Stock code：8104

RITEK GROUP

RiTdisplay Corporation

2023 ANNUAL REPORT

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Ritdisplay Website: http://www.ritdisplay.com

Market Observation Post System: https://mops.twse.com.tw/

A. SPOKESPERSON AND DEPUTY SPOKESPERSON：

Name：	Wang, Ting-Chang/CEO
Deputy Spokesperson：	Chen, Kang/General Manager
Tel：	(03)598-9999
E-mail：	invest@ritdisplay.com

B. CORPORATE HEADQUARTERS and MANUFACTURING SITE：

Address：No. 12, Kuanfu N. Road, Hsin Chu Industrial Park, Taiwan

Tel：(03) 598-9999

C. COMMON SHARE TRANSFER AGENT AND REGISTRAR：

Name：Registrar & Transfer Agency Department of TaiShin Securities Co. LTD.

Address：B1, No. 96, Jianguo N. Rd., Sec. 1, Taipei 104, Taiwan

Web：https://stocktransfer.tssco.com.tw

Tel.:：(02)2504-8125

D. AUDITORS：

Name of CPA：Chen, Kuo-Shuai、Chang, Chih-Ming

CPA Firm：Ernst & Young

Address:：9/F, No. 333, Sec.1 Keelung Road, Taipei 11012, Taiwan

Web：http://www.ey.com/Taiwan

Tel.：(02) 2757-8888

E. OVERSEAS SECURITIES EXCHANGE：None

F. FOR MORE INFORMATION ABOUT RitDisplay

http://www.ritdisplay.com

TABLE OF CONTENTS

One. Letter to Shareholders

I. 2023 Overview

(I) Implementation results of the business plan.

The consolidated operating revenue for 2023 was NT$2,682,217 thousand, representing a 1.15% decrease from NT$2,713,550 thousand in 2022. The net profit (loss) after tax was NT$(204,627 thousand), a decline of 514.85% compared to NT$49,325 thousand in 2022.

(II) The implementation status of the budget: Non-Applicable

(III) Financial income and profitability analysis

1. **Profitability analysis:**
   Net loss before tax for the period: NT$4,163 thousand
   Net cash provided by operating activities for the year: NT$463,914 thousand
   Net cash outflow from investing activities for the year: NT$74,278 thousand
   Net cash provided by financing activities for the year: NT$17,516 thousand
   Increase in cash and cash equivalents for the period: NT$407,257 thousand
   Cash and cash equivalents at the end of the period: NT$961,068 thousand
2. **Profitability analysis: Please refer to page 98 of this Annual Report for details.**

(IV) Research and Development Status: Please refer to page 73 of this Annual Report for details.

II. Summary of Business Plan 2023

(I) Business Direction

1. In the current intense competition in the display industry, The Company continues to reduce production costs, expand the development of new application types and new customer bases, and optimize operational expenses through Lean management in order to enhance overall operational efficiency in response to industry changes.
2. Regarding new products, besides continuing development with strategic partners, we have also started developing OLED light source applications for beauty and home appliance products.

(II) Sales forecast: Non-Applicable

(III) Major Policies for Production and Sales

As the PMOLED industry gradually reaches maturity, it becomes more difficult to expand. Therefore, the company is actively creating new businesses to maintain its operational growth. Currently, the focus is on the lithium battery industry, which has already achieved preliminary results and is expected to become another main business for the company in the future. 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. Apart from the significant revenue contribution from the battery industry established earlier, our display business has also diversified. Starting in the fourth quarter of 2022, we increased sales of TFT LCD and AMOLED. In 2023, we secured a sales agency for electronic paper and continued to adjust and streamline PMOLED production to align with actual demand.

III. Outlook

(I) Continuously developing core technology to maintain leading industry technology and form a differentiation

(II) Continuously expanding global brands and channels

(III) Develop new application products to expand customer base and product applications

(IV) **Outlook for 2024 Operations:** Beyond fully supporting the growth of the battery and energy storage business, we will continue to pursue niche market applications for PMOLED in the display sector, such as semi-transparent products and industrial control applications. We aim to meet the diverse display technology needs of our existing customers and will seek more order opportunities through sales channels with Japanese companies. Internally, we will focus on strict cost control to enhance our market competitiveness. For product development, we will collaborate with international technology partners to develop new driving methods for AMOLED applications.

IV.Development Strategy and Impact from Competition, Regulations and Overall Business Environment

Currently, the mainstream display market is dominated by TFT LCD and AMOLED. Faced with market competition, The Company is committed to developing custom new products and ensuring that new products receive higher development profits and market share during the initial stage of their life cycle. In the later stages of the life cycle, we can adjust the selling price and optimize product costs in cooperation with customers to maintain a win-win relationship between main and guest while increasing the proportion of new product applications to gradually expand the application market. In terms of regulatory environment, The Company's production and manufacturing of products comply with the requirements of relevant laws and regulations in various countries internationally and timely adjust operating norms and procedures to meet relevant production standards.

Entering the post-pandemic phase in 2023, the display market continued to experience weak demand from 2022, further exacerbated by ongoing geopolitical factors such as the unresolved Russia-Ukraine war and the escalating conflict between Israel and Palestine. These increasing uncertainties have presented more challenges for RiBao's PMOLED operations. Order demand has continued to decline, especially for home appliances, which have remained overstocked since the pandemic period. Although supply chain issues, like IC lead times, have eased, price reductions have not stimulated new demand. The 2023 performance in the display sector was primarily supported by network communication applications, but this was insufficient to sustain the economic scale of production lines, resulting in losses. RiBao acknowledges that PMOLED demand, due to its application limitations, can no longer support its core operations. While the battery business has shown significant growth opportunities and impressive performance in both revenue and profits in 2023, the company aims to prevent the display business from becoming a burden. Therefore, the transformation of the display business must be accelerated.

