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- A. Independent Auditors' Report and Financial Statements

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- A. Articles of Incorporation
- B. Rules of Procedure for Shareholders' meetings
- C. Current Shareholding of Directors

# **RitDisplay Corporation**

## **Procedure for the 2023 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairman Takes Seat
3. Chairman's Opening Address
4. Management Presentations
5. Matter for Approval
6. Matters for Discussion
7. Adjournment

# **RitDisplay Corporation**

## **2023 Agenda of Annual Meeting of Shareholders**

- A. Date: 9:00 a.m. on Tuesday, June 27th, 2023
- B. Place: B1 No. 12, Guangfu N. Rd., Hukou Township, Hsinchu County.
- C. Physical Shareholders' meeting
- D. Call the Meeting to Order
- E. Observance of Proper Etiquette
- F. Management Presentations
  - (1) Annual Business Overview Report for Year 2022
  - (2) 2022 Audit Committee's Review Report
  - (3) 2022 Directors' Remuneration and Employee Compensation Distribution Report
  - (4) 2022 Cash Dividend Distribution Report
  - (5) Status Report of Domestic Unsecured Corporate Bond Issuance
- G. Matters for Approval
  - (1) Report on the 2022 Financial Statements
  - (2) Proposal for Distribution of 2022 Earnings
- H. Matters for Discussion
- I. Adjournment

# Management Presentations

## I. Annual Business Overview Report for Year 2022

In 2022, the COVID-19 pandemic continues to have an impact, and the outbreak of the Russo-Ukrainian war adds to the uncertainty in the market. Although lockdown measures due to the pandemic have been lifted by the second half of the year in European and American countries, the recovery in consumer demand has not been as expected. Instead, an oversupply issue has emerged. During the pandemic, the entire supply chain has been stretched, and in order to avoid shortages, everyone has doubled their inventories. It was only after the lifting of restrictions that it was discovered that the market lacked the immediate capacity to digest this excess inventory. Therefore, the demand starting in the second half of 2022 is not as expected.

In terms of PMOLED demand, application-wise, it is mainly used in home appliances and network communication, with industrial applications as a supplement. The proportion of consumer products has become a minority, so transformation is necessary. In addition to the battery industry layout that has contributed considerable revenue since 2023, the display business also considers diversification. Starting in the fourth quarter of 2023, sales of TFT LCD and AMOLED have increased with the goal of attracting existing PMOLED customers. The aim is to make it one of the main businesses by 2024 and continue to compete for other product lines.

Total consolidated operating revenue for the year: NT\$ 2,713,550 thousand increased by 21.91% compared to 2021.

Net income for the period: NT\$ 49,325 thousand decreased by 74.53% compared to 2021.

The application of PMOLED is increasingly limited, and its performance is gradually shrinking. The Japanese company that has been cooperating with the Company is also considering making changes. In August 2022, the Japanese company decided to terminate their own production line and commission us to produce their products. The plan is to obtain customer approval for general products to be fully outsourced to our company by 2023. As for special-purpose items such as automotive use, the target is set for 2024.

Chairman: YEH, CHWEI-JING

Chief Executive Officer: WANG, TING-CHANG

Accounting officer: HUANG, YU-SHIU

## **II. 2022 Audit Committee's Review Report**

### **Audit Committee's Review Report**

The financial statements (including consolidated and individual financial statements) for the year 2022, prepared by the Board of Directors of the Company, have been audited by the certified accountants, Chen, Kuo-Shuai and Chang, Chih-Ming from EY Taiwan. They have expressed their opinion that the financial statements fairly present the financial position, operating results and cash flows of the Company. The Audit Committee has reviewed the financial statements and found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the above report for your reference.

Sincerely

2023 Shareholder's meeting of the Company

RitDisplay Corporation

Audit Committee Convener : Tung, Yun-Ling

Date: Mar.13, 2023

### **III.2022 Directors' Remuneration and Employee Compensation Distribution Report**

Explanation: The director remuneration of the Company in 2022 is equivalent to NT\$ 1,355,592, and the employee remuneration is equivalent to NT\$ 3,163,047 distributed in cash.

### **IV.2022 Cash Dividend Distribution Report**

Explanation:

1. The Board of Directors decided to distribute a total of NT\$110,477,513 of 2022 earnings in cash dividends or NT\$1.5 per share. The cash dividend is distributed to the unit of NT dollar (rounding off). The aggregate of fractional numbers will be recognized as the Company's other incomes.
2. The Chairman is authorized to set up the ex-dividend date, dividend issue date, and other relevant matters. If the total number of the outstanding shares is affected and the distribution yield has changed due to the change in the capital stock of the Company, the shareholders' meeting shall authorize the chairman to handle the matter with full powers based on the Company Act and relevant regulations.

### **V. Status Report of Domestic Unsecured Corporate Bond Issuance**

Explanation:

Items	1 <sup>st</sup> unsecured convertible bond	2 <sup>nd</sup> unsecured convertible bond
Total Issurance amount	NTD 350,000,000	NTD 600,000,000
Coupon Rate	0%	0%
Term	2020/7/17~2023/7/17	2022/1/11~2027/1/11
Balance as of April 30, 2023	NTD 6,200,000	NTD 571,100,000

## Matters for Approval

Report No.1:( Proposed by the Board)

Proposal: Report on the 2022 Financial Statements.

Explanation:

- a. The annual financial statements of the Company 2022 (including the consolidated financial statements) were audited by Chen, Kuo-Shuai and Chang, Chih-Ming of Ernst & Young, and the business report was reviewed by the Audit Committee. Please acknowledge. (Please refer to pages 3 and 11 of the Company's meeting agenda.)
- b. It is hereby proposed for acceptance

Resolution:

Report No.2:( Proposed by the Board)

Proposal: Proposal for Distribution of 2022 Earnings

Explanation:

- a. The Board has adopted a Proposal for Distribution of 2022 Profits in accordance with Article 32 of the Articles of Incorporation. Please refer to the table below.

