

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report**

**For the Three Months Ended March 31, 2022 and 2021**

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

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## Independent Auditors' Report

To the Board of Directors of BenQ Materials Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of BenQ Materials Corp. and its subsidiaries as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 6 (8), the equity accounted investments of BenQ Materials Corp. and its subsidiaries in the investee companies amounted to \$216,165 thousand and \$192,254 thousand as of March 31, 2022 and 2021, respectively, as well as the equity in net earnings on the joint ventures using the equity method of \$26,702 thousand and \$11,970 thousand for the three months ended March 31, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

### Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have influenced by the financial statements of certain investee companies described in the Basis for Qualified Conclusion paragraph which were not reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of BenQ and its subsidiaries as of March 31, 2022 and 2021, and the consolidated financial performance and the consolidated cash flows for the three months ended March 31, 2022 and 2021, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS No. 34 “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG Taipei, Taiwan, Republic of China

Philips, Tang

CPA:

Steven, Shih

Approved audit number: FSC (6) No. 0940100754

Approved audit number: FSC (6) No. 0950103298

May 3<sup>rd</sup>, 2022

**Review only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021**

**BENQ MATERIALS CORP. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**March 31, 2022, December 31 and March 31, 2021**

(Unit: NT\$ thousand)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6 (1))	\$ 338,698	3	278,127	2	131,227	1	2100	Short-term borrowings (Note 6 (14))	\$ 681,600	5	586,849	5	-	-
1110	Financial assets at fair value through profit or loss – Current (Note 6 (2))	3,178	-	5,908	-	4,645	-	2120	Financial liabilities at fair value through profit or loss – Current	67,461	1	9,361	-	61,339	-
1120	Financial assets at fair value through other comprehensive income – Current (Note 6 (3))	57,506	-	55,490	-	66,780	1	2170	Accounts payable	3,038,477	24	3,141,185	25	3,334,448	30
1170	Notes and accounts receivable, net (Note 6 (4) (22))	2,349,007	19	2,252,030	18	1,582,298	14	2180	Accounts payable – Related parties (Note 7)	68,178	1	48,436	-	78,759	1
1180	Accounts receivable – Related parties, net amount (Note 6 (4) (22) and (5))	420,646	3	610,135	5	799,953	7	2200	Other payables (Note 6 (23))	1,575,854	13	1,668,190	13	1,123,379	10
1200	Other receivables (Note 6 (4) (5))	203,198	2	184,842	2	234,757	2	2220	Other payables – Related parties (Note 7)	28,330	-	24,108	-	20,755	-
1210	Other receivable – Related parties (Note 6 (5) and 7)	39,703	-	20	-	75	-	2320	Long-term borrowings due within one year (Note 6 (15) and 8)	8,333	-	1,666	-	-	-
1310	Inventories net (Note 6 (6))	2,676,139	22	2,807,868	23	2,386,801	21	2281	Lease liabilities – Current (Note 6 (16))	7,850	-	7,871	-	2,350	-
1479	Other current assets	327,783	3	268,911	2	377,921	4	2282	Lease liabilities – Related parties – Current (Note 6 (16) and 7)	68,930	1	91,779	1	90,788	1
1476	Other financial assets – Current	39,677	-	87,084	1	8,978	-	2399	Other current liabilities	129,485	1	215,073	2	87,217	1
1461	Non-current assets held for sale (Note 6 (7))	305,691	2	163,909	1	-	-								
	<b>Total current assets</b>	<b>6,761,226</b>	<b>54</b>	<b>6,714,324</b>	<b>54</b>	<b>5,593,435</b>	<b>50</b>		<b>Total current liabilities</b>	<b>5,674,498</b>	<b>46</b>	<b>5,794,518</b>	<b>46</b>	<b>4,803,035</b>	<b>43</b>
<b>Noncurrent assets:</b>								<b>Non-current liabilities</b>							
1517	Financial assets at fair value through other comprehensive income – Non-current (Note 6 (3))	11,473	-	9,187	-	5,400	-	2540	Long-term borrowings (Note 6 (15) and 8)	1,024,683	8	1,305,028	11	1,681,310	15
1550	Investment accounted for using equity method (Note 6 (8))	216,165	2	221,918	2	192,254	2	2570	Deferred tax liabilities	141,350	1	144,735	1	6,352	-
1600	Real estate, plant, and equipment (Note 6 (10) and 8)	4,718,218	38	4,493,229	36	4,381,350	39	2581	Lease liabilities – Non-current (Note 6 (16))	50,450	-	52,383	-	4,883	-
1755	Right-of-use asset (Note 6 (11))	164,157	1	190,290	2	199,766	2	2582	Lease liabilities – Related parties – Non-current (Note 6 (16) and 7)	-	-	-	-	68,930	1
1760	Net Investment property (Note 6 (13) and 7)	173,698	2	431,072	3	451,486	4	2600	Other non-current liabilities (Note 6 (15))	50,539	1	56,661	1	44,801	1
1780	Intangible assets (Note 6 (13) and 7)	163,049	1	165,773	1	36,753	-		<b>Total non-current liabilities</b>	<b>1,267,022</b>	<b>10</b>	<b>1,558,807</b>	<b>13</b>	<b>1,806,276</b>	<b>17</b>
1840	Deferred tax assets	183,507	2	183,535	1	174,271	2		<b>Total liabilities</b>	<b>6,941,520</b>	<b>56</b>	<b>7,353,325</b>	<b>59</b>	<b>6,609,311</b>	<b>60</b>
1920	Guarantee deposits paid	27,704	-	28,974	-	15,801	-	3110	<b>Equity (Note 6 (20)):</b>						
1995	Other non-current assets	40,688	-	71,626	1	54,342	1	3110	Common stock	3,206,745	26	3,206,745	26	3,206,745	29
	<b>Total non-current assets</b>	<b>5,698,659</b>	<b>46</b>	<b>5,795,604</b>	<b>46</b>	<b>5,511,423</b>	<b>50</b>	3200	Capital reserve	5,808	-	5,808	-	11,428	-
								3310	Retained earnings:						
								3310	Legal reserve	317,262	2	317,262	2	277,665	3
								3320	Special reserve	83,534	-	83,534	1	33,896	-
								3350	Balance of retained earnings	1,826,073	15	1,533,290	12	1,042,879	9
								3400	Other equity	(31,930)	-	(103,309)	(1)	(77,066)	(1)
									Total equity attributable to the owners of parent company	5,407,492	43	5,043,330	40	4,495,547	40
								36XX	Non-controlling (Note 6 (9) (20))	110,873	1	113,273	1	-	-
									<b>Total equity</b>	<b>5,518,365</b>	<b>44</b>	<b>5,156,603</b>	<b>41</b>	<b>4,495,547</b>	<b>40</b>
<b>Total Assets</b>		<b>\$ 12,459,885</b>	<b>100</b>	<b>12,509,928</b>	<b>100</b>	<b>11,104,858</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 12,459,885</b>	<b>100</b>	<b>12,509,928</b>	<b>100</b>	<b>11,104,858</b>	<b>100</b>

(See the attached notes to the Consolidated Financial Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

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

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

Consolidated Statements of Comprehensive Income  
For the Three Months Ended March 31, 2022 and 2021

(Unit: NT\$ thousand)

		For the Three Months Ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Net sales revenue (Note 6 [ 22 ] , 7 and 14)	\$ 4,164,060	100	4,076,282	100
5000	Operating expenses				
	(Note 6 [ 6 ] , [ 10 ] , [ 11 ] , [ 12 ] , [ 13 ] , [ 18 ] , [ 23 ] 7 and 12)	(3,408,908)	(82)	(3,464,690)	(85)
	Gross operating profit	755,152	18	611,592	15
	Operating expenses: (Note 6 [ 4 ] , [ 10 ] , [ 11 ] , [ 13 ] , [ 16 ] , [ 18 ] , [ 23 ] , 7 and 12):				
6100	Selling expenses	(277,366)	(7)	(222,144)	(5)
6200	General and administrative expenses	(77,572)	(2)	(62,229)	(2)
6300	Costs of research and development	(193,960)	(4)	(178,717)	(4)
		(548,898)	(13)	(463,090)	(11)
	Net operating income	206,254	5	148,502	4
	Non-operating income and expenses (Note 6 [ 7 ] , [ 8 ] , [ 15 ] , [ 16 ] [ 24 ] and 7):				
7100	Interest revenue	572	-	120	-
7010	Other income	1,257	-	4,912	-
7020	Other profits and loss	105,830	2	57,641	1
7050	Financial cost	(10,840)	-	(10,727)	-
7370	Share of profits (loss) of associates accounted for using the equity method	26,702	1	11,970	-
		123,521	3	63,916	1
	Income before income tax	329,775	8	212,418	5
7950	Less: Income tax expense (Note 6 [ 19 ] )	(39,392)	(1)	(46,115)	(1)
	Net profit	290,383	7	166,303	4
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss (Note 6 [ 20 ] )				
8316	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	2,016	-	8,971	-
8349	Income tax related to items that will not be reclassified	-	-	-	-
		2,016	-	8,971	-
8360	Items that may be reclassified subsequently to profit or loss (Note 6 [ 8 ] , [ 20 ] )				
8361	Exchanges differences arising on translation of financial statements of foreign operations	62,482	2	5,162	-
8370	Share of other comprehensive income of associates accounted for using the equity method	6,881	-	(7,665)	-
8399	Income tax related to items that may be reclassified	-	-	-	-
		69,363	2	(2,503)	-
	Other Comprehensive Income (loss)	71,379	2	6,468	-
8500	Total comprehensive income for the period	\$ 361,762	9	172,771	4
	Net profit after tax for the period attributable to:				
8610	Owners of the parent company	\$ 292,783	7	166,303	4
8720	Non-controlling interests	(2,400)	-	-	-
		\$ 290,383	7	166,303	4
8710	Total comprehensive income attributable to:				
8720	Owners of the parent company	\$ 364,162	9	172,771	4
	Non-controlling interests	(2,400)	-	-	-
		\$ 361,762	9	172,771	4
	Earnings per share (Unit: NT\$, Note 6 [ 21 ] )				
9750	Basic earnings per share	\$ 0.91		0.52	
9850	Diluted earnings per share	\$ 0.90		0.52	

