were reported under operating income. The direct operating expenses incurred by investment real estate (listed in "Operating Costs") are as follows:

		2021	2020
Direct operating expenses of investment properties that generated rental income	$	**37,627**	**39,584**

r. Employee benefits

1) Defined benefit plans

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

		Dec. 31, 2021	Dec. 31, 2020
Present value of defined benefit obligations	$	60,559	51,269
Fair value of plan assets		(44,480)	(42,491)
Net defined benefit liabilities (listed as other non-current liabilities)	$	**16,079**	**8,778**
Present value of defined benefit obligations	$	361	8,438
Fair value of plan assets		(4,305)	(9,567)
Net defined benefit asset (listed as "other non-current assets")	$	**(3,944)**	**(1,129)**

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

a) Composition of plan assets

The retirement fund contributed by the Combined Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be less than the earnings attainable from two- year time deposits with interest rates offered by local banks.

As of December 31, 2021 and 2020, the balances of the Taiwan Bank's special account for labor retirement reserves of the Combined Company were

NT$48,785 thousand and NT$52,058 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

		2021	2020
Service cost and interest of the period	$	59,707	57,364
Current interest		447	708
Reduced benefits		(595)	-
Remeasurement of net defined benefit liabilities			
- Actuarial profits and losses due to experience adjustments		5,492	(176)
- Actuarial profits or losses arising out of changes in financial assumptions		1,942	4,022
- Actuarial profits or losses arising from changes in demographic assumptions		10	-
Benefits that are planned to pay		(6,083)	(2,211)
Service cost and interest of the end period	**$**	**60,920**	**59,707**

c) Changes in the fair value of planned assets

		2021	2020
Fair value of plan assets at beginning period	$	52,058	49,965
Interest revenue		398	641
Remeasurement of net defined benefit liabilities			
- Actuarial profits or losses		512	1,712
Funds contributed by the employer		1,900	1,951
Benefits paid by the plan		(6,083)	(2,211)
Fair value of plan assets at end period	**$**	**48,785**	**52,058**

d) Change of asset upper limit impacts

The Combined Company did not determine the impact of the maximum number of assets of the defined benefit plans in 2021 and 2020.

e) Expenses recognized in profit or loss (interest)

		2021	2020
Net interest on net defined benefit liability assets	$	49	67
Reduced benefits		(595)	-
	$	**(546)**	**67**
Operating costs	$	(515)	33
Operating Expenses		(31)	34
	$	**(546)**	**67**

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

		2021	2020
Accumulated balance at beginning period	$	(21,924)	(19,790)
Recognition of the period		(6,932)	(2,134)
Accumulated balance at end of period	$	**(28,856)**	**(21,924)**

g) Actuarial assumptions

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

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.5%~0.75%	0.75%
Future salary increases rate	2.00%	2.00%

The Combined Company expects to pay NT$1,891 thousand to the defined benefit plan within one year after the reporting date in 2021. The weighted average duration of defined benefit plans is 7.88~18.69 years.

h) Sensitivity analysis

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

	Impact on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(2,349)	2,455
Future salary increases rate	2,382	(2,293)
December 31, 2020		
Discount rate	(2,390)	2,505
Future salary increases rate	2,438	(2,334)

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

2) Defined contribution plans

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

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

	2021	**2020**
Operating costs	$ 49,044	38,012
Operating Expenses	30,565	23,643
	$ 79,609	**61,655**

s. Income tax

1) Income tax expense

		2021	2020
Income tax expenses of the period			
Accrued in current year	$	136,623	41,090
Adjustments to income tax expenses of precious period		(9,368)	594
		127,255	41,684
Deferred income tax expenses			
Occurrence and reversal of temporary differences		32,493	57,933
Changes in unrecognized temporary differences		82,636	(301)
Unrecognized loss carryforwards changes		(3,939)	14,490
		111,190	72,122
Income tax expense	**$**	**238,445**	**113,806**

There was no income tax that was directly recognized in equity or other comprehensive income for the Combined Company in 2021 and 2020.

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

		2021	2020
Income before income tax	**$**	**1,207,972**	**509,779**
Income tax calculated by domestic tax rate of the Company's domicile	$	241,595	101,956
Impact of tax rate difference in foreign administrative areas		9,351	784
Gains or losses on investments recognized under the equity method		(14,288)	7,044
Non-deductible impairment and expenses		11,094	11,309
Changes in unrecognized temporary differences		82,636	(301)
Unrecognized loss carryforwards changes		(3,939)	14,490
Investment deduction		(61,595)	-
Previous income tax adjustment		(9,368)	594
Others		(17,041)	(22,070)
Income tax expense	**$**	**238,445**	**113,806**

2) Deferred tax assets and liabilities

a) Unrecognized deferred tax assets and liabilities

Unrecognized deferred tax assets:

	Dec. 31, 2021	Dec. 31, 2020
Deductible loss	$ 218,081	222,020
Summary amount of temporary differences related to investment in subsidiaries	2,774	-
	$ 220,855	**222,020**

Unrecognized deferred tax liabilities:

	Dec. 31, 2021	Dec. 31, 2020
Summary amount of temporary differences related to investment in subsidiaries	**$ -**	**79,862**

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

As of December 31, 2021, the loss deduction and tax amount of the Combined Company's unrecognized deferred tax assets, the deduction period is as follows:

Amount of deductible losses	The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$ 4,861	972	2022
59,554	13,430	2023
63,828	14,385	2024
71,930	16,462	2025
141,270	33,379	2026
152,601	36,339	2027
181,203	42,934	2028
200,088	46,844	2029
52,413	10,483	2030
14,263	2,853	2031
$ 942,011	**218,081**	

b) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Allowance for loss of inventory depreciation	Deductible loss	Fixed asset tax differential	Others	Total
January 1, 2021	$ 68,964	27,451	33,795	44,049	174,259
(Debit) credit revenue statement	(14,137)	1,587	3,917	17,866	9,233
Exchange differences arising on translation of financial statements of foreign operations	-	-	43	-	43
December 31, 2021	**$ 54,827**	**29,038**	**37,755**	**61,915**	**183,535**
January 1, 2020	$ 62,332	111,185	34,326	37,289	245,132
(Debit) credit revenue statement	6,632	(83,734)	(623)	6,760	(70,965)
Exchange differences arising on translation of financial statements of foreign operations	-	-	92	-	92
December 31, 2020	**$ 68,964**	**27,451**	**33,795**	**44,049**	**174,259**

Deferred tax assets and liabilities:

	Share of profit from subsidiaries accounted for using equity method	Reserve for land value increment tax	Others	Total
January 1, 2021	$ -	2,780	4,238	7,018
Acquisitions of businesses	-	-	17,318	17,318
Debit (credit) income statement	116,231	-	4,192	120,423
Exchange differences arising on translation of financial statements of foreign operations	-	-	(24)	(24)
December 31, 2021	**$ 116,231**	**2,780**	**25,724**	**144,735**
January 1, 2020	$ -	2,780	3,173	5,953
Debit (credit) income statement	-	-	1,157	1,157
Exchange differences arising on translation of financial statements of foreign operations	-	-	(92)	(92)
December 31, 2020	**$ -**	**$ 2,780**	**4,238**	**7,018**

As of December 31, 2021, the loss deduction and tax amount of the Combined

Company's unrecognized deferred tax assets, the deduction period is as follows:

Amount of deductible losses		The number of losses that have not been deducted from the deduction of tax	Final year that tax may be deducted
$	104,312	20,862	2026
	10,639	2,128	2027
	4,363	873	2028
	13,986	2,797	2029
	11,889	2,378	2030
$	**145,189**	**29,038**	

3) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns through 2019.

t. Capital and other equity

1) Common stock

As of December 31, 2021 and 2020, the total value of nominal common stocks amounted to NT$4,000,000 thousand, with a par value of NT$10 per share, consisting of 400,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

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

	Dec. 31, 2021	Dec. 31, 2020
Changes in net equity of associates accounted for using equity method	**$ 5,808**	**11,427**

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

3) Retained earnings

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

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

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

a) Legal reserve

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

b) Special reserve

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

c) Earnings distribution

The 2020 and 2019 distributions of earnings were resolved at the shareholders' meetings on August 25, 2021 and June 18, 2020, respectively. The dividends distributed to owners are as follows:

	2020		2019	
	Earnings Per Share (NT$)	**Amount**	**Earnings Per Share (NT$)**	**Amount**
Dividends to shareholders:				
Cash	$ 0.70	**224,472**	0.50	**160,337**

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	Defined benefit plans remeasurement	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2021	$ (40,946)	(21,997)	(20,591)	(83,534)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	8,741	-	-	8,741
Affiliated companies	(19,265)	-	-	(19,265)
Defined benefit plans remeasurement	-	(6,932)	-	(6,932)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(3,453)	(3,453)
Disposal of financial assets at fair value through other comprehensive income	-	-	1,134	1,134
Balance as of December 31, 2021	**$ (51,470)**	**(28,929)**	**(22,910)**	**(103,309)**
January 1, 2020	$ (36,865)	(19,863)	22,832	(33,896)
The exchange differences yielded by net assets of overseas operating institutions:				
The Combined Company	2,096	-	-	2,096
Affiliated companies	(6,520)	-	-	(6,520)
Proceeds from the disposal of affiliated companies accounted for using equity method	343	-	-	343
Defined benefit plans remeasurement	-	(2,134)	-	(2,134)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	(43,423)	(43,423)
Balance as of December 31, 2020	**$ (40,946)**	**(21,997)**	**(20,591)**	**(83,534)**

5) Non-controlling equity (after tax)

		2021
Balance at beginning of year	$	-
Acquisition of subsidiaries		115,301
Share attributable to non-controlling interests:		
Net loss of the period		(2,028)
	$	**113,273**

u. Earnings per share

1) Basic earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	**$**	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		**320,675**	**320,675**
Basic earnings per share (NT$)	**$**	**3.03**	**1.23**

2) Diluted earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	**$**	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):			
Impact of employee compensation		3,809	2,304
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)		**324,484**	**322,979**
Diluted earnings Per Share (NT$)	**$**	**2.99**	**1.23**

v. Revenue from contracts with customers

1) Disaggregation of revenue

	2021		
	Film sheet segment	**Other sectors**	**Total**
Primary geographical markets:			
China	$ 10,104,409	883,652	10,988,061
Taiwan	4,438,179	433,086	4,871,265
Others	294,333	328,027	622,360
	$ 14,836,921	**1,644,765**	**16,481,686**
Main products/services:			
Functional sheet	$ 14,836,921	-	14,836,921
Others	-	1,644,765	1,644,765
	$ 14,836,921	**1,644,765**	**16,481,686**

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

2) Contract balances

	Dec. 31, 2021	**Dec. 31, 2020**	**Dec. 1, 2020**
Notes receivables and accounts receivables (including related parties)	$ 2,881,481	2,374,348	1,854,938
Deduction: Allowance for loss	(19,316)	(23,480)	(23,359)
Total	**$ 2,862,165**	**2,350,868**	**1,831,579**

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

w. Employee and directors' compensation

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

In 2021 and 2020, the Company's employee bonus was set aside for NT$134,276 thousand and NT$ 55,119 thousand, respectively, and the director's bonus was set aside for NT$10,071 thousand and NT$4,134 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2021 and 2020. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company decided by the Board of Directors is not different from the estimated amount in the Company's individual financial reports for the year of 2021 and 2020, and it is issued in cash. For the relevant information, please refer to the public information observatory Inquire.

x. Non-Operating Profit and Loss

1) Interest revenue

		2021	2020
Interests on bank deposits	$	**1,170**	**975**

2) Other income

		2021	2020
Government subsidy revenue	$	17,954	12,362
Dividend income		1,344	2,400
	$	**19,298**	**14,762**

3) Other gains or losses

		2021	2020
Disposal of real estate, plant and equipment interests (losses)	$	1,414	(479)
Profits from disposal of investment		7,814	11,975
Net gain (loss) on foreign currency exchange		219,021	(80,982)
Net profits (losses) from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments		(58,685)	52,628
Gains on bargain purchase(Note 6[9])		99	-
Others		11,332	14,409
	$	**180,995**	**(2,449)**

4) Financial costs

		2021	2020
Interest expense of bank loans	$	(39,095)	(57,105)
Lease liabilities		(2,973)	(4,287)
	$	**(42,068)**	**(61,392)**

y. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

		Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through profit or loss:			
Foreign exchange forward contracts	$	1,093	11,112
Exchange contracts		4,815	7,146
Subtotal		5,908	18,258
Financial assets at fair value through other comprehensive income		64,677	59,309
Financial assets at amortized cost:			
Cash and Cash Equivalents		278,127	148,243
Note receivables, account receivables, and other receivables (including related parties)		3,047,027	2,572,076
Other financial assets - Current		87,084	15,836
Guarantee deposits paid		28,974	13,930
Subtotal		3,441,212	2,750,085
Total	**$**	**3,511,797**	**2,827,652**

b) Financial liabilities

		Dec. 31, 2021	Dec. 31, 2020
Financial liabilities at fair value through profit and loss			
Foreign exchange forward contracts	$	9,361	5,838
Subtotal		9,361	5,838
Financial liabilities measured at amortized cost:			
Short-term borrowings		586,849	150,000
Account payables and other payables (including related parties)		4,740,791	4,617,207
Long-term borrowings (including loans due within one year)		1,306,694	1,614,624
Lease liabilities - Current and non-current (including related parties)		152,033	182,439
Guarantee deposits received		25,912	21,187
Subtotal		6,812,279	6,585,457
Total	**$**	**6,821,640**	**6,591,295**

2) Information of fair value

a) Financial instruments that is not measured at fair value

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

b) Financial instruments measured at fair value

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

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

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

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

	Dec. 31, 2021				
		Fair value			
	Book amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 1,093	-	1,093	-	1,093
Exchange contracts	4,815	-	4,815	-	4,815
	$ 5,908	-	**5,908**	-	**5,908**
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
	$ 64,677	-	**55,490**	**9,187**	**64,677**
Financial liabilities at fair value through profit and loss					
Foreign exchange forward contracts	**$ (9,361)**	-	**(9,361)**	-	**(9,361)**

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

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

a) Non-derivative financial instruments

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

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

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

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

b) Derivative financial instruments

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

4) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2021 and 2020.

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

Financial assets at fair value through other comprehensive income:

		2021	2020
Balance at beginning of year	$	1,500	-
Purchase of the period		9,187	1,500
Changes in other comprehensive income recognized in the current period		(1,134)	-
Reclassification of investments accounted for using the equity method		(366)	-
Balance at end of year	$	**9,187**	**1,500**

z. Financial risk management

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

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

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

1) Credit risk

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

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

Due to the characteristics of the industry, the film sheet products of the Combined Company are concentrated in a small number of customers, which makes the Combined Company have a significant concentration of credit risk. As of December 31, 2021 and 2020, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 53% and 51%, respectively. The Combined Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2. Liquidity Risks

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

The unused loan amounts of the Combined Company as of 31 December, 2021 and 2020 totaled NT$12,639,627 thousand and NT$11,983,778 thousand, respectively.

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

	Contract cash flow	Within 6 Months	6-12 months	1-5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 589,182	288,139	301,043	-	-
Account payables (including related parties)	3,189,621	3,189,621	-	-	-
Other payables (including related parties)	1,551,170	1,551,170	-	-	-
Long-term borrowings (including loans due within one year)(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 deposits received	25,912	1,010	7,357	16,448	1,097
	$6,877,049	**5,087,454**	**365,803**	**1,168,176**	**255,616**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,666,554)	(1,666,554)	-	-	-
Outflows	1,674,822	1,674,822	-	-	-
Exchange contracts - Net delivery	(4,815)	(4,815)	-	-	-
	$ 3,453	**3,453**	**-**	**-**	**-**

	Contract cash flow	Within 6 Months	6-12 months	1-5 years	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 151,052	617	150,435	-	-
Account payables (including related parties)	3,451,227	3,451,227	-	-	-
Other payables (including related parties)	1,165,980	1,165,980	-	-	-
Long-term borrowings (Floating rate)	1,692,558	8,059	8,155	1,310,787	365,557
Lease liabilities (including related parties)	186,104	39,854	47,708	98,542	-
Guarantee deposits received	21,187	4,074	912	15,981	220
	$6,668,108	**4,669,811**	**207,210**	**1,425,310**	**365,777**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,878,274)	(1,878,274)	-	-	-
Outflows	1,873,000	1,873,000	-	-	-
Exchange contracts - Net delivery：	(7,146)	(7,146)	-	-	-
	$ (12,420)	**(12,420)**	**-**	**-**	**-**

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.