Two. Company Profile

I. Date of Incorporation

March 13th, 2000

II. Company Milestones

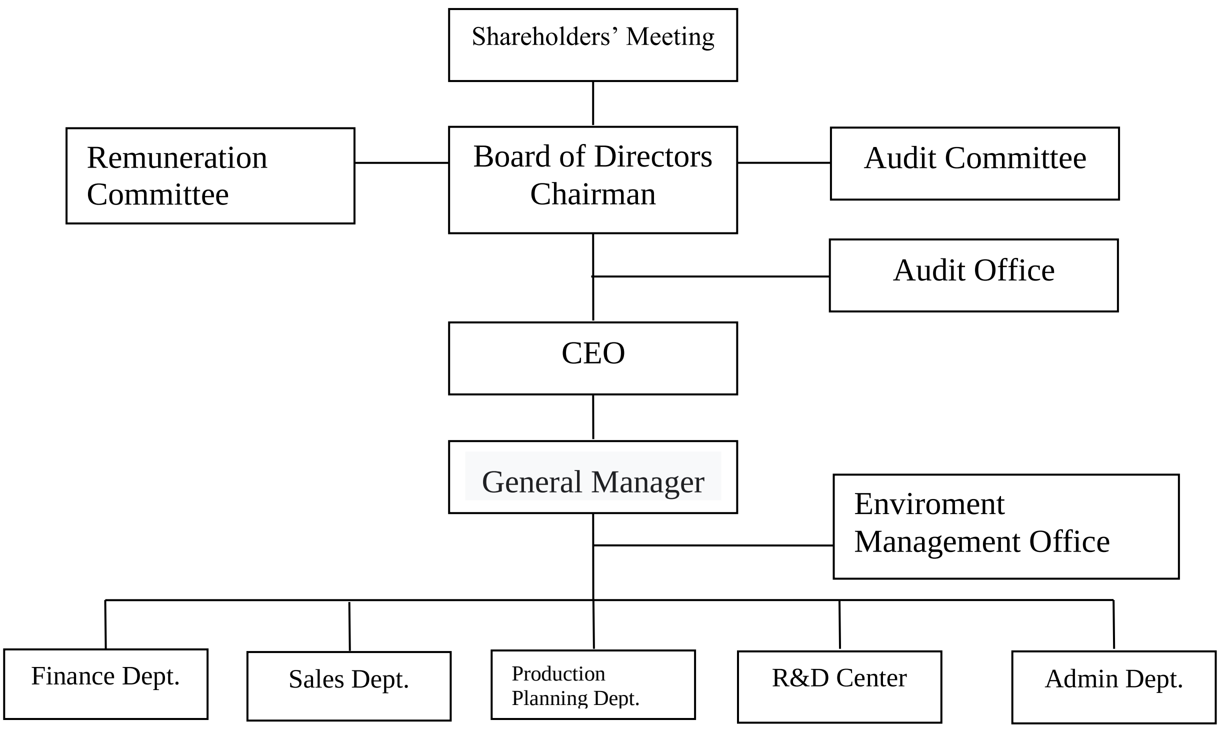
2000/03	The Ministry of Economic Affairs has approved the establishment and registration, officially starting pilot production of monochrome (blue-green) and multicolor OLED panels and modules
2000/05	Received OLED patent authorization from American company Kodak and Japanese company Sanyo.
2000/11	Intel invested in RitDisplay and jointly developed new products.
2001/04	Certified to ISO 9001
2001/04	Signed a contract with the DuPont to jointly developed PMOLED products and invested in RitDisplay Corporation.
2001/09	ERP system went live
2001/11	Intel invested in RitDisplay Corporation and jointly developed new products
2001/11	GE and Futaba formally invested in RitDisplay and jointly developed new products
2001/11	Obtained the land of RitDisplay Factory
2001/12	Signed a syndicated loan of NT$9.1 billion with Taiwan Bank and 12 other banks to establish a color mass production line.
2002/02	Held a seminar on the new generation flat panel display OLED industry and invited Dr. Allen J Heeger, the winner of the Nobel Prize in Chemistry in the year 2000, to serve as a director
2002/03	Successfully developed Taiwan's first active full-color panel AMOLED.
2002/08	Won the Gold Panel Awards -Multicolor OLED Production Technology
2002/08	AMOLED products first exhibited
2002/08	The world's first PMOLED production line was officially operationed
2003/07	Accreditated 4 in 1 quality
2003/09	Won the 11th National Industrial Innovation Award held by Ministry of Economic Affairs
2004/05	At SID 2004, RiTdisplay successfully demonstrated a 2.2-inch organic EL panel driven by an amorphous silicon (a-Si TFT) substrate
2004/08	Won the silver medal of the National Invention Award for the patent 'Surface Treatment Method for Display Panel' from the Ministry of Economic Affairs.
2005/01	Officially obtained SONY Green Partner certification
2005/03	2005 OLED INDUSTRY WORKSHOP
2005/04	Awarded the 2005 Display Component Product Technology Award - Outstanding Product Award
2005/06	Awarded 2nd Taiwan Chemical Technology Industry Elite Award - Industry Contribution Award.
2007/06	Awarded the Display Component Product Technology Award - Outstanding Individual Contribution Award
2008/07	Awarded the Outstanding Optoelectronic Product Award-1.8-inch Organic Light-Emitting Display with Built-in Touch Screen
2012/04	Industrial Technology Development Program by the Ministry of Economic Affairs
2015/06	Ministry of Economic Affairs A+ Enterprise Innovation and Research Development Program
2016/06	The company's stocks has been reported publicly listed and has been approval by the authority

2016/07	The company's stocks are registered as Emerging Stocks at the OTC Center in the Taiwan
2017/06	Outstanding Optoelectronic Product Award-Ultra-Narrow Bezel Organic Light Emitting Diode (OLED) Component
2018/08	Awarded Gold Panel Awards 2018 Display Component Product Technology Award -Embedded Multi-Touch Capacitive OLED Display.
2019/01	The company's stocks were initially listed and traded on the Taiwan Stock Exchange
2019/10	Awarded the friendliest workplace.
2019/10	Won the 5th Taiwan Mittelstand Award
2021/07	Integrated RitWin to expand the uninterruptible power system and energy storage cabinet business.
2022/04	Integrated Welltech to venture into the consumer battery module business.

Three. Corporate Governance

I. Organization Structure

(I) Organization Chart



(II) Major Corporate Functions

Department	Main Responsibilities
Audit Office	Auditing and evaluating the compliance of internal policies, procedures and operations based on governing regulations
CEO	Establishing corporate business guiding principles and goals
General Manager	Board resolutions execution and general corporate affairs
Enviroment management office	Promote overall plant environmental safety and health matters to maintain site safety
Finance Dept.	Corporate finance, accounting and tax planning and execution
Sales Dept.	1. Implement and coordinate various business units' products. Handle account servicing for re-purchase and manage import and export affairs. 2. Set business plan, sales targets, and formulate market product tactics. 3. Provide quotation, handle orders, delivery, after sale service and complaints 4. Follow up on target achievement, order completion and accounts receivable status. 5. Order management and coordination
Production Planning Dept.	1. Formulate production plan, capacity plan, production and sales coordination, production standards, and manage and implement quality control 2. Formulate and implement budget plan and production objectives 3. Important raw materials evaluation and access control 4. Responsible to plan, implement, review, control and improve procurement works 5. Formulate quality control system and quality control plan. 6. Responsible to implement quality control and coordinate quality control warranty integration.
R&D Center	Developing mechanical and industrial design and providing support to business for technology needed for each project
Admin Dept.	1. Formulate long-term development of the administrative management events 2. Manage the operation of finance and account, IT, human resources. Sustainable improvement of the Company's management system 3. Formulate organizational structure, staffing structure and development plan pursuant to the Company's policies. 4. Manage affiliated companies

II. Details of Directors, Supervisors, General Manager, Deputy General Managers, Assistant Managers, and Department and Branch Managers

(I) Directors and Supervisors

1. **Directors and Supervisors (The Company has established an Audit Committee, thus the Supervisory system is not applicable)**

As of 04/27/2024
Unit: Shares; %

Title	Nationality	Name	M/F	Age	Date Elected	Term	First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
								Share	%	Share	%	Share	%	Share	%			Title	Name	Relationship
Chariman	R.O.C.	Yeh, Chwei-Jing	M	65~70	2023.6.23	3	2016.6.29	343,840	0.46	343,840	0.46	217,934	0.29	—	—	Ritek Corporation Chairman and Chief Executive Officer Master, Stevens Institute of Technology	Note 1	Director	Yang, Wei-Feng	Spouse Sibling
Director	R.O.C.	Ritek Corp.	—	—	2023.6.23	3	2016.6.29	24,674,111	33.05	24,674,111	33.05	—	—	—	—	—	—	—	—	—
	R.O.C.	Yang, Wei-Feng	F	55~60			2016.6.29	217,934	0.29	217,934	0.29	343,840	0.46	—	—	Ritek Corporation Vice-President Master of Operational Management, Business School, National Chengchi University	Note 2	Chariman	Yeh, Chwei-Jing	Spouse Sibling
	R.O.C.	Wang, Ting-Chang	M	65~70			2016.6.29	123,828	0.17	123,828	0.17	698	0.00	—	—	Ph.D. in Materials Science from National Taiwan University. USI Corporation Vice-GM	Note 3	—	—	—
	R.O.C.	Pan, Yen-Min	M	55~60			2016.6.29	82,857	0.11	82,857	0.11	—	—	—	—	Ritek Corporation Assistant General Manager Master of Economics, Chinese Culture University	Note 4	—	—	—
	R.O.C.	Li, Min Shan	F	55~60			2016.6.29	2,079	0.00	2,079	0.00	—	—	—	—	B.A in NTUST Ritek Corporation Director of Investment Dept.	Note 5	—	—	—
	R.O.C.	Tung, Pao-Cheng	M	70~75			2016.6.29	—	—	—	—	—	—	—	—	Ph.D. in Law from the University of Bonn, Germany. Minister of Ministry of Examination	Vice President of Soochow University.	—	—	—