(See the attached notes to the Consolidated Financial Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

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

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity  
For the Three Months Ended March 31, 2022 and 2021**

(Unit: NT\$ thousand)

	Profit and / loss attributable to the owners of parent company						Other equity items						
	Retained earnings						Exchange differences arising on translation	Unrealized profits and losses of financial assets at fair value through other comprehensive income	Remeasurement of defined welfare plan	Total	Total equity attributable to the owners of		
	Common stock	Capital reserve	Legal reserve	Special reserve	Balance of retained earnings	Total					parent company	Non-controlling	Total equity
<b>Balance as of January 1, 2021</b>	\$ 3,206,745	11,427	277,665	33,896	876,576	1,188,137	(40,946)	(20,591)	(21,997)	(83,534)	4,322,775	-	4,322,775
Net profit	-	-	-	-	166,303	166,303	-	-	-	-	166,303	-	166,303
Other Comprehensive Income (Loss)	-	-	-	-	-	-	(2,503)	8,971	-	6,468	6,468	-	6,468
Total comprehensive income for the period	-	-	-	-	166,303	166,303	(2,503)	8,971	-	6,468	172,771	-	172,771
Changes in capital surplus from investments in associate under the equity method	-	1	-	-	-	-	-	-	-	-	1	-	1
<b>Balance as of March 31, 2021</b>	<b>\$ 3,206,745</b>	<b>11,428</b>	<b>277,665</b>	<b>33,896</b>	<b>1,042,879</b>	<b>1,354,440</b>	<b>(43,449)</b>	<b>(11,620)</b>	<b>(21,997)</b>	<b>(77,066)</b>	<b>4,495,547</b>	<b>-</b>	<b>4,495,547</b>
<b>Balance as of January 1, 2022</b>	\$ 3,206,745	5,808	317,262	83,534	1,533,290	1,934,086	(51,470)	(22,910)	(28,929)	(103,309)	5,043,330	113,273	5,156,603
Net profit	-	-	-	-	292,783	292,783	-	-	-	-	292,783	(2,400)	290,383
Other Comprehensive Income (Loss)	-	-	-	-	-	-	69,363	2,016	-	71,379	71,379	-	71,379
Total comprehensive income for the period	-	-	-	-	292,783	292,783	69,363	2,016	-	71,379	364,162	(2,400)	361,762
<b>Balance as of March 31, 2022</b>	<b>\$ 3,206,745</b>	<b>5,808</b>	<b>317,262</b>	<b>83,534</b>	<b>1,826,073</b>	<b>2,226,869</b>	<b>17,893</b>	<b>(20,894)</b>	<b>(28,929)</b>	<b>(31,930)</b>	<b>5,407,492</b>	<b>110,873</b>	<b>5,518,365</b>

(See the attached notes to the Financial Consolidated Statements)

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

General Manager: Ray, Liu

Accounting Manager: James, Wang

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

**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the Three Months Ended March 31, 2022 and 2021**

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

	For the Three Months Ended March 31	
	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Income before income tax for the period</b>	\$ 329,775	212,418
<b>Adjusted item:</b>		
Depreciation	148,899	137,268
Amortization expenses	14,849	10,590
Expected credit losses from reverse benefits	(10)	-
Valuation loss on financial liabilities measured at fair value through net profit or loss	60,830	69,114
Interest expenses	10,840	10,727
Interest revenue	(572)	(120)
Share of profit of affiliated companies accounted under the equity method	(26,702)	(11,970)
Loss (profits) from disposal of real estate, plant and equipment	10,339	(112)
Profits from disposal of non-current assets held for sale	(109,790)	-
Loss from disposal of investment	-	8,928
Amortization of deferred expenses transferred to expenses	36,999	37,596
Amortization of syndication fee costs	475	475
Gains on lease modifications	-	(2)
Total adjustments to reconcile profit (loss)	146,157	262,494
<b>Changes in operating assets / liabilities:</b>		
<b>Net changes in operating assets:</b>		
Increase in notes and accounts receivable	(101,377)	(170,559)
Accounts receivable – decrease in related parties	176,092	125,262
(Increases) decrease in other receivables	(549)	310
Other accounts receivable – related parties increase	(348)	(20)
Decrease in inventory	131,729	18,088
Increase in other current assets	(85,053)	(70,072)
Increase in other non-current assets	-	(9)
Total net changes in operating assets	120,494	(97,000)
<b>Net changes in operating liabilities:</b>		
Decrease in accounts payable	(102,708)	(87,013)
Accounts payable – increase in related parties	19,742	48,993
Decrease in other payables	(110,155)	(104,386)
Increase in other payables to related parties	4,222	4,537
Increase (decrease) in other current liabilities	(1,588)	7,647
Decrease in net defined benefit liability	(469)	(456)
Total net changes in operating liabilities	(190,956)	(130,678)
Total net changes in operating assets and liabilities	(70,462)	(227,678)
Total adjustments	75,695	34,816
Cash inflow generated from operations	405,470	247,234
Interest received	572	120
Interest payment	(10,797)	(10,572)
Income tax paid	(4,747)	(2,815)
<b>Net cash inflow from operating activities</b>	<b>390,498</b>	<b>233,967</b>

(Continued on the next page)

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

**BENQ MATERIALS CORP. AND SUBSIDIARIES**  
Consolidated Statements of Cash Flows (Continued)  
For the Three Months Ended March 31, 2022 and 2021

(Unit: NT\$ thousand)

	For the Three Months Ended March 31	
	2022	2021
<b>Cash flows from investing activities:</b>		
Acquisitions of financial assets at fair value through other comprehensive income	(2,286)	(3,900)
Sale from disposal of non-current assets held for sale	273,699	-
Acquisition of real estate, plant and equipment	(355,795)	(133,484)
Disposal of real estate, plant and equipment	209	665
Decrease (increase) in refundable deposits	1,270	(1,871)
Acquisition of intangible assets	(9,280)	(13,039)
Decrease in other financial assets	47,407	6,858
Advance receipts on disposal of non-current assets held for sale	(84,000)	-
Increase in other non-current assets	(9,956)	(3,686)
<b>Net cash outflow from investing activities</b>	<b>(138,732)</b>	<b>(148,457)</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	-	(150,000)
Increase in short-term loans	94,751	-
Proceeds from long-term borrowings	28,950	1,165,800
Repayments of long-term borrowings	(303,365)	(1,100,000)
Decrease in deposits received	(4,916)	(508)
Repayments of lease principal	(24,803)	(15,170)
<b>Net cash outflow from financing activities</b>	<b>(209,383)</b>	<b>(99,878)</b>
<b>Impact on exchange rates changes</b>	<b>18,188</b>	<b>(2,648)</b>
<b>Increase (decrease) in cash and cash equivalents for the period</b>	<b>60,571</b>	<b>(17,016)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>278,127</b>	<b>148,243</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 338,698</b>	<b>131,227</b>

(See the attached notes to the Consolidated Financial Statements)

Chairman:

Zhien-Chi (Z.C.) Chen

General Manager:

Ray, Liu

Accounting Manager:

James, Wang



**BENQ MATERIALS CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**For the Three Months Ended March 31, 2022 and 2021**

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

**1. Company History**

BenQ Materials Corporation (hereinafter referred to as "the Company," formerly known as Daxon Technology Inc. and had renamed in June 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 May 3, 2022.

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

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

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

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

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

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

<b>New or amended standards</b>	<b>Major amendments</b>	<b>The effective date of issue by IASB</b>
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	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.	2023.1.1

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contract"
- Amendments to IAS 1 "Disclosure of the Accounting Policy"
- Amendments to IAS 8 "Definition of the Accounting Evaluation"
- Amendments to IAS 12 "Related to Referred Tax Assets and Liabilities from Unity Transaction"

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

##### (1) Statement of compliance

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

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

##### (2) Basis of consolidation

###### (a) List of subsidiaries in the Consolidated Financial Statements:

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

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

Note2. 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.

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

### (3) Employee benefits

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

### (4) Income taxes

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

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

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

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

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

## 6. Description of Significant Accounts

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

### (1) Cash and Cash Equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Working capital	\$ 218	224	181
Demand deposit and cheque deposit	300,498	252,265	131,046
Time deposits with original maturity within three months	37,982	25,638	-
	<b>\$ 338,698</b>	<b>278,127</b>	<b>131,227</b>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Mandatory financial assets measured at fair value through profit or loss			
– current:			
Foreign exchange forward contracts	\$ 1,884	1,093	402
Foreign exchange swaps	\$ 1,294	4,815	4,243
	<u>\$ 3,178</u>	<u>5,908</u>	<u>4,645</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial liabilities held for trading – current:			
Foreign exchange forward contracts	(\$40,801)	(9,361)	(61,339)
Foreign exchange swaps	(26,660)	-	-
	<u>(\$67,461)</u>	<u>(9,361)</u>	<u>(61,339)</u>