RitDisplay Corporation  
2022 Profit Distribution Table

Unit: NTD\$

Items	Amount
Beginning retained earnings	\$453,948,706
Less: Disposal of equity instruments at fair value through other comprehensive income	(2,896,698)
Less: Changes in Equity of Associates and Joint Ventures Accounted for Using Equity Method	(10,722,763)
Add: Changes in shares of other comprehensive income of associates and joint ventures accounted for using the equity method	12,797,509
Add: 2022 Profit after tax	29,919,089
Subtotal	483,045,843
Less: 10% legal reserve	(2,909,714)
Add: Reversal special reserves	579,362
Distributable earnings	480,715,491
Distributable items :	
Less: Dividend to shareholders (NT\$1.5 per share)	(110,477,513)
Retained earnings-unappropriated, end of 2022	\$370,237,978

Chairman: YEH, CHWEI-JING

Chief Executive Officer: WANG, TING-CHANG

Accounting officer: HUANG, YU-SHIU

- b. Please kindly review the proposal.

Resolution:



## **Matters for Discussion**

# Adjournment

## **Attachments**

**【Attachment 1】**

**Independent Auditors Report**

English Translation of Financial Statements and a Report Originally Issued in Chinese

**INDEPENDENT AUDITORS' REPORT**

To: the Board of Directors and Shareholders of  
RiTdisplay Corporation

**Opinion**

We have audited the accompanying consolidated balance sheets of RiTdisplay Corporation (the “Company”) and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter — Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Group's revenue amounting to NT\$2,713,550 thousand for the year ended December 31, 2022 is a significant account to the Group's financial statements. The major revenues were from manufacturing and sales of OLED. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, America and North Africa, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the appropriateness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests for a period time before and after the balance sheet date, reviewing for subsequent sales returns and allowance etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and Note 6 to the consolidated financial statements.

### Market valuation on Inventory

We determined the market valuation on inventory is also one of the key audit matters. The Group's net inventory amounting to NT\$701,035 thousand as of December 31, 2022, which is significant to the Group's financial statements. The application market of the Group's main products, OLED, has been developing and changing rapidly by display technology and demand of communication market. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow movement, incurred toward inventory. Also, there was significant management involved in determining the sufficiency of inventory loss provision.

Our audit procedures therefore include, but not limit to, evaluating the appropriateness of inventory provision including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Group's inventory physical taking, and looking into the status of inventory utilization. We have also evaluated the appropriateness of the related disclosure in Note 5 and Note 6 to the consolidated financial statements.

### **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of Welltech Energy Inc., an indirectly invested associate accounted for under the equity method by the Group. The financial statements of Welltech Energy Inc. as of December 31, 2021, and for the year then ended were audited by other auditor, whose report thereon has been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$144,093 thousand as of December 31, 2021 representing 3.63% of the Group's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$6,410 thousand representing 2.56% of the Group's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounting to NT\$(85) thousand representing (5.43)% of the other comprehensive income, are based solely on the audit report of other auditor.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Others

We have also audited the parent-company-only financial statements of RiTdisplay Corporation as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with other matter paragraph.

Chen, Kuo-Shuai

Chang, Chih-Ming

Ernst & Young, Taiwan, R.O.C

March 13, 2023

### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.*

*Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 RiTdisplay Corporation and Subsidiaries  
 Consolidated Balance Sheets  
 As of December 31, 2022 and December 31, 2021  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Accounts	Notes	2022.12.31		2021.12.31	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$553,811	10	\$687,780	17
1110	Financial assets at fair value through profit or loss	4, 6(2)	89,142	2	116,307	3
1120	Financial assets at fair value through other comprehensive income	4, 6(3)	49,574	1	54,074	2
1136	Financial assets measured at amortized cost	4, 6(4), 8	55,005	1	28,581	1
1170	Accounts receivable, net	4, 6(5), 6(24)	747,006	14	294,230	8
1180	Accounts receivable-related parties, net	4, 6(5), 6(24), 7	20,079	-	170,904	4
1199	Financing lease payments receivable-related parties, net	4, 6(6), 6(24), 7	2,497	-	2,458	-
1200	Other receivables		36,439	1	11,450	-
1210	Other receivables-related parties	7	2,486	-	101	-
1220	Current tax assets	4, 6(29)	-	-	10	-
130x	Inventories, net	4, 6(7)	701,035	13	127,919	3
1410	Prepayments	7	152,225	3	159,907	4
1460	Non-current assets to be sold (or disposition group), net	4, 6(8)	35,665	1	-	-
1470	Other current assets	7	8,586	-	879	-
11xx	Total current assets		2,453,550	46	1,654,600	42
	Non-current assets					
1510	Financial assets at fair value through profit or loss	4, 6(2)	-	-	169	-
1535	Financial assets measured at amortized cost	4, 6(4), 8	8,699	-	33,721	1
1550	Investments accounted for under equity method	4, 6(9)	-	-	172,059	4
1600	Property, plant and equipment, net	4, 6(10), 7, 8	2,210,178	42	1,485,580	37
1755	Right-of-use assets	4, 6(25)	43,488	1	-	-
1760	Investment property, net	4, 6(11), 8	243,844	5	234,730	6
1780	Intangible assets, net	4, 6(12), 6(14)	99,695	2	8,939	-
1840	Deferred tax assets	4, 6(29)	206,846	4	228,130	6
1900	Other non-current assets	4, 6(13), 7	15,949	-	140,800	4
194K	Long-term financing lease payments receivable-related parties, net	4, 6(6), 6(24), 7	9,061	-	11,559	-
15xx	Total non-current assets		2,837,760	54	2,315,687	58
1xxx	Total Assets		\$5,291,310	100	\$3,970,287	100