2) Market risk

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

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

a) Exchange Rate Risk

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

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

i. Risk and sensitivity analysis of exchange rate risk

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

Currency Unit: Thousands

	Dec. 31, 2021					
		Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets						
USD	$	124,059	27.680	3,433,953	1%	34,340
JPY		157,306	0.2404	37,816	1%	378
Financial liabilities						
USD		67,328	27.680	1,863,639	1%	18,636
JPY		6,793,493	0.2404	1,633,156	1%	16,332

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

As the Combined Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to NT$219,021 thousand and NT$(80,982) thousand, respectively.

b) Interest rate risk

The Combined Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Combined Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Combined Company's net profit before tax for the year of 2021 and 2020 will decrease or increase by NT$18,935 thousand and NT$17,646 thousand, respectively, which was due to the floating interest rate borrowings of the Combined Company.

c) Price of equity instruments

The stocks of domestic listed companies and non-listed companies held by the Combined Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive income in 2021 and 2020 will increase/decrease by NT$3,234 thousand and NT$2,965 thousand.

aa. Capital management

The Combined Company plans the capital management of the Combined Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

bb. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Combined Company through leasing in 2021 and 2020, please refer to Note 6 [11].

2) The adjustment of liabilities from financing activities is as follows:

			Non-cash changes				
	Jan. 1, 2021	**Cash flow**	**Effect from subsidiaries the first time**	**Addition on lease liabilities**	**Lease modifications**	**Evaluation adjustment**	**Dec. 31, 2021**
Short-term borrowings	$ 150,000	420,093	16,756	-	-	-	586,849
Long-term borrowings	1,614,624	(326,760)	16,814	-	-	2,016	1,306,694
(including loans due within one year)							
Guarantee deposits received	21,187	4,725	-	-	-	-	25,912
Lease liabilities (including related parties)	182,439	(86,773)	4,110	52,575	(318)	-	152,033
Total liabilities from financing activities and capitalization	**$1,968,250**	**11,285**	**37,680**	**52,575**	**(318)**	**2,016**	**2,071,488**

	Dec. 1, 2020	Cash flow	Non-cash changes		Dec. 31, 2020
			Lease changes	Evaluation adjustment	
Short-term borrowings	$ 56,800	93,200	-	-	150,000
Long-term borrowings	1,993,000	(361,690)	-	(16,686)	1,614,624
Guarantee deposits received	22,556	(1,369)	-	-	21,187
Lease liabilities (including related parties)	272,888	(92,110)	1,661	-	182,439
Total liabilities from financing activities and capitalization	**$ 2,345,244**	**(361,969)**	**1,661**	**(16,686)**	**1,968,250**

7. Related Party Transactions

a. The names and relationships of related parties

Name of related parties	Relationship with the Combined Company
Qisda Technology Co., Ltd. (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 1)
MLK Bioscience Co., Ltd.	Affiliated company of the Combined Company
Visco Technology Sdn. Bhd.(VVM)	A subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Affiliated company of Qisda
Suzhou Darfon Electronics Co., Ltd.	A subsidiary of Darfon
AU Optronics Corporation (AUO)	The corporate shareholder of Qisda accounting for using equity method
AU Optronics (L) Co. (AUL)	Subsidiary of AUO
AFPD Pte., Ltd.	Subsidiary of AUO
AU Optronics (Suzhou) Corporation (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corporation	Subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	Subsidiary of AUO
AU Optronics (Shanghai) Co., Ltd.	Subsidiary of AUO
AU Optronics (Slovakia) Co., Ltd.	Subsidiary of AUO
AUO Care (Suzhou) Co., Ltd.	Subsidiary of AUO
Jingzhi Electronics (Hefei) Co., Ltd.	Subsidiary of AUO

Name of related parties	Relationship with the Combined Company
Darwin Precision Industry (Xiamen) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry (Suzhou) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry Corporation	Subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co., Ltd.	Subsidiary of AUO
Dazhihui Intelligent Manufacturing (Suzhou) Co., Ltd.	Subsidiary of AUO
Edgetech Info-Technology (Suzhou) Co., Ltd.	Subsidiary of AUO
U-Fresh Sustainable Technology (Suzhou) Co., Ltd.	Subsidiary of AUO
AUO Display Plus Corp.	Subsidiary of AUO
AUO Digital Technology Service (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 Service Co., Ltd.	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
Nanjing BenQ Medical Hospital (NMH)	Subsidiary of Qisda
Suzhou BenQ Medical Hospital (SMH)	Subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou) Co., Ltd.	Subsidiary of Qisda
Lily-Medical Corporation	Subsidiary of Qisda
Darly Venture Inc.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corporation	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific India Co., Ltd.	Subsidiary of Qisda
BenQESCO	Subsidiary of Qisda
BenQ Guru Corporation	Subsidiary of Qisda
BenQ Corporation	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corporation	Subsidiary of Qisda

Name of related parties	Relationship with the Combined Company
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corporation	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
Best-Sound International Trading Co., Ltd.	Subsidiary of Qisda
BenQ Business Solution (Shanghai) Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Optoelectronics Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Co., Ltd.	Subsidiary of Qisda
Suzhou Qisda Precision Industry Co., Ltd.	Subsidiary of Qisda
Sysage Technology Co., Ltd.	Subsidiary of Qisda
Expert Alliance System & Consultancy Co., Ltd.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
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

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

b. Significant transactions with related parties

1) Operating revenue

	2021	2020
Other related parties:		
AUO	$ 3,832,921	3,967,849
AUS	1,215,914	1,084,361
AUX	809,816	699,625
Others	18,995	26,469
Affiliated company - VVM	102,930	69,085
Other affiliated companies	3,014	3,220
Parent company	21	57
	$ 5,983,611	**5,850,666**

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

2) Purchases

		2021	2020
Affiliated companies	$	359,521	218,095
Other related parties		70	25
	$	**359,591**	**218,120**

The price at which the Combined Company purchases goods from related parties cannot be compared with the general transaction price due to different product specifications. It is performed in accordance with the agreed purchase price and conditions.

3) Property transaction

The acquisition prices of various assets acquired by the Combined Company from related parties are summarized as follows:

Related parties category	**Account item**		**2021**	**2020**
Parent company	Intangible assets	$	2,229	1,535
Other related parties	Intangible assets		8,519	5,422
Other related parties	Real estate, plant and equipment		11,500	-
		$	**22,248**	**6,957**

4) Leases

The Combined Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. The recognized interest expenses in 2021 and 2020 were NT$ 2,521 thousand and NT$4,117 thousand respectively. The balance of lease liabilities as of December 31, 2021 and 2020 was NT$ 91,779 thousand and NT$174,068 thousand, respectively.

The Combined Company leases workshops and offices to other related parties, and the rental income is summarized as follows:

		2021	2020
Other related parties	**$**	**1,645**	**1,755**

5) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Combined Company are as follows:

Account item	**Related parties category**	**Dec. 31, 2021**	**Dec. 31, 2020**
Accounts receivable - related parties, net	Other related parties - AUO	$ 419,854	694,443
	Other related parties - AUS	88,716	141,989
	Other related parties - AUX	51,334	83,116
	Other related parties - Others	7,975	16,265
	Affiliated companies	42,256	18,632
	Subtotal	610,135	954,445
Other receivables—related parties	Other related parties	20	55
		$ 610,155	**954,500**

The Combined Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

Dec. 31, 2021

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables(Note 6 [5])	Interest rate range	Other important matters
Mega International Commercial Bank	$ 763,366	-	687,030	76,336	0.80%	Guaranteed promissory note150,000
CTBC Bank Co., Ltd.	$ 551,918	-	496,727	55,191	0.89%	None
	$ 1,315,284	**-**	**1,183,757**	**131,527**		**150,000**

Dec. 31, 2020

Underwriter	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables(Note 6 [5])	Interest rate range	Other important matters
Mega International Commercial Bank	$ 423,739	-	379,786	43,953	1.05%	Guaranteed promissory note150,000
CTBC Bank Co., Ltd.	293,008	-	263,408	29,600	1.00%	Guaranteed promissory note 51,030
	$ 716,747	**-**	**643,194**	**73,553**		**201,030**

6) Payables to related parties

In summary, the details of the amounts due to related parties by the Combined Company are as follows:

Account item	Related parties category	Dec. 31, 2021	Dec. 31, 2020
Accounts payable - related parties	Affiliated companies	$ 48,362	29,766
	Other related parties	74	-
	Subtotal	48,436	29,766
Other payables - related parties	Other related parties	24,102	16,180
	Affiliated companies	6	38
	Subtotal	24,108	16,218
		$ 72,544	**45,984**

c. Compensation of major managerial personnel

		2021	2020
Short-term employee benefits and compensation	$	61,061	46,357
Retirement benefits		324	324
	$	**61,385**	**46,681**

8. Pledged Assets

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

Asset name	Purpose of Pledge		Dec. 31, 2021	Dec. 31, 2020
Land, buildings and structures	Long-term borrowings	$	629,602	650,368
Other financial assets current deposit certificates	Customs deposits		-	10,668
Other financial assets current deposit certificates	Letter of credit guarantee		-	198
		$	**629,602**	**661,234**

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

Significant unrecognized contract commitment:

		Dec. 31, 2021	Dec. 31, 2020
Unused letters of credit issued	$	683,141	933,883
Signed and unpaid major engineering and equipment payments		599,853	205,457

10. Significant Loss from Disaster: None

11. Significant Subsequent Events

a. In May 2021, the board of directors of Sigma-Medical resolved to sell the land and buildings located in Ruifang District, New Taipei City. In November 2021, Sigma-Medical signed a real estate sale contract with the buyer for $280,000 thousand (including tax), and the amount received in advance as of December 31, 2021 was $84,000 thousand (recorded under "other current liabilities"). The transaction was completed on January 18, 2022, resulting in a gain on disposal of property, plant and equipment of approximately NT$112,195 thousand, and the contract price was fully received by the date of the financial statements.

12. Others

a. The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions / Types of functions	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,433,497	753,892	2,187,389	1,222,760	615,920	1,838,680
Labor insurance and national health insurance	108,086	49,359	157,445	85,349	39,043	124,392
Pension expenses	48,529	30,534	79,063	38,045	23,677	61,722
Other employee benefits expenses	78,135	25,495	103,630	70,679	25,194	95,873
Depreciation	483,813	85,252	569,065	517,791	62,049	579,840
Amortization expenses	15,004	30,812	45,816	14,164	26,132	40,296

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2021, the Combined Company shall re-disclose the relevant information of significant transactions as follows：

1) Loaning funds to others:

Unit: Thousands

No.	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 2)	Transaction amount	Reason for financing	Allowance for allowance for loss amount	Collateral		Limit on loans granted to a single party	Fund loan and total limit
													Name	Value		
1	BMS (Note 1)	BenQ Material (Wuhu) Co., Ltd.	Other receivables—related parties	Yes	1,154,711 (RMB265,000)	1,151,531 (RMB265,000)	818,239 (RMB188,300)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
2	BMS (Note 1)	BenQ Medical Technology (Suzhou) Co., Ltd.	Other receivables—related parties	Yes	259,560 (RMB60,000)	130,362 (RMB30,000)	23,900 (RMB5,500)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
3	BMS (Note 1)	Suzhou Sigma-Medical Co., Ltd.	Other receivables—related parties	Yes	86,718 (RMB20,000)	-	-	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681

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

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

Note 3. It has already been written off during compilation of the Consolidated Financial

Statements.

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint equity):

Name of Company Held	Type and Name of Marketable Securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Highest Ownership Level or Capital Invested during the Period		Note
				Shares	Book amount	%	Fair value	Shares	%	
The Company	Shares of Biodenta Corporation	-	Financial assets at fair value through profit or loss	225	(註)	2.50%	-	225	2.50%	
The Company	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	55,490	5.25%	55,490	1,680	5.25%	
The Company	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	3,000	2.73%	3,000	300	6.52%	
The Company	Shares of Cuumed Catheter Medical Co., Ltd.	-	Financial assets at fair value through other comprehensive income	323	6,187	2.12%	6,187	206	2.12%	

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

4) The cumulative amount of purchase or selling the same securities reaches NT$300 million or more than 20% of the paid-in capital: None.

5) The amount of real estate acquired reaches NT$300 million or more than 20% of the paid-in capital: None.

6) The amount of disposition of real estate reaches NT$300 million or more than 20% of the paid-in capital: None.

7) Those who purchase or sell with a related party in the amount of NT$100 million or more than 20% of the paid-in capital:

Vendor/Customer	Counter-party	Relationship	Transaction details				Unusual Transaction Terms and Reasons		Note and account receivables (paid)		Note
			Purchase (sale) goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,832,921	24%	OA90	(Note 1)	(Note 3)	419,854	14%	-
The Company	AUS	Other related parties	Sale	1,215,914	8%	OA90	〃	〃	88,716	3%	-
The Company	AUX	Other related parties	Sale	809,816	5%	OA90	〃	〃	51,334	2%	
The Company	BMM	Parent company and subsidiaries	Sale	433,328	3%	OA120	〃	〃	248,054	8%	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Sale	270,498	2%	OA90	〃	〃	150,948	5%	(Note 4)
The Company	VVM	Affiliated companies	Sale	102,930	1%	OA90	〃	〃	42,066	1%	-
The Company	BMS	Parent company and subsidiaries	Purchases	(861,864)	8%	OA90	(Note 2)	〃	(351,388)	10%	(Note 4)
The Company	Visco Vision	Affiliated companies	Purchases	(359,098)	3%	OA30	〃	〃	(48,346)	1%	-
The Company	BMW	Parent company and subsidiaries	Purchases	(257,518)	2%	OA90	〃	〃	(42,785)	1%	(Note 4)

Note 1. The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

Note 2. The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

Note 3. There is no significant difference between the transaction price and general transaction.

Note 4. It has already been written off during compilation of the Consolidated Financial Statements.

Note 5. For purchases and sales with related parties, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counter-party	Relationship	Balance Dues from Related Parties	Turnover rate (Note 1)	Overdue accounts receivables from related parties		Subsequently Recovered Amount from Related Party	Allowance for allowance for loss amount
					Amount	Way of disposal		
The Company	AUO	Other related parties	419,854	3.33	-	-	-	-
The Company (Note 2)	BMM	Parent company and subsidiaries	248,054	2.60	-		-	-
The Company (Note 2)	Sigma-Medical	Parent company and subsidiaries	150,948	2.74	-		150,948	-
BMS (Note 2)	The Company	Parent company and subsidiaries	351,388	4.06	-	-	78,969	-

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

Note 2. It has already been written off during compilation of the Consolidated Financial Statements.

9) Engaged in derivative transaction: For information on the transaction of derivative financial products by the Combined Company, please refer to Note 6 [2] of the Consolidated Financial Statements.

10) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Counter-party	Transaction object	The type of relations with transaction party (Note 2)	Transaction details (Note 3)			Ratio to consolidated total operating income or total assets (Note 4)
				Accounts	Amount	Transaction conditions	
1	The Company	BMM	1	Sale	433,328	OA120	2.63%
1	The Company	BMM	1	Accounts receivable	248,054	OA120	1.98%
2	BMS	The Company	2	Processing income	861,864	OA90	5.23%
2	BMS	The Company	2	Accounts receivable	351,388	OA90	2.81%
3	The Company	Sigma-Medical	1	Sale	270,498	OA90	1.64%
3	The Company	Sigma-Medical	1	Accounts receivable	150,948	OA90	1.21%
4	BMW	The Company	2	Sale	257,518	OA90	1.56%
4	BMW	The Company	2	Accounts receivable	42,785	OA90	0.34%

Note 1. Instruction for numbering.

1. 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. The type of relations with transaction party is marked as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries

Note 3. For business relations and important transactions between parent-subsidiary companies, only sales and accounts receivable amounting to 1% of consolidated revenue or assets are disclosed, and the corresponding imports and accounts payable are omitted.

Note 4. Divide the transaction amount by the consolidated operating income or consolidated total assets.