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

## I) Derivatives

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

### a. Foreign exchange forward contracts

<u>March 31, 2022</u>		
<u>Contract amount</u>		
<u>(NT\$ thousands)</u>	<u>Type of currency</u>	<u>Due date</u>
USD <u>7,500</u>	Sell USD / Buy RMB	April 29, 2022
USD <u>40,000</u>	Sell USD / Buy JPY	April 22, 2022~June 24, 2022
USD <u>13,500</u>	Sell USD / Buy NTD	April 1, 2022~April 22, 2022
<u>December 31, 2021</u>		
<u>Contract amount</u>		
<u>(NT\$ thousands)</u>	<u>Type of currency</u>	<u>Due date</u>
USD <u>6,000</u>	Sell USD / Buy RMB	January 8, 2022
USD <u>33,000</u>	Sell USD / Buy JPY	January 24, 2022~February 24, 2022
USD <u>21,500</u>	Sell USD / Buy NTD	January 4, 2022~January 27, 2022
<u>March 31, 2021</u>		
<u>Contract amount</u>		
<u>(NT\$ thousands)</u>	<u>Type of currency</u>	<u>Due date</u>
RMB <u>9,767</u>	Sell RMB / Buy USD	April 15, 2021
USD <u>50,000</u>	Sell USD / Buy JPY	April 23, 2021~July 21, 2021
USD <u>6,500</u>	Sell USD / Buy NTD	April 23, 2021

### b. Foreign exchange swaps

March 31, 2022		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>48,000</u>	Sell USD / Buy NTD	April 29, 2022~May 31, 2022
December 31, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>48,000</u>	Sell USD / Buy NTD	January 28, 2022
March 31, 2021		
Contract amount (NT\$ thousands)	Type of currency	Due date
USD <u>48,000</u>	Sell USD / Buy NTD	April 29, 2021

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

	March 31, 2022	December 31, 2021	March 31, 2021
Equity instruments measured at fair value through other comprehensive income:			
Taiwan	\$ 57,506	55,490	66,780
Unlisted stocks	11,473	9,187	5,400
	<u>\$ 68,979</u>	<u>64,677</u>	<u>72,180</u>
Current	\$ 57,506	55,490	66,780
Non-current	11,473	9,187	5,400
	<u>\$ 68,979</u>	<u>64,677</u>	<u>72,180</u>

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

In August, 2021, the Combined Company acquired an additional 8.97% equity in Coatmed Incorporation (hereinafter referred to as "Coatmed") by investing NT\$4,480 thousand in cash, which increased the Combined Company's equity in Coatmed from 11.03% to 20%, and became a director of the company with the ability to participate in decision making. Therefore, the financial assets measured at FVTOCI were reclassified as investments accounted for using the equity method as described in Note 6(8).

For the three months ended March 31, 2022 and 2021, no disposal of the aforementioned strategical investments for the Combined Company, and the accumulated profits and loss for the period weren't transferred within the equity.

(4) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 13,999	31,683	15,391
Accounts receivable	2,354,983	2,239,663	1,588,610
Deduction: allowance for loss	(19,975)	(19,316)	(21,703)
	<u>2,349,007</u>	<u>2,252,030</u>	<u>1,582,298</u>
Accounts receivable - related parties	420,646	610,135	799,953
	<u>\$ 2,769,653</u>	<u>2,862,165</u>	<u>2,382,251</u>

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

	March 31, 2022		
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,769,780	0.0046%	127
Past due over 91 days	19,848	100%	19,848
	<b>\$ 2,789,628</b>		<b>19,975</b>

	December 31, 2021		
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,861,641	0.0045%	128
Past due 1~30 days	654	0.3058%	2
Past due over 91 days	19,186	100%	19,186
	<b>\$ 2,881,481</b>		<b>19,316</b>

	March 31, 2021		
	Carrying amount of accounts receivable and bills	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,382,674	0.0178%	423
Past due over 91 days	21,280	100%	21,280
	<b>\$ 2,403,954</b>		<b>21,703</b>

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

	Three Months Ended March 31	
	2022	2021
Balance at the beginning of the year	\$ 19,316	23,480
Impairment Loss (reverse benefits)	(10)	-
Unrecoverable money offset for the period	-	(1,847)
Gain and Loss of foreign exchange	669	70
Balance at the end of the year	<b>\$ 19,975</b>	<b>21,703</b>

- 3) The Combined Company and the financial institution sign a non-recourse agreement for the sale of accounts receivable. According to the contract, the Combined Company does not have to bear the risk that the accounts receivable cannot be recovered, but only bears the losses caused by commercial disputes. Since the Combined

Company has transferred almost all the risks and rewards of the ownership of the above accounts receivable and has not continued to participate in it, it has met the conditions for derecognizing financial assets. After derecognizing the claims on accounts receivable, the claims on financial institutions are listed in other receivables. Relevant information about undue factoring accounts receivable on the reporting date was as follows:

**March 31, 2022**

Sale object	Sale amount	Amount still available in advance	Advance amount	Show as other receivables (Note 6 [5])	Range of interest rates	Other important matters
Taipei Fubon						
Commercial Bank	\$ 238,826	-	214,943	23,883	1.18%	None Guaranteed promissory note
KGI Bank	174,015	-	156,614	17,401	1.35%	858,000
E.Sun Commercial Bank	153,845	-	138,460	15,385	0.89%~1.62%	None
	<b>\$ 566,686</b>	<b>-</b>	<b>510,017</b>	<b>56,669</b>		<b>858,000</b>

**December 31, 2021**

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

**March 31, 2021**

Sale object	Sale amount	Amount still available in advance	Advance amount	Show as other receivables (Note 6 [5])	Range of interest rates	Other important matters
Taipei Fubon						
Commercial Bank	\$ 665,118	-	571,696	93,422	0.79%~0.85%	None Guaranteed promissory note
KGI Bank	243,131	-	218,755	24,376	1.01%	855,900
E.Sun Commercial Bank	122,589	-	110,244	12,345	0.87%~0.88%	None
	<b>\$ 1,030,838</b>	<b>-</b>	<b>900,695</b>	<b>130,143</b>		<b>855,900</b>

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

(5) Other receivables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other receivables – accounts receivable sale minus advance price balance (Note 6 [4] and 7)	\$ 201,593	183,786	232,926
Other receivables - other	1,605	1,056	1,831
Other receivables - related parties	39,703	20	75
	<u>242,901</u>	<u>184,862</u>	<u>234,832</u>
Deduction: Allowance for loss	-	-	-
	<u><b>\$ 242,901</b></u>	<u><b>184,862</b></u>	<u><b>234,832</b></u>

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

#### (6) Inventories

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Raw materials	\$ 1,285,118	1,251,773	1,210,373
Work in process	638,925	856,421	503,902
Finished goods	752,096	699,674	672,526
	<u><b>\$ 2,676,139</b></u>	<u><b>2,807,868</b></u>	<u><b>2,386,801</b></u>

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

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Inventories cost has been sold	\$ 3,285,978	3,348,843
Reversal of allowance for inventory market price decline	113,933	107,119
	<u><b>\$ 3,399,911</b></u>	<u><b>3,455,962</b></u>

The loss on inventory is the inventory falling price loss recognized as net realizable value due to inventory write-down.

#### (7) Non-current assets held for sale

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land and structure held for sale	<u><b>\$ 305,691</b></u>	<u><b>163,909</b></u>	<u><b>-</b></u>

- (a) In May, 2021, the board of directors of SMS decided to sell the lands, structures and equipment of machinery in Ruifang District, New Taipei City, and these assets on the carrying value was NT\$163,909 thousand. The sale transaction had been finished in the season first, 2022, and besides, the net price on the disposal of the assets was NT\$273,700 thousand, the derivative gains on the disposal was NT\$109,790 thousand, was listed under "the other profits and loss". Some of the machinery equipment was sold to the others-related of the Combined Company, refer to Note 7 for the details.



(b) In July, 2021, the board of directors of BMS decided to sell parts of the real estate and assets-related (the land-use rights, buildings, and machinery equipment on the book of first record and deferred expenses) located in the Industrial Park of Suzhou, Suzhou City, China. BMS had signed the bargains with the buyer in March, 2022, and sold the assets by RMB 264,036 thousand (included tax), and obtained the advanced gains of the disposal of RMB 142,829 thousand; however, the transaction still need to be audited to agree the decision by the regulatory commission of the Industrial Park in Suzhou and will have been finished within one year. Therefore, the aforementioned assets on the carrying amount of \$305,691 thousand will be reclassified as the non-current held for sale.

(8) Investments accounted by equity method

	March 31, 2022 (Not audited)	December 31, 2021	March 31, 2021 (Not audited)
Joint ventures	\$ 216,165	221,918	192,254

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

	Three Months Ended March 31	
	2022	2021
Joint venture	\$ 26,702	11,970

(a) Joint ventures

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

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
The carrying amount of equity of individually immaterial associates at the end of period	\$ 216,165	221,918	192,254

	Three Months Ended March 31	
	2022	2021
Share attributable to the Combined Company:		
Net profit	\$ 26,702	11,970
Other comprehensive income	6,881	(7,665)
Total comprehensive income	<b>\$ 33,583</b>	<b>4,305</b>

(b) Investments accounted by equity method not reviewed

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

(9) Business merges

a. Acquisition of a subsidiary – Cenefom Corp.

(a) Acquisition of transfer consideration from subsidiaries

On October 25, 2021 (the acquisition date), the Combined Company acquired 3,323 thousand shares of common stock of Cenefom Crop. (hereinafter referred to as "Cenefom") for a total amount of \$63,135 thousand by participating in a cash capital increase, which increased the Combined Company's shareholding in Cenefom from 12.12% to 34.83% and obtained more than half of the seats of directors, thus gaining control over the company. Therefore, from the acquisition date onwards, the company was included in the Combined Company. Cenefom is mainly engaged in the research and development, production and sales of PVA foam medical related consumables. The Combined Company acquired Cenefom primarily to acquire the existing customer base and related technologies and applications.