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 RiTdisplay Corporation and Subsidiaries  
 Consolidated Balance Sheets (Continued)  
 As of December 31, 2022 and December 31, 2021  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	6(15), 8	\$500,000	10	\$531,700	13
2130	Contract liabilities	4, 6(23), 7	33,019	1	20,397	1
2170	Accounts payable		485,645	9	283,747	7
2180	Accounts payable-related parties	7	159,211	3	168,384	4
2200	Other payables		144,489	3	113,221	3
2220	Other payables-related parties	7	16,111	-	12,145	1
2230	Current income tax liabilities	4, 6(29)	7,954	-	5,074	-
2300	Other current liabilities	7	16,027	-	8,002	-
2321	Current portion or enforce to sell of bonds payable	4, 6(17)	6,127	-	-	-
2320	Current portion of long-term loans	6(18), 8	220,487	4	239,245	6
21xx	Total current liabilities		1,589,070	30	1,381,915	35
Non-current liabilities						
Financial liabilities at fair value through profit or loss						
2500	Bonds payable	4, 6(16)	15,229	-	-	-
2530	Long-term loans	4, 6(17)	535,203	10	54,293	1
2540	Non-current provision	6(18), 8	713,156	14	188,832	5
2550	Deferred tax liabilities	4, 6(20)	7,194	-	-	-
2570	Other non-current liabilities	4, 6(29)	175	-	-	-
2670		4, 6(19)	32,999	1	54,269	1
25xx	Total non-current liabilities		1,303,956	25	297,394	7
2xxx	Total liabilities		2,893,026	55	1,679,309	42
Equity attributable to shareholders of parent						
31xx	Capital	6(21)				
3100	Common stock		746,517	14	680,090	17
3110	Bond conversion entitlement certificates		-	-	57,892	1
3130	Capital surplus		859,145	16	790,422	20
3200	Retained earnings	6(21)				
3300	Legal reserve	6(21)	161,489	3	142,092	4
3310	Special reserve		5,950	-	5,706	-
3320	Unappropriated retained earnings		483,046	9	621,284	16
3350	Other components of equity		(5,371)	-	(5,950)	-
3400	Treasury stock	4, 6(21)	(51,486)	(1)	(51,486)	(1)
3500	Non-controlling interests	6(21), 6(31)	198,994	4	50,928	1
3600			2,398,284	45	2,290,978	58
3xxx	Total equity		\$5,291,310	100	\$3,970,287	100
3x2x	Total liabilities and equity					

(The accompanying notes are an integral part of the consolidated financial statements.)

Consolidated Statements Of Comprehensive Income  
For the Years Ended December 31, 2022 and 2021

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

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(23), 7	\$2,713,550	100	\$2,225,875	100
5000	Operating costs	6, 7	(2,291,827)	(84)	(1,805,770)	(81)
5900	Gross profit		421,723	16	420,105	19
6000	Operating expenses	6, 7				
6100	Selling		(50,114)	(2)	(44,688)	(2)
6200	General and administrative		(152,220)	(6)	(107,656)	(5)
6300	Research and development		(124,723)	(5)	(112,989)	(5)
6450	Expected credit losses		(3,226)	-	(5,721)	-
	Operating expenses total	4, 6(24)	(330,283)	(13)	(271,054)	(12)
6900	Operating income		91,440	3	149,051	7
7000	Non-operating income and expenses					
7100	Interest income	6(27), 7	5,552	-	2,250	-
7010	Other income	6(27), 7	115,715	4	109,528	5
7020	Other gains and losses	6(27)	(62,691)	(2)	462	-
7050	Finance costs	6(27), 7	(39,542)	(1)	(18,087)	(1)
7055	Expected credit losses	4, 6(24)	(4,166)	-	-	-
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(9)	13,704	-	7,135	-
	Non-operating income and expenses total		28,572	1	101,288	4
7900	Income before income tax		120,012	4	250,339	11
7950	Income tax expense	4, 6(29)	(70,687)	(2)	(56,661)	(2)
8200	Net income		49,325	2	193,678	9
8300	Other comprehensive income (loss)	6(28)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		12,798	-	2,826	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(1,659)	-	(1,175)	-
8326	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method		(4)	-	4	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation		(1,380)	-	-	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures accounted for using equity method		85	-	(89)	-
	Total other comprehensive income, net of tax		9,840	-	1,566	-
8500	Total comprehensive income (loss)		\$59,165	2	\$195,244	9
8600	Net income attributable to					
8610	Stockholders of parent		\$29,919	1	\$192,160	9
8615	Former owner of business combination under common control		-	-	265	-
8620	Non-controlling interests		19,406	1	1,253	-
			\$49,325	2	\$193,678	9
8700	The total comprehensive income (loss) attributable to					
8710	Stockholders of parent		\$40,400	1	\$193,726	9
8715	Former owner of business combination under common control		-	-	265	-
8720	Non-controlling interests		18,765	1	1,253	-
			\$59,165	2	\$195,244	9
9750	Earnings per share (NTD)	6(30)	\$0.41		\$2.86	
9850	Earnings per share - basic (in NTD)		\$0.41		\$2.69	
	Earnings per share - diluted (in NTD)		\$0.41		\$2.69	

(The accompanying notes are an integral part of the consolidated financial statements.)