Note 5. It has already been written off during compilation of the Consolidated Financial Statements.

b. Information on reinvestment:

The information on the reinvestment business of the Combined Company in 2021 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Highest Ownership Level or Capital Invested during the Period		Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount	Shares	%			
The Company	BMLB	Malaysia	Holding company	1,141,340	1,141,340	35,082	100.00%	1,680,378	35,082	100.00%	172,521	172,521	(Note 1)
The Company	Sigma-Medical	Taiwan	Sales of medical equipment	231,727	560,000	2,000	100.00%	126,679	40,000	100.00%	562	719	(Note 1)
The Company	Visco Vision	Taiwan	Manufacturing and sales of contact lenses	177,811	177,811	9,834	17.97%	213,301	9,834	17.97%	444,303	75,152	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	92,262	29,127	4,418	34.83%	82,693	4,418	34.83%	(11,594)	(2,330)	(Note 1)
The Company	Genejet	Taiwan	Development, manufacturing, and sales of medical equipment	43,316	-	3,767	70.00%	44,125	3,767	70.00%	(2,670)	710	(Note 1)
The Company	Buticon International Corporation	Taiwan	Sales and development of medical equipment	6,000	6,000	217	20.00%	4,546	217	20.00%	(5,790)	(1,340)	
The Company	Coatmed	Taiwan	Sales and development of medical equipment	5,980	-	598	20.00%	4,071	598	20.00%	(10,676)	(775)	
The Company	Taikei	Taiwan	Development, manufacturing, and sales of medical equipment	-	10,001	-	-	-	525	20.00%	(1,921)	(694)	

Note 1. It has already been written off during compilation of the Consolidated Financial Statements.

c. Information on investments in mainland China：

1) Information on reinvestments in mainland China:

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note 1)	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - Beginning of the period	Profit or Loss of Invested Company in the Current Period	Percentage of ownership through the Company's direct or indirect investment	Highest Ownership Level or Capital Invested during the Period		Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2021	Investment profits repatriated by the end of the current period
					Remit	Receive				Shares	%		Value	
BenQ Materials Co., Ltd. (BMS)	Processing of functional film products	802,720 (USD29,000)	(3)	802,720 (USD29,000)	-	-	802,720 (USD29,000)	39,145	100.00%	-	100.00%	39,145 (Note 2)	1,938,681 (Note 4)	-
Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,799 (RMB11,000)	(2)	-	-	-	-	10,152	100.00%	-	100.00%	10,152 (Note 2)	1,862 (Note 4)	-
BenQ Material (Wuhu) Co., Ltd.	Manufacture and sales of film sheet and cosmetic-related products	347,632 (RMB80,000)	(3)	173,816 (RMB40,000)	-	-	173,816 (RMB40,000) (Note 3)	132,258	100.00%	-	100.00%	127,500 (Note 2)	(283,235) (Note 4)	-
BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Sales and manufacturing of medical equipment	65,181 (RMB15,000)	(2)	-	-	-	-	(2,873)	100.00%	-	100.00%	(2,873) (Note 2)	54,100 (Note 4)	-
Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Sales and manufacturing of medical equipment	44,067 (USD1,592)	(1)	44,067 (USD1,592)	-	-	44,067 (USD1,592)	(4,546)	100.00%	-	100.00%	(4,546) (Note 2)	25,752 (Note 4)	-

Note 1. Ways of investments are as follows:

1. Direct investment in mainland companies.
2. Reinvestment the surplus of BMLB to China.
3. Investing in mainland companies through the establishment of companies in the third region.

Note 2. The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.

Note 3. Excluding the reinvestment of RMB 10,950,000 reinvested by BMLB.

Note 4. It has already been written off during compilation of the Consolidated Financial Statements.

2) Limits on investments in mainland China:

Unit: Thousands

Company name	Cumulative investment amount remitted from Taiwan to the mainland at the end of the period	Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee	Upper Limit on Investment Authorized by MOEAIC
The Company	976,536 (USD29,000及RMB40,000)	1,089,299 (USD29,000及RMB65,950)	(Note)
Sigma-Medical	44,067 (USD1,592)	44,067 (USD1,592)	80,000

It is converted according to the exchange rate of USD to NTD of 27.680 and RMB to NTD of 4.3454 at the end of the period.

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

3) Material transactions with investee companies in Mainland China:

Please refer to the "Information on significant transactions" section for direct or indirect transactions between the Combined Company and investees in mainland China for 2021 which have been written off during the preparation of the Consolidated Financial Statements.

d. Information on major shareholders:

Unit: Shares

Shareholding / Name	Holding Shares	Share Ownership %
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

The reportable business segment of the Combined Company is only the film sheet segment. The film sheet segment is mainly engaged in the sales, manufacturing and research, and development of various electronic chemical membrane products.

Other operating departments of the Combined Company include sales, manufacturing and research and development of medical products and sales of contact lenses. These segments did not meet any quantitative thresholds for reporting segments in 2021 and 2020.

The accounting policies of the transportation segment, except for operating expenses and non-operating income (expenses) that cannot be directly attributable to each operating department, it is calculated based on the proportion of the revenue (or headcount) of each operating segment to the total revenue (or headcount). The income tax expense is not apportioned but directly included outside the film sheet segment, and the rest is the same as the summary of the important accounting policies described in Note 4. In addition to the non-apportionment of the profit and loss share of the Combined Company that adopts the equity method, the profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating performance. The Combined Company deems the inter-unit sales and transfer as transaction with third parties.

The information and adjustments to operating units of the Combined Company are as follows:

	2021			
	Film sheet segment	Other sectors	Adjustments and elimination	Total
ːvenue from external customers	$ 14,836,921	1,644,765	-	16,481,686
Intersegment revenue	-	-	-	-
Total revenue	**$ 14,836,921**	**1,644,765**	**-**	**16,481,686**
Segment profit or loss	**$ 882,536**	**15,732**	**-**	**898,268**
Shares of profits of associates accounted for using the equity method				71,259
Net profit				**$ 969,527**

	2020			
	Film sheet segment	Other sectors	Adjustments and elimination	Total
ːvenue from external customers	$ 13,682,335	1,367,613	-	15,049,948
Intersegment revenue	-	-	-	-
Total revenue	**$ 13,682,335**	**1,367,613**	**-**	**15,049,948**
Segment profit or loss	**$ 376,848**	**8,615**	**-**	**385,463**
Shares of profits of associates accounted for using the equity method				10,510
Net profit				**$ 395,973**

a. Product and service information

The Combined Company's revenue information from external customers is as follows:

Product and service name	2021	2020
Functional sheet	$ 14,836,921	13,682,335
Others	1,644,765	1,367,613
	$ 16,481,686	**15,049,948**

b. Regional information

The Combined Company distinguishes the following information with the revenue based on geographic location of customers and non-current assets based on geographical location of assets.

Region	2021	2020
Revenue from external customers:		
China	$ 10,988,061	9,692,008
Taiwan	4,871,265	4,899,394
Others	622,360	458,546
	$ 16,481,686	**15,049,948**

Region	Dec. 31, 2021	Dec. 31, 2020
Non-current assets		
Taiwan	$ 3,934,615	3,660,489
China	1,413,431	1,459,175
	$ 5,348,046	**5,119,664**

Non-current assets include real estate, plant and equipment, right-of-use assets, investment real estate, intangible assets and other assets, but non-current assets that do not include financial instruments, deferred income tax assets and assets for retirement benefits.

c. Major customer information

	2021	2020
Customer A	$ 3,832,921	3,967,849
Customer B	1,215,914	1,084,361
Customer C	962,435	1,290,302
	$ 6,011,270	**6,342,512**

Independent Auditor's Report

To: The Board of Directors of BenQ Materials Corporation

Opinions on the audit

We have audited the Balance Sheets of BenQ Materials Corporation as of December 31, 2021 and 2020, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Individual Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2021 and 2020.

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the individual financial position of BenQ Materials Corporation as of December 31, 2021 and 2020, and its individual financial performance and cash flows for the annual periods ended December 31, 2021 and 2020 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis of opinions on the audit

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 Individual Financial Statements of BenQ Materials Corporation and its subsidiaries. These matters were addressed in the context of our audit of the Individual Financial Statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters individually. The accountant's judgment should communicate the key audit matters on the audit report as follows:

I. Inventory Valuation

For the accounting policies of inventories, please refer to Note 4 [7] of the Individual Financial Statements; For the accounting estimates of the inventory evaluation and the description of the uncertainty of the assumptions, please refer to Note 5 of the Individual Financial Statements; For the description of important accounting items in inventories, please refer to Note 6 [6] of the Individual Financial Statements.

Description:

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

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

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

The Management's Responsibility and Governing Body of the Individual Financial Statements

It is the management's responsibility to fairly present the Individual Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain internal controls which are necessary for the preparation of the Individual Financial Statements so as to avoid material misstatements due to fraud or errors therein.

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

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

The Accountants' Responsibilities in Auditing the Individual Financial Statements

Our objectives are to obtain reasonable assurance on whether the Individual Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors' report. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Individual Financial Statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Individual Financial Statements.

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

1. Identified and evaluated the risk of a material misstatement(s) due to fraud or errors in the Individual Financial Statements; designed and carried out appropriate countermeasures for the assessed risks; and obtained sufficient and appropriate evidence as the basis for the audit report. The risk of not detecting a significant misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of BenQ Materials Corporation.
3. Assess the appropriateness of the accounting policies adopted by the management level, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty

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

5. Evaluated the overall presentation, structure, and content of the Individual Financial Statements (including the related notes), and determined whether the Individual Financial Statements present related transactions and events fairly.
6. Acquire sufficient and appropriate audit evidence for the financial information of the investee company that adopts the equity method to express opinions on Individual Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion on BenQ Materials Corporation.

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the Individual Financial Statements of BenQ Materials Corporation of 2021. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

KPMG Taiwan

Accountant:

Approved audit number: FSC (6) No. 0940100754
FSC (6) No. 0950103298

February 24, 2022

Notice to Readers

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

BENQ MATERIALS CORPORATION

Balance Sheets
December 31, 2021 and 2020
Unit: NT$ thousand

	Assets	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6 [1])	$ 107,720	1	95,267	1
1110	Financial assets at fair value through profit or loss - current (Note 6 [2])	5,908	-	18,258	-
1120	Financial assets at fair value through other comprehensive income - current (Note 6 [3])	55,490	-	57,809	1
1170	Notes and accounts receivable, net (Note 6 [4], [18])	2,017,573	17	1,191,123	11
1180	Notes and accounts receivable - related parties net amount (Note 6 [4], [18] and 7)	1,081,494	9	1,183,882	11
1200	Other receivables (Note 6 [5] and 7)	183,945	2	219,033	2
1210	Other receivables - related parties (Note 6 [5] and 7)	2,284	-	5,462	-
1310	Inventories, net (Note 6 [6])	2,487,033	20	2,210,236	20
1479	Other current assets	151,060	1	149,523	1
1476	Other financial assets - current	5,913	-	4,970	-
	Total current assets	6,098,420	50	5,135,563	47
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 [3])	9,187	-	1,500	-
1550	Investments accounted for using equity method (Note 6 [7])	2,155,793	18	2,161,610	20
1600	Real estate, plant, and equipment (Notes 6 [8], 7, and 8)	3,610,070	30	3,229,360	30
1755	Right-of-use asset (Notes 6 [9])	138,018	1	172,249	2
1780	Intangible assets (Note 6 [10] and 7)	30,634	-	21,090	-
1840	Deferred tax assets (Note 6 [15])	144,141	1	137,353	1
1920	Guarantee deposits paid	9,451	-	3,717	-
1995	Other non-current assets	4,443	-	4,637	-
	Total non-current assets	6,101,737	50	5,731,516	53
	Total assets	**$ 12,200,157**	**100**	**10,867,079**	**100**

	Liabilities and Equity	Dec. 31, 2021 Amount	%	Dec. 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6 [11])	$ 576,800	5	150,000	1
2120	Financial assets at fair value through profit or loss - current (Note 6 [2])	9,361	-	5,838	-
2170	Accounts payable	3,054,382	25	3,312,781	30
2180	Accounts payable - related parties (Note 7)	447,739	3	255,599	3
2200	Other payables (Note 6 [19])	1,345,775	11	899,311	8
2220	Other payables - related parties (Note 7)	26,343	-	34,407	-
2281	Lease liabilities - current (Note 6 [13])	7,088	-	2,626	-
2282	Lease liabilities - related parties - current (Note 6 [13] and 7)	91,779	1	82,289	1
2300	Other current liabilities	90,194	1	61,066	1
	Total current liabilities	5,649,461	46	4,803,917	44
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 [12] and 8)	1,303,330	11	1,614,624	15
2570	Deferred tax liabilities (Note 6 [15])	123,773	1	2,525	-
2581	Lease liabilities - non-current (Note 6 [13])	49,184	1	5,745	-
2582	Lease liabilities - related parties - non-current (Note 6 [13] and 7)	-	-	91,779	1
2600	Other non-current liabilities (Note 6 [12], [14])	31,079	-	25,714	-
	Total non-current liabilities	1,507,366	13	1,740,387	16
	Total liabilities	7,156,827	59	6,544,304	60
	Equity (Note 6 [16])				
3110	Common stock	3,206,745	26	3,206,745	30
3200	Capital reserve	5,808	-	11,427	-
	Retained earnings				
3310	Legal reserve	317,262	2	277,665	3
3320	Special reserve	83,534	1	33,896	-
3350	Balance of retained earnings	1,533,290	13	876,576	8
3400	Other equity	(103,309)	(1)	(83,534)	(1)
	Total equity	5,043,330	41	4,322,775	40
	Total liabilities and equity	**$ 12,200,157**	**100**	**10,867,079**	**100**

(See the attached notes to Individual Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION

Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 [18] and 7)**	$ 15,898,350	100	14,207,202	100
5000	**Operating costs (Notes 6 [6], [8], [9], [10], [13], [14], [19], 7, and 12)**	(13,543,517)	(85)	(12,366,320)	(87)
	Gross operating profit	2,354,833	15	1,840,882	13
5910	(Unrealized) realized sales profit and loss	(13,596)	-	2,721	-
	Realized operating profit and loss	2,341,237	15	1,843,603	13
	Operating expenses (Notes 6 [4], [8], [9], [10], [13], [14], [19], 7, and 12):				
6100	Selling expenses	(575,694)	(4)	(483,161)	(4)
6200	General and administrative expenses	(209,090)	(1)	(163,361)	(1)
6300	Research and development expenses	(741,194)	(5)	(623,197)	(4)
	Total operating expenses	(1,525,978)	(10)	(1,269,719)	(9)
	Net Operating Income	815,259	5	573,884	4
	Non-operating income and expenses (Notes 6 [7], [12], [13], [20] and 7):				
7100	Interest revenue	589	-	207	-
7010	Other income	11,583	-	9,666	-
7020	Other gains or losses	168,311	1	(13,141)	-
7050	Financial costs	(41,288)	-	(59,524)	(1)
7070	Shares of (losses) profits of associates accounted for using the equity method	243,963	2	(19,153)	-
		383,158	3	(81,945)	(1)
	Income before income tax	1,198,417	8	491,939	3
7950	**Less: Income tax expense (Note 6 [15])**	(226,862)	(2)	(95,966)	-
	Net profit	971,555	6	395,973	3
	Other comprehensive income (loss):				
8310	**Items that will not be reclassified to profit or loss (Notes 6 [7], [14], [16])**				
8311	Remeasurement of defined benefit plans	(9,143)	-	(2,067)	-
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	(3,453)	-	(43,423)	(1)
8330	Share of other comprehensive income from subsidiaries accounted for using equity method	2,211	-	(67)	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		(10,385)	-	(45,557)	(1)
8360	**Items that may be reclassified subsequently to profit or loss (Note 6 [16])**				
8361	Exchange differences arising on translation of financial statements of foreign operations	(10,524)	-	(4,081)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		(10,524)	-	(4,081)	-
	Other comprehensive income (loss)	(20,909)	-	(49,638)	(1)
8500	**Total comprehensive income for the year**	**$ 950,646**	**6**	**346,335**	**2**
	Earnings per share (Unit: NT$) (Note 6 [17])				
9750	**Basic earnings per share**	**$**	**3.03**		**1.23**
9850	**Diluted earnings per share**	**$**	**2.99**		**1.23**

(See the attached notes to Individual Financial Statements)