(b) Acquisition of identifiable net assets

The fair value of the identifiable assets acquired and liabilities assumed by Cecefom 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 relationships		30,012
Intangible assets - others		134
Other non-current assets		1,640
Guarantee deposits paid		790

(continued)

Fair value of identifiable assets acquired and liabilities assumed:		
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		<u>\$ 32,262</u>

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

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

(a) Acquisition of transfer consideration from subsidiaries

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

(b) Acquisition of the identifiable net assets

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

Item	Amount
Cash and Cash Equivalents	\$ 46,868
Notes and accounts receivable, net	314
Other receivable	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 relationships	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	<u><u>\$ 62,022</u></u>

(c) Gains on bargain purchase

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

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

(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

(10) Real estate, plant and equipment

	Land	Housing and Buildings	Machinery equipment	Others	Total
Cost:					
Balance as of January 1, 2022	\$ 1,344,108	3,585,151	6,137,565	2,324,470	13,391,294
Addition	-	10,480	25,701	294,587	330,768
Disposal	-	-	(66,814)	(2,981)	(69,705)
The non-current assets held for sale to be reclassified (note 6 [ 7 ] )	-	(4,430)	(16,318)	-	(20,748)
Other reclassifications and effect of foreign exchange rate changes	-	37,097	76,579	(41,285)	72,391
Balance as of March 31, 2022	<b>\$ 1,344,108</b>	<b>3,628,298</b>	<b>6,156,713</b>	<b>2,574,791</b>	<b>13,703,910</b>
Balance as of January 1, 2021	\$ 1,477,219	3,208,141	5,845,067	2,332,464	12,862,891
Addition	-	29,372	15,374	88,821	133,567
Disposal	-	-	(17,625)	-	(17,625)
Other reclassifications and effect of foreign exchange rate changes	-	311,334	30,636	(330,191)	11,779
Balance as of March 31, 2021	<b>\$ 1,477,219</b>	<b>3,548,847</b>	<b>5,873,452</b>	<b>2,091,094</b>	<b>12,990,612</b>
Accumulated depreciation:					
Balance as of January 1, 2022	\$ -	2,008,466	5,162,709	1,726,890	8,898,065
Depreciation for the period	-	30,614	61,559	26,566	118,739
Disposal	-	-	(56,266)	(2,981)	(3,869,159,247)
The non-current assets held for sale to be reclassified (note 6 [ 7 ] )	-	-	(16,318)	-	(16,318)
Other reclassifications and effect of foreign exchange rate changes	-	21,865	18,850	3,738	44,453
Balance as of March 31, 2022	<b>\$ -</b>	<b>2,060,945</b>	<b>5,170,534</b>	<b>1,754,213</b>	<b>8,985,692</b>
Balance as of January 1, 2021	\$ -	1,895,311	4,970,576	1,647,788	8,513,675
Depreciation for the period	-	31,850	55,385	21,260	108,495
Disposal	-	-	(17,072)	-	(17,072)
Other reclassifications and effect of foreign exchange rate changes	-	1,922	1,852	390	4,164
Balance as of March 31, 2021	<b>\$ -</b>	<b>1,929,083</b>	<b>5,010,741</b>	<b>1,669,438</b>	<b>8,609,262</b>
Carrying value:					
January 1, 2022	<b>\$ 1,344,108</b>	<b>1,576,685</b>	<b>974,856</b>	<b>597,580</b>	<b>4,493,229</b>
March 31, 2022	<b>\$ 1,344,108</b>	<b>1,567,353</b>	<b>986,179</b>	<b>820,578</b>	<b>4,718,218</b>
January 1, 2021	<b>\$ 1,477,219</b>	<b>1,312,830</b>	<b>874,491</b>	<b>684,676</b>	<b>4,349,216</b>
March 31, 2021	<b>\$ 1,477,219</b>	<b>1,619,764</b>	<b>862,711</b>	<b>421,656</b>	<b>4,381,350</b>

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

## (11) Right-of-use assets

	Land use rights	Housing and buildings	Total
Right-of-use assets cost:			
Balance as of January 1, 2022	\$ 63,352	482,953	546,305
Reclassified as the non-current assets held for sale	(7,114)	-	(7,114)
Effect of changes in exchange rate	2,070	-	2,070
Balance as of March 31, 2022	<b>\$ 58,308</b>	<b>482,953</b>	<b>541,261</b>
Balance as of January 1, 2021	\$ 63,007	426,531	489,538
Lease amendment	-	(389)	(389)
Effect of changes in exchange rate	208	(2)	206
Balance as of March 31, 2021	<b>\$ 63,215</b>	<b>426,140</b>	<b>489,355</b>
Accumulated depreciation of right-of- use assets:			
Balance as of January 1, 2022	\$ 15,035	340,980	356,015
Depreciation for the period	326	22,643	22,969
Reclassified as the non-current assets held for sale	(2,367)	-	(2,367)
Effect of changes in exchange rate	487	-	487
Balance as of March 31, 2022	<b>\$ 13,481</b>	<b>363,623</b>	<b>377,104</b>
Balance as of January 1, 2021	\$ 13,666	254,282	267,948
Depreciation for the period	322	21,346	21,668
Lease amendment	-	(73)	(73)
Effect of changes in exchange rate	46	-	46
Balance as of March 31, 2021	<b>\$ 14,034</b>	<b>275,555</b>	<b>289,589</b>
Carrying value:			
January 1, 2022	<b>\$ 48,317</b>	<b>141,973</b>	<b>190,290</b>
March 31, 2022	<b>\$ 44,827</b>	<b>119,330</b>	<b>164,157</b>
January 1, 2021	<b>\$ 49,341</b>	<b>172,249</b>	<b>221,590</b>
March 31, 2021	<b>\$ 49,181</b>	<b>150,585</b>	<b>199,766</b>

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

## (12) Investment property

	Housing and buildings	The usings rights of land	Total
Cost:			
Balance as of January 1, 2022	\$ 890,396	67,711	958,107
Reclassified as the non-current assets held for sale	(595,028)	(9,184)	(604,212)
Effect of changes in exchange rate	19,401	2,180	21,581
Balance as of March 31, 2022	<b>\$ 314,769</b>	<b>60,707</b>	<b>375,476</b>
Balance at January 1, 2021	\$ 885,528	67,341	952,869
Effect of changes in exchange rate	2,921	222	3,143
Balance at March 31, 2021	<b>\$ 888,449</b>	<b>67,563</b>	<b>956,012</b>
Accumulated depreciation:			
Balance as of January 1, 2022	\$ 505,452	21,583	527,035
Depreciation	6,840	351	7,191
Reclassified as the non-current assets held for sale	(341,222)	(3,056)	(344,278)
Effect of changes in exchange rate	11,128	702	11,830
Balance as of March 31, 2022	<b>\$ 182,198</b>	<b>19,580</b>	<b>201,778</b>
Balance as of January 1, 2021	\$ 475,692	20,080	495,772
Depreciation	6,758	347	7,105
Effect of changes in exchange rate	1,582	67	1,649
Balance as of March 31, 2021	<b>\$ 484,032</b>	<b>20,494</b>	<b>504,526</b>
Carrying value:			
January 1, 2022	<b>\$ 384,944</b>	<b>46,128</b>	<b>431,072</b>
March 31, 2022	<b>\$ 132,571</b>	<b>41,127</b>	<b>173,698</b>
January 1, 2021	<b>\$ 409,836</b>	<b>47,261</b>	<b>457,097</b>
March 31, 2021	<b>\$ 404,417</b>	<b>47,069</b>	<b>451,486</b>

The fair value of the Company's investment property was not materially different from those disclosed in Note 6(12) of the consolidated financial statements for the year ended December 31, 2021.

### (13) Intangible assets

	Goodwill	Patented technology	Customer relationship	Purchased software	Other	Total
Cost:						
Balance as of January 1, 2022	\$ 32,262	122,173	34,925	264,009	1,850	455,219
Separate acquisition	-	-	-	9,280	-	9,280
Reclassification and effect of exchange rate changes	-	1,531	-	2,750	34	4,315
Balance as of March 31, 2022	<b>\$ 32,262</b>	<b>123,704</b>	<b>34,925</b>	<b>276,039</b>	<b>1,884</b>	<b>468,814</b>
Balance as of January 1, 2021	\$ -	47,116	-	218,155	1,490	266,761
Separate acquisition	-	-	-	13,039	-	13,039
Reclassification and effect of exchange rate changes	-	298	-	5	3	306
Balance as of March 31, 2021	<b>\$ -</b>	<b>\$ 47,414</b>	<b>-</b>	<b>231,199</b>	<b>1,493</b>	<b>280,106</b>
Accumulated amortization:						
Balance as of January 1, 2022	-	54,393	591	232,897	1,565	289,446
Amortization for the year	-	3,714	887	10,243	5	14,849
Reclassification and effect of exchange rate changes	-	1,408	-	28	34	1,470
Balance as of March 31, 2022	<b>\$ -</b>	<b>59,515</b>	<b>1,478</b>	<b>243,168</b>	<b>1,604</b>	<b>305,765</b>
Balance as of January 1, 2021	\$ -	34,475	-	196,764	1,268	232,507
Amortization for the year	-	1,734	-	8,781	75	10,590
Reclassification and effect of exchange rate changes	-	250	-	5	1	256
Balance as of March 31, 2021	<b>\$ -</b>	<b>36,459</b>	<b>-</b>	<b>205,550</b>	<b>1,344</b>	<b>243,353</b>
Carrying amount:						
Balance as of January 1, 2022	<b>32,262</b>	<b>67,780</b>	<b>34,334</b>	<b>31,112</b>	<b>285</b>	<b>165,773</b>
Balance as of March 31, 2022	<b>32,262</b>	<b>64,189</b>	<b>33,447</b>	<b>32,871</b>	<b>280</b>	<b>163,049</b>
Balance as of January 1, 2021	<b>\$ -</b>	<b>12,641</b>	<b>-</b>	<b>21,391</b>	<b>222</b>	<b>34,254</b>
Balance as of March 31, 2021	<b>\$ -</b>	<b>10,955</b>	<b>-</b>	<b>25,649</b>	<b>149</b>	<b>36,753</b>

### (14) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank notes	<b>\$ 681,600</b>	<b>586,849</b>	<b>-</b>
Used limit	<b>\$ 8,889,191</b>	<b>9,142,627</b>	<b>9,054,788</b>
Interest rate range	<b>0.83%~1.00%</b>	<b>0.75%~1.95%</b>	<b>-</b>



(15) Long-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank notes	\$ 1,033,016	1,006,694	871,370
Secured bank notes	-	300,000	810,000
Less: Long-term borrowings due within one year	(8,333)	(1,666)	-
Total	<u>\$ 1,024,683</u>	<u>1,305,028</u>	<u>1,681,310</u>
Unused limit	<u>\$ 3,633,050</u>	<u>3,497,000</u>	<u>3,252,890</u>
Expiry year (in year Republic of China)	112-119	112-119	112-119
Interest rate range	1.25%~1.30%	1.25%~1.30%	1.25%~1.30%

(a) Borrowings and repayments

For the three months ended March 31, 2022 and 2021, the Company's borrow amount of long-term loan was \$28,950 thousand and \$1,165,800 thousand. For the three months ended March 31, 2022 and 2021, the Company's repayment amount of long-term loan principal was \$303,365 thousand and \$1,100,000 thousand.

(b) Collateral for bank borrowings

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

(c) Low interest loan from government

The combined Company obtained low-interest bank loans in accordance with the "Action Plan for Welcoming Overseas Taiwanese Business to Return to Invest in Taiwan" in 2020. The actual repayment preferential interest rate is 0.75%~0.8%. As of March 31, 2022, December 31, 2021 and March 31, 2021, the actual amount of transfer amounted on \$1,046,950 thousand, \$1,018,000 thousand, and \$887,110 thousand. The fair value of the loans was \$1,025,035 thousand, \$996,484 thousand, and \$867,555 thousand based on the market interest rate of 1.25%~1.3%, and the difference of \$21,915 thousand, \$21,516 thousand, and \$19,555 thousand is regarded as the government subsidy and recognized as deferred income. For the three months ended March 31, 2022 and 2021, the amount of the aforementioned deferred income transferred to "other income" amounted to \$1,136 thousand and \$991 thousand.

(d) Financial ratio agreement in loan contract

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

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

## (16) Lease liabilities

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current:			
Related parties	<u>\$ 68,930</u>	<u>91,779</u>	<u>90,788</u>
Non-related parties	<u>\$ 7,850</u>	<u>7,871</u>	<u>2,350</u>
Non-current:			
Related parties	<u>\$ -</u>	<u>-</u>	<u>68,930</u>
Non-related parties	<u>\$ 50,450</u>	<u>52,383</u>	<u>4,883</u>

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

The amounts recognized in profit or loss were as follows:

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term lease expense	<u>\$ 2,646</u>	<u>1,113</u>
Interest expense of lease liabilities	<u>\$ 649</u>	<u>816</u>

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

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Total cash flows on lease	<u>\$ 28,098</u>	<u>17,099</u>

### (a) Lease of housings and buildings

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

### (b) Other leases

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

## (17) Operating leases - Leaser

There was no significant addition in the Company's operating lease contracts for the three months ended March 31, 2022 and 2021. Refer to Note 6(17) for the Consolidated Financial Statements for the year ended December 31, 2019 for the details.

## (18) Employee benefits

### (a) Defined benefit plans

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

The expenses recognized were as follows:

	Three Months Ended March 31	
	2022	2021
Operating cost	\$ 15	10
Operating expenses	13	(3)
	<b>\$ 28</b>	<b>7</b>

(b) Defined contribution plans

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

	Three Months Ended March 31	
	2022	2021
Operating cost	\$ 13,682	11,902
Operating expenses	8,969	7,079
	<b>\$ 22,651</b>	<b>18,981</b>

(19) Income taxes

(a) Income tax expenses:

	Three Months Ended March 31	
	2022	2021
Income tax for the period	<b>\$ 39,392</b>	<b>46,115</b>

(b) There was no income tax that was directly recognized in equity or other comprehensive profit or loss for the three months ended in March 31, 2022 and 2021.

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

(20) Capital and other equity

(a) Common stock

As of March 31, 2022, and December 31 and March 31, 2021, 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.

(b) Capital reserve

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

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

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. The aforementioned realized capital reserve includes

capital reserve resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the provisions of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus may be capitalized, and the combined amount of any portions capitalized may not exceed 10% of the paid-in capital each year.

(c) Retained earnings

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

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

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

(b) Special reserve

According to FSC No. 1010012865 dated April 6, 2012, when the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the same amount of special surplus reserve is drawn from the current profit and loss and the undistributed surplus in the previous period; for the deduction of other shareholders' equity accumulated in the previous period, the same amount of special surplus reserve shall not be distributed from the undistributed surplus in the previous period. If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

(c) Earnings distribution

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

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

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

(d) Other equity (after tax)

	Exchange differences arising on translation of financial statements of foreign operations	Remeasurement of defined welfare plan	Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	Total
January 1, 2022	(51,470)	(28,929)	(22,910)	(103,309)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	62,482	-	-	62,482
Joint venture	6,881	-	-	6,881
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	2,016	2,016
Balance as of March 31, 2022	<b>\$ 17,893</b>	<b>(28,929)</b>	<b>(20,894)</b>	<b>(31,930)</b>
Balance as of January 1, 2021	(40,946)	(21,997)	(20,591)	(83,534)
The exchange differences yielded by net assets of overseas operating institutions:				
Consolidated company	5,162	-	-	5,162
Joint venture	(7,665)	-	-	(7,665)
Unrealized profit (loss) on investments in equity instruments at fair value through other comprehensive income	-	-	8,971	8,971
Balance as of March 31, 2021	<b>(43,449)</b>	<b>(21,997)</b>	<b>(11,620)</b>	<b>(77,066)</b>

(e) Non-controlling equity (after tax)

	Three Months Ended March 31, 2022	
Balance at the beginning of year	\$	113,273
Acquisition of subsidiaries		
Share attributable to non-controlling interest		(2,400)
Net loss of the period	\$	<b>110,873</b>

(21) Earnings per share

(a) Basic earnings per share

	Three Months Ended March	
	2022	2021
Net profit attributable to holders of common equity of the Company	<b>\$ 292,783</b>	<b>166,303</b>
The weighted average number of shares outstanding (thousand shares)	<b>320,675</b>	<b>320,675</b>
Basic earnings per share (in dollars)	<b>\$ 0.91</b>	<b>0.52</b>

(b) Diluted earnings per share

	Three Months Ended March 31	
	2022	2021
Net profit attributable to holders of common equity of the Company	<b>\$ 292,783</b>	<b>166,303</b>
The weighted average number of shares outstanding (thousand shares)	320,675	320,675
Effect of potentially dilutive shares of common stocks (thousand shares):		
Employee bonuses	3,325	1,833
The weighted average number of shares outstanding (thousand shares) (After adjusting the number of dilutive potential common shares impact)	<b>324,000</b>	<b>322,508</b>
Diluted earnings per share (in dollars)	<b>0.90</b>	<b>0.52</b>

(22) Revenue from contracts with customers

(a) Disaggregation of revenue

	Three Months Ended March 31, 2022		
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 2,401,623	206,901	2,608,524
Taiwan	1,222,624	118,714	1,341,338
Others	103,130	111,068	214,198
	<b>\$ 3,727,377</b>	<b>436,683</b>	<b>4,164,060</b>
Major products/services:			
Optoelectronics	\$ 3,727,377	-	3,727,377
Others	-	436,683	436,683
	<b>\$ 3,727,377</b>	<b>436,683</b>	<b>4,164,060</b>
	Three Months Ended March 31, 2021		
	Film sheet segment	Others	Total
Primary geographical market:			
China	\$ 2,546,663	175,175	2,721,838
Taiwan	1,064,618	153,469	1,218,087
Others	83,124	53,233	136,357
	<b>\$ 3,694,405</b>	<b>381,877</b>	<b>4,076,282</b>
Major products/services:			
Optoelectronics	\$ 3,694,405	-	3,694,405
Others	-	381,877	381,877
	<b>\$ 3,694,405</b>	<b>381,877</b>	<b>4,076,282</b>

(b) Contract balances

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes and accounts receivable (including related parties)	\$ 2,789,628	2,881,481	2,403,954
Deduction: Allowance for loss	(19,975)	(19,316)	(21,703)
Total	<u>\$ 2,769,653</u>	<u>2,862,165</u>	<u>2,382,251</u>

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

(23) Employee and directors' compensation

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

For the three months ended March 31, 2022 and 2021, BenQ accrued the remuneration to employees amounting to \$37,119 thousand and \$23,582 thousand, respectively, remuneration to directors amounting to \$2,784 thousand and \$1,769 thousand respectively, and the remuneration to directors were estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

Remuneration to employees for 2021 and 2020, in the amounting to \$134,276 thousand and \$55,119 thousand, respectively, remuneration to directors amounting to \$10,071 thousand and \$4,134 thousand, respectively, in cash for payment had been approved in the meeting of board of directors. The information about the remuneration to employees and directors is available at the Market Observation Post System website.

(24) Non-operating profit and loss

(a) Interest revenue

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Interest on bank deposits	<u>\$ 572</u>	<u>120</u>

(b) Other Income

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Government subsidy revenue	<u>\$ 1,257</u>	<u>4,912</u>

(c) Other gains and losses

	Three Months Ended March 31	
	2022	2021
Disposal of real estate, plant and equipment interests (losses)	(10,339)	112
Disposal of investments loss	-	(8,928)
Profits in the disposal of non-current assets held for sale	109,790	-
Net foreign currency exchange profits	80,844	144,186
Net loss from financial assets (liabilities) measured at fair value through profits (losses) - Derivative instruments	(77,042)	(79,570)
Others	2,577	1,841
	<b>\$ 105,830</b>	<b>57,641</b>

(d) Finance costs

	Three Months Ended March 31	
	2022	2023 I
Interest expense of bank loans	(10,191)	(9,911)
Lease liabilities	(649)	(816)
	<b>(10,840)</b>	<b>(10,727)</b>

(25) Types of financial instruments and fair value

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

(a) Types of financial instruments

1) Financial assets



	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at fair value through profit or loss:			
Foreign exchange forward contracts	\$ 1,884	1,093	402
Foreign exchange swaps	1,294	4,815	4,243
Subtotal	<u>3,178</u>	<u>5,908</u>	<u>4,645</u>
Financial assets at fair value through profit or loss	<u>68,979</u>	<u>64,677</u>	<u>72,180</u>
Financial assets at amortized cost:			
Cash and cash equivalents	338,698	278,127	131,227
Notes and accounts receivable and other receivables (including related parties)	3,012,554	3,047,027	2,617,083
Other financial assets - current	39,677	87,084	8,978
Guarantee deposits paid	27,704	28,974	15,801
Subtotal	<u>3,418,633</u>	<u>3,441,212</u>	<u>2,773,089</u>
Total	<u><b>\$ 3,490,790</b></u>	<u><b>3,511,797</b></u>	<u><b>2,849,914</b></u>

## 2) Financial liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Financial liabilities at fair value through profit or loss:			
Foreign exchange forward contracts	\$ 40,801	9,361	61,339
Foreign exchange swaps	26,660	-	-
Subtotal	<u>67,461</u>	<u>9,361</u>	<u>61,339</u>
Financial liabilities measured at amortized cost:			
Short-term borrowings	681,600	586,849	-
Notes and accounts payable and other payables (including related parties)	4,526,827	4,740,791	4,481,232
Long-term borrowings (including loans due within one year)	1,033,016	1,306,694	1,681,310
Lease liabilities – current and non-current (including related parties)	127,230	152,033	166,951
Guarantee deposit received	20,996	25,912	20,679
Subtotal	<u>6,389,669</u>	<u>6,812,279</u>	<u>6,350,172</u>
Total	<u><b>\$ 6,457,130</b></u>	<u><b>6,821,640</b></u>	<u><b>6,411,511</b></u>

### (b) Liquidity risk

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

The unused loan amounts of the Combined Company as of March 31, 2022, December 31, 2021 and March 31, 2021 totaled \$12,522,241 thousand, \$12,639,627 thousand and \$12,307,678 thousand, respectively.

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

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
<b>March 31, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 683,580	383,160	300,420	-	-
Accounts payable (including related parties)	3,106,655	3,106,655	-	-	-
Other payables (including related parties)	1,420,172	1,420,172	-	-	-
Long-term borrowings (floating rate)	1,081,873	4,082	12,342	855,081	210,368
Lease liabilities (including related parties)	132,442	50,770	27,523	28,206	25,943
Guarantee deposit received	20,996	1,462	1,137	17,259	1,138
	<b>\$ 6,445,718</b>	<b>4,966,301</b>	<b>341,422</b>	<b>900,546</b>	<b>237,449</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(1,705,436)	(1,705,436)	-	-	-
Outflow	1,744,353	1,744,353	-	-	-
Foreign exchange swaps - Net delivery					
	25,366	25,366	-	-	-
	<b>\$ 64,283</b>	<b>64,283</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 589,182	288,139	301,043	-	-
Accounts payable (including related parties)	3,189,621	3,189,621	-	-	-
Other payables (including related parties)	1,551,170	1,551,170	-	-	-
Long-term borrowings (floating rate)	1,363,271	6,645	6,695	1,108,612	241,319
Lease liabilities (including related parties)	157,893	50,869	50,708	43,116	13,200
Guarantee deposit received	25,912	1,010	7,357	16,448	1,097
	<b>\$ 6,877,049</b>	<b>5,087,454</b>	<b>365,803</b>	<b>1,168,176</b>	<b>255,616</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(1,666,554)	(1,666,554)	-	-	-
Outflow	1,674,822	1,674,822	-	-	-
Foreign exchange swaps - Net delivery					
	(4,815)	(4,815)	-	-	-
	<b>\$ 3,453</b>	<b>3,453</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Contractual cash flows	Within 6 months	6-12 years	1-5 years	More than 5 years
<b>March 31, 2021</b>					
Non-derivative financial liabilities					
Accounts payable (including related parties)	\$ 3,413,207	3,413,207	-	-	-
Other payables (including related parties)	1,068,025	1,068,025	-	-	-
Long-term borrowings (floating rate)	1,760,670	8,548	8,464	1,374,484	369,174
Lease liabilities (including related parties)	168,558	47,682	46,452	74,424	-
Guarantee deposit received	20,679	3,614	871	16,034	160
	<b>\$ 6,431,139</b>	<b>4,541,076</b>	<b>55,787</b>	<b>1,464,942</b>	<b>369,334</b>
Derivative financial instruments					
Foreign exchange forward contracts - Total delivery:					
Inflow	(1,593,993)	(1,593,993)	-	-	-
Outflow	1,654,930	1,654,930	-	-	-
Foreign exchange swaps -					
Net delivery	(4,243)	(4,243)	-	-	-
	<b>\$ 56,694</b>	<b>56,694</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

(c) Exchange rate risk

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

		March 31, 2022				Currency Unit: NT\$ Thousand
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact	
Financial assets						
Monetary items						
USD	\$ 126,471	28.600	3,617,071	1%	36,171	
JPY	69,644	0.2349	16,359	1%	164	
Financial liabilities						
Monetary items						
USD	63,754	28.600	1,823,364	1%	18,234	
JPY	7,429,275	0.2349	1,745,137	1%	17,451	

December 31, 2021						
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact	
Financial assets						
Monetary items						
USD	\$ 124,059	27.680	3,433,953	1%	34,340	
JPY	157,306	0.2404	37,816	1%	378	
Financial liabilities						
Monetary items						
USD	67,328	27.680	1,863,639	1%	18,636	
JPY	6,793,493	0.2404	1,633,156	1%	16,332	
March 31, 2021						
	Foreign currency	Exchange rate	New Taiwan Dollar	Exchange rate changes	Profit and loss impact	
Financial assets						
Monetary items						
USD	\$ 96,708	28.530	2,759,079	1%	27,591	
JPY	84,625	0.2579	21,825	1%	218	
Financial liabilities						
Monetary items						
USD	45,078	28.530	1,286,075	1%	12,861	
JPY	7,974,655	0.2579	2,056,664	1%	20,567	

As the Company deal in diverse functional currencies, gains and losses on monetary items were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months ended March 31, 2022 and 2021, were \$80,844 thousand and \$144,186 thousand, respectively.

(d) Fair value information

1) Financial instruments not measured at fair value

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

2) Financial instruments measured at fair value

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

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

March 31, 2022

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through the profits and loss:					
Foreign exchange forward contracts	\$ 1,884	-	1,884	-	1,884
Foreign exchange swaps	1,294	-	1,294	-	1,294
	<b>\$ 3,178</b>	<b>-</b>	<b>3,178</b>	<b>-</b>	<b>3,178</b>
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 57,506	-	57,506	-	57,506
Non-listed Stocks	11,473	-	-	11,473	11,473
	<b>\$ 68,979</b>	<b>-</b>	<b>57,506</b>	<b>11,473</b>	<b>68,979</b>
Financial liabilities at FVTPL:					
Foreign exchange forward contracts	(40,801)	-	(40,801)	-	(40,801)
Foreign exchange swaps	(26,660)	-	(26,660)	-	(26,660)
	<b>\$ 67,461</b>	<b>-</b>	<b>67,461</b>	<b>-</b>	<b>67,461</b>

December 31, 2021

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign exchange forward contracts	\$ 1,093	-	1,093	-	1,093
Foreign exchange swaps	4,815	-	4,815	-	4,815
	<b>5,908</b>	<b>-</b>	<b>5,908</b>	<b>-</b>	<b>5,908</b>
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 55,490	-	55,490	-	55,490
Non-listed Stocks	9,187	-	-	9,187	9,187
	<b>\$ 64,677</b>	<b>-</b>	<b>55,490</b>	<b>9,187</b>	<b>64,677</b>
Financial liabilities at FVTPL:					
Foreign exchange forward contracts	(9,361)	-	(9,361)	-	(9,361)

March 31, 2021

	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL:					
Foreign exchange forward contracts	\$ 402	-	402	-	402
Foreign exchange swaps	4,243	-	4,243	-	4,243
	<b>\$ 4,645</b>		<b>4,645</b>		<b>4,645</b>
Financial assets at fair value through Other Comprehensive Income:					
Stocks listed in the emerging stock market in Taiwan	\$ 66,780	-	66,780	-	66,780
Non-listed Stocks	5,400	-	-	5,400	5,400
	<b>72,180</b>	<b>-</b>	<b>66,780</b>	<b>5,400</b>	<b>72,180</b>
Financial liabilities at FVTPL:					
Foreign exchange forward contracts	<b>(61,339)</b>	<b>-</b>	<b>(61,339)</b>	<b>-</b>	<b>(61,339)</b>

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

1) Non-derivative financial instruments

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

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

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

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

2) Derivative financial instruments

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

(f) Fair value level and transfer

The Combined Company did not have any financial assets and liabilities transferred in the fair value hierarchy for the three months ended March 31, 2022 and 2021.

(g) Level 3 sheet of changes

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

	Three Months Ended March 31	
	2022	2021
Beginning balances	\$ 9,187	1,500
Purchase for the period	2,286	3,900
Changes in other comprehensive profit and loss recognized in the current period	-	-
Ending balances	<b>\$ 11,473</b>	<b>5,400</b>

(26) Financial risk management

Both the goals and policies of the Company's financial risk management were not materially different from those disclosed in Note 6(26) of the consolidated financial statements for the year ended on December 31, 2021.

(27) Capital management

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

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

(a) Refer to Note 6(11) for The Company acquired the right-of-use assets by lease for the three months ended March 31, 2022 and 2021.

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

	January 1, 2022	Cash flows	Changes in non-cash	March 31, 2022
			Assessment adjustment	
Short-term borrowings	\$ 586,849	94,751	-	681,600
Long-term borrowings (including loans due within one year)	1,306,694	(274,415)	737	1,033,016
Guarantee deposit received	25,912	(4,916)	-	20,996
Lease liabilities (including related parties)	152,033	(24,803)	-	127,230
Total liabilities from financing activities	<b>\$ 2,071,488</b>	<b>(209,383)</b>	<b>737</b>	<b>1,862,842</b>

	January 1, 2021	Cash flows	Changes in non-cash		March 31, 2021
			Amendment lease	Assessment adjustment	
Short-term borrowings	\$ 150,000	(150,000)	-	-	-
Long-term borrowings	1,614,624	65,800	-	886	1,681,310
Guarantee deposit received	21,187	(508)	-	-	20,679
Lease liabilities (including related parties)	182,439	(15,170)	(318)	-	166,951
Total liabilities from financing activities	<b>\$ 1,968,250</b>	<b>(99,878)</b>	<b>(318)</b>	<b>886</b>	<b>1,868,940</b>

## 7. Related-party Transactions

### (I) Name and relationship of related parties

Name of related parties	Relationship with the Company
Qisda Corporation (Qisda)	Parent company of the Combined Company
Visco Vision Inc. (Visco Vision)	Affiliated company of the Combined Company
Cenefom Corp. (Cenefom)	Subsidiary of the Combined Company (Note 1)
MLK Bioscience Co., Ltd	Affiliated company of the Company
Visco Technology Sdn. Bhd.(VVM)	Subsidiary of Visco Vision
Other related parties:	
BenQ foundation	The actual related parties of Qisda
Darfon Electronics Corp. (Darfon)	Affiliated company of Qisda
AU Optronics Corp. (AU)	The corporate shareholder of Qisda accounting for using the equity method
AU Optronics (Suzhou) Corp. (AUS)	Subsidiary of AUO
AU Optronics (Kunshan) Corp.	Subsidiary of AUO
AU Optronics (Xiamen) Corp. (AUX)	Subsidiary of AUO
AUO Care (Suzhou) Co., Ltd	Subsidiary of AUO
Darwin Precisions Industry (Xiamen) Corp.	Subsidiary of AUO
Darwin Precisions Industry (Suzhou) Corp.	Subsidiary of AUO
Fuxun Optoelectronics Industry (Suzhou) Co., Ltd	Subsidiary of AUO
Dazhahui Intelligent Manufacturing (Suzhou) Co., Ltd	Subsidiary of AUO
Edgetech Info-Technology (Suzhou) Co., Ltd	Subsidiary of AUO
AUO Display Plus Corp.	
AUO Digital Technology Services (Suzhou) Co., Ltd	Subsidiary of AUO
Space4M Inc.	Subsidiary of AUO
Daji Education Development Co., Ltd	Subsidiary of AUO
AUO Envirotech Inc.	Subsidiary of AUO
AUO Care Co., Ltd	Subsidiary of AUO
AUO Digital Technology Services Co., Ltd	Subsidiary of AUO
DFI Inc.	Subsidiary of Qisda
Suzhou BenQMedical Hospital (SMH)	Subsidiary of Qisda
Aon Medical Equipment Trading (Suzhou)	Subsidiary of Qisda
Lily-Medical Corp.	Subsidiary of Qisda

(Continued on the next page)



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

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

(2) The Company's significant related party transactions

(a) Operating income

	Three Months Ended March 31	
	2022	2021
Other related parties:		
AU	\$ 1,071,431	939,060
AUS	322,759	293,463
AUX	169,977	208,621
Others	7,065	4,369
Affiliated of company - VVM	35,872	29,474
Other affiliated companies	240	1,228
Parent company	-	21
	<b>\$ 1,607,344</b>	<b>1,476,236</b>

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

(b) Purchases

	Three Months Ended March 31	
	2022	2021
Affiliated of company	<u>\$ 89,277</u>	<u>104,659</u>

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

(c) Property transaction

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

Related-party categories	Account	Three Months Ended March 31	
		2022	2021
Parent of company	Intangible assets	1,299	982
Other related parties	Intangible assets	3,338	3,288
		<u>\$ 4,637</u>	<u>4,270</u>

In January, 2022, the Combined Company sold the machinery equipment to Other related parties by \$320 thousand, derived the disposal of the loss of \$2,405 thousand, the related expenses which were not gained yet were recorded on the related parties of the other receivables until the end of March 31, 2022.

(d) Lease

The Combined Company rent and pay for the plants and offices from AUO every month, which is referred to neighboring areas for the rental. Interest expense for the three months ended March, 2022, and 2021, amounted to \$377 thousand and \$782 thousand. As of March, 2022, December 31, and March 31, 2021, the lease liabilities amounted to \$68,930 thousand and \$91,779 thousand.

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

	Three Months Ended March 31	
	2022	2021
Other related parties	<u>\$ 352</u>	<u>541</u>

(e) Dividend

As of March 31, 2022, and March 31 and December 31, 2021, the dividends of the related parties of the receivables (are recorded under the related parties of the other receivables) for the Combined Company, the details are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Affiliated of company - Visco	<u>\$ 39,335</u>	<u>-</u>	<u>-</u>

(f) Accounts receivable – related parties

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

Account	Related-party categories	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable - related parties, net	Others related parties- AUC	\$ 211,394	419,854	531,018
	Others related parties- AUS	114,195	88,716	147,177
	Other related parties- AUX	49,849	51,334	84,303
	Other related parties- other:	8,011	7,975	6,569
	Affiliated company - VVM	36,945	42,066	30,017
	Other affiliated companies	252	190	869
	Subtotal	<u>420,646</u>	<u>610,135</u>	<u>799,953</u>
Other receivables – related parties	Other related-parties	368	20	75
	Affiliated company - Visco	39,335	-	-
	Subtotal	<u>39,703</u>	<u>20</u>	<u>75</u>
		<b><u>\$ 460,349</u></b>	<b><u>610,155</u></b>	<b><u>800,028</u></b>

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

March 31, 2022						
Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accoiunts receivable (Note 6(5))	Range of interest rate	Other im portant matters
Mega International						
Commerical Bank	\$ 959,863	-	863,877	95,986	1.56%~1.64%	Promissory note 150,000
CTBC Bank Co., Ltd	489,378	-	440,440	48,938	1.37%	None -
	<b><u>\$ 1,449,241</u></b>	<b><u>-</u></b>	<b><u>1,304,317</u></b>	<b><u>144,924</u></b>		<b><u>150,000</u></b>

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

March 31, 2021

Underwriter	Factored amount	Amount of advance available	Advance amount	Amount transferred to other accounts receivable (Note 6(5))	Range of interest rate	Other important matters
Mega International						
Commerical Bank	\$ 591,134	-	532,020	59,114	1.05%	Promissory note 150,000
CTBC Bank Co., Ltd	435,242	-	391,573	43,669	0.95%~1.00%	Promissory note 51,354
	<b>\$ 1,026,376</b>	<b>-</b>	<b>923,593</b>	<b>102,783</b>		<b>201,354</b>

(g) Accounts payable – related parties

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

Account	Categories of the related parties	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable - related parties	Affiliated companies	\$ 68,178	48,362	78,759
	Other related parties	-	74	-
	Subtotal	68,178	48,436	78,759
Other payables - related parties	Other related parties	23,271	24,102	17,985
	Parent company	5,059	-	2,696
	Affiliated companies	-	6	74
	Subtotal	28,330	24,108	20,755
		<b>\$ 96,508</b>	<b>72,544</b>	<b>99,514</b>

(3) Compensation of major managerial personnel

	Three Months Ended March 31	
	2022	2021
Short-term employee benefits and compensation	\$ 16,174	14,631
Retirement benefits	81	81
	<b>\$ 16,255</b>	<b>14,712</b>

8. Pledged assets

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

Asset name	Purpose of pledge	March 31, 2022	Dece. 31, 2021	March 31, 2021
	Long-term			
Land, buildings and structures	borrowings	\$ 626,597	629,602	644,977
Other financial assets - current - deposit certificated	Letter of credit guarantee	-	-	2,971
		<b>\$ 626,597</b>	<b>629,602</b>	<b>647,948</b>

**9. Material contingent liabilities and unrecognized contractual commitments**

Significant unrecognized contract commitments:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unused letters of credit issued	\$ 316,424	683,141	990,990
Signed and unpaid major engineering and equipment payments	542,933	599,853	293,293

**10. Significant Loss from disaster: None**

**11. Significant subsequent events: None**

**12. Others**

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

Function Nature	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expenses:						
Salaries expenses	390,619	210,822	601,441	350,644	171,147	521,791
Labor insurance and national health insurance	32,554	16,840	49,394	27,310	12,646	39,956
Pension expenses	13,697	8,982	22,679	11,912	7,076	18,988
Other employee benefits expenses	20,103	7,629	27,732	18,599	5,780	24,379
Depreciation	123,995	24,904	148,899	117,513	19,755	137,268
Amortization	4,402	10,447	14,849	3,399	7,191	10,590

(2) The Company's operations are not materially influenced by seasonality or periodicity.

### 13. Additional disclosures

(I) Information on significant transactions:

For the three months ended March 31, 2022, the Company should disclose relevant information on significant transactions in accordance with preparation of financial reports:

(a) Financing provided to other parties:

(Unit: NT\$ thousand)

No	Lending company	Lending subject	Contact accounts	Whether he/she is related party	Highest endorsement or guarantee amount for current period	Balance at the end of year	Actual amount expenditure	Interest rate range	Nature of financing (Note 2)	Tranction 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 (Notel)	BenQ Material (Wuhu) Co., Ltd.	Other receivables-related parties	Yes	1,191,679 (RMB265,000)	1,191,679 (RMB265,000)	835,524 (RMB185,800)	1.3%	2	-	Operating turnover	-	-	-	2,017,746	2,017,746
2	BMS (Notel)	BenQ Medical Technology (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	134,907 (RMB30,000)	134,907 (RMB30,000)	13,494 (RMB3,000)	1.3%	2	-	Operating turnover	-	-	-	2,017,746	2,017,746

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

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

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

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

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

Name of company held	Type and name of marketable securities	Relationship with the securities issuer	Listed accounts	Ending Balance				Note
				Shares	Book amount	Ownership (%)	Fair Value	
BenQ	Shares of Biodenta Corporation	-	Financial assets at fair value through the profit and loss	225	(Note)	2.50%	-	
BenQ	Shares of Lagis Corporation	-	Financial assets at fair value through other comprehensive income	1,680	57,506	5.25%	57,506	
BenQ	Shares of Summed Corporation	-	Financial assets at fair value through other comprehensive income	300	3,000	2.73%	3,000	
BenQ	Shares of Cuumed Catheter Medical Co., Ltd	-	Financial assets at fair value through other comprehensive income	399	8,473	2.08%	8,473	

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

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

(f) Disposal of the real estate reaching NT\$300 million or more than 20% of paid-in capital or more:

The company of disposal of the real estate	Name of property	Actual date of transaction	Original date of obtained	Carrying Value	Amount of transaction	Status of the expenses of receivable	Profit or loss in the disposal	The company of transaction	Relationship	Purpose on the disposal	Object of reference for making the price	Other agreed matters
BMS	Real estate and related assets (land use rights, buildings, machinery, equipment and deferred fees)	Date of the contract: March 21, 2022	2016	305,691	RMB264,036 thousand (convert into NTD\$1,187,342 thousand (Note 1))	Not received	Profit of disposal in advance	Siliconware Precision Industries (Suzhou) Co., Ltd	Unsuitable	Using the assets flexibly and promoting the business efficiency		The case still must be examined by the regulatory commission of Suzhou Industrial Park (including, but not be limited the area of the final transaction of land use rights and obtaining the certification of ownership for right-use-land, independently) before carrying out the transaction

(Note 1) The currencies were converted RMB into NTD by the exchange rate of 4.4969 on March 31, 2022.

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

Purchaser (seller)	Counter party	Relationship with the counter party	Transaction detail				Differences in transaction terms compared to third-party transactions		Notes/accounts receivable (payable)		Commentary
			Purchases (sales)	Amount	Ratio to total purchase (sell)	Credit period	Unit price	Credit period	Balance	Ratio to total notes or accounts receivable (payable)	
BenQ	AUO	Other related parties	Sales	1,071,431	27%	OA90	(Note 1)	(Note 3)	211,394	7%	-
BenQ	AUS	Other related parties	Sales	322,759	8%	OA90	"	"	114,195	4%	-
BenQ	AUX	Other related parties	Sales	169,977	4%	OA90	"	"	49,849	2%	
BenQ	BMS	Parent company and subsidiary	Purchases	(255,901)	10%	OA90	(Note 2)	"	(391,250)	11%	(Note 4)



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

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

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

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

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

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

Company name	Counter party	Relationship with the counter party	Balance dues from related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
BMS (Note 2)	BenQ	Parent company and subsidiary	391,250	2.76	-	-	-	-
BenQ (Note 2)	BMM	Parent company and subsidiary	286,332	1.19	-	-	-	-
BenQ	AUO	Other related parties	211,394	3.64	-	-	-	-
BenQ	AUS	Other related parties	114,195	3.02	-	-	-	-

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

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

(i) Trading in derivative instruments: The transactions information of trading in derivative instruments by the Company, please refer to Note 6(2) for the consolidated financial statements for the details.

(j) Business relationships and significant intercompany transactions among parent and subsidiaries:

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Transaction (Note 3)			
				Account	Amount	Transaction term	Percentage of consolidated total operating revenues or total assets (Note 4)
0	BenQ	BMM	1	Accounts receivable	286,332	OA120	2.30%
0	BenQ	BMM	1	Sales	79,719	OA120	1.91%
1	BMS	BenQ	2	Accounts receivable	391,250	OA90	3.14%
1	BMS	BenQ	2	Processing income	255,901	OA90	6.15%
2	BMW	BenQ	2	Accounts receivable	50,102	OA90	0.40%
2	BMW	BenQ	2	Sales	65,959	OA90	1.58%

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

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

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

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

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

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

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

(2) Information on investees:

The information of investee companies for the three months ended March 31, 2022 (excluding investees in China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of March 31, 2022			Net profit (loss) of the investee for the current period	Investment income (loss) recognized for the period	Commentary
				Balance as of March 31, 2022	Balance as of Dec. 31 2020	Number of shares	Ownership(%)	Carrying amount			
BenQ	BMLB	Malaysia	Investment holding	1,141,340	1,141,340	35,082	100.00%	1,798,257	79,285	79,285	(Note 1)
BenQ	Sigma-Medical	Taiwan	Manufacture and sales of medical consumables and equipment	231,727	231,727	2,000	100.00%	251,032	237,406	123,455	(Note 1)
BenQ	Visco Vision	Taiwan	Manufacture and sales of contact lenses	177,811	177,811	9,834	17.97%	207,723	148,789	26,864	
BenQ	Cenefom	Taiwan	R&D, Manufacture and sales of medical consumables and equipment	92,262	92,262	4,418	34.83%	81,726	(1,389)	(968)	(Note 1)
BenQ	Genejet	Taiwan	R&D, Manufacture and sales of medical consumables and equipment	43,316	43,316	3,767	70.00%	42,750	(1,421)	(1,375)	(Note 1)
BenQ	Buticon Internatioal Corp.	Taiwan	R&D, and sales of medical consumables and equipment	6,000	6,000	217	20.00%	4,488	(222)	(44)	
BenQ	Coatmed	Taiwan	R&D, and sales of medical consumables and equipment	5,980	5,980	598	20.00%	3,954	(592)	(118)	

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

(3) Information on investments in China:

(a) Relevant information on investments in China:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2022	Taiwan or amount remitted back to Taiwan for the current period		Accumulated amount of remittance from Taiwan as of March 31, 2022	Net income of investee for the current period	Ownership held by BenQ (direct or indirect)	Investment income (loss) recognized for the current period	Carrying amount of investments as of March 31, 2022	Investment profits repatriated by the end of the current period
					Remitted to Mainland China	Remitted back to Taiwan						
BenQ Material Co., Ltd. (BMS)	Processing of functional film products	829,400 (USD29,000)	(3)	829,400 (USD29,000)	-	-	829,400 (USD29,000)	11,389	100.00%	11,389 (Note 2)	2,017,746 (Note 4)	-
Dashin Medical Technology (Suzhou) Co., Ltd. (DTB)	Provision of services and sales of related products such as medical equipment	49,466 (RMB11,000)	(2)	-	-	-	-	16,304	100.00%	16,304 (Note 2)	18,699 (Note 4)	-
BenQ Materials (Wuhu) Co., Ltd	Manufacture and sales of film sheet and cosmetic-related products	359,752 (RMB80,000)	(3)	179,876 (RMB40,000)	-	-	179,876 (RMB40,000) (Note 3)	41,511	100.00%	40,192 (Note 2)	(251,916) (Note 4)	-
BenQ Materials Medical Technology (Suzhou) Co. Ltd. (BMM)	Manufacture and sales of medical consumables and equipment	67,654 (RMB15,000)	(2)	-	-	-	-	12,255	100.00%	12,255 (Note 2)	68,600 (Note 4)	-
Suzhou Sigma Medical Supplies Co., Ltd. (SMS)	Manufacture and sales of medical consumables and equipment	45,531 (USD1,592)	(1)	45,531 (USD1,592)	-	-	45,531 (USD1,592)	65	100.00%	65 (Note 2)	26,716 (Note 4)	-

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

(1) Directly invest in a company in China.

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

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

(Note 2): Investment income or loss was recognized based on the reviewed financial statements issued by the auditors of the parent in Taiwan.

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

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

(b) Limits on investments in Mainland China:

(Unit: NT\$ thousand)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment by Investment Commission, MOEA
BenQ	1,009,276 (USD29,000 and RMB40,000)	1,125,971 (USD29,000 and RMB65,950)	(Note)
SMS	45,531 (USD1,592)	45,531 (USD1,592)	80,000

It is converted according to the exchange rate of USD to NTD of 28,600 and RMB to NTD of 4.4969 at the end of the period.

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

(a) Significant transactions with investee companies in China:

The direct or indirect transactions in China have been eliminated when preparing the consolidated financial statements for the three months ended March 31, 2022, please refer to “Information on significant transactions” for the details.

(4) Major shareholders information

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

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

#### 14. Segment information

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

Three Months Ended March 31, 2022				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,727,377	436,683	-	4,164,060
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 3,727,377</b>	<b>436,683</b>	-	<b>4,164,060</b>
Segment profit	<b>\$ 273,255</b>	<b>(9,574)</b>	-	<b>263,681</b>
Shares of losses of related companies recognized by the equity method				26,702
Net profit after tax				<b>\$ 290,383</b>

Three Months Ended March 31, 2021				
	Film sheet segment	Other sectors	Adjustments and Eliminations	Total
External revenue	\$ 3,694,405	381,877	-	4,076,282
Intra-segment revenue	-	-	-	-
Total revenue	<b>\$ 3,694,405</b>	<b>381,877</b>	-	<b>4,076,282</b>
Segment profit	<b>\$ 152,835</b>	<b>1,498</b>	-	<b>154,333</b>
Shares of losses of related companies recognized by the equity method				11,970
Net profit after tax				<b>\$ 166,303</b>

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