The accompanying notes are an integral part of the consolidated financial statements.)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities			BBBB	Cash flows from investing activities		
A00010	Net income before tax	\$120,012	\$250,339	B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(46,059)
A20000	Adjustments:			B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	2,841	3,324
A20010	Profit or loss not affecting cash flows			B00040	Acquisition of financial assets measured at amortised cost	-	(32,146)
A20100	Depreciation expenses and other losses	136,189	110,612	B00050	Proceeds from disposal of financial assets measured at amortised cost	66,603	-
A20200	Amortization	9,104	19,458	B01800	Acquisition of equity-method investments	-	(99,994)
A20300	Expected credit losses	7,392	5,721	B02200	Net cash flow from acquisition of subsidiaries	(82,924)	-
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	42,656	(2,526)	B02700	Acquisition of property, plant and equipment	(697,613)	(140,609)
A20900	Interest expense	39,542	18,087	B02800	Proceeds from disposal of property, plant and equipment	2,110	-
A21000	Net loss arising from derecognition of financial liabilities measured at amortised cost	188	-	B03700	Increase in refundable deposits	1,935	(34)
A21200	Interest income	(5,552)	(2,250)	B04500	Acquisition of intangible assets	(583)	-
A21300	Dividend income	(4,984)	(3,046)	B06000	Decrease in financing lease payments receivable-related parties	2,459	2,417
A22300	Share of profit or loss of associates and joint ventures	(13,704)	(7,135)	BBBB	Net cash provided by (used in) investing activities	(705,172)	(313,101)
A22500	Loss (gain) on disposal of property, plant and equipment	5,233	(2,533)				
A22800	Loss on disposal of intangible assets	67	-	CCCC	Cash flows from financing activities		
A23100	Gain on disposal of investments	(4,822)	(16,877)	C00200	(Repayments of) increase in short-term loans	(256,301)	389,547
A23700	Impairment loss on non-financial assets	6,541	-	C01200	Proceeds from issuing bonds	595,000	-
A29900	Other adjustments - Gain on lease modification	(3)	-	C01300	Repayments of bonds	(35,154)	-
A30000	Changes in operating assets and liabilities:			C01600	Proceeds from long-term loans	1,025,000	100,159
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	591	(12,698)	C01700	Repayments of long-term loans	(525,486)	(248,197)
A31150	Decrease (increase) in accounts receivable	(244,654)	(17,667)	C04020	Payments of lease liabilities	(946)	-
A31160	Decrease (increase) in accounts receivable-related parties	150,825	(169,353)	C04300	Increase in other non-current liabilities	(7,762)	3,479
A31180	Decrease (increase) in other receivable	(25,155)	(1,749)	C04500	Cash dividends paid	(159,891)	(200,676)
A31190	Decrease (increase) in other receivable-related parties	(2,385)	91	C05800	Changes in non-controlling interests	(77,808)	25,878
A31200	Decrease (increase) in inventories	(274,672)	(50,800)	CCCC	Net cash provided by (used in) financing activities	556,652	70,190
A31230	Decrease (increase) in prepayments	18,899	(86,827)				
A31240	Adjustments for decrease (increase) in other current assets	(3,198)	(465)	DDDD	Effect of exchange rate changes on cash and cash equivalents	554	-
A31990	Adjustments for decrease (increase) in other non-current assets	2,776	-				
A32125	Increase (decrease) in contract liabilities	10,424	(38,740)	EEEE	Net increase (decrease) in cash and cash equivalents	(133,969)	(232,223)
A32150	Increase (decrease) in accounts payable	59,989	24,064	E00100	Cash and cash equivalents at beginning of period	687,780	920,003
A32160	Increase (decrease) in accounts payable-related parties	(9,173)	(323)	E00200	Cash and cash equivalents at end of period	\$553,811	\$687,780
A32180	Increase (decrease) in other payable	8,774	(10,490)				
A32190	Increase (decrease) in other payable-related parties	3,966	6,870				
A32230	Adjustments for increase (decrease) in other current liabilities	(926)	6,557				
A32240	Decrease in net defined benefit liability	(710)	(729)				
A32990	Increase (decrease) in refundable liability	6,698	-				
A33000	Cash generated from operations	39,928	17,591				
A33100	Interest received	5,552	2,250				
A33200	Dividend received	4,984	3,046				
A33300	Interest paid	(28,414)	(10,987)				
A33500	Income tax paid	(8,053)	(1,212)				
AAAA	Net cash provided by used in operating activities	13,997	10,688				

English Translation of Financial Statements and a Report Originally Issued in Chinese

**INDEPENDENT AUDITORS' REPORT**

To: the Board of Directors and Shareholders of  
RiTdisplay Corporation

**Opinion**

We have audited the accompanying parent-company-only balance sheets of RiTdisplay Corporation (the “Company”) as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter — Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT\$977,046 thousand for the year ended December 31, 2022 is a significant account to the Company's financial statements. The major revenues were from manufacturing and sales of OLED. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, America and North Africa, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the appropriateness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on sale revenues, and executing sale cut-off tests for a period time before and after the balance sheet date, reviewing for subsequent sales returns and allowance etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and Note 6 to the financial statements.

### Market valuation on Inventory

We determined the market valuation on inventory is also one of the key audit matters. The Company's net inventory amounting to NT\$123,359 thousand as of December 31, 2022, which is significant to the Company's financial statements. The application market of the Company's main products, OLED, has been developing and changing rapidly by display technology and demand of communication market. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision.

Our audit procedures therefore include, but not limit to, evaluating the appropriateness of inventory provision including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company's inventory physical taking, and looking into the status of inventory utilization. We have also evaluated the appropriateness of the related disclosure in Note 5 and Note 6 to the financial statements.

### **Other Matter – Making Reference to the Audit of a Component Auditor**

We did not audit the financial statements of Welltech Energy Inc., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of Welltech Energy Inc. as of December 31, 2021 and for the year then ended were audited by other auditor, whose report thereon has been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$144,093 thousand as of December 31, 2021 representing 4.08% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$6,410 thousand representing 2.62% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the year then ended amounting to NT\$(85) thousand representing (5.43)% of the other comprehensive income, are based solely on the audit report of other auditor.

### **Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

## **Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Kuo-Shuai

Chang, Chih-Ming

Ernst & Young, Taiwan, R.O.C

March 13, 2023

Notice to Readers

*The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practice to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China on Taiwan.*

*Accordingly, the accompanying parent-company-only financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.*