Chairman: **Chen Chien-Chih** | **General Manager:** **Liu Chia-Jui** | **Accounting Manager:** **Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION

Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

			Retained earnings				**Other equity item**				
	Common stock	**Capital reserve**	**Legal reserve**	**Special reserve**	**Balance of retained earnings**	**Total**	**Exchange differences arising on translation of financial statements of foreign operations**	**Unrealized profits and losses of financial assets at fair value through other comprehensive income**	**Defined benefit plans remeasurement**	**Total**	**Total equity**
Balance as of January 1, 2020	$ 3,206,745	5,618	251,953	-	700,548	952,501	(36,865)	22,832	(19,863)	(33,896)	4,130,968
Appropriation and distribution of retained earnings:											
Account for legal reserve	-	-	25,712	-	(25,712)	-	-	-	-	-	-
Account for special reserve	-	-	-	33,896	(33,896)	-	-	-	-	-	-
Cash dividend of common stock	-	-	-	-	(160,337)	(160,337)	-	-	-	-	(160,337)
Other changes in capital surplus:											
Change in capital surplus from investments in associates under equity method	-	5,809	-	-	-	-	-	-	-	-	5,809
Net profit	-	-	-	-	395,973	395,973	-	-	-	-	395,973
Other comprehensive income (loss)	-	-	-	-	-	-	(4,081)	(43,423)	(2,134)	(49,638)	(49,638)
Total comprehensive income for the year	-	-	-	-	395,973	395,973	(4,081)	(43,423)	(2,134)	(49,638)	346,335
Balance as of December 31, 2020	3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775
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)
Other changes in capital surplus:											
Change in capital surplus from investments in associates under equity method	-	(5,619)	-	-	-	-	-	-	-	-	(5,619)
Disposal of equity instruments measured at fair value through other comprehensive gains and losses:	-	-	-	-	(1,134)	(1,134)	-	1,134	-	1,134	-
Net profit	-	-	-	-	971,555	971,555	-	-	-	-	971,555
Other comprehensive income (loss)	-	-	-	-	-	-	(10,524)	(3,453)	(6,932)	(20,909)	(20,909)
Total comprehensive income for the year	-	-	-	-	971,555	971,555	(10,524)	(3,453)	(6,932)	(20,909)	950,646
Balance as of December 31, 2021	**$ 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**

(See the attached notes to Individual Financial Statements)

Chairman: Chen Chien-Chih **General Manager: Liu Chia-Jui** **Accounting Manager: Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION

Statements of Cash Flows
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

		2021	2020
Cash flows from operating activities			
Income before income tax for the year	$	1,198,417	491,939
Adjusted items			
Depreciation		425,802	421,292
Amortization expenses		36,481	31,919
Expected credit losses		-	94
Valuation loss (profit) on financial liabilities measured at fair value through net profit or loss		15,873	(5,715)
Interest expenses		41,288	59,524
Interest revenue		(589)	(207)
Dividend income		(1,344)	(2,400)
Shares of losses (profits) of associates accounted for using the equity method		(243,963)	19,153
Profits from disposal of real estate, plant, and equipment		-	(51)
Profits from disposal of investment using equity method		(7,814)	(11,975)
Unrealized (realized) sales profit and loss		13,596	(2,721)
Amortization of deferred expenses transferred to expenses		108,775	107,542
Amortization of syndication fee costs		1,900	1,900
Gains on bargain purchase		(99)	-
Gains on lease modifications		(2)	-
Total adjustments to reconcile profit (loss)		389,904	618,355
Changes in operating assets/liabilities:			
Net changes in operating assets:			
Decrease (Increase) in notes and account receivable		(733,250)	323,122
Decrease (increase) in account receivables - related parties		44,414	(813,341)
Decreases (increases) in other receivables		(138)	177
Decreases (increases) in other receivables - related parties		3,178	(95)
Increase in inventory		(276,797)	(491,987)
Increase in other current assets		(110,026)	(38,356)
Total net changes in operating assets		(1,072,619)	(1,020,480)
Total net changes in operating liabilities:			
Increase (decrease) in account payables		(258,399)	849,916
Increase in account payables - related parties		192,140	102,166
Increase in other payables		229,328	6,228
Decrease in other payables - related parties		(8,064)	(83,006)
Increase (decrease) in other current liabilities		29,128	(35,161)
Decrease in net defined benefit liability		(1,842)	(1,857)
Total net changes in operating liabilities		182,291	838,286
Total net changes in operating assets and liabilities		(890,328)	(182,194)
Total adjustments		(500,424)	436,161
Cash inflow generated from operations		697,993	928,100
Interests received		589	207
Interests paid		(41,061)	(59,838)
(Payment) refund of income tax		(10,503)	24
Net cash flow from operating activities		647,018	868,493

(Continued)

(See the attached notes to Individual Financial Statements)

Chairman:	**General Manager:**	**Accounting Manager:**
Chen Chien-Chih	**Liu Chia-Jui**	**Wang Sheng-Hsing**

BENQ MATERIALS CORPORATION

Statements of Cash Flows (continued)
From January 1 to December 31, 2021 and 2020
Unit: NT$ thousand

	2021	2020
Cash flows from investing activities		
Purchase from acquisition of financial assets at fair value through profit or loss	(9,187)	(1,500)
Acquisition of investment using the equity method	(110,931)	(16,001)
Disposal of investment using the equity method	-	14,955
Return of capital from investments accounted for using the equity method due to capital reduction	328,273	-
Return of capital from investments accounted for using the equity method due to liquidation	2,372	-
Acquisition of real estate, plant, and equipment	(606,896)	(371,236)
Disposal of real estate, plant, and equipment	-	1,154
Increase in Guarantee Deposits Paid	(5,734)	(56)
Acquisition of intangible assets	(44,079)	(30,884)
Increase in other financial assets	(943)	(331)
Increase in other non-current assets	(2,054)	(106,388)
Dividends received	12,161	30,355
Net cash outflows from investing activities	(437,018)	(479,932)
Cash flows from financing activities:		
Increase in short-term borrowings	426,800	150,000
Proceeds from long-term borrowings	3,096,690	7,131,310
Repayments of long-term borrowings	(3,410,000)	(7,460,000)
Increase in guarantee deposits received	80	220
Repayments of lease principal	(86,645)	(92,110)
Issuance of cash dividend	(224,472)	(160,337)
Net cash outflows from financing activities	(197,547)	(430,917)
Increase (decrease) in cash and cash equivalents for the year	12,453	(42,356)
Cash and cash equivalents at beginning of year	95,267	137,623
Cash and cash equivalents at end of year	$ **107,720**	**95,267**

(See the attached notes to Individual Financial Statements)

Chairman: **Chen Chien-Chih** | **General Manager:** **Liu Chia-Jui** | **Accounting Manager:** **Wang Sheng-Hsing**

1. Company History

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

2. Date and Procedures of Authorization of Financial Statements

The Individual Financial Statements were published upon approval by the Board of Directors on February 24, 2022.

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

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

The Company has been applied to the application of the newly recognized IFRSs specified above will not have a material impact on the Individual Financial Statements since January 1, 2021.

- Amendments to IFRS 4 "Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IAS 16 "Changes in Interest Rate Indicators - Phase 2."
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond June 30, 2021"

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

The Company evaluates that the application of the following newly endorsed IFRSs amended since January 1, 2022, will not have a material impact on the Individual Financial Statements.

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

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

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

New or amended standards	Major amendments	The effective date of issuance by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction”

4. Summary of Significant Accounting Policies

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

a. Statement of compliance

The Individual Financial Statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter refer to as the Regulations).

b. Basis of preparation

1) Basis of preparation

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

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

b) Financial assets at fair value through other comprehensive income; and

c) Net defined benefit liabilities (or assets) are measured by determining the present value of the benefit obligation, the net amount after deducting the fair value of pension assets, and the upper limit of the number of influences mentioned in Note 4 [17].

2) Functional Currency and Presentation Currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The Individual Financial Statements were expressed in New Taiwan Dollars, the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

c. Foreign Currency

1) Foreign currency transactions

Transactions in foreign currency are translated into the functional currency at exchange rates prevailing at the transaction dates. On the end of each subsequent reporting period (hereinafter referred to as the reporting day). Monetary items in foreign currencies are converted into functional currencies at the exchange rate of the day. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing at the date when the fair value was determined. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are retranslated using the exchange rates prevailing at the transaction dates.

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

2) Foreign operating agency

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

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

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

d. Assets and liabilities classified as current and non-current

The Company shall classify an asset as current when:

1) It is expected to be realized when the Company is operating, or intended to be sold or consumed in the normal operating cycle;
2) Assets are held primarily for trading purposes;
3) It is expected to be realized within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

e. Cash and Cash Equivalents

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

f. Financial Instruments

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

1) Financial assets

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

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

a) Financial assets measured at amortized cost

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

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

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

b) Financial assets at fair value through other comprehensive income

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

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

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

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

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

c) Financial assets at fair value through profit or loss

Financial assets other than the aforementioned financial assets measured at amortized cost or financial assets at fair value through other comprehensive gains and losses are measured at fair value through profit and loss, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or measured at fair value through other comprehensive income, as at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

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

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

e) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total carrying amount of its financial assets. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, the written-off financial assets can still be enforced to comply with the procedures for the Company to recover the overdue amount.

f) Derecognition of financial assets

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

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

2) Financial liabilities and equity instruments

a) Classification of liabilities or equities

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

b) Financial liabilities

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

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

c) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When the terms of financial liabilities are modified and there is a significant difference in the cash flow of the revised liabilities, the original financial liabilities will be derecognized and new financial liabilities will be recognized at fair value based on the revised terms.

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

d) Offsetting of financial assets and financial liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3) Derivative financial instruments

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

g. Inventory

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

h. Investment in the affiliated enterprises

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

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

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

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

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

The Company ceases to use the equity method from the date its investment ceases to be an affiliated company and measures the retained interest at fair value. The difference between the fair value of the retained interest and the disposal price and the carrying amount of the investment at the date of cessation of the equity method is recognized in profit or loss for the current period. All amounts previously recognized in other comprehensive income related to the investment are accounted for on the same basis as that which would be required to be followed if the related assets or liabilities were disposed of directly by the affiliated company, i.e. if a gain or loss previously recognized in other comprehensive income is required to be reclassified to profit or loss (or retained earnings) upon disposal of the related assets or liabilities, the gain or loss is reclassified from equity to profit or loss (or retained earnings) when the company ceases to use the equity method. If the Company's ownership interest in a related party decreases but the equity method continues to apply, the Company reclassifies the gain or loss previously recognized in other comprehensive income related to the decrease in ownership interest in the manner described above in proportion to the decrease.

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

i. Investment in Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the Individual Financial Statements. The book value of the investment subsidiary includes the goodwill identified at the time of the original investment, deduct any accumulated impairment losses. Under the equity method, the current profit and loss and other comprehensive income of the Individual Financial Statements are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial report prepared on the basis of consolidation, and the owner's equity of the Individual Financial Statements is the same as the owner's equity attributable to the owners of the parent company in the financial report prepared on the basis of consolidation.

Changes in the ownership and equity of the subsidiary by the Company that does not result in the loss of control shall be treated as equity transactions with the owner.

j. Real estate, plant and equipment

1) Recognition and measurement

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

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

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

2) Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company

3) Depreciation

The depreciation is calculated by capital cost less scrap value and is recognized in profit or loss based on the estimated service years of each component using the straight-line method. The land does not need to be depreciated. The rest of the estimated service life is: Machinery and equipment, 3-10 years; other equipment, 2-10 years; and houses and buildings are depreciated based on the estimated service life of their major components: main buildings, 20-40 years; mechanical and electrical engineering and another engineering, 10-20 years.

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

k. Leases

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

1) Lessee

The Company recognizes the right-of-use asset and the lease liability on the inception of the lease. The right-of-use asset is initially measured at cost, which includes the initial measured amount of the lease liability, adjusts any lease benefits paid on or before the inception of the lease, and adds the initial direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

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

The lease payments comprise as follows:

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

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

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

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

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

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

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

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

The Company records right-of-use assets and lease liabilities defined as not investment properties in a single line item in the Individual Balance Sheets.

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

2) Lessor

For transactions in which the Company is the lessor, it is to classify the tenancy agreement according to whether it transfers almost all risks and remuneration attached to the ownership of the underlying asset on the lease establishment date. If so, it is classified as a financial lease, otherwise, it is classified as an operating lease. At the time of evaluation, the Company's considerations include relevant specific indicators, such as whether it covers the main component of the economic life of the underlying asset during the lease term.

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

l. Intangible assets

Intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses. The amortization amount is calculated based on the following estimated service life based on the straight-line method, and the amortization amount is recognized in the profit and loss: Purchased software, 1~3 years; other intangible assets, 5 years.

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

m. Impairments of non-financial assets

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

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

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

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

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

n. Liability reserve

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

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

o. Revenue recognition

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

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

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

p. Government subsidies and government assistance

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

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

q. Employee benefits

1) Defined contribution plans

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

2) Defined benefit plans

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

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

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

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized. The gains or losses on the curtailment or settlement include any change in fair value of planned assets and current value of defined benefit obligations.

3) Short-term employee benefits

The obligation for short-term employee benefits is measured on undiscounted basis, and recognized as expense at the time of provision of relevant services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

r. Income tax

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

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

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

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

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

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

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

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

s. Business mergers

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

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

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

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

t. Earnings per share

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

u. Segment Information

The Company has disclosed segment information in the consolidated financial statements, so the Individual Financial Statements do not disclose segment information.

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

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

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

Accounting policies involve significant judgments. Information that has a significant impact on the Individual Financial Statements is as follows:

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

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

The following assumptions and estimated uncertainties have a significant risk of causing significant adjustments to the carrying amount of assets and liabilities in the next financial year are as follows:

b. Inventory Valuation

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

6. Descriptions of Material Accounting Subjects

a. Cash and Cash Equivalents

		Dec. 31, 2021	Dec. 31, 2020
Working capital	$	95	95
Demand deposit and check deposit		107,625	95,172
	$	**107,720**	**95,267**

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

		Dec. 31, 2021	Dec. 31, 2020
Mandatory financial assets measured at fair value through profit and loss-Current：			
Foreign exchange forward contracts	$	1,093	11,112
Exchange contracts		4,815	7,146
	$	**5,908**	**18,258**
Financial liabilities held for transaction - current			
Foreign exchange forward contracts	**$**	**(9,361)**	**(5,838)**

Fair value remeasurement was recognized in profit or loss. Refer to Note 6 [20] for details.