Title	Nationality	Name	M/F	Age	Date Elected	Term	First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			
Independent Director	R.O.C.	Lin, Zu-Chia	M	65~70	2023.6.23	3	2017.6.8	—	—	—	—	—	—	—	—	Ph.D. in Economics from the University of California, Los Angeles (UCLA) Chairperson of the National Development Council. Vice Chairperson of the Mainland Affairs Council, Executive Yuan.	Adjunct Professor in the Dept. of Economics at NCU. Independent Director and Member of the Remuneration Committee of Aimcore.	—	—	—	
Independent Director	R.O.C.	Wu, Chih-Chih	M	50~55	2023.6.23	3	2017.6.8	—	—	—	—	—	—	—	—	Master's in Finance, National Taiwan University Senior Manager, China Development Financial Holding Corporation	Director, Yongling Enterprise Co., Ltd.	—	—	—	
Independent Director	R.O.C.	Tung, Yun-Ling	F	60~65	2023.6.23	3	2017.6.21	—	—	—	—	—	—	—	—	Master's in Business Administration, National Chengchi University Practicing CPA, Ernst & Young	Independent Director and Compensation Committee Member, Ledtech Electronics Corp. Director, Taishin International Management Consulting Co., Ltd. Supervisor, Taipei Financial Center Corp. Supervisor, Kaifa Industrial Co., Ltd.	—	—	—	

Note1: Also serves as the Chairman of Ritek Corporation, Corporate Chairman's Representative and General Manager of Zhong Fu Investment Co., Ltd., Corporate Chairman's Representative and General Manager of Zhong Yuan International Start-Up Investment Co., Ltd., Director of I-Chiun Precision Industry Co., Ltd., Director of Keynes Investment Co., Ltd., Corporate Chairman's Representative of AimCore Technology Co., Ltd., Chairman of PVNext Corporation, Chairman of RitDisplay Corporation, Chairman of RitFast Corporation, Corporate Chairman's Representative and General Manager of RitEdia Corporation, Corporate Chairman's Representative of RitWin Corporation, Director of Yu Sheng Investment Development Co., Ltd., Corporate Director's Representative of Welltech Energy Inc., Coporate Director's Representative of Dingsheng Investment, Corporate Chairman's Representative and General Manager of Ritek Group Inc. (Cayman), Corporate Chairman's Representative and General Manager of Score High Group Ltd. (B.V.I.), Corporate Chairman's Representative and General Manager of Max Online Ltd. (B.V.I.), Corporate Director's Representative of RIC Corp. Ltd. (Vietnam), Corporate Director's Representative of Advanced Media Inc. and Corporate Director's Representative of Armor Investment Group Corp., Corporate Chairman's Representative and General Manager of Kingdom Wealth Investment Ltd(B.V.I).

Note 2: Also serves as the Director and Deputy Executive Officer of Riteck Corporation, Executive Director of Utech Media, Chairman of Keynes Investment Co., Ltd., Chairman of Yu Sheng Investment Development Co., Ltd., Chairman of Ritek Foundation, Corporate Director's Representative of Ricare Corporation, Corporate Chairman's Representative of Lai Gongchang, Corporate Director's Representative of Hakuyukai Group, Corporate Director's Representative of Meng Zhi Hu Co., Ltd., Corporate Chairman's Representative of Dollars Cultural & CreativeCo., Ltd., Corporate Director's Representative of RitDisplay Corporation, Corporate Chairman of Hsin-Bo Asset Company Co., Ltd., Chairman of Finesil Technology Inc., Corporate Director's Representative of BMB Venture Capital Investment Corporation, Corporate Director's Representative of Procrit Corporation, Corporate Director's Representative of AimCore Technology Co., Ltd., Corporate Director's Representative of An Ke Optoelectronics Yang Zhou Co., Ltd., Corporate Director's Representative of Zhong Yuan International Start-Up Investment Co., Ltd., Corporate Chairman's Representative of Formosa Sun Energy Corp., Corporate Director's Representative of Li Lai Optoelectronics Technology (Yang Zhou) Co., Ltd., Corporate Director's Representative of WellTech Energy Inc., Corporate Director's Representative of Ink Design Space Co., Ltd., Corporate Director's Representative of ART Management Ltd.(B.V.I.), Corporate Director's

Representative of Jade Investment Services Ltd., Corporate Director's Representative of Glory Days Services Ltd., Director of Dingsheng Investment, Corporate Director's Representative of K.K. RICAREJAPAN.

Note 3: Also serves as the Company's Director and executive director, Corporate Director's Representative of RITFAST Co. Ltd., General Manager and Corporate Director's Representative of PVNEXT Co. Ltd., Corporate Director's Representative of Welltech Energy, Chairman of Cashido Co., Ltd., and Corporate Director's Representative of RitWin Corporation, Chief Executive Officer of RiTek Corporation.

Note 4:Also serves as the Company's Corporate Director's Representative, Assistant General Manager and Chief Financial Officer of Ritek Corporation, Corporate Director's Representative of Utech Media, Corporate Chairman's Representative and General Manager of Li Lai Optoelectronics Technology (Yang Zhou) Co., Ltd., Corporate Chairman's Representative of Kun Shan Hu Lai Optoelectronics Technology Co., Ltd., Independent Director, Audit Committee Member, Compensate Committee Member of Yield Microelectronics Corporation, Supervisor of Finesil Technology Inc., Corporate Director's Representative of RitFast Corporation, Corporate Director's Representative of AimCore Technology Co., Ltd., Corporate Director's Representative of An Ke Optoelectronics Yang Zhou Co., Ltd., Corporate Director's Representative of Procrit Corporation, Supervisor of PVNext Corporation, Corporate Director's Representative of Formosa Sun Energy Corp., Corporate Director's Representative of Jhen Jhuan Co., Ltd., Supervisor of WellTech Energy Inc., Supervisor of RitWin Corporation, Supervisor of Ricare Corporation

Note 5: Also serves as the Company's director of investment dept., Corporate Director's Representative of RitDisplay Co. Ltd., Supervisor of O-View Technology Co., Ltd., Corporate Director's Representative of Finesil Technology Inc., Corporate Director's Representative of Ritek Vietnam Co., Ltd., Corporate Director's Representative of RIC Co. Ltd., (Vietnam) and Corporate Director's Representative of Prorit Corporation, Vietnam Ltd.