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

RiTdisplay Corporation

Parent-Company-Only Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets						
Accounts		Notes	2022.12.31		2021.12.31	
Code			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	4, 6(1)	\$321,191	7	\$561,843	16
1110	Financial assets at fair value through profit or loss	4, 6(2)	89,142	2	116,307	3
1120	Financial assets at fair value through other comprehensive income	4, 6(3)	49,574	1	54,074	2
1136	Financial Assets Measured at Amortized Cost	4, 6(4)	30,000	1	-	-
1170	Accounts receivable, net	4, 6(5), 6(20)	243,812	6	232,105	7
1180	Accounts receivable-related parties, net	4, 6(5), 6(20), 7	1,170	-	-	-
1200	Other receivables		18,452	-	4,543	-
1210	Other receivables-related parties	7	221,137	5	12,357	-
130x	Inventories	4, 6(6)	123,359	3	48,996	1
1410	Prepayments		22,854	-	36,597	1
1460	Non-current assets to be sold (or disposition group), net	4, 6(7)	35,665	1	-	-
1470	Other current assets	7	529	-	15	-
11xx	Total current assets		1,156,885	26	1,066,837	30
Non-current assets						
1510	Financial assets at fair value through profit or loss	4, 6(2)	-	-	169	-
1535	Financial assets measured at amortized cost	4, 6(4), 8	8,195	-	8,057	-
1550	Investments accounted for under equity method	4, 6(8)	1,425,845	32	386,485	11
1600	Property, plant and equipment	4, 6(9), 7, 8	1,383,245	32	1,471,358	42
1760	Investment property, net	4, 6(10), 8	243,844	6	234,730	7
1780	Intangible assets	4, 6(11)	-	-	7,966	-
1840	Deferred tax assets	4, 6(25)	174,481	4	227,964	6
1900	Other non-current assets	6(12)	-	-	124,730	4
15xx	Total non-current assets		3,235,610	74	2,461,459	70
1xxx	Total Assets		\$4,392,495	100	\$3,528,296	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese  
 RiTdisplay Corporation  
 Parent-Company-Only Balance Sheets (Continued)  
 As of December 31, 2022 and 2021  
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity						2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%			
	Current liabilities								
2100	Short-term loans	6(13)	\$180,000	4	\$274,800	8			
2130	Contract liabilities	4, 6(19), 7	6,689	-	891	-			
2170	Accounts payable		219,052	5	218,487	6			
2180	Accounts payable-related parties	7	164,084	4	161,371	4			
2200	Other payables		84,547	2	91,425	3			
2220	Other payables-related parties	7	13,214	-	3,451	-			
2230	Current income tax liabilities	4, 6(25)	1,403	-	910	-			
2300	Other current liabilities		1,801	-	2,414	-			
2321	Current portion or enforce to sell of bonds payable	4,6(15)	6,127	-	-	-			
2320	Current portion of long-term loans	6(15), 8	220,487	5	239,104	7			
21xx	Total current liabilities		897,404	20	992,853	28			
	Non-current liabilities								
2500	Financial liabilities at fair value through profit or loss	4, 6(14)	15,229	-	-	-			
2530	Bonds payable	4, 6(15)	535,203	12	54,293	2			
2540	Long-term loans	6(16), 8	713,156	17	186,981	5			
2570	Deferred tax liabilities	4, 6(25)	14	-	-	-			
2670	Other non-current liabilities	4, 6(17)	32,199	1	54,119	2			
25xx	Total non-current liabilities		1,295,801	30	295,393	9			
2xxx	Total liabilities		2,193,205	50	1,288,246	37			
	Equity	6(18)							
3100	Capital								
3110	Common stock		746,517	17	680,090	19			
3130	Bond conversion entitlement certificates		-	-	57,892	2			
3200	Capital surplus	6(18)	859,145	19	790,422	22			
3300	Retained earnings	6(18)							
3310	Legal reserve		161,489	4	142,092	4			
3320	Special reserve		5,950	-	5,706	-			
3350	Unappropriated retained earnings		483,046	11	621,284	18			
3400	Other components of equity		(5,371)	-	(5,950)	-			
3500	Treasury stock	4, 6(18)	(51,486)	(1)	(51,486)	(2)			
3xxx	Total equity		2,199,290	50	2,240,050	63			
	Total liabilities and equity		\$4,392,495	100	\$3,528,296	100			

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

RiTdisplay Corporation

Parent-Company-Only Statements Of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(19), 7	\$977,046	100	\$1,611,613	100
5000	Operating costs	6, 7	(792,585)	(81)	(1,253,240)	(78)
5900	Gross profit		184,461	19	358,373	22
6000	Operating expenses	6, 7				
6100	Selling		(26,729)	(3)	(36,647)	(2)
6200	General and administrative		(55,302)	(6)	(96,029)	(6)
6300	Research and development		(87,164)	(9)	(88,932)	(6)
6450	Expected credit losses	4, 6(20)	(3,702)	-	(5,721)	-
	Operating expenses total		(172,897)	(18)	(227,329)	(14)
6900	Operating income		11,564	1	131,044	8
7000	Non-operating income and expenses					
7100	Interest income	6(23), 7	5,554	-	1,756	-
7010	Other income	6(23), 7	105,276	11	104,281	7
7020	Other gains and losses	6(23)	(46,692)	(5)	3,465	-
7050	Finance costs	6(23)	(30,288)	(3)	(17,421)	(1)
7055	Expected credit losses/(gains)	4, 6(20)	(4,166)	-	-	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	4, 6(8)	45,104	5	21,707	1
	Total on-operating income and expenses		74,788	8	113,788	7
7900	Income before income tax		86,352	9	244,832	15
7950	Income tax expense	4, 6(25)	(56,433)	(6)	(52,672)	(3)
8200	Net income		29,919	3	192,160	12
8300	Other comprehensive income (loss)	6(24)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		12,798	1	2,826	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(1,659)	-	(1,175)	-
8336	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method		(4)	-	4	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		(654)	-	(89)	-
	Total other comprehensive income, net of tax		10,481	1	1,566	-
8500	Total comprehensive income (loss)		\$40,400	4	\$193,726	12
9750	Earnings per share					
9850	Earnings per share - basic (in NTD)		\$0.41		\$2.86	
	Earnings per share - diluted (in NTD)		\$0.41		\$2.69	

(The accompanying notes are an integral part of the parent-company-only financial statements.)