1) Derivative financial instruments

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

a) Foreign exchange forward contracts

Dec. 31, 2021		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 6,000	Buy RMB Call/USD Put	Jan. 28, 2022
USD$ 33,000	Buy JPY Call/USD Put	Jan. 24, 2022~Feb. 24, 2022
USD$ 21,500	Buy NTD Call/USD Put	Jan. 4, 2022~Jan. 27, 2022

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

b) Exchange contracts

Dec. 31, 2021		
Contract amount (NT$ thousand)	Type of currency	Due Date
USD$ 48,000	Buy NTD Call/USD Put	Jan. 28, 2022

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

c. Financial assets at fair value through other comprehensive income

	Dec. 31, 2021	Dec. 31, 2020
Equity instruments measured at fair value through other comprehensive gains and losses:		
Stocks listed in the emerging stock market in Taiwan	$ 55,490	57,809
Unlisted stocks	9,187	1,500
	$ 64,677	**59,309**
Current	$ 55,490	57,809
Non-current	9,187	1,500
	$ 64,677	**59,309**

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

In August 2021, the 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 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 fair value through other comprehensive income were reclassified as investments accounted for using the equity method, as described in Note 6 [7]. The Company disposed of a portion of its equity instruments measured at fair value through other comprehensive income in 2021 with an accumulated loss on disposal of NT$1,134 thousand, and has transferred the aforementioned accumulated loss on disposal from other equity to retained earnings. For the year ended December 31, 2020, no disposal of investments was conducted and hence no transfer of cumulative profit or loss was recognized.

d. Notes and accounts receivable

	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$ 6,357	5,522
Accounts receivable	2,011,341	1,185,834
Deduction: Allowance for loss	(125)	(233)
	2,017,573	1,191,123
Account receivables - Related parties	1,081,494	1,183,882
	$ 3,099,067	**2,375,005**

1) The Company adopts a simplified approach to estimate expected credit losses for all note and account receivables (including related parties), that is, the expected credit losses during the lifetime are measured, and forward-looking information has been incorporated. The expected credit loss analysis of note receivables and account receivables (including related-parties) of the Company as of December 31, 2021 and 2020 was as:

	Dec. 31, 2021		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	**$ 3,099,192**	0.0040%	**125**

	Dec. 31, 2020		
	Book amount of account receivables and bills	**Weighted average loss rate**	**Loss allowance for lifetime expected credit losses**
Not pass due	**$ 2,375,238**	0.0098%	**233**

2) The table of changes in allowance loss for note receivables and account receivables of

the Company is as follows:

	2021	2020
lance at beginning of year	$ 233	139
:cognized impairment loss	-	94
nounts written off as uncollectible for the year	(108)	-
lance at end of year	**$ 125**	**233**

3) The Company and the financial institution sign a non-recourse agreement for the sale of account receivables. According to the contract, the Company does not have to bear the risk that the account receivables cannot be recovered, but only bears the losses caused by commercial disputes. Since the Company has transferred almost all the risks and rewards of the ownership of the above account receivables and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on 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:

110.12.31

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$ 210,752	-	186,970	23,782	0.70% ~ 0.82%	None	-
E.Sun 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	830,400
	$ 495,516	**-**	**443,257**	**52,259**			**830,400**

109.12.31

Sale object	Sale amount	Amount still available in advance	Advance amount	Shown as other receivables (Note 6 [5])	Interest rate range	Other important matters	
Taipei Fubon Commercial Bank	$ 573,865	-	469,322	104,543	0.82% ~ 1.13%	None	-
KGI Bank	233,957	-	208,894	25,063	1.04% ~ 1.05%	Guaranteed promissory note	850,500
E.Sun Bank	156,469	-	140,616	15,853	0.88%	None	-
	$ 964,291	**-**	**818,832**	**145,459**			**850,500**

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

e. Other receivables

		Dec. 31, 2021	Dec. 31, 2020
Other receivables - account receivables sale minus advance price balance (Note 6 [4] and 7)	$	183,786	219,012
Other receivables - Others		159	21
Other receivables—related parties		2,284	5,462
		186,229	224,495
Deduction: Allowance for loss		-	-
	$	**186,229**	**224,495**

The Company's other receivables as of December 31, 2021 and 2020 have no expected credit losses after assessment.

f. Inventory

		Dec. 31, 2021	Dec. 31, 2020
Raw Material	$	1,145,310	1,174,199
Work in progress		782,300	475,630
Finished goods		559,423	560,407
	$	**2,487,033**	**2,210,236**

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

		2021	2020
Inventory cost has been sold	$	13,614,199	12,321,180
Reversal of allowance for inventory market price decline		(70,682)	45,140
	$	**13,543,517**	**12,366,320**

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

g. Investments accounted for using the equity method

		Dec. 31, 2021	Dec. 31, 2020
Subsidiaries	$	1,933,875	1,964,734
Affiliated companies		221,918	196,876
	$	**2,155,793**	**2,161,610**

1) Subsidiaries

Please refer to 2021 consolidated financial statements.

2) Acquisition of a subsidiary-Cenefom Corp.

a) Acquisition of transfer consideration from subsidiaries

On October 25, 2021 (the acquisition date), the Company acquired 3,323 thousand shares of common stock of Cenefom Corp. (hereinafter referred to as "Cenefom ") for a total amount of $63,135 thousand by participating in a cash capital increase, which increased the 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 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 assets and liabilities	(14,437)	148,372
Goodwill		**$ 32,262**

The goodwill recognized by the Company at the time of investment is included in the carrying value of investments in subsidiaries accounted for using the equity method. The 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 Company prior to the acquisition date, which was recorded under "other gains and losses".

3) Acquisition of a subsidiary-Genejet Biotech Co., Ltd.

a) Acquisition of transfer consideration from subsidiaries

On October 28, 2021 (the acquisition date), the 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 Company acquired Genejet primarily to acquire the access to existing customer base and expanding sales channels in Taiwan and Asia.

b) Acquisition of 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 payables	(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	**$ 62,022**

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		(62,022)
Gains on bargain purchase (recorded under "other gains or losses")	**$**	**(99)**

4) Affiliated companies

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 Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision-making, thus gaining significant influence, which it was evaluated using the equity method. On January 28, 2021, the shareholders' meeting resolved the dissolution of Taikebio Co., Ltd. As a result, the Combined Company lost its significant influence on the company and incurred a loss of NT$6,556 thousand on disposal of investment. In August 2020, the Company disposing of some of the equity of Visco with a cash amount of NT$14,955 thousand resulting in disposal of an investment benefit of NT$11,975 thousand but it did not result in a significant loss of influence.

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

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

		Dec. 31, 2021	**Dec. 31, 2020**
The carrying amount of equity of individually immaterial associates at end of period	**$**	**221,918**	**196,876**
Share attributable to the Company:			
Net profit	$	71,259	10,510
Other comprehensive income (loss)		(19,265)	(6,177)
Total comprehensive income	**$**	**51,994**	**4,333**

h. Real estate, plant and equipment

	Land	Housing and structures	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2021	$ 1,344,108	2,114,986	4,720,010	2,132,600	10,311,704
Addition	-	82,646	245,074	394,248	721,968
Disposal	-	-	(9,900)	(996)	(10,896)
Reclassification	-	323,459	110,791	(436,196)	(1,946)
Balance as of December 31, 2021	**$ 1,344,108**	**2,521,091**	**5,065,975**	**2,089,656**	**11,020,830**
Balance as of January 1, 2020	$ 1,344,108	2,082,643	4,679,532	1,892,228	9,998,511
Addition	-	3,459	28,399	339,228	371,086
Disposal	-	(292)	(52,296)	(5,305)	(57,893)
Reclassification	-	29,176	64,375	(93,551)	-
Balance as of December 31, 2020	**$ 1,344,108**	**2,114,986**	**4,720,010**	**2,132,600**	**10,311,704**
Accumulated depreciation:					
Balance as of January 1, 2021	$ -	1,299,394	4,269,000	1,513,950	7,082,344
Depreciation for the period	-	89,393	172,563	77,356	339,312
Disposal	-	-	(9,900)	(996)	(10,896)
Balance as of December 31, 2021	**$ -**	**1,388,787**	**4,431,663**	**1,590,310**	**7,410,760**
Balance as of January 1, 2020	$ -	1,216,629	4,184,289	1,402,381	6,803,299
Depreciation for the period	-	83,057	135,905	116,873	335,835
Disposal	-	(292)	(51,194)	(5,304)	(56,790)
Balance as of December 31, 2020	**$ -**	**1,299,394**	**4,269,000**	**1,513,950**	**7,082,344**
Carrying Value:					
December 31, 2021	**$ 1,344,108**	**1,132,304**	**634,312**	**499,346**	**3,610,070**
December 31, 2020	**$ 1,344,108**	**815,592**	**451,010**	**618,650**	**3,229,360**
January 1, 2020	**$ 1,344,108**	**866,014**	**495,243**	**489,847**	**3,195,212**

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

i. Right-of-use assets

		Housing and structures
Right-of-use assets cost:		
Balance as of January 1, 2021	$	426,530
Addition		52,575
Lease modifications		(389)
Balance as of December 31, 2021	**$**	**478,716**
Balance as of January 1, 2020	$	425,614
Addition		1,661
Disposal		(745)
Balance as of December 31, 2020	**$**	**426,530**
Accumulated depreciation of right-of-use assets:		
Balance as of January 1, 2021	$	254,281
Depreciation for the period		86,490
Lease modifications		(73)
Balance as of December 31, 2021	**$**	**340,698**
Balance as of January 1, 2020	$	169,569
Depreciation for the period		85,457
Disposal		(745)
Balance as of December 31, 2020	**$**	**254,281**
Carrying Value:		
December 31, 2021	**$**	**138,018**
December 31, 2020	**$**	**172,249**
January 1, 2020	**$**	**256,045**

j. Intangible assets

		Purchased software	Other intangible assets	Total
Cost:				
Balance as of January 1, 2021	$	213,576	512	214,088
Separate acquisition		44,079	-	44,079
Reclassification		1,946	-	1,946
Balance as of December 31, 2021	$	**259,601**	**512**	**260,113**
Balance as of January 1, 2020	$	182,692	512	183,204
Separate acquisition		30,884	-	30,884
Balance as of December 31, 2020	$	**213,576**	**512**	**214,088**
Accumulated amortization:				
Balance as of January 1, 2021	$	192,546	452	192,998
Amortization for the year		36,421	60	36,481
Balance as of December 31, 2021	$	**228,967**	**512**	**229,479**
Balance as of January 1, 2020	$	160,729	350	161,079
Amortization for the year		31,817	102	31,919
Balance as of December 31, 2020	$	**192,546**	**452**	**192,998**
Carrying Value:				
Balance as of December 31, 2021	$	**30,634**	**-**	**30,634**
Balance as of December 31, 2020	$	**21,030**	**60**	**21,090**
Balance as of January 1, 2020	$	**21,963**	**162**	**22,125**

k. Short-term borrowings

		Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	$	**576,800**	**150,000**
Unused credit line	$	**8,621,179**	**8,217,497**
Interest rate range		**0.75%~0.83%**	**0.82%**

l. Long-term borrowings

		Dec. 31, 2021	Dec. 31, 2020
Unsecured bank loans	$	1,003,330	864,624
Secured bank loans		300,000	750,000
Total	$	**1,303,330**	**1,614,624**
Unused credit line	$	**3,497,000**	**3,318,690**
Expiration year		112~119	112~119
Interest rate range		**1.25%~1.30%**	**1.25%~1.30%**

1) Collateral for bank loans

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

2) Government low-interest loans

The Company obtained low-interest bank loans in accordance with the "Key Points for Welcome Taiwanese Businessmen to Return to Taiwan Investment Project Loans" in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of December 31, 2021 and 2020, the actual amount of transfer amounted to NT$1,018,000 thousand and NT$881,310 thousand, respectively. The fair value of the loan was NT$996,484 thousand and NT$861,860 thousand respectively based on the market interest rate of 1.25%~1.3%, and the difference of NT$21,516 thousand and NT$19,450 thousand, respectively, are regarded as a government subsidy and recognized as deferred income. In 2021 and 2020, the amount of the aforementioned deferred income transferred to "other income" amounted to NT$4,082 thousand and NT$2,764 thousand, respectively.

3) Financial ratio agreement in loan contract

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

The financial ratios of the Company as of December 31, 2021 and 2020 were in compliance with the agreed standards in the joint loan contract.

m. Lease liabilities

The carrying amount of lease liabilities is as follows:

		Dec. 31, 2021	Dec. 31, 2020
Current:			
Related parties	$	**91,779**	**82,289**
Non-related parties	$	**7,088**	**2,626**
Non-current:			
Related parties	$	**-**	**91,779**
Non-related parties	$	**49,184**	**5,745**

Please refer to financial risk management of Note 6 [22] for expiry analysis.

The amounts recognized in profit or loss were as follows:

		2021	2020
Short-term lease expense	$	**3,088**	**2,006**
Interest expense – lease obligations payable	$	**2,957**	**4,287**

The amounts recognized in the statements of cash flows are:

		2021	2020
Total cash flows on lease	$	**92,690**	**98,403**

1) Lease of buildings and constructions

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

2) Other leases

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

n. Employee benefits

1) Defined benefit plans

The reconciliation between the present value of the defined benefit obligations and the fair value of the plan assets of the Company is as follows:

		Dec. 31, 2021	Dec. 31, 2020
Present value of defined benefit obligations	$	60,559	51,269
Fair value of plan assets		(44,480)	(42,491)
Net defined benefit liabilities (listed as other non-current liabilities)	$	**16,079**	**8,778**

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

a) Composition of plan assets

The retirement fund contributed by the Company in accordance with the Labor Standards Act is managed by the Bureau of Labor Funds Utilization, Ministry of Labor (hereinafter referred to as Bureau of Labor Funds), and utilized according to the provisions of "Regulations on Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund"; with regard to the utilization of the funds, lowest earnings in final settlement shall not be less than the earnings attainable from two- year time deposits with interest rates offered by local banks.

As of December 31, 2021 and 2020, the balances of the Taiwan Bank's special account for labor retirement reserves of the Company were NT$44,480 thousand and NT$42,491 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

b) Movements in present value of the defined benefit obligations

		2021	2020
Service cost and interest of the period	$	51,269	49,556
Current interest cost		384	619
Remeasurement of net defined benefit liabilities			
- Actuarial profits and losses due to experience adjustments		7,641	(717)
- Actuarial profits or losses arising out of changes in financial assumptions		1,935	4,022
Benefits that are planned to pay		(670)	(2,211)
Service cost and interest of the end period	**$**	**60,559**	**51,269**

c) Changes in the fair value of planned assets

		2021	2020
Fair value of plan assets at beginning period	$	42,491	40,988
Interest revenue		326	525
Remeasurement of net defined benefit liabilities			
- Actuarial profits or losses		433	1,238
Funds contributed by the employer		1,900	1,951
Benefits paid by the plan		(670)	(2,211)
Fair value of plan assets at end period	**$**	**44,480**	**42,491**

d) Change of asset upper limit impacts

The Company did not determine the impact of the maximum number of assets of the benefit plans in 2021 and 2020.

e) Expenses recognized in profit or loss

		2021	2020
Net interest on net defined benefit liability assets	**$**	**58**	**94**
Operating costs	$	80	57
Operating Expenses		(22)	37
	$	**58**	**94**

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

		2021	2020
Accumulated balance at beginning period	$	(20,963)	(18,896)
Recognition of the period		(9,143)	(2,067)
Accumulated balance at end of period	**$**	**(30,106)**	**(20,963)**

g) Actuarial assumptions

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

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.750%	0.750%
Future salary increases rate	2.00%	2.00%

The Company expects to pay NT$1,891 thousand to the defined benefit plan within one year after the reporting date in 2021. The weighted average duration of defined benefit plans is 18.69 years.

h) Sensitivity analysis

	Impact on defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(2,342)	2,448
Future salary increases rate	2,375	(2,286)
December 31, 2020		
Discount rate	(2,061)	2,161
Future salary increases rate	2,103	(2,012)

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

2) Defined contribution plans

The definite allocation plan of the Company is in accordance with the provisions of the Labor Pension Regulations and is allocated to the labor pension individual account of the Labor Insurance Bureau at a rate of 6% of the labor's monthly salary. CMP's contributions to the Bureau of Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

The details of the following methods for determining the appropriation of pensions are as follows:

	2021	2020
Operating costs	$ 35,329	30,071
Operating Expenses	22,163	19,468
	$ 57,492	**49,539**

o. Income tax

1) Income tax expense

	2021	2020
Income tax expenses of the period		
Accrued in current year	$ 134,770	29,753
Adjustments to income tax expenses of precious period	(22,368)	(3,616)
	112,402	26,137
Deferred income tax expenses		
Occurrence and reversal of temporary differences	32,733	90,676
Changes in unrecognized temporary differences	81,727	(2,670)
Recognition of the deduction of unrecognized losses in the previous period	-	(18,177)
	114,460	69,829
Income tax expense	**$ 226,862**	**95,966**

There was no income tax that was directly recognized in equity or other comprehensive income for the Company in 2021 and 2020.

The reconciliation of income tax expenses and income before income tax in 2021 and 2020 was as：

	2021	2020
Income before income tax	$ 1,198,417	491,939
Income tax calculated by domestic tax rate of the Company's domicile	$ 239,683	98,388
Gains or losses on investments recognized under the equity method	(14,288)	4,675
Non-deductible impairment and expenses	7,395	9,292
Changes in unrecognized temporary differences	81,727	(2,670)
Unrecognized loss carryforwards changes	-	(18,177)
Investment deduction	(61,595)	-
Previous income tax adjustment	(26,060)	4,458
Income tax expense	$ 226,862	95,966

2) Deferred tax assets and liabilities

a) Unrecognized deferred tax liabilities

Unrecognized deferred tax liabilities:

	Dec. 31, 2021	Dec. 31, 2020
Summary amount of temporary differences related to investment in subsidiaries	$ -	81,727

The related deferred income tax liabilities have not been recognized since the Company can control the timing of the reversal of the temporary difference related to the investment subsidiary, and is sure that it will not revert in the foreseeable future.

b) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2021 and 2020 are as follows:

Deferred income tax assets:

	Allowance for loss of inventory depreciation	Deductible loss	Fixed asset tax differential	Others	Total
January 1, 2021	$ 68,964	-	25,709	42,680	137,353
(Debit) credit revenue statement	(14,137)	-	2,370	18,555	6,788
December 31, 2021	**$ 54,827**	**-**	**28,079**	**61,235**	**144,141**
January 1, 2020	$ 59,936	86,531	23,880	35,681	206,028
(Debit) credit revenue statement	9,028	(86,531)	1,829	6,999	(68,675)
December 31, 2020	**$ 68,964**	**-**	**25,709**	**42,680**	**137,353**

Deferred tax assets and liabilities:

	Share of profit from subsidiaries accounted for using equity method	Others	Total
January 1, 2021	$ -	$ 2,525	2,525
Debit (credit) income statement	116,231	5,017	121,248
December 31, 2021	**$ 116,231**	**$ 7,542**	**123,773**
January 1, 2020	$ -	$ 1,371	1,371
Debit (credit) income statement	-	1,154	1,154
December 31, 2020	**$ -**	**$ 2,525**	**2,525**

3) Income tax approved

The ROC income tax authorities have examined the Company's income tax returns through 2019.

p. Capital and other equity

1) Common stock

As of December 31, 2021 and 2020, the total value of nominal common stocks amounted to NT$4,000,000 thousand, with a par value of NT$10 per share, consisting of 400,000 thousand shares issued. There were 320,675 thousand shares of ordinary shares already issued.

2) Capital reserve

The details of capital reserve were as follows:

	Dec. 31, 2021	Dec. 31, 2020
Changes in net equity of associates accounted for using equity method	**$ 5,808**	**11,427**

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

3) Retained earnings

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

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

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

a) Legal reserve

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

b) Special reserve

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

c) Earnings distribution

The 2020 and 2019 distributions of earnings were resolved at the shareholders' meetings on August 25, 2021 and June 18, 2020, respectively. The dividends distributed to owners are as follows:

	2020		**2019**	
	Earnings Per Share (NT$)	**Amount**	**Earnings Per Share (NT$)**	**Amount**
Dividends to ordinary shareholders:				
Cash	$ 0.70	**224,472**	0.50	**160,337**

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	Defined benefit plans remeasure ment	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehens ive income	Total
January 1, 2021	$	(40,946)	(21,997)	(20,591)	(83,534)
The exchange differences yielded by net assets of overseas operating institutions：					
The Combined Company		8,741	-	-	8,741
Affiliated companies		(19,265)	-	-	(19,265)
Defined benefit plans remeasurement		-	(9,143)	-	(9,143)
The re-measured share of the defined benefit plans of the subsidiary adopting the equity method		-	2,211	-	2,211
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income		-	-	(3,453)	(3,453)
Disposal of financial assets at fair value through other comprehensive income		-	-	1,134	1,134
Balance as of December 31, 2021	**$**	**(51,470)**	**(28,929)**	**(22,910)**	**(103,309)**
January 1, 2020	$	(36,865)	(19,863)	22,832	(33,896)
The exchange differences yielded by net assets of overseas operating institutions：					
The Combined Company		2,096	-	-	2,096
Affiliated companies		(6,520)	-	-	(6,520)
Proceeds from the disposal of affiliated companies accounted for using equity method		343	-	-	343
Defined benefit plans remeasurement		-	(2,067)	-	(2,067)
The re-measured share of the defined benefit plans of the subsidiary adopting the equity method		-	(67)	-	(67)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income		-	-	(43,423)	(43,423)
Balance as of December 31, 2020	**$**	**(40,946)**	**(21,997)**	**(20,591)**	**(83,534)**

q. Earnings per share

1) Basic earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	**$**	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		**320,675**	**320,675**
Basic earnings per share (NT$)	**$**	**3.03**	**1.23**

2) Diluted earnings per share

		2021	2020
Net profit attributable to holders of common equity of the Company	$	**971,555**	**395,973**
The weighted average number of shares outstanding (thousand shares)		320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):			
Impact of employee compensation		3,809	2,304
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)		**324,484**	**322,979**
Diluted earnings Per Share (NT$)	$	**2.99**	**1.23**

r. Revenue from contracts with customers

1) Disaggregation of revenue

		2021		
		Film sheet segment	**Other sectors**	**Total**
Primary geographical markets:				
China	$	9,961,030	475,681	10,436,711
Taiwan		4,437,775	523,091	4,960,866
Others		285,172	215,601	500,773
	$	**14,683,977**	**1,214,373**	**15,898,350**
Main products/services:				
Functional sheet	$	14,683,977	-	14,683,977
Others		-	1,214,373	1,214,373
	$	**14,683,977**	**1,214,373**	**15,898,350**

		2020		
		Film sheet segment	**Other sectors**	**Total**
Primary geographical markets:				
China	$	8,941,080	219,488	9,160,568
Taiwan		4,447,363	301,279	4,748,642
Others		223,021	74,971	297,992
	$	**13,611,464**	**595,738**	**14,207,202**
Main products/services:				
Functional sheet	$	13,611,464	-	13,611,464
Others		-	595,738	595,738
	$	**13,611,464**	**595,738**	**14,207,202**

2) Contract balances

	Dec. 31, 2021	Dec. 31, 2020	Dec. 1, 2020
Notes receivables and accounts receivables (including related parties)	$ 3,099,192	2,375,238	1,877,455
Deduction: Allowance for loss	(125)	(233)	(139)
Total	**$ 3,099,067**	**2,375,005**	**1,877,316**

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

s. Employee and directors' compensation

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

In 2021 and 2020, the Company's employee bonus was set aside for NT$134,276 thousand and NT$ 55,119 thousand, respectively, and the director's bonus was set aside for NT$10,071 thousand and NT$4,134 thousand, which are estimated on the basis of the Company's pre-tax net profit before deducting the bonus of employees and directors in each period multiplied by the distribution percentage of the bonus of employees and directors stipulated in the Articles of Incorporation of the Company, and reported as the operating cost or expenses of 2021 and 2020. Upon any variance between the distribution of next year and the estimated amount, a change of accounting estimate shall follow and recognize in the profit or loss of next year. The compensation for employees and directors of the Company decided by the Board of Directors is not different from the estimated amount in the Company's individual financial reports for the year of 2021 and 2020, and it is issued in cash. For the relevant information, please refer to the public information observatory Inquire.

t. Non-Operating Profit and Loss

1) Interest revenue

	2021	2020
Interests on bank deposits	**$ 589**	**207**

2) Other income

	2021	2020
Dividend income	$ 1,344	2,400
Government subsidy revenue	10,239	7,266
	$ 11,583	**9,666**

3) Other gains or losses

		2021	2020
Profits from disposal of real estate, plant, and equipment	$	-	51
Net Profits from disposal of investment		7,814	11,975
Net gain (loss) on foreign currency exchange		212,013	(87,673)
Net profits (losses) from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments		(58,685)	52,628
Gains on bargain purchase (Note 6[9])		99	-
Others		7,070	9,878
	$	**168,311**	**(13,141)**

4) Financial costs

		2021	2020
Interest expense of bank loans	$	(38,331)	(55,237)
Lease liabilities		(2,957)	(4,287)
	$	**(41,288)**	**(59,524)**

u. Types of financial instruments and fair value

1) Types of financial instruments

a) Financial assets

		Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through profit or loss:			
Foreign exchange forward contracts	$	1,093	11,112
Exchange contracts		4,815	7,146
Subtotal		5,908	18,258
Financial assets at fair value through other comprehensive income		64,677	59,309
Financial assets at amortized cost:			
Cash and Cash Equivalents		107,720	95,267
Note receivables, account receivables, and other receivables (including related parties)		3,285,296	2,599,500
Other financial assets - Current		5,913	4,970
Guarantee deposits paid		9,451	3,717
Subtotal		3,408,380	2,703,454
Total	$	**3,478,965**	**2,781,021**

b) Financial liabilities

		Dec. 31, 2021	Dec. 31, 2020
Financial liabilities at fair value through profit and loss			
Foreign exchange forward contracts	$	9,361	5,838
Subtotal		9,361	5,838
Financial liabilities measured at amortized cost:			
Short-term borrowings		576,800	150,000
Account payables and other payables			
(including related parties)		4,742,657	4,472,353
Long-term borrowings		1,303,330	1,614,624
Lease liabilities - Current and non-current (including related parties)		148,051	182,439
Guarantee deposits received		330	250
Subtotal		6,771,168	6,419,666
Total	$	**6,780,529**	**6,425,504**

2) Information of fair value

a) Financial instruments that is not measured at fair value

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

b) Financial instruments measured at fair value

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

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

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

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

	Dec. 31, 2021				
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Foreign exchange forward contracts	$ 1,093	-	1,093	-	1,093
Exchange contracts	4,815	-	4,815	-	4,815
	$ 5,908	**-**	**5,908**	**-**	**5,908**
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
Subtotal	**64,677**	**-**	**55,490**	**9,187**	**64,677**
Financial liabilities at fair value through profit and loss Foreign exchange forward contracts	**$ (9,361)**	**-**	**(9,361)**	**-**	**(9,361)**

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

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

a) Non-derivative financial instruments

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

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

If the aforesaid conditions fail, the market is not deemed as active.

The fair value of the domestic stocks held by the Company is estimated based on the average transaction price of the stock market on the day. In addition, the significant unobservable inputs mainly comprise liquidity discount, in which the possible changes would not result in a potentially material financial effect. Therefore, the Company does not disclose the quantitative information.

b) Derivative financial instruments

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

4) Fair value level and transfer

The Company did not have any financial assets and liabilities transferred in the fair value hierarchy in 2021 and 2020.

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

Financial assets at fair value through other comprehensive income:

		2021	2020
Balance at beginning of year	$	1,500	-
Purchase of the period		9,187	1,500
Changes in other comprehensive income recognized in the current period		(1,134)	-
Reclassification of investments accounted for using the equity method		(366)	-
Balance at end of year	**$**	**9,187**	**1,500**

v. Financial risk management

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

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

The Board of Directors of the Company is responsible for developing and controlling the risk management policy of the Company. The establishment of the risk management policy is to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits.

1) Credit risk

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

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

   Due to the characteristics of the industry, the film sheet products of the Company are concentrated in a small number of customers, which makes the Company have a significant concentration of credit risk. As of December 31, 2021 and 2020, the ratio of the top five customers in the balance of accounts receivable (including related parties) was 53% and 51%, respectively. The Company has established a credit policy, according to which each customer's credit status is analyzed individually to determine its credit limit, and the customer's financial status is continuously evaluated on a regular basis and insurance is used to reduce risks.

2) Liquidity Risks

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

   The unused loan amounts of the Company as of 31 December, 2021 and 2020 totaled NT$12,118,179 thousand and NT$11,536,187 thousand, respectively.

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

	Contract cash flow	Within 6 Months	6-12 months	1-5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 579,091	278,048	301,043	-	-
Account payables (including related parties)	$ 3,502,121	3,502,121	-	-	-
Other payables (including related parties)	1,240,536	1,240,536	-	-	-
Long-term borrowings (Floating rate)	1,359,842	5,787	5,838	1,106,898	241,319
Lease liabilities (including related parties)	153,681	50,437	50,270	39,774	13,200
Guarantee deposits received	330	-	-	330	-
	$6,835,601	**5,076,929**	**357,151**	**1,147,002**	**254,519**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,666,554)	(1,666,554)	-	-	-
Outflows	1,674,822	1,674,822	-	-	-
Exchange contracts - Net delivery	(4,815)	(4,815)	-	-	-
	$ 3,453	**3,453**	**-**	**-**	**-**
December 31, 2020					
Non-derivative financial liabilities					
Short-term borrowings	$ 151,052	617	150,435	-	-
Account payables (including related parties)	3,568,380	3,568,380	-	-	-
Other payables (including related parties)	903,973	903,973	-	-	-
Long-term borrowings (Floating rate)	1,692,558	8,059	8,155	1,310,787	365,557
Lease liabilities (including related parties)	186,104	39,854	47,708	98,542	-
Guarantee deposits received	250	-	-	30	220
	$6,502,317	**4,520,883**	**206,298**	**1,409,359**	**365,777**
Derivative financial instruments					
Forward foreign exchange contracts - Total delivery:					
Inflows	$(1,878,274)	(1,878,274)	-	-	-
Outflows	1,873,000	1,873,000	-	-	-
Exchange contracts - Net delivery	(7,146)	(7,146)	-	-	-
	$ (12,420)	**(12,420)**	**-**	**-**	**-**

The Company does not expect a significant difference in the cash flows timing or the actual amount from the maturity analysis.

3) Market risk

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

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

a) Exchange Rate Risk

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

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

i. Risk and sensitivity analysis of exchange rate risk

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

Currency Unit: Thousands

	Dec. 31, 2021				
	Foreign Currency	**Exchange rate**	**New Taiwan Dollar**	**Exchange rate changes**	**Profit and loss impact**
Financial assets					
USD	$ 109,318	27.680	3,025,922	1%	30,259
JPY	157,306	0.2404	37,816	1%	378
Financial liabilities					
USD	56,001	27.680	1,550,108	1%	15,501
JPY	6,783,993	0.2404	1,630,872	1%	16,309

		Dec. 31, 2020				
		Foreign Currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact
Financial assets						
USD	$	87,802	28.350	2,489,187	1%	24,892
JPY		102,003	0.2749	28,041	1%	280
Financial liabilities						
USD		28,936	28.350	820,336	1%	8,203
JPY		7,228,465	0.2749	1,987,105	1%	19,871

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to NT$212,013 thousand and NT$ (87,673) thousand, respectively.

b) Interest rate risk

The Company's bank borrowings are all based on floating interest rates. In response to the risk of interest rate changes, the Company mainly adopts regular assessments of bank and currency borrowing rates, and maintains good relationships with financial institutions to obtain lower financing costs. Simultaneously, it cooperates with methods such as strengthening working capital management to reduce the degree of dependence on bank loans and diversify the risk of interest rate changes.

The sensitivity analysis below is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating-rate liabilities, the analysis method is based on the assumption that the amount of liabilities out of circulation at the reporting date will be out of circulation throughout the year. If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the Company's net profit before tax for the year of 2021 and 2020 will decrease or increase by NT$18,801 thousand and NT$17,646 thousand, respectively, which was due to the floating interest rate borrowings of the Company.

c) Price of equity instruments

The stocks of domestic listed companies and non-listed companies held by the Company are subject to the risk of price changes in the equity securities market. The Company manages and monitors investment performance based on fair value.

The sensitivity analysis of the stock price risk of holding the aforementioned domestic listed companies and non-listed companies is based on the fair value changes on the reporting date. If the price of equity instruments increases/decreases by 5%, the amount of other comprehensive income in 2021 and 2020 will increase/decrease by NT$3,234 thousand and NT$2,965 thousand.

w. Capital management

The Company plans the capital management of the Company based on the characteristics of the current operating industry and the future development of the Company, as well as factors such as changes in the external environment, to ensure that the Company has the necessary financial resources and operating plans to meet the future needs of working capital, capital expenditures, research and development expenses, debt repayment and dividend expenditures.

x. Non-cash investing and financing activities

1) For details of the acquisition of the right-of-use assets by the Company through leasing in 2021 and 2020, please refer to Note 6 [9].