2. **Major Shareholders of the Institutional Shareholders**

As of 04/27/2024

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Ritek Corporation	Yeh, Chwei-Jing	1.54%
	HSBC Hong Kong, Taipei Branch, entrusted as the custodian of Bit Company's investment account.	1.30%
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.27%
	Yang, Wei-Fen	1.25%
	Liao, Ying-Feng	1.18%
	Jpmorgan Chase Bank N.A., Taipei Branch In Custody For Vanguard Total International Stock Index Fund, A Series Of Vanguard Star Funds	1.18%
	Standard Chartered International Commercial Bank Operations Department entrusted with the custodianship of LGT Bank (Singapore) Ltd.'s investment account.	0.95%
	Lin, Ruei-Heng	0.88%
	Citibank (Taiwan) Commercial Bank entrusted with the custodianship of DFA Investment Diversified Group's Emerging Markets Core Equity Portfolio Investment Account.	0.71%
	Citibank (Taiwan) Commercial Bank entrusted with the custodianship of Titan Multi-Asset Fund SPC Investment Account.	0.68%

3. **Professional Qualifications and Independence Analysis of the Board Directors**

(1) Disclosure of Professional Qualifications of the Board Directors and Independence of Independent Directors:

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Independent Directorships in Other Publicly Listed Companies
Yeh, Chwei-Jing	Graduated with a Master's degree from Stevens Institute of Technology, currently serves as the chairman and legal representative of the Company and holds chairmanship or directorship positions in several listed companies within the Group. With over five years of experience in business, finance, and company operations, he has dedicated 34 years to the optoelectronics industry, demonstrating professional leadership, operational management, and strategic planning skills, steering the Company towards industry leadership.	No conditions outlined in Article 30 of the Company Act apply.	–
Yang, Wei-Feng Ritek Corporation Rep.	Holding a Master's degree in Business Administration from National Chengchi University College of Commerce, he currently serves as a director and deputy CEO of Ritek Corporation and a director of several listed companies. With over five years of experience in business, finance, accounting, and company operations, he specializes in corporate finance and accounting, bringing extensive experience in financial and operational planning.	No conditions outlined in Article 30 of the Company Act apply.	–

Criteria / Name	Professional Qualifications and Experience	Independence Status	Number of Independent Directorships in Other Publicly Listed Companies
Wang, Ting-Chang Ritek Corporation Rep.	With a Ph.D. from the Institute of Materials Science at National Taiwan University, he is the current CEO of Ritdisplay Corporation, and formerly the deputy general manager of USI Corporation. He brings over five years of experience in business, finance, and company operations, specializing in market strategy and business promotion.	No conditions outlined in Article 30 of the Company Act apply.	–
Pan, Yen-Min Ritek Corporation Rep.	Holding a Master's degree from the Graduate Institute of Economics at Chinese Culture University, he currently serves as the deputy general manager of Ritek Corporation and a director of several listed companies. With over five years of experience in business, finance, and company operations, he specializes in corporate finance and accounting, with extensive experience in financial and operational planning.	No conditions outlined in Article 30 of the Company Act apply.	1
Li, Min Shan Ritek Corporation Rep.	Graduated with a Bachelor's degree in Business Administration from National Taichung University of Science and Technology, he currently serves as the assistant manager of the investment department at Ritek Corporation and a director of several listed companies. With over five years of experience in business, finance, and company operations, he specializes in corporate finance and accounting, bringing extensive experience in financial and operational planning.	No conditions outlined in Article 30 of the Company Act apply.	–
Tung, Pao-Cheng Ritek Corporation Rep.	With a Ph.D. in Law from the University of Bonn, Germany, he is currently the vice president of Soochow University and was previously the Minister of the Examination Yuan. Bringing over five years of experience in business, finance, and company operations, he specializes in legal expertise.	No conditions outlined in Article 30 of the Company Act apply.	–
Lin, Zu-Chia Independent Director / Audit Committee Member / Compensation Committee Member	Holding a Ph.D. in Economics from the University of California, Los Angeles, he has served as the Minister of the National Development Council and the Deputy Minister of the Mainland Affairs Council. With over five years of experience in business, finance, and company operations, he has an international perspective and expertise in global economics and industry markets.	No conditions outlined in Article 30 of the Company Act apply.	1
Wu, Chih-Chih Independent Director / Audit Committee Member / Compensation Committee Member	Graduated with a Master's degree in Finance from the Institute of Finance at National Taiwan University, he currently serves as a director of Gold Jasper Management Limited. With over five years of experience in business, finance, and company operations, he specializes in corporate finance and accounting, bringing extensive experience in financial and operational planning.	No conditions outlined in Article 30 of the Company Act apply.	–
Tung, Yun-Ling Independent Director / Audit Committee Member / Compensation Committee Member	Holding a Master's degree in Business Administration from National Chengchi University, he currently serves as a director of Taishin International Management Consulting Co., Ltd., and previously worked as a practicing accountant at Ernst & Young. With over five years of experience in finance and accounting, he specializes in corporate finance and accounting, bringing extensive experience in financial and operational planning.	No conditions outlined in Article 30 of the Company Act apply.	1

(2) Diversity and Independence of the Board:

The Board formed by 9 directors comprising of 3 experienced independent directors from various sectors. For the corporate’s governance capability, the board members have the following abilities: (1) operational judgement ability, (2) accounting and financial analysis capability, (3) operation management capability, (4) crisis management capability, (5) knowledge of the industry, (6) international market perspective, (7) leadership, and (8) decision making capability. 1 member is in the age range of 50-55 years old, and 3 members are in the age range of 55-60 years old, 1 member is in the age range of 60-65 years old and 3 members are in the age range of 65-70 years old and 1 member is in the age range of 71-75 years old while 2 independent directors have been serving in the Company for 6 years and 1 director for 4 years. The Company respects gender equality, the Board has two female directors out of seven members. The expected ratio for female director in the Board is 25%. Currently, there are 9 directors, including 3 female directors, and the ratio is 33%. 3 female directors have satisfied the criterion of independence pursuant to relevant regulations (please refer to (1) Table of Information of Directors and Supervisors for details).

Diversity:

Item / Name	Gender	Operational Judgement and Management	Decision Making / Crisis Management	Relevant Knowledge / International Market Perspective	Finance and Account Analysis Capability
Yeh, Chwei-Jing	M	V	V	V	
Yang, Wei-Feng	F		V	V	V
Wang, Ting-Chang	M	V	V	V	
Pan, Yen-Min	M	V	V		V
Li, Min Shan	F		V	V	V
Tung, Pao-Cheng	M	V	V	V	
Lin, Zu-Chia	M	V	V	V	
Wu, Chih-Chih	M	V		V	V
Tung, Yun-Ling	F	V	V		V

(II) Management Team

As of April 27, 2024

Title	Nationality	Name	M/F	Date Elected	Shares Held		Shares Held by Spouse & Minor		Shares Held by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouse or Within Two Degrees of Kinship			Remarks
					Share	%	Share	%	Share	%			Title	Name	Relationship	
CEO	R.O.C	Wang, Ting-Chang	M	2000.12.01	123,828	0.17	698	0.00	—	—	Ph.D. in Materials Science and Engineering, National Taiwan University Vice General Manager, USI Corporation	Corporate Director's Representative, RitFast Corp. Corporate Director's Representative Director and General Manager, PVNext Corp. Corporate Director's Representative Director and General Manager, Welltech Energy Inc. Chairman, Cashido Co., Ltd. Corporate Director's Representative Director, and General Manager, RitWin Corp. Chief Executive Officer, Ritek Corp.	—	—	—	—
General Manager	R.O.C	Chen, Kang	M	2000.08.01	8,549	0.01	—	—	—	—	Master of Business Administration, Curtin University, Australia Factory Manager, South Asia STN LCD Factory	Representative of Corporate Director, PVNext Corp.	—	—	—	—
Assistant General Manager	R.O.C	Chen, Kuo-Yong	M	2000.08.01	5,324	0.01	—	—	—	—	Master of Business Administration, Curtin University, Australia Materials Manager, Ritek Corp.	–				
Assistant General Manager	R.O.C	Lin, Hsing-Hong	M	2005.10.24	0	0.01	—	—	—	—	Department of Chemical Engineering and Materials Science, Chang Gung University Chemical Materials Group, Chung Yuan Christian University	–				
Assistant General Manager	R.O.C	Chiang, Ming-Hsien	M	2017.11.06	45,000	0.06	10,000	0.01	—	—	Bachelor's degree in Accounting from Soochow University. Assistant Audit Manager at Ernst & Young. In charge of the Finance and Accounting Department at the Company.	Supervisor, RitFast Corp. Representative of Corporate Director, PVNext Corp. Director, Ecolux Technology Co., Ltd.	—	—	—	—
Audit Manager	R.O.C	Huang, Yu-Shiu	M	2016.03.22	36,481	0.05	—	—	—	—	Bachelor's in Industrial Engineering from Feng Chia University. Deputy Manager of Finance at Ritek Corp.	–	—	—	—	—
Acct. Officer	R.O.C	Chou, Yu-Lei	F	2022.11.01	—	—	—	—	—	—	Economics degree from University of California, Irvine. Supervisory Manager at Pegatron Corporation. Ernst & Young Accounting Firm.	–	—	—	—	—