## RiTiDisplay Corporation

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

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital	Bond conversion entitlement certificates	Capital Surplus	Retained Earnings			Other Components of equity		Treasury stock	Total Equity
					Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange differences arising on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income		
A1	Balance as of January 1, 2021	3100	3130	3200	3310	3320	3350	3410	3420	3500	3XXX
	Appropriation and distribution of 2020 earnings	\$676,301	\$19	\$570,011	\$122,116	\$2,853	\$650,819	\$(614)	\$(5,092)	\$(51,486)	\$1,964,927
B1	Legal reserve						(19,976)				-
B3	Special reserve				19,976	2,853	(2,853)				-
B5	Cash dividends - common shares						(200,676)				(200,676)
D1	Net income for 2021						192,160				192,160
D3	Other comprehensive income (loss) for 2021						2,826	(89)	(1,171)		1,566
D5	Total comprehensive income (loss)						194,986	(89)	(1,171)		193,726
I1	Conversion of convertible bonds		61,662	222,067							283,729
I3	Conversion of certificates of bonds-to-share		(3,789)	(1,656)							-
M7	Changes in subsidiaries ownership	3,789					(1,016)		1,016		(1,656)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income										-
Z1	Balance as of December 31, 2021	680,090	57,892	790,422	142,092	5,706	621,284	(703)	(5,247)	(51,486)	2,240,050
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve				19,397		(19,397)				-
B3	Special reserve					244	(244)				(147,695)
B5	Cash dividends - common shares			39,923			(147,695)				39,923
C5	Due to recognition of equity component of convertible bonds issued										29,919
D1	Net income for 2022						29,919				10,481
D3	Other comprehensive income (loss) for 2022						12,798	(654)	(1,663)		40,400
D5	Total comprehensive income (loss)						42,717	(654)	(1,663)		39,043
I1	Conversion of convertible bonds		8,535	30,508							-
I3	Conversion of certificates of bonds-to-share		(66,427)	(10,378)			(10,723)				(21,101)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed								2,896		9,065
M7	Changes in subsidiaries ownership						(2,896)				-
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income										-
T1	Other - early repurchase convertible bonds										(395)
Z1	Balance as of December 31, 2022	\$746,517	\$-	\$859,145	\$161,489	\$5,950	\$483,046	\$1,357	\$4,014	\$(51,486)	\$2,199,290

(The accompanying notes are an integral part of the parent-company-only financial statements.)

## RGT Display Corporation

## Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$86,352	\$244,832	B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(46,059)
A20000	Adjustments:			B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	2,841	3,324
A20010	Profit or loss not affecting cash flows			B00040	Acquisition of financial assets measured at amortised cost	(30,138)	-
A20100	Depreciation expenses and other losses	107,666	106,773	B00050	Proceeds from disposal of financial assets measured at amortised cost	-	1,156
A20200	Amortization	7,966	19,117	B01800	Acquisition of investments accounted for under equity method	(943,153)	(194,114)
A20300	Expected credit losses	7,868	5,721	B02000	Advance payments in investment	-	(120,000)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	42,656	(2,526)	B02700	Acquisition of property, plant and equipment	(16,661)	(2,616)
A20900	Interest expense	30,288	17,421	B02800	Increase of other receivables	196,031	-
A21000	Net loss arising from derecognition of financial liabilities measured at amortized cost	188	-	BBBB	Net cash provided by (used in) investing activities	(1,183,142)	(358,309)
A21200	Interest income	(5,554)	(1,756)				
A21300	Dividend income	(4,984)	(3,046)	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(45,104)	(21,707)	C00200	(Repayments of) increase in short-term loans	(94,800)	132,647
A22500	Gain on disposal of property, plant and equipment	-	(2,533)	C01200	Issuance of convertible bonds	595,000	-
A23100	Gain on disposal of investments	(4,822)	(16,877)	C01300	Repayments of convertible bonds	(35,154)	-
A30000	Changes in operating assets and liabilities:			C01600	Increase in long-term loans	1,025,000	76,614
A31115	(Increase) decrease of financial assets at fair value through profit or loss	591	(12,698)	C01700	Repayments of long-term loans	(517,442)	(224,512)
A31150	(Increase) decrease of accounts receivable	(14,809)	26,821	C04300	Increase in other non-current liabilities	-	3,329
A31160	(Increase) decrease of accounts receivable-related parties	(1,170)	-	C04400	Decrease in other non-current liabilities	(8,412)	-
A31180	(Increase) decrease of other receivables	(14,509)	5,158	C04500	Cash dividends paid	(147,695)	(200,676)
A31190	(Increase) decrease of other receivables-related parties	(12,749)	(11,879)	CCCC	Net cash used in financing activities	816,497	(212,598)
A31200	(Increase) decrease of inventories	(74,363)	9,526				
A31230	(Increase) decrease of prepayment	13,743	(5,330)	EEEE	Net increase (decrease) in cash and cash equivalents	(240,652)	(257,518)
A31240	(Increase) decrease of other current assets	(4,680)	160	E00100	Cash and cash equivalents at beginning of period	561,843	819,361
A32125	Increase (decrease) of contract liabilities	5,798	(2,298)	E00200	Cash and cash equivalents at end of period	\$321,191	\$561,843
A32150	Increase (decrease) of accounts payable	565	(26,778)				
A32160	Increase (decrease) of accounts payable-related parties	2,713	7,783				
A32180	Increase (decrease) of other payables	(7,708)	(15,307)				
A32190	Increase (decrease) of other payables-related parties	2,024	(1,529)				
A32230	Increase (decrease) of other current liabilities	(613)	1,351				
A32240	Decrease of net defined benefit liability	(4,710)	(729)				
A33000	Cash generated from operations	116,643	319,670				
A33100	Interest received	5,554	1,756				
A33200	Dividend received	26,060	3,046				
A33300	Interest paid	(19,821)	(10,158)				
A33500	Income tax paid	(2,443)	(925)				
AAAA	Net cash provided by operating activities	125,993	313,389				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

**Articles of Incorporation of  
RitDisplay Corporation**

**Chapter 1      General Provisions**

- Article 1      The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be RITDISPLAY CORPORATION.
- Article 2      The Company's business lines include:
- (1)      CC01080 Electronics Components Manufacturing
  - (2)      F219010 Wholesale of Electronic Materials
  - (3)      CC01030 Electrical and audiovisual electronics manufacturing industry
  - (4)      CE01010 General Instrument Manufacturing
  - (5)      F401010 International Trade
  - (6)      F119010 Wholesale of Computer Software
  - (7)      I501010 Product Design
  - (8)      IZ99990 Other business services industry
  - (9)      D101060 Distributed renewable energy generation equipment industry
  - (10)      IG03010 Energy technology services industry
  - (11)      CF01011 Medical Device Manufacturing
  - (12)      F108031 Wholesale of Medical Devices
  - (13)      F208031 Retail Sale of Medical Apparatus
  - (14)      ZZ99999 All Business activities that are not prohibited or restricted by law, except those that are subject to special approval
- Article 2-1    The Company may provide guaranteed to related parties or correspondent companies as necessary for the businesses.
- Article 3      The total investment amount of the Corporation may exceed forty percent of the paid-in capital.
- Article 4      The Company shall have its head office in Hsinchiu county, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.
- Article 5      Public announcement of the Corporation shall be made in accordance with the Article 28 of Company Act.

**Chapter 2      Capital Stock**

- Article 6      The total capital amount of the Company shall be 10 billion and 1 billion New Taiwan Dollars accounting for four hundred and fifty million shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. To cooperate with the request of Taiwan Securities Central Depository Company, the stock with higher par value could be issues alternatively. The stock options are offered to the extent of NT\$300,000,000 among preceding total capital, total in 30,000,000 shares, at ten dollars each to be partially issued by the Board of Directors based on the needs.
- Article 6-1    The Company may, on behalf of the shareholders ' meeting represented by more than half of the shareholders of the issued shares, and with the consent of the shareholders ' voting rights of more than two-thirds, transfer them to the employees at an average price lower than the actual purchase of the shares, or issue employee stock options at the price of the shares below the closing date of the issuing day.
- Article 7      The share certificate of the Company shall all be name-bearing share certificates and shall be affixed with the seals or by signature of the directors of the Company, and issued after being duly authenticated by the bank which is competent to certify shares pursuant to the law. The Company is exempted from printing share certificates for the shares issued but shall duly register such shares with the centralized securities depository enterprise and follow that enterprise's regulations.

Article 7-1 Shareholders shall report their real names and addresses to the Company, and fill in the signature card and submit it to the Company for filing reference. The above steps shall be done if the seal needs to be changed. When receiving dividends, bonuses, or contacting with the Company in writing and enforcing all the other rights, the seal must be used as proof. If the seal is lost, it must be handled in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies" enacted by the competent authority.

Article 8 The entries in its shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the reference date set by the issuing company for distribution of dividends, bonus or other benefits.

### **Chapter 3 Shareholders' Meeting**

Article 9 The Board shall convene a regular shareholders' meeting within six months after the end of a fiscal year. A special shareholders' meeting may be convened in accordance with law if necessary.

Article 10 Notices shall be given to each shareholder within 30 days prior to the convening date of a regular shareholders' meeting, or within 15 days prior to the convening date of a special shareholders' meeting, specifying the date, place, and reason(s) for convening the meeting.

The Company's shareholders' meeting may be held by video conference or other methods announced by the competent authority. The Company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters.

Article 11 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12 If a shareholder cannot attend a shareholders' meeting in person, he or she may issue a proxy form issued by the Company in accordance with law, stating the scope of authorization, to authorize an agent to attend the meeting on his or her behalf.

Article 13 Except for the event of no voting right provided under article 179 of the Company Act, , each share of stock shall be entitled one vote.

Article 14 The Board of Directors shall determine the operational guidelines and other important matters of the Company. Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened in accordance with article 203 of the Company Act, all remaining meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless in his absence or he cannot exercise duties for cause, the proxy shall be managed in accordance with Article 208 of the Company Act.

### **Chapter 4 Director and Audit Committee**

Article 15 The Company adopts a candidates nomination system for election of 5 to 9 directors (including more than two independent directors, not less than one-fifth of the total number of directors.) The shareholders shall elect the directors from among the nominees listed in the roster of candidates. The terms of office for directors shall be three years, and may be eligible for re-election.

Article 16 Delete.

Article 17 The Board comprises directors. The chairperson of the Board shall be elected from among the directors with a consent of a majority of the directors present at a meeting attended by more than two thirds of the directors. A Vice Chairman shall be elected, if necessary. The Chairman is to execute all business matters resolved in accordance with law and regulations, Articles of Association, shareholders' meeting, and Board meeting.

- Article 18 Unless otherwise provided for by the Company Act, a resolution of the Board of Directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the Board of Directors meeting. In case a director appoints another director to attend a meeting of the Board of Directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the aforesaid proxy of one other director only.
- Article 19 The Board of Directors shall determine the operational guidelines and other important matters of the Company. Except the first Board meeting of every term of the newly elected Board of Directors, which shall be convened in accordance with article 203 of the Company Act, all remaining meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless in his absence or he cannot exercise duties for cause, the proxy shall be managed in accordance with Article 208 of the Company Act.
- Article 20 Matters relating to the resolutions of a Board of Directors meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each director within 20 days after the conclusion of the meeting. The provisions of Article 183 of the Company Act apply to resolutions of Board of Directors meetings.
- Article 21 The Company establishes an audit committee in accordance with the Securities and Exchange Act, composed of the entire number of independent directors. The Company's Board of Directors may define the audit committee's duties and powers, and relevant issues according to laws and regulations.
- Article 22 When the chairman and the directors of the Company assumed their office, regardless of the Company's profit and loss, the Company may pay their remuneration. The remuneration of the chairman and the directors shall be determined by the authorized Board of Directors based on their devotion to the Company's operations and the value of their contribution, referring to the compensation standard of the domestic or foreign industry peers.
- Article 22-1 The Company may purchase liability insurance for all directors and key managerial personnel to reduce the operating risk of the Company.

#### **Chapter 5 Managerial Officials and staffs/employees**

- Article 23 Appointment, discharge and the remuneration of the Company's managerial officers shall be in compliance with Article 29 of the Company Act. The Board of Directors are authorized to make a decision on the managerial officers' scope of duties and power.
- Article 23-1 The employment, discharges and compensation of managers of the Corporation shall be managed in accordance with Article 29 of the Company Act.

#### **Chapter 6 Final Accounts**

- Article 24 At the close of the fiscal year, the Board of Directors of the Company shall prepare reports according to Article 228 of the Company Act., and shall deliver to a regular shareholders' meeting for ratification.
- Article 25 If the Company has profits in the current year, it shall appropriate no less than 3~10% as employees' compensation, and may be distributed in the form of shares or in cash pursuant to the resolutions to be adopted by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the Company meeting certain specific requirements. If the Company has profits mentioned above, it shall appropriate no more than 5% as directors' compensation, which shall be executed pursuant to the resolutions to be adopted by the Board of Directors. The distribution of employees' compensation and directors' compensation shall be submitted to the shareholders' meeting.
- Article 26 If the total amount of after-tax net income for the period and other profit items adjusted to the current year's retained earnings other than after-tax net income for the

period is calculated in Annual General Financial Statement of the Company, the Company shall set aside ten percent of such profits as a legal reserve. However, when the legal reserve amounts to the total capital reserve of the Company, this shall not apply. The Company shall allocate or revolve special reserve in accordance with laws or pursuant to the requirements of the competent authority, and for the net deduction of other equity items occurred in the current year, it shall treat current net income and non-net income items as unappropriated earnings and make provisions of the same amount of special reserve. If the Company is unable to make adequate provision from unappropriated earnings carried from the current year, it shall make provisions from unappropriated earnings carried from previous year.

The Company is bound by laws to make provision for special reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, it shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly. When the board of the directors decides to distribute retained earnings plus the cumulative total unallocated surplus are available for distribution, if it is to be done by issuing new shares, it has to be approved by the stockholders' meeting. If the Company is to distribute the whole or part of its dividend to shareholders or legal reserve and capital reserve, the following is to be observed. If cash dividend is issued, the board of the directors may do so with two thirds of members present with a majority vote and report to the stockholders' meeting. Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's future needs for capital, long-term financial plans and the possibility of profit growth. Cash dividend, depending on the preceding paragraph, amounts to 10%~100% of the total dividends distributed while stock dividend amounts to 0%~90%.

#### **Chapter 7 Additional provisions**

Article 27 In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

Article 28 The Articles of Incorporation were formulated on March 7, 2000. The 1<sup>st</sup> amendment was made on April 20, 2000. The 2<sup>nd</sup> amendment was made on December 14, 2000. The 3<sup>rd</sup> amendment was made on May 8, 2001. The 4<sup>th</sup> amendment was made on November 28, 2001. The 5<sup>th</sup> amendment was made on May 31, 2002. The 6<sup>th</sup> amendment was made on December 13, 2002. The 7<sup>th</sup> amendment was made on June 10, 2003. The 8<sup>th</sup> amendment was made on June 15, 2004. The 9<sup>th</sup> amendment was made on June 14, 2005. The 10<sup>th</sup> amendment was made on June 15, 2006. The 11<sup>th</sup> amendment was made on June 17, 2009. The 12<sup>th</sup> amendment was made on June 19, 2014. The 13<sup>th</sup> amendment was made on May 6, 2016. The 14<sup>th</sup> amendment was made on June 8, 2017. The 15<sup>th</sup> amendment was made on June 6, 2008. The 16<sup>th</sup> amendment was made on June 21, 2019. The 17<sup>th</sup> amendment was made on June 11, 2020. The 18<sup>th</sup> amendment was made on June 23, 2022.

RitDisplay Corporation  
Chairman of the Board of Directors: YEH,  
CHWEI-JING

## **RitDisplay Corporation**

### **Rules of Procedure for Shareholders' meetings**

- Article 1 The rules of procedures for this Company's shareholders' meetings, except as otherwise provided by the Company Act and the Articles of Incorporation, shall be as provided in these Rules.
- Article 2 The shareholders referred to in the rules of procedures mean the shareholder attending the meeting in person and the proxies of the shareholders unable to attend.
- Article 3 Shareholders attending the meeting shall wear the attendance badges and submit the attendance card for the purpose of signing in. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the attendance cards submitted by the shareholders.
- Article 4 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the Company shall appoint one to act as chair pursuant to the Company Act. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 6 The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.
- Article 7 The shareholders' meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.
- The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.
- The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.
- The shareholders cannot designate any other person as chairperson and continue the meeting in the same or other place after the meeting is adjourned.

- Article 8 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.
- Article 9 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- Article 10 When discussing for a motion, the chairman may announce discontinuance of the discussion when appropriate and submit the motion for resolution.
- Article 11 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.
- Article 12 The motion voted in the shareholders' meeting is deemed as passed with the consent of a majority of the attending shareholders and the agents on behalf. The motion voted in the shareholders' meeting is deemed as passed with the attending shareholders consulted by the Chairman and no objection raised, which is with the same effectiveness as a vote.
- Article 13 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 14 Unless otherwise provided for in laws, a resolution of a shareholders' meeting shall be adopted at the meeting attended by shareholders holding a majority of the total issued shares.
- Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Company. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.
- Article 16 In case of incident of force majeure, such as air strike, earthquake, fire and etc., the chairperson may immediately announce to stop or temporarily suspend the meeting in order for all persons to evacuate from the dangerous places. The chairperson may announce a new schedule for the meeting one hour later when the crisis is over.
- Article 17 The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 18 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 19 This Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting. The recorded materials shall be retained for at least one year.
- Article 20 Any matter not provided in the rules of procedures shall be handled in accordance with applicable laws and regulations.
- Article 21 These Rules shall take effect after having been submitted to and approved by a shareholders' meeting. Subsequent amendments thereto shall be effected in the same manner.



# RitDisplay Corporation

## Current Shareholding of Directors

Book closure date: April 29, 2023

<b>Job title</b>	<b>Name</b>	<b>Shareholdings</b>
Chairman	YEH, CHWEI-JING	343,840
Director	RITEK Corporation Representative: YANG, WEI-FEN	24,674,111
Director	RITEK Corporation Representative: WANG, TING-CHANG	
Director	RITEK Corporation Representative: PAN, YEN-MIN	
Director	RITEK Corporation Representative: LI, MING-SHAN	
Director	RITEK Corporation Representative: TUNG, PAO-CHENG	
Independent Director	LIN, ZU-CHIA	0
Independent Director	WU, CHIH-CHIH	0
Independent Director	TUNG, YUN-LING	0
Total	Shareholdings of all directors	25,017,951

1. The paid-in capital of the Corporation is 746,516,750, and total 74,651,675 shares are issued
2. According to article 26 of the Securities and Exchange Act, the minimum number of shares to be hold by all directors is 5,972,134 shares. The shareholding of all directors has achieved statutory percentage.
3. As of the book closure date (April 29, 2023), the shareholding of individual and all directors are shown as following table, which is satisfactory to the percentage as stipulated in article 26 of the Securities and Exchange Act.