2) The adjustment of liabilities from financing activities is as follows:

			Non-cash changes			
	Jan. 1, 2021	Cash flow	Addition on lease liabilities	Lease modifications	Evaluation adjustment	Dec. 31, 2021
Short-term borrowings	$ 150,000	426,800	-	-	-	576,800
Long-term borrowings	1,614,624	(313,310)	-	-	2,016	1,303,330
Guarantee deposits received	250	80	-	-	-	330
Lease liabilities (including related parties)	182,439	(86,645)	52,575	(318)	-	148,051
Total liabilities from financing activities and capitalization	**$1,947,313**	**26,925**	**52,575**	**(318)**	**2,016**	**2,028,511**

			Non-cash changes		
	Dec. 1, 2020	Cash flow	Lease changes	Evaluation adjustment	Dec. 31, 2020
Short-term borrowings	$ -	150,000	-	-	150,000
Long-term borrowings	1,960,000	(328,690)	-	(16,686)	1,614,624
Guarantee deposits received	30	220	-	-	250
Lease liabilities (including related parties)	272,888	(92,110)	1,661	-	182,439
Total liabilities from financing activities and capitalization	**$ 2,232,918**	**(270,580)**	**1,661**	**(16,686)**	**1,947,313**

7. Related Party Transactions

a. The parent company and the ultimate controlling party

Qisda Technology Co., Ltd. (Qisda) is the ultimate controller of the Company and its subsidiaries, and holds 43.56% of the Company's outstanding common stocks. Qisda Technology Co., Ltd. has prepared a consolidated financial statement for public use.

b. The names and relationships of related parties

Name of related parties	Relationship with the Company
Qisda Technology Co., Ltd. (Qisda)	Parent company of the Company
BenQ Materials (L) Co. (BMLB)	Subsidiary of the Company
BenQ Materials Co., Ltd. (BMS)	Subsidiary of the Company
Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Subsidiary of the Company
BenQ Materials (Wuhu) Co., Ltd. (BMW)	Subsidiary of the Company
BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Subsidiary of the Company
Sigma Medical Supplies Corp.(Sigma-Medical)	Subsidiary of the Company
Suzhou Sigma-Medical Co., Ltd.	Subsidiary of the Company
Cenefom Corp. (Cenefom)	Subsidiary of the Company (Note 1)
Visco Vision Inc. (Visco Vision)	Affiliated company of the Company
MLK Bioscience Co., Ltd.	Affiliated company of the Company
Visco Technology Sdn. Bhd.(VVM)	A subsidiary of Visco Vision
Other related parties:	
BenQ Foundation	The actual related parties of Qisda
Darfon Electronics Co., Ltd. (Darfon)	Affiliated company of Qisda
AU Optronics Corporation (AUO)	The corporate shareholder of Qisda accounting for using equity method
AU Optronics (L) Co. (AUL)	Subsidiary of AUO
AFPD Pte., Ltd.	Subsidiary of AUO
AU Optronics (Suzhou) Corporation (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corporation	Subsidiary of AUO
AU Optronics (Xiamen) Corporation (AUX)	Subsidiary of AUO
AU Optronics (Slovakia) Co., Ltd.	Subsidiary of AUO
Jingzhi Electronics (Hefei) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry Corporation	Subsidiary of AUO
Darwin Precision Industry (Xiamen) Co., Ltd.	Subsidiary of AUO
Darwin Precision Industry (Suzhou) Co., Ltd.	Subsidiary of AUO
AUO Display Plus Corp.	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 Service Co., Ltd.	Subsidiary of AUO
Space4M Inc.	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
BenQ Asia Pacific Corporation	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.(BQMY)	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Thailand Co., Ltd.	Subsidiary of Qisda
BenQESCO	Subsidiary of Qisda

Name of related parties	Relationship with the Company
BenQ Guru Corporation	Subsidiary of Qisda
BenQ Corporation	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corporation	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ Dialysis Technology Corporation	Subsidiary of Qisda
Best-Sound International Trading Co., Ltd.	Subsidiary of Qisda
Lily-Medical Corporation	Subsidiary of Qisda
Suzhou Qisda Electronics Co., Ltd.	Subsidiary of Qisda
Sysage Technology Co., Ltd.(Sysage)	Subsidiary of Qisda
Expert Alliance System & Consultancy Co., Ltd.	Subsidiary of Qisda
Ace Pillar Co., Ltd.	Subsidiary of Qisda
Data Image Corporation	Subsidiary of Qisda
Aewin Technologies Co., Ltd.	Subsidiary of Qisda
AdvancedTEK International Corp.	Subsidiary of Qisda
Global Intelligence Network Co., Ltd.	Subsidiary of Qisda
Simula Technology Inc.	Subsidiary of Qisda

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

c. Significant transactions with related parties

1) Operating revenue

	2021	2020
Subsidiaries:		
BMM	$ 433,328	144,835
Sigma-Medical	270,498	41,712
BMW	37,221	110,988
DTB	1,045	22,875
Other subsidiaries:	46	-
Other related parties:		
AUO	3,832,921	3,967,849
AUS	1,215,914	1,084,361
AUX	809,816	699,625
Others	13,602	22,673
Affiliated companies	104,190	69,685
Parent company	21	57
	$ 6,718,602	**6,164,660**

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

2) Purchases

		2021	2020
Subsidiary - BMS	$	861,864	760,711
Subsidiary - BMW		257,518	105,597
Subsidiary - Sigma-Medical		38,033	261,107
Other subsidiaries:		7,782	5,234
Affiliated companies		359,521	218,095
Other related parties		70	25
	$	**1,524,788**	**1,350,769**

The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

3) Property transaction

The acquisition prices of various assets acquired by the Company from related parties are summarized as follows:

Related parties category	Account item		2021	2020
Parent company	Intangible assets	$	2,229	1,535
Other related parties	Intangible assets		8,519	5,422
Other related parties	Real estate, plant and equipment		11,500	-
		$	**22,248**	**6,957**

4) Leases

The Company leases factories and offices from AUO, and the rent is paid on a monthly basis with reference to the rent prices in the neighboring areas. The recognized interest expenses in 2021 and 2020 were NT$2,521 thousand and NT$4,117 thousand respectively. The balance of lease liabilities as of December 31, 2021 and 2020 was NT$91,779 thousand and NT$174,068 thousand, respectively.

5) Amounts receivable from related parties

In summary, the details of the accounts receivable from related parties of the Company are as follows:

Account item	Related parties category	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable - related parties, net	Subsidiary - BMM	$ 248,054	85,126
	Subsidiary - Sigma-Medical	150,948	46,518
	Subsidiary - BMW	73,875	99,660
	Subsidiary - DTB	674	165
	Other subsidiaries:	-	22
	Other related parties - AUO	419,854	694,443
	Other related parties - AUS	88,716	141,989
	Other related parties - AUX	51,334	83,116
	Other related parties - Others	5,783	14,426
	Affiliated companies	42,256	18,417
		1,081,494	1,183,882
Other receivables—related parties	Subsidiaries	2,284	5,462
		$ 1,083,778	**1,189,344**

The Company sells the account receivables from related parties to the financial institution in a non-recourse manner in accordance with the agreement of the account receivables sale contract signed with the financial institution. The relevant information related to the transfer of creditor's rights in account receivables that meets the derecognition conditions is as follows:

Dec. 31, 2021						
Underwriter	**Sale amount**	**Amount still available in advance**	**Advance amount**	**Shown as other receivables(Note 6 [5])**	**Interest rate range**	**Other important matters**
Mega International Commercial Bank	$ 763,366	-	687,030	76,336	0.80%	Guaranteed promissory note 150,000
CTBC Bank Co., Ltd.	551,918	-	496,727	55,191	0.89%	None -
	$ 1,315,284	**-**	**1,183,757**	**131,527**		**150,000**

Dec. 31, 2020							
Underwriter		Sale amount	Amount still available in advance	Advance amount	Shown as other receivables(Note 6 [5])	Interest rate range	Other important matters
Mega International Commercial Bank	$	423,739	-	379,786	43,953	1.05%	Guaranteed promissory note 150,000
CTBC Bank Co., Ltd.		293,008	-	263,408	29,600	1.00%	Guaranteed promissory note 51,030
	$	**716,747**	**-**	**643,194**	**73,553**		**201,030**

6) Payables to related parties

In summary, the details of the amounts due to related parties by the Company are as follows:

Account item	Related parties category		Dec. 31, 2021	Dec. 31, 2020
Accounts payable - related parties	Subsidiary - BMS	$	351,388	73,537
	Other subsidiaries:		47,916	152,296
	Affiliated companies - Visco Vision		48,346	29,740
	Other affiliated companies		16	26
	Other related parties		73	-
			447,739	255,599
Other payables - related parties	Subsidiaries		2,768	18,287
	Other related parties		23,569	16,082
	Affiliated companies		6	38
			26,343	34,407
		$	**474,082**	**290,006**

d. Compensation of major managerial personnel

		2021	2020
Short-term employee benefits and compensation	$	61,061	46,357
Retirement benefits		324	324
	$	**61,385**	**46,681**

8. Pledged Assets

The details of the asset carrying value pledged as collateral by the Company are as follows:

Asset name	Purpose of Pledge	Dec. 31, 2021	Dec. 31, 2020
Land, buildings and structures	Long-term borrowings	$ **629,602**	**650,368**

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

a. Significant unrecognized contract commitment:

	Dec. 31, 2021	Dec. 31, 2020
Unused letters of credit issued	$ 683,141	916,125
Signed and unpaid major engineering and equipment payments	547,686	205,457

10. Significant Loss from Disaster: None

11. Significant Subsequent Events: None.

12. Others

The functions of employee benefits, depreciation, and amortization expenses are summarized as follows:

Types of functions / Types of functions	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses						
Salary expenses	1,077,497	636,932	1,714,429	847,816	507,977	1,355,793
Labor insurance and national health insurance	90,499	40,517	131,016	72,138	33,923	106,061
Pension expenses	35,409	22,141	57,550	30,128	19,505	49,633
Board of Directors' remuneration	3,882	17,789	21,671	2,520	13,124	15,644
Other employee benefits expenses	58,263	19,387	77,650	51,515	20,629	72,144
Depreciation	349,597	76,205	425,802	364,603	56,689	421,292
Amortization expenses	14,637	21,844	36,481	13,505	18,414	31,919

	2021	2020
Number of Staff	**1,668**	**1,484**
Number of directors who do not serve as employees	**7**	**7**
Average benefits expenses	$ **1,192**	**1,072**
Average salary expenses	$ **1,032**	**918**
Average salary adjustment	**12.42%**	**1.32%**
Supervisor's remuneration	$ **-**	**-**

The compensation and remuneration policy (including directors, managers, and employees) of the Company are as follows:

The remuneration of the directors of the Company is authorized by the Board of Directors in accordance with the Articles of Incorporation of the Company, and depends on the degree of participation and contribution value of the directors in the Company's operations. It will also be issued in accordance with the "Remuneration Measures for Directors and Functional Committee Members" stipulated by the domestic and foreign peers. In addition, if the Company has surplus, the Board of Directors shall resolve the amount of directors' remuneration in accordance with the Articles of Incorporation of the Company.

The appointment, dismissal, and remuneration of the general manager and deputy general managers of the Company shall be performed in accordance with company regulations. The remuneration standard is based on the remuneration policies and principles of the Company's remuneration committee and the Board of Directors, and the remuneration is issued with reference to the usual industry standards, company operating income, profitability, and individual performance of managers.

The main remuneration principle of the Company's employees is to connect responsibilities and performance results and provide market-competitive remuneration to attract, retain and cultivate talents for a long time, reflecting the Company's business risks and corporate governance structure instead of using short-term profit as the only indicator of salary and performance evaluation, and connect the long-term value of shareholders.

13. Supplementary Disclosures

a. Information on significant transactions

In accordance with the requirements of the regulations in 2021, the Company shall re-disclose the relevant information of significant transactions as follows：

1) Loaning funds to others:

Unit: Thousands

No.	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 2)	Transaction amount	Reason for financing	Allowance for allowance for loss amount	Collateral		Limit on loans granted to a single party	Fund loan and total limit
													Name	Value		
1	BMS (Note 1)	BenQ Material (Wuhu) Co., Ltd.	Other receivables—related parties	Yes	1,154,711 (RMB265,000)	1,151,531 (RMB265,000)	818,239 (RMB188,300)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
2	BMS (Note 1)	BenQ Medical Technology (Suzhou) Co., Ltd.	Other receivables—related parties	Yes	259,560 (RMB60,000)	130,362 (RMB30,000)	23,900 (RMB5,500)	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681
3	BMS (Note 1)	Suzhou Sigma-Medical Co., Ltd.	Other receivables—related parties	Yes	86,718 (RMB20,000)	-	-	1.3%	2	-	Operating turnover	-		-	1,938,681	1,938,681

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

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

2) Endorsements/guarantees provided for others: None.

3) Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and joint equity):

Name of Company Held	Type and Name of Marketable Securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares (thousand shares)	Book amount	%	Fair value	
The Company	Shares of Biodenta Corporation	-	Financial assets at fair value through profit or loss	225	(Note)	2.50%	-	
The Company	Shares of Lagis Corporation	-	Disposal of financial assets at fair value through profit or loss	1,680	55,490	5.25%	55,490	
The Company	Shares of Summed Corporation	-	Disposal of financial assets at fair value through profit or loss	300	3,000	2.73%	3,000	
The Company	Cuumed Catheter Medical Co., Ltd.	-	Disposal of financial assets at fair value through profit or loss	323	6,187	2.12%	6,187	

(Note) It was all recognized as impairment losses.

4) The cumulative amount of purchase or selling the same securities reaches NT$300 million or more than 20% of the paid-in capital: None.

5) The amount of real estate acquired reaches NT$300 million or more than 20% of the paid-in capital: None.

6) The amount of disposition of real estate reaches NT$300 million or more than 20% of the paid-in capital: None.

7) Those who purchase or sell with a related party in the amount of NT$100 million or more than 20% of the paid-in capital:

Vendor/Customer	Counter-party	Relationship	Transaction details				Unusual Transaction Terms and Reasons		Note and account receivables (paid)		Note
			Purchase (sale) goods	Amount	Ratio to total purchase (sell)	Credit period	Price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
The Company	AUO	Other related parties	Sale	3,832,921	24%	OA90	(Note 1)	(Note 3)	419,854	14%	-
The Company	AUS	Other related parties	Sale	1,215,914	8%	OA90	〃	〃	88,716	3%	-
The Company	AUX	Other related parties	Sale	809,816	5%	OA90	〃	〃	51,334	2%	-
The Company	BMM	Parent company and subsidiaries	Sale	433,328	3%	OA120	〃	〃	248,054	8%	(Note 4)
The Company	Sigma-Medical	Parent company and subsidiaries	Sale	270,498	2%	OA90	〃	〃	150,948	5%	(Note 4)
The Company	VVM	Affiliated companies	Sale	102,930	1%	OA90	〃	〃	42,066	1%	
The Company	BMS	Parent company and subsidiaries	Purchases	(861,864)	8%	OA90	(Note 2)	〃	(351,388)	10%	(Note 4)
The Company	Visco Vision	Affiliated companies	Purchases	(359,098)	3%	OA30	〃	〃	(48,346)	1%	-
The Company	BMW	Parent company and subsidiaries	Purchases	(257,518)	2%	OA90	〃	〃	(42,785)	1%	(Note 4)

Note 1. The price of the Company's sales to related parties is not significantly different from the general sales except that there is no general transaction price to compare due to the different specifications of some products.

Note 2. The Company's purchase price from related parties is incomparable with the general transaction price due to different product specifications. It is processed in accordance with the agreed purchase price and conditions.

Note 3. There is no significant difference between the transaction price and general transaction.

Note 4. For purchases and sales with related parties, only the amount of the parent company will be disclosed, and the amount of its subsidiary will not be restated.

8) Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more:

The companies that record such transactions as receivables	Counter-party	Relationship	Balance Dues from Related Parties	Turnover rate	Overdue accounts receivables from related parties		Subsequently Recovered Amount from Related Party	Allowance for allowance for loss amount
					Amount	Way of disposal		
The Company	AUO	Other related parties	419,854	3.33	-	-	-	-
The Company	Sigma-Medical	Parent company and subsidiaries	150,948	2.74	-	-	150,948	-
The Company	BMM	Parent company and subsidiaries	248,054	2.60	-	-	-	-
BMS	The Company	Parent company and subsidiaries	351,388	4.06	-	-	78,969	-

9) Engaged in derivative transaction: For information on the transaction of derivative financial products by the Company, please refer to Note 6 [2] of the Individual Financial Statements.

b. Information on reinvestment:

The information on the reinvestment business of the Company in 2021 is as follows (excluding the mainland invested company):

Investment company name	Investee companies	Location	Major business items	Original investment amount		Hold at the end of the period			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of this period	End of last year	Shares	Ratio (%)	Book amount			
The Company	BMLB	Malaysia	Holding company	1,141,340	1,141,340	35,082	100.00%	1,680,378	172,521	172,521	
The Company	Sigma-Medical	Taiwan	Sales of medical equipment	231,727	560,000	2,000	100.00%	126,679	562	719	
The Company	Visco Vision	Taiwan	Manufacturing and sales of contact lenses	177,811	177,811	9,834	17.97%	213,301	444,303	75,152	
The Company	Cenefom	Taiwan	Development, manufacturing, and sales of medical equipment	92,262	29,127	4,418	34.83%	82,693	(11,594)	(2,330)	
The Company	Genejet	Taiwan	Development, manufacturing, and sales of medical equipment	43,316	-	3,767	70.00%	44,125	(2,670)	710	
The Company	Buticon International Corporation	Taiwan	Sales and development of medical equipment	6,000	6,000	217	20.00%	4,546	(5,790)	(1,340)	
The Company	Coatmed	Taiwan	Sales and development of medical equipment	5,980	-	598	20.00%	4,071	(10,676)	(775)	
The Company	Taikei	Taiwan	Development, manufacturing, and sales of medical equipment	-	10,001	-	-	-	(1,921)	(694)	

c. Information on investments in mainland China：

1) Information on reinvestments in mainland China:

Investee companies in mainland	Major business items	Paid-up capital	Way of investments (Note 1)	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - Beginning of the period	Profit or Loss of Invested Company in the Current Period	Percentage of ownership through the Company's direct or indirect investment	Investment profits (losses) recognized for the current period	Carrying Amount as of December 31, 2021	Investment profits repatriated by the end of the current period
					Remit	Receive						
BenQ Materials Co., Ltd. (BMS)	Processing of functional film products	802,720 (USD29,000)	(3)	802,720 (USD29,000)	-	-	802,720 (USD29,000)	39,145	100.00%	39,145 (Note 2)	1,938,681	-
Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	47,799 (RMB11,000)	(2)	-	-	-	-	10,152	100.00%	10,152 (Note 2)	1,862	-
BenQ Material (Wuhu) Co., Ltd.	Manufacture and sales of film sheet and cosmetic-related products	347,632 (RMB80,000)	(3)	173,816 (RMB40,000)	-	-	173,816 (RMB40,000) (註三)	132,258	100.00%	127,500 (Note 2)	(283,235)	-
BenQ Material Medical Technology (Suzhou) Co., Ltd. (BMM)	Sales and manufacturing of medical equipment	65,181 (RMB15,000)	(2)	-	-	-	-	(2,873)	100.00%	(2,873) (Note 2)	54,100	-
Suzhou Sigma-Medical Co., Ltd. (Suzhou Sigma-Medical)	Sales and manufacturing of medical equipment	44,067 (USD1,592)	(1)	44,067 (USD1,592)	-	-	44,067 (USD1,592)	(4,546)	100.00%	(4,546) (Note 2)	25,752	-

Note 1. Ways of investments are as follows:

1. Direct investment in mainland companies.
2. Reinvestment the surplus of BMLB to China.
3. Investing in mainland companies through the establishment of companies in the third region.

Note 2. The investment profits and losses are recognized based on the financial statements checked by the Taiwanese parent company certified accountant.

Note 3. Excluding the reinvestment of RMB 10,950,000 reinvested by BMLB.

2) Limits on investments in mainland China

Unit: Thousands

Company name	Cumulative investment amount remitted from Taiwan to the mainland at the end of the period	Amount of Investment Approved by the Ministry of Economic Affairs Investment Committee	Upper Limit on Investment Authorized by MOEAIC
The Company	976,536 (USD29,000及RMB40,000)	1,089,299 (USD29,000及RMB65,950)	(Note)
Sigma-Medical	44,067 (USD1,592)	44,067 (USD1,592)	80,000

It is converted according to the exchange rate of USD to NTD of 27.680 and RMB to NTD of 4.3454 at the end of the period.

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

3) Material transactions with investee companies in Mainland China:

Please refer to the "Information on significant transactions" section for direct or indirect major transactions between the Company and investees in mainland China for 2021.

d. Information on major shareholders:

Unit: Shares

Shareholding / Name	Holding Shares	Share Ownership %
BenQ Corporation	80,847,763	25.21%
Qisda Corporation	43,659,294	13.61%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases.

14. Segment Information

Please refer to 2021 consolidated financial statements.

BenQ Material Corporation

Statements of Cash and Equivalents

December 31, 2021

Unit: thousand TWD

Item	Summary		Amount
Revolving funds		$	95
Demand deposit and check deposit			48,137
Foreign currency deposit (Note)	USD: 1,279 thousand		35,413
	JPY: 92,447 thousand		22,224
	EUR: 34 thousand		1,072
	SGD: 36 thousand		733
	RMB: 11 thousand		46
		$	107,720

(Note): Foreign currency deposits are converted at the following spot exchange rate of 2021.12.31

Currency	Exchange rate to NTD
USD	27.680
JPY	0.2404
EUR	31.444
SGD	20.452
RMB	4.3454

BenQ Material Corporation

Statements of Account & Notes Receivable

December 31, 2021

Unit: thousand TWD

Customer Name		Amount
Customer A	$	321,155
Customer B		240,281
Customer C		228,693
Customer D		218,043
Customer E		129,399
Customer F		104,810
Others (Less than 5%)		775,317
Subtotal		2,017,698
Less: Allowance for bad debts		(125)
	$	2,017,573

Statement of Inventories

Item	Amount		
	Carrying value (Note)		Net realizable value
Raw materials	$	1,145,310	1,145,310
Work in progress (WIP)		782,300	867,569
Manufactures		559,423	633,937
	$	2,487,033	2,646,816

(Note): It is the net amount after deducting allowance for inventory valuation and obsolescence losses.

BenQ Material Corporation

Statement of Other Current Assets

December 31, 2021

Unit: thousand TWD

Item		Amount
Refundable tax	$	61,036
Deferred expenses		33,539
Advance payment for materials		15,460
Advance payment for utilities		12,191
Others (average less than 5%)		28,834
	$	151,060

Fair Value Through Other Comprehensive Income Financial Assets- Flow

December 31, 2021

Unit：thousand TWD/thousand shares

	Initial				Current increase			Current decrease		
Name	Shares (thousands)	Amount	Shares (thousands)	Amount	Shares (thousand)	Amount	Changes in unrealized gains and losses on financial assets	Shares (thousands)	Amount	Note
listed company at emerging stock market - LAGIS ENTERPRISE CO., LTD	1,680	$57,809	-	-	-	-	(2,319)	1,680	55,490	

BenQ Material Corporation

Financial Assets at Fair Value Through Other Comprehensive Income-Non Current Changes List

January 1, 2021 to December 31, 2021

Unit: NT$ thousand/thousand shares

	Beginning Balance	Increase in the period		Decrease in the period			Ending Balance		
Name	**Amount**	**Shares (thousand shares)**	**Amount**	**Shares (thousand shares)**	**Amount**	**Change in unrealized profit (loss) on financial assets at fair value through other comprehensive income**	**Shares (thousand shares)**	**Amount**	**Note**
Non-listed shares - Kangde Biomedical Corporation	$ 1,500	-	-	(150)	(366)	(1,134)	-	-	
Non-listed shares - Summed Corporation	$ -	300	3,000	-	-	-	300	3,000	
Non-listed shares - Cuumed Catheter Medical Co., Ltd.	$ -	323	6,187	-	-	-	323	6,187	
	$ 1,500		9,187		(366)	(1,134)		9,187	

Statement of Other Financial Assets Current

December 31, 2021

Item	Summary	Amount
Tariff deposit		$ 5,913

BenQ Material Corporation

Statement of Investment Accounted Under the Equity Method

January 1, 2021 to December 31, 2021

Unit：thousand TWD/ K shares

Name	Opening balance Shares	Opening balance Amount	Current increase Shares	Current increase Amount	Current decrease (Note 4) Shares	Current decrease (Note 4) Amount	Investment interest (Loss)	Equity method Adjustment (Note)	Unrealized Gross profit	Closing balance Shares	Closing balance %	Closing balance Amount	Stakeholders equity Unit	Stakeholders equity Total	Providing guarantee Or pledge
BMLB	35,082	$ 1,512,863	-	-	-	-	172,521	8,590	(13,596)	35,082	100.00%	1,680,378	47.90	1,680,378	None
Visco	9,834	168,232	-	-	-	(10,817)	75,152	(19,266)	-	9,834	17.97%	213,301	20.36	200,200	〃
Cenefom	1,095	13,137	3,323(Note1)	63,135	-	-	(2,330)	8,751	-	4,418	34.83%	82,693	6.94	30,640	〃
Sigma	40,000	451,871	-	-	(38,000)	(328,273)	719	2,362	-	2,000	100.00%	126,679	9.24	18,472	〃
Taikei	525	9,622	-	-	(525)	(2,372)	(694)	(6,556)	-	-	-%	-	-	-	
Buticon International Corporation	217	5,885	-	-	-	-	(1,340)	1	-	217	20.00%	4,546	0.63	137	
Coatmed	-	-	598(Note2)	4,846	-	-	(775)	-	-	598	20.00%	4,071	5.39	3,225	
Genejet	-		3,767(Note3)	43,316	-	-	710	99	-	3,767	70.00%	44,125	9.64	36,310	
Total		$ 2,161,610		111,297		(341,462)	243,963	(6,019)	(13,596)			2,155,793			

(Note) The equity method are adjusted as follows:

Exchange differences in the conversion of financial statements of foreign operating agencies	$	(10,524)
Defined remeasurements for benefit plans		2,211
Changes in capital reserve		(5,619)
Net gain or loss on disposals of investment		7,814
Gain recognized in bargain purchase transaction		99
	$	(6,019)

(Note 1) The Company used NT$ 63,135 thousand in cash to increase its investment in 3,323,000 shares.

(Note 2) Financial assets at fair value through other comprehensive income-non current transfer 150,000 shares at fair value NT$ 366 thousand and used NT$ 4,480 thousand in cash to increase its investment in 448,000 shares.

(Note 3) The Company used NT$ 43,316 thousand in cash to increase its investment in 3,767,000 shares.

(Note 4) The decrease in the current period is due to the cash dividend of NT$ 10,817 thousand of Visco. Sigma returned the proceeds due to capital deduction of NT$ 328,273 thousand and liquidation refund of NT$ 2,372 thousand of Taikei.

BenQ Material Corporation

Statement of Other Non-Current Assets

December 31, 2021

Unit: thousand TWD

Item	Summary	Amount
Deferred expense		$ 4,443

Statement of Statement of Short term Loans

Type of loan	Explanation	Balance at end of year	Contract period	Interest rate range	Financing amount	Pledge or guarantee	Note
unsecured loan	The Export-Import Bank of the Republic of China	$ 300,000	2021.09~2022.09	0.83%	400,000	N/A	
unsecured loan	E.SUN Bank	276,800	2021.06~2022.06	0.75%	442,880	N/A	
		$ 576,800					

Statement of Account Payable

Customer name	Amount
Company A	$ 631,374
Company B	470,852
Company C	430,128
Company D	174,975
Company E	148,960
Other (Average less than 5%)	1,198,093
	$ 3,054,382

BenQ Material Corporation

Statement of Account Payables- Related Party

December 31, 2021

Unit: thousand TWD

Supplier name	Summary	Amount
BMS		$ 351,388
Visco		48,346
BMW		42,785
Others (Average less than 5%)		5,220
		$ 447,739

Statement of Other Payables

Item	Amount
Bonus payable	$ 273,360
Construction equipment payable	210,170
Payable employee dividends	134,276
Payable income tax	131,582
Payable employee salary	86,921
Non-leaving pays payable	81,132
Other (Average less than 5%)	428,334
	$ 1,345,775

BenQ Material Corporation

Statement of Related Parties- Other Payables

December 31, 2021

Unit：thousand TWD

Supplier name	Summary	Amount
AU		$ 19,101
BMS		2,768
BQMY		1,885
SYSAGE		1,197
Others (Average less than 5%)		1,392
		$ 26,343

Statements of Other Current Liabilities

Item	Summary	Amount
Refund liability		$ 53,146
Return and refund		11,392
Collection of social welfare insurance		7,893
Contract liability		6,957
others		10,806
		$ 90,194

BenQ Material Corporation

Statement of Long-Term Loan

December 31, 2021

Unit: thousand TWD

Creditors	Summary	Borrowing amount	Contract term	Interest rate %	Mortgage or pledge
Bank syndicated loans (Host：Yushan Commercial bank)	5 years long-term joint loan	$ 300,000	2018.8~2023.8	1.25%	Note 8
Bank of Changhua	Taiwanese businessmen return to Taiwan project loan	535,824	2020~2030	1.25%	
Bank of Taiwan	Taiwanese businessmen return to Taiwan project loan	467,506	2020~2030	1.30%	
		$ 1,303,330			

Statement of lease liabilities (current and non-current)

Item	Rental period	Share	Ending balance
Buildings and Architectures	2016.04~2024.05	1.79%	$ 148,051
Current：			
Related party—AU			$ 91,779
Non- related parties			$ 7,088
Non-current：			
Related party—AU			$ -
Non-related parties			$ 49,184

BenQ Material Corporation

Statement of Other Non-Current Liabilities

December 31, 2021

Unit: thousand TWD

Customer name	Summary	Amount
Liabilities of defined benefit plans		$ 16,079
Deferred government subsidy income		14,670
Guarantee deposits received		330
		$ 31,079

Statement of Operating Revenues

January 1, 2021 to December 31, 2021

Item	Amount
Optoelectronic products	$ 14,683,977
Others	1,214,373
	$ 15,898,350

BenQ Material Corporation

Statement of Operating Costs

January 1, 2021 to December 31,2021

Unit: thousand TWD

Item	**Amounts**
Raw materials	
Initial raw material (including inventory in transit)	$ 1,385,551
Plus：current net feeds	10,664,067
Less：Ending materials (including inventory in transit)	(1,264,864)
Current transfer fees	(411,379)
Materials sales	(131,704)
Current consumable materials	10,241,671
Direct labors	838,709
Manufacturing fee	1,897,586
Manufacturing costs	12,977,966
Plus：initial WIP	502,860
Transfer fees	7,924
WIP purchase	111,887
Less：ending WIP(including inventory in transit)	(803,785)
Semi-finished product sales	(548,820)
FG costs	12,248,032
Plus：initial FG	666,642
FG purchase	705,420
Transfer fees	6,101
Ending FG(including inventory in transit)	(692,520)
Sales costs	12,933,675
Loss of inventory fall	(70,682)
Raw materials sales	131,704
Semi-finished goods sales	548,820
Operating cost	**$ 13,543,517**

BenQ Material Corporation

Statement of Selling Expense

January 1, 2021 to December 31,2021

Unit: thousand TWD

Item	Amount
Salary expenditure	$ 223,029
Advertising fee	93,272
Freight fee	69,593
Commission fee	63,259
Insurance	30,597
Others (average less than 5%)	95,944
	$ 575,694

Statement of Management Fee

Item	Amount
Salary expenditure	$ 124,562
Service fee	13,615
Director's remuneration	12,792
Insurance	9,709
Others (average less than 5%)	48,412
	$ 209,090

BenQ Material Corporation

Statement of Research and Development Fee

January 1, 2021 to December 31,2021

Unit: thousand TWD

Item		Amount
Salary expenditure	$	289,341
Indirect materials		192,303
Depreciation		67,603
Testing fee		45,502
Others (average less than 5%)		146,445
	$	**741,194**

Financial assets measured at fair value through profit or loss-please refer to Note 6 (2) of the individual financial report
For details of other receivables, please refer to Note 6 (5) of the individual financial report
For details of changes in real property, plant and equipment, please refer to Note 6 (8) of the individual financial report
For details of the accumulated depreciation changes of real estate, plant and equipment, please refer to Note 6 (8) of the individual financial report
For details of changes in the right-of-use assets, please refer to Note 6 (9) of the individual financial report
For details of changes in intangible assets, please refer to Note 6 (10) of the individual financial report
For details of deferred income tax assets, please refer to Note 6 (15) of the individual financial report
Financial liabilities measured at fair value through profit or loss-please refer to Note 6 (2) for detailed financial statements
For details of deferred income tax liabilities, please refer to Note 6 (15) of the individual financial report
For details of other income, please refer to Note 6 (20) of the individual financial report
For details of other benefits and net losses, please refer to Note 6 (20) of the individual financial report.
For detailed financial cost statement, please refer to Note 6 (20) of the individual financial report
Accounts receivable-detailed list of related parties, please refer to Note 7 of the individual financial report
Other receivables-details of related parties, please refer to Note 7 of the individual financial report