III. Remuneration and Compensation Paid to Directors, the President, and Vice President

(I) 2023 Remuneration Paid to Director

Unit: NT$ Thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A) (Note 1)		Severance Pay (B)		Directors Compensation(C)		Allowances (D) (Note 2)				Salary, Bonuses, and Allowances (E) (Note 3)		Severance Pay (F)		Employee Compensation (G)						
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements		The Company	Companies In the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Chairman	Yeh,Chwei-Jing	1,968	1,968	—	—	1,846	1,846	40	40	3,854 (-1.70%)	3,854 (-1.88%)	—	—	—	—	—	—	—	—	3,854 (-1.70%)	3,854 (-1.88%)	1,900
Director	Ritek Corp.	—	—	—	—	1,846	1,846	—	—	1,846 (-0.81%)	1,846 (-0.90%)	—	—	—	—	—	—	—	—	1,846 (-0.81%)	1,846 (-0.90%)	—
	Ritek Corporation Represent: Yang, Wei-Fen	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	1,940	1,940	22	22	—	—	—	—	2,002 (-0.88%)	2,002 (-0.98%)	900
	Wang, Ting-Chang	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	10,310	10,310	108	108	—		—	—	10,458 (-4.61%)	10,458 (-5.11%)	—
	Pan, Yen-Min	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—
	Li, Min Shan	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—
	Tung, Pao-Cheng	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—
Independ Director	Lin, Zu-Chia	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—
	Wu, Chih-Chih	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—
	Tung, Yun-Ling	—	—	—	—	—	—	40	40	40 (-0.02%)	40 (-0.02%)	—	—	—	—	—	—	—	—	40 (-0.02%)	40 (-0.02%)	—

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None

Note 1: Refers to directors' remuneration of salaries, duty allowances, severance pay, bonuses and incentives.
Note 2: Refers to operational expenses (including transport expenses, special disbursement, allowances, housing, company cars etc.)
Note 3: Refers to salaries, duty allowances, pension, severance pay, bonuses, incentives, transport expenses, special disbursement, allowances, housing, company cars etc. of directors who are also employed as an employee.

(II) 2023 Remuneration of Supervisor (The Company has established Audit Committee)

(III) 2023 Remuneration of General Manager and Assistant General Manager

Unit: NT$ Thousands / Share

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 1)</th><th colspan="2">Severance Pay (B) (Note 2)</th><th colspan="2">Bonuses and Allowances (C) (Note 3)</th><th colspan="4">Employee Compensation (D) (Note 4)</th><th colspan="2">Ratio of Total Compensation (A+B+C+D) to Net Income (%)</th><th rowspan="3">Remuneration From Ventures Other Than Subsidiaries or from the Parent Company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>CEO</td><td>Wang, Ting-Chang</td><td rowspan="4">18,200</td><td rowspan="4">18,200</td><td rowspan="4">421</td><td rowspan="4">421</td><td rowspan="4">3,576</td><td rowspan="4">3,576</td><td rowspan="4">—</td><td rowspan="4">—</td><td rowspan="4">—</td><td rowspan="4">—</td><td rowspan="4">22,197
(-9.78%)</td><td rowspan="4">22,197
(-10.85%)</td><td rowspan="4">None</td></tr>
<tr><td>General Manager</td><td>Chen, Kang</td></tr>
<tr><td>Vice General Manager</td><td>Lin, Hsing-Hong</td></tr>
<tr><td>Assistant General Manager</td><td>Chiang, Ming-Hsien</td></tr>
</table>

Bracket

Bracket	Name of Directors	
	The company	Companies in the financial report
Below NT$ 1,000,000	—	—
NT$1,000,000(Included) ~ NT$2,000,000(Excluded)	Chiang, Ming-Hsien	Chiang, Ming-Hsien
NT$2,000,000(Included) ~ NT$3,500,000(Excluded)	Lin, Hsing-Hong	Lin, Hsing-Hong
NT$3,500,000(Included) ~ NT$5,000,000(Excluded)	—	—
NT$5,000,000 (Included)~ NT$10,000,000(Excluded)	Chen, Kang	Chen, Kang
NT$10,000,000(Included) ~ NT$15,000,000(Excluded)	Wang, Ting-Chang	Wang, Ting-Chang
NT$15,000,000 (Included)~ NT$30,000,000(Excluded)	—	—
NT$30,000,000 (Included)~ NT$50,000,000(Excluded)	—	—
NT$50,000,000(Included) ~ NT$100,000,000(Excluded)	—	—
Over NT$100,000,000	—	—
Total	4	4

Note 1: Refer to salaries, duty allowances and severance pay.

Note 2: The amount of pension is reserved contribution amount

Note 3: Refers to the remuneration of General Manager and Assistant General Manager including bonuses, incentives, transport expenses, special disbursement, allowances, housing, company cars etc. for 2023 fiscal year.

Note 4: On February 29, 2024, the Board of Directors passed a resolution to approve the total amount allocated for employee compensation. However, the individual compensation for each General Manager and Deputy General Manager is estimated and pending recommendation by the Compensation Committee before being presented to the Board for approval.

(IV) Remuneration of The Top 5 Officers

Title	Name	Salary (A) (Note 1)		Severance Pay (B) (Note 2)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Remuneration From Ventures Other Than Subsidiaries or from the Parent Company
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
Chairman	Yeh, Chwei-Jing	—	—	—	—	3,500	3,500	—	—	—	—	3,500 (-1.54%)	3,500 (-1.71%)	1,900
CEO	Wang, Ting-Chang	8,270	8,270	108	108	2,040	2,040	—	—	—	—	10,418 (-4.59%)	10,418 (-5.09%)	—
GM	Chen, Kang	6,938	6,938	108	108	750	750	—	—	—	—	7,796 (-3.44%)	7,796 (-3.81%)	
Vice GM	Lin, Hsing-Hong	1,653	1,653	102	102	250	250	—	—	—	—	2,005 (-0.88%)	2,005 (-0.98%)	
Assistant General Manager	Chen, Kuo-Yong	1,736	1,736	108	108	160	160	—	—	—	—	2,004 (-0.88%)	2,004 (-0.98%)	1,934

Note 1: Refer to salaries, duty allowances and severance pay.

Note 2: The amount of pension is reserved contribution amount

Note 3: Refers to the remuneration of General Manager and Assistant General Manager including bonuses, incentives, transport expenses, special disbursement, allowances, housing, company cars etc. for 2023 fiscal year.

Note 4: On February 29, 2024, the Board of Directors passed a resolution to approve the total amount allocated for employee compensation. However, the individual compensation for each General Manager and Deputy General Manager is estimated and pending recommendation by the Compensation Committee before being presented to the Board for approval.

(V) The Distribution of the Remuneration:

No employee compensation was distributed by the company for 2023.

(VI) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

1. Analysis of the Total Compensation Paid to the Company's Directors, Supervisors, General Manager, and Deputy General Managers as a Percentage of the Net Profit After Tax in the Individual or Consolidated Financial Reports

Unit: NT$ Thousands

Title	2022		2023	
	Total Remuneration Paid	Ratio of Total Remuneration Paid to Net Income (%)	Total Remuneration Paid	Ratio of Total Remuneration Paid to Net Income (%)
Directors	5,583	18.66%	13,788	(6.08%)
Supervisors	—	—	—	—
President & Vice President	21,796	72.85%	18,200	(8.02%)

2. Remuneration Policy, Standards, and Composition, Procedures for Determining Remuneration, and Their Relevance to Operational Performance and Future Risks

   The Company’s remuneration policy is determined based on industry salary standards for the position, the scope of responsibilities within the company, and the contribution to the company's operational goals.

   According to Article 22 of the Company’s Articles of Incorporation, the Company may pay remuneration to directors for performing their duties. Article 25 stipulates that if the Company achieves a profit for the fiscal year, 3% to 10% of this profit should be allocated as employee compensation. Managerial compensation includes salary and bonuses. Salary is set with reference to industry standards and considers factors such as job title, rank, educational background, professional skills, and responsibilities. Bonuses are determined based on performance evaluation criteria, which include financial metrics (such as achievement rates of company revenue, pre-tax net profit, and post-tax net profit) and non-financial metrics (such as roles as mentors or judges in innovation programs and significant deficiencies in compliance and operational risk management). The distribution principles proposed by the Compensation Committee are approved by the Chairman based on operational performance.

IV. Implementation of Corporate Governance

(I) Implementation of Board of Directors

During 2023 and up to the publication date of the annual report for 2024, the Board of Directors of the Company convened a total of 8 meetings(A). The attendance of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Yeh, Chwei-Jing	8	0	100.00	
Director	Ritek Corporation Representative: Yang, Wei-Feng	5	3	62.50	
Director	Ritek Corporation Representative: Wang, Ting-Chang	8	0	100.00	
Director	Ritek Corporation Representative: Pan, Yen-Min	7	1	87.50	
Director	Ritek Corporation Representative: Li, Min Shan	8	0	100.00	
Director	Ritek Corporation Representative: Tung, Pao-Cheng	8	0	100.00	
Independent Director	Lin, Zu-Chia	8	0	100.00	
Independent Director	Wu, Chih-Chih	8	0	100.00	
Independent Director	Tung, Yun-Ling	8	0	100.00	

Other mentionable items:

I. If the Board of Directors operates under any of the following circumstances, the date, session, agenda content, opinions of all independent directors, and the Company's response to the opinions of independent directors should be documented:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act:

Meeting Dates/Sessions	Meeting Matters	Independent Director's Opinion	Company’s Response to Independent Director's Opinion
January 10, 2023 4th Meeting, 10th Term	1. Approved the 2022 annual bonus distribution plan for managers. 2. Revision of certain provisions of the Company's "Regulations of Board of Directors Meeting".	None	N/A
March 13, 2023 5th Meeting, 10th Term	1. Approved the 2022 remuneration distribution plan for directors and employees 2. Report on the Company's 2022 business report and financial statements. 3. Evaluation of the independence and suitability of the Company's certifying accountant.	None	N/A
May 8, 202 6th Meeting, 10th Term	1. Report on the Company's Q1 2023 financial statements. 2. Changes in the positions of accounting supervisor and audit supervisor. 3. Revision of certain provisions of the Company's "Standard Operating Procedures for Handling Director Requests".	None	N/A
July 5, 2023 7th Meeting, 10th Term	1. Investment in RitWin Corporation 2. Investment in Welltech Energy Inc.	None	N/A
August 7, 2023 8th Meeting, 10th Term	1. Report on the Company's Q2 2023 financial statements. 2. Distribution plan for directors' remuneration. 3. Policy on salaries and remuneration for directors and managers, and distribution plan for managers' employee compensation and bonuses.	None	N/A
November 7, 2023 9th Meeting, 10th Term	1. Report on the Company's Q3 2023 financial statements. 2. Approved the internal audit plan for 2024. 3. Loan to a subsidiary (withdrawn). 4. Revision of certain provisions of the Company's "Procedures for	None	N/A

	Acquiring or Disposing of Assets". 5. Report on the company's plan to dispose of shares in Welltech Energy Inc. to RitWin Corp., a subsidiary of the Company.		
January 25, 2024 10th Meeting, 10th Term	1. Loan to a subsidiary. 2. Approved the 2023 year-end bonus distribution plan for managers.	None	N/A
February 29, 2024 11th Meeting, 10th Term	1. Report on the Company's 2023 business report and financial statements. 2. Investment in an energy storage cabinet factory. 3. Proposal to raise capital through a new share issuance. 4. Evaluation of the independence and suitability of the Company's certifying accountant. 5. Revision of certain provisions of the Company's "Endorsement and Guarantee Operating Procedures".	None	N/A

(II) Besides the aforementioned items, there were no instances where decisions made by the Board of Directors were opposed or withheld by independent directors and documented or declared.

II. Directors' abstentions from resolutions related to conflicts of interest should be detailed, including the directors' names, agenda content, reasons for abstention, and their participation in the voting process.

Meeting Dates/Sessions	Meeting Matters	Name of Directors	Reason for Recusal	Participation in Voting
2023.01.10 4th Meeting, 10th Term	Approval of Manager's 2022 Annual Bonus Disbursement	Yeh, Chwei-Jing Yang, Wei-Fen Wang, Ting-Chang	Serving as managers of the Company, related to personal interests.	All recused themselves according to law and did not participate in discussion or voting.
2023.08.07 8th Meeting, 10th Term	Allocation of Director Remuneration	Individual Directors	Serving as directors of the Company, related to personal interests.	All recused themselves according to law and did not participate in discussion or voting.
2023.08.07 8th Meeting, 10th Term	Salary and Bonus Distribution Policy for Directors and Managers	Yeh, Chwei-Jing Yang, Wei-Fen Wang, Ting-Chang	Serving as managers of the Company, related to personal interests.	All recused themselves according to law and did not participate in discussion or voting.
2024.01.25 10th Meeting, 10th Term	Approval of Manager's 2023 Annual Bonus Disbursement	Yeh, Chwei-Jing Yang, Wei-Fen Wang, Ting-Chang	Serving as managers of the Company, related to personal interests.	All recused themselves according to law and did not participate in discussion or voting.

III. Listed and OTC companies are mandated to disclose information regarding the self-assessment (or peer review) conducted by the Board of Directors, including the evaluation cycle, duration, scope, methods, and content of the assessment. For details regarding the execution of the Board evaluation, please refer to (II).

IV. Evaluation of the goals set for enhancing the functions of the Board of Directors during the current and previous years (such as establishing an audit committee, enhancing information transparency, etc.), as well as the assessment of their implementation.

(I) To adhere to the principles of corporate governance, the Company has formulated the "Standard Operating Procedure for Handling Director Requests" in accordance with the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers."

(II) Implementation Status of the Board Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Item
Once a year	2023.1.1 to 2023.12.31	Whole Board of Directors	Internal self-assessment of the Board of Directors	Note
		Individual Directors	Self-assessment by the Directors themselves	
		Various Functional Committees	Self-assessment by the Directors	

Note: The performance evaluation for the first quarter of 2024 was presented to the Board of Directors on February 29, 2024. The relevant evaluation criteria are as follows:

1. Evaluation criteria for the Board of Directors: Participation in company operations, improvement of decision-making quality of the Board, composition and structure of the Board, selection and ongoing education

of directors, internal controls.

2. Evaluation criteria for individual directors: Grasp of company goals and missions, awareness of director responsibilities, participation in company operations, internal relationship management and communication, professional development and ongoing education of directors, internal controls.
3. Evaluation criteria for the Compensation and Remuneration Committee: Participation in company operations, understanding of functional committee responsibilities, improvement of decision-making quality of functional committees, composition and selection of committee members.
4. Evaluation criteria for the Audit Committee: Participation in company operations, understanding of functional committee responsibilities, improvement of decision-making quality of functional committees, composition and selection of committee members, internal controls.

(III) Implementation Status of Audit Committee:

During 2023 and up to the publication date of the annual report for 2024, the Audit Committee of the Company convened a total of 8 meetings (A). The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Tung, Yun-Ling	8	0	100	
Independent Director	Lin, Zu-Chia	8	0	100	
Independent Director	Wu, Chih-Chih	8	0	100	

Other mentionable items:

I. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Date/Session	**Agenda**	**Independent Director's Opinion**	**Audit Committee Resolution and Company's Response to Audit Committee Opinion**
2023.01.10 4th Meeting, 10th Term	1. Review of the 2023 business plan	None	All attending committee members had no objections and passed unanimously.
2023.03.13 5th Meeting, 10th Term	1. Submission of the Company's 2022 annual business report and financial statements. 2. Dividend distribution for the 2022. 3. Evaluation of the independence and suitability of the Company's signing accountant. 4. Approval of financial institution loan matters. 5. Declaration of internal control system for the 2022.	None	All attending committee members had no objections and passed unanimously.
2023.05.08 6th Meeting, 10th Term	1. Submission of the Company's financial report for the first quarter of 2023. 2. Approval of financial institution loan matters. 3. Changes in the accounting and audit directors.	None	All attending committee members had no objections and passed unanimously.
2023.07.05 7th Meeting, 10th Term	1. Investment in RitWin Corp. 2. Investment in Welltech Energy Inc.	None	All attending committee members had no objections and passed unanimously.
2023.08.07 8th Meeting, 10th Term	1. Submission of the Company's financial report for the second quarter of the 2023. 2. Approval of financial institution loan matters.	None	All attending committee members had no objections and passed unanimously.
2023.11.07 9th Meeting, 10th Term	1. Submission of the Company's financial report for the third quarter of the 2023. 2. Approval of financial institution loan matters. 3. Proposed approval of the internal audit plan for the 2024. 4. Capital loan to subsidiary company (withdrawn). 5. Amendment of the Company's "Acquisition or	None	All attending committee members had no objections and passed unanimously.

	Disposal of Assets Processing Procedure" section. 6. Submission of the company's proposed disposal of equity in subsidiary Welltech Energy Inc. to subsidiary RitWin Corp.		
2024.01.25 10th Meeting, 10th Term	1. Review of the Company's business plan for the 2024 2. Approval of financial institution loan matters. 3. Capital loan to subsidiary company.	None	All attending committee members had no objections and passed unanimously.
2024.02.29 11th Meeting, 10th Term	1. Submission of the company's annual business report and financial statements for the 2023. 2. Deficit allocation for the 2023. 3. Establishment of energy storage cabinet factory. 4. Proposal to conduct cash capital increase and issuance of new shares. 5. Evaluation of the independence and suitability of the Company's signing accountant. 6. Approval of financial institution loan matters. 7. Approval of the internal control system declaration for the 2023. 8. Amendment of the Company's "Endorsement Guarantee Operation Procedure" section.	None	All attending committee members had no objections and passed unanimously.

(II) Other than the aforementioned matters, there were no decisions made without the approval of the Audit Committee but endorsed by more than two-thirds of the entire Board of Directors.

II. Regarding the abstentions of independent directors from conflicted interest matters, no such instances occurred, and thus no documentation is available including their names, the content of the resolutions, reasons for abstention due to potential conflicts of interest, and their participation in the voting process.

III. Communication between independent directors and the internal audit chief and auditors should cover significant matters, methods, and outcomes regarding the company's financial and operational status.

(I) The internal audit chief submits monthly audit reports to independent directors. In 2023, there were no dissenting opinions from independent directors regarding the execution of audit operations.

(II) The internal audit chief attends board meetings to present audit business reports.

(III) Audited financial reports are submitted to the Audit Committee for review. If independent directors have opinions, they can communicate with the company's auditors to understand the financial and operational status, besides explanations provided by the financial and accounting department head.

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

Evaluation Item	Implementation Status			Deviation from the Principles and Reasons
	Y	N	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has formulated "Corporate Governance Best-Practice Principles" and announced on the Company's website and Market Observation Post System (MOPS) on March, 2018.	No Deviation
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company's website has an investor section that provides contact information. Shareholders can reach out to dedicated personnel to address related suggestions, inquiries, and other matters.	No Deviation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The company appoint a professional shareholder service agency to deal with shareholder affairs	No Deviation
	V			

Evaluation Item	Implementation Status			Deviation from the Principles and Reasons
	Y	N	Abstract Illustration	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(3) The Company formulated "Regulations Governing Related Parties Transactions" and "Subsidiary Management Regulations" and reviewed periodically by internal auditors. Distinguish duties between related parties and construct firewall according to risk evaluation. (4) The Company has established "Procedures for Prevention of Insider Trading" and "Procedures for Handling Material Inside Information" to regulate insiders for using undisclosed information for the Company's stock.	No Deviation No Deviation
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee (3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4) Does the company regularly evaluate the independence of CPAs?	V V V V		(1) In accordance with Article 20 of the "Corporate Governance Best Practice Principles", composition of the Board of Directors shall be diversified. The Company shall also formulate diversification policy according to its operation, business style and development needs. Board member candidates shall be competent, knowledgeable and good ethical conduct to perform the duty. (2) The Company has not established any other functional committee. Other functional committee might be set up according to necessity. (3) The company has established "Rules for Performance Evaluation of Board of Directors" to evaluate the performance of the board members, remuneration committee, audit committee. The evaluation result has reported to Board of Directors on March 2018. (4) The CPAs provided Independence Declaration and Audit Quality Indicators (AQIs) and reported to Board of Directors after assessing their standards. The CPAs were considered fulfilling the standards and adequate to take up the duty.	No Deviation No Deviation No Deviation No Deviation
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has not appointed a supervisor for corporate governance however; finance department is responsible to coordinate the related issues in accordance with the relevant regulations. Chairman's office, general manager's office and administration have appointed personnel to ensure all departments operate pursuant to the regulations.	No Deviation
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company formulated "Reporting System" for stakeholders to follow. The spokesperson and deputy spokesperson are responsible for the external communication. The Company has also established communication channels in the stakeholder section on its website to receive complaints and comments.	No Deviation
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed The Taishin Securities Corp. to handle shareholder affairs.	No Deviation
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an	V		(1) The Company has set up an investment section on its website, offering information on its financial operations and corporate governance to assist shareholders and stakeholders. (2) A designated individual is responsible for reporting financial and business information on the Market	No Deviation

Evaluation Item	Implementation Status			Deviation from the Principles and Reasons
	Y	N	Abstract Illustration	
English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			Observation Post System and ensuring the spokesperson system is implemented. (3) The Company publishes and submits financial reports within the required deadlines.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employee Rights and Care: To protect employee rights and show concern for employees, the Company conducts labor-management coordination meetings. It has established a complaint channel and disciplinary measures for sexual harassment, fostering a gender-equal work environment. An employee welfare committee handles various welfare activities, and the Company provides comprehensive training and regular health check-ups. (2) Investor Relations and Stakeholders: The Company ensures effective communication with investors and stakeholders through dedicated email and hotline services. (3) Supplier Relationships: The Company has implemented a supplier evaluation system to maintain strong partnerships, ensuring the timely supply of essential raw materials. (4) Customer Policy Implementation: The Company maintains strong relationships with customers and promptly addresses their needs through a complaint handling process, safeguarding customer rights. (5) The Company has secured liability insurance for its directors and supervisors.	No Deviation
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.): Not Applicable				

(V) Composition, Responsibilities and Operations of the Remuneration Committee:

1. Remuneration Committee comprised of all board members.

As of February 29, 2024

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	Number of Other Public Companies Remuneration Committee Memberships
Independent Director	Lin, Zu-Chia	Please refer to page 9 to 10 for details	Please refer to page 9 to 10 for details	1
Independent Director	Wu, Chih-Chih			—
Independent Director	Tung, Yun-Ling			—

2. Implementation of the Remuneration Committee

(1) The Committee comprises of three members

(2) The term is from June 23, 2022 to June 22, 2025. The committee held 4 meetings in the most recent fiscal year. Their attendance listed as below:

Title	Name	Attend in Person (B)	Attend by Proxy	Attendance (%) (B/A)	Remarks
Convenor	Lin, Zu-Chia	4	0	100.00	

Member	Wu, Chih-Chih	4	0	100.00	
Member	Tung, Yun-Ling	4	0	100.00	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

(VI) Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Does the company establish a governance structure to achieve sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	✓		The Management Department is the responsible unit for the Company, which also has a spokesperson system. The Company is dedicated to understanding stakeholders' reasonable expectations and needs through appropriate communication methods and effectively addressing their concerns on key sustainability issues.	No significant deviation
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations according to the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company regularly evaluates overall risks related to environmental, social, and corporate governance issues and develops response strategies to ensure regulatory compliance and sustainable development. The Company incorporates ESG-related risks into its operational strategies, including company policies, internal operational management, and business execution. (1) Corporate Governance: The stability and efficiency of business operations are based on adherence to corporate governance best practices. The Company collaborates with customers to co-create value through product quality control and innovative research and development. (2) Environmental: By implementing efficient production arrangements, the Company aims to improve the efficiency of energy and water use and reduce environmental impact, aspiring to be an environmentally friendly corporate citizen. (3) Social: Employees are the cornerstone of business operations. The Company fosters a safe and satisfying work environment and ensures employee rights through robust corporate systems, attracting and retaining talent. This allows employees to maximize their potential, keeping the Company competitive in the long term. The Company also supports employee involvement in environmental, community, and public welfare activities, encouraging adherence to laws and regulations and fulfilling its social responsibilities as a corporate citizen.	No significant deviation
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) The Company's environmental management practices comply with relevant laws and regulations, and operations are adjusted timely according to industry specifics.	No significant deviation
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) The Company is dedicated to improving resource efficiency to reduce raw materials and waste, thereby decreasing environmental pollution and damage. In line with ISO 14001 environmental management standards, the Company bans hazardous substances and implements green product initiatives, effectively managing resource utilization. The Company obtained the ISO 14001:2015 certification from SGS on December 13, 2012, valid from December 13, 2021, to December 13, 2023.	No significant deviation
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The Company integrates greenhouse gas reduction into its risk management procedures, continuously evaluating the risks and opportunities posed by climate change. The Company actively promotes initiatives for energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, and other waste management plans.	No significant deviation
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight	✓		(4) The Company has implemented the following management policies in compliance with regulations: 1. Set mid-term reduction targets, aiming to limit the long-term	No significant deviation

of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			average growth rate of greenhouse gas emissions to no more than 5%, mitigating the effects of climate change. 2. Implement energy-saving measures plant-wide, including upgrading to LED lighting, increasing air conditioning temperatures, and installing solar power equipment to lower per capita energy consumption. 3. Reduce the total amount of industrial waste and increase the recyclability of waste resources. The Company optimizes processes and carefully selects waste disposal and recycling partners to minimize environmental risks through waste reduction and recycling.	
4. Social Issues: (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established management procedures based on labor laws and internationally recognized fundamental labor rights principles to protect employee rights. Emphasizing employee welfare, the Company offers a good working environment and promotes two-way communication with employees.	No significant deviation
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2) In accordance with the Labor Standards Act and related regulations, the Company has implemented various salary and welfare measures to ensure employee rights. The Company regularly reviews business performance, reflecting it appropriately in employee compensation through remuneration distribution. Detailed welfare measures are outlined in Section Five, Labor Relations, of the Business Overview.	No significant deviation
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The Company conducts annual health check-ups and environmental inspections for employees, enhancing awareness of environmental health. Regular safety training and education are conducted to ensure workplace safety, along with periodic occupational safety inspections. Details can be found in Section Five, Labor Relations, of the Business Overview. The Company received ISO 45001:2018 certification from SGS on December 12, 2018, valid from December 12, 2021, to December 12, 2023.	No significant deviation
(4) Does the company provide its employees with career development and training sessions?	✓		(4) The Company provides comprehensive vocational training for employees according to the annual training plan.	No significant deviation
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5) Prioritizing customer orientation, the Company ensures that product manufacturing adheres to relevant regulations and standards, delivering high-quality products and services. To support the global green movement and comply with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, the Company requires suppliers to avoid using conflict minerals and banned hazardous substances, reducing environmental impact and adhering to regulations such as RoHS (The Restriction of Hazardous Substances in Electrical and Electronic Equipment) and customer requirements. A dedicated unit manages and tracks customer complaints.	No significant deviation
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		(6) Following the supplier product approval procedure, new suppliers for the Company's main products must provide a commitment to compliance with environmental hazardous substance limits, restricted substance test reports (like RoHS or REACH), material safety data sheets, and social responsibility commitments. Before engaging in business, the Company evaluates suppliers' environmental and social track records to ensure no negative impacts, forming the basis for procurement decisions.	No significant deviation
5.Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third-party verification unit?	✓		Not Applicable	No significant deviation
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies: No significant difference				

7. Additional Key Information on the Implementation of Sustainable Development Efforts: (1) The Company's recruitment and hiring practices ensure no discrimination based on gender, race, nationality, or other factors, thereby safeguarding employee rights. (2) To enhance environmental sustainability, we use recycled water and implement waste sorting, reduction, and emission control measures to lessen environmental impact. (3) Committed to fostering a positive social atmosphere, our company regularly organizes blood donation drives to contribute to the community. (4) We encourage employees to engage in social services and public welfare activities, such as supporting disadvantaged groups, cultural education, and promoting sports and health. Additionally, we regularly sponsor these activities. (5) For investor relations and stakeholders' rights, we maintain open communication channels, effectively utilize our spokesperson system, and adhere to principles of integrity by promptly releasing public information to safeguard the interests of investors and stakeholders.

(VII) Climate-related Information for Listed Companies

Item	Implementation
1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Each department within the Company undergoes a thorough examination of its business responsibilities and management policies. Efforts are consistently made to enhance communication, interaction, and performance in relation to the development, promotion, and execution of policies addressing climate-related risks and opportunities.
2.Describe how the identified climate risks and opportunities affect the company's business, strategies, and finances (short-term, medium-term, and long-term).	Definitions: Over the short term (1-3 years), the organization quantifies and reports greenhouse gas emissions to establish internal carbon reduction objectives and feasible strategies for planning. In the medium term (3-5 years), the focus lies on implementing carbon reduction measures and identifying reduction opportunities, with continuous improvement throughout the process. In the long term (beyond 5 years), the Company quantifies and promotes consistent, transparent, and credible greenhouse gas emissions, establishing response plans such as alternative product configurations, procurement and production methods, raw materials, and supplier selection to enhance enterprise risk management and fulfill corporate social responsibility, thereby boosting the company's competitiveness and market opportunities. For major climate risks and opportunities with significant impact and likelihood, potential financial and operational effects are evaluated, