

COST BASIS INFORMATION

Applicable only to holders for U.S. Income Tax purposes. The information is provided for general information only. Holders are advised to consult independent tax advisors with respect to their particular circumstance.

NOTICE OF US TAX BASIS REPORTING FOR QISDA CORPORATION

DATE of NOTICE: September 8, 2011

Qisda Corporation hereby provides the following information to its United States of America (“U.S.”) shareholders (including holders of its Depository Shares) pursuant to Section 6045B of the U.S. Internal Revenue Code of 1986, as amended (the “Code”):

COMPANY:	Qisda Corporation, a company incorporated under the laws of Taiwan, Republic of China (the “ <u>Company</u> ”).
COMPANY CONTACT PERSON:	IR Manager E-mail: investor@Qisda.com Telephone: +886.3.359.8800
APPLICABLE SECURITIES:	Common Shares of the Company (the “ <u>Shares</u> ”). Global Depository Shares (“ <u>Depository Shares</u> ”), each Depository Share representing 5 Shares of the Company.
DEPOSITARY SHARE CUSIP NO:	Rule 144A Depository Shares CUSIP No.:7472872099 Regulation S Depository Shares CUSIP No.: 7472871000
SHARE ISIN NO:	TW0002352002
TYPE OR NATURE OF ORGANIZATIONAL ACTION:	On July 12, 2011 the Company announced a stock distribution whereby holders of Shares would receive 20 new Shares for every 1000 existing Shares held as of the applicable record date and holders of Depository Shares would receive 1 new Depository Shares for every 50 existing Depository Shares held as of the applicable record date. The record date for holders of Shares was July 29, 2011. The record date for holders of Depository Shares was July 28, 2011.
EFFECTIVE DATE OF ORGANIZATIONAL ACTION:	The effective date for holders of Shares was August 29, 2011. The effective date for holders of Depository Shares was September 6, 2011.

<p>QUANTITATIVE EFFECT OF ORGANIZATIONAL ACTION:</p>	<p>As required by Code Section 307(a), and the U.S. Treasury regulations thereunder, the U.S. tax basis of the Shares previously held by each U.S. holder of Shares (or Depository Shares) should be allocated between the holder's existing Shares (or Depository Shares) and the new Shares (or Depository Shares) received in the distribution based on their respective fair market values.</p> <p>The Company has determined that the fair market value of each Depository Share as \$1.316 on the Depository Share distribution payment date.</p> <p>Each holder of Shares (or holder of Depository Shares) should allocate 98.0392% of its basis in each existing Share (or Depository Share) to each Share (or Depository Share) received in the distribution.</p>
<p>CODE SECTION AND SUBSECTION UPON WHICH TAX TREATMENT IS BASED:</p>	<p>Code Section 307(a).</p>
<p>REPORTABLE TAXABLE YEAR:</p>	<p>2011</p>
<p>RECOGNITION OF RESULTING LOSS FOR U.S. TAX PURPOSES:</p>	<p>For U.S. federal income tax purposes, the Organizational Action will not result in any tax loss for any holders of Shares or Depository Shares.</p>
<p>IRS Circular 230 disclosure: Any tax advice contained in this communication (including any attachments or enclosures) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this communication. (The foregoing disclaimer has been affixed pursuant to U.S. Treasury regulations governing tax practitioners.)</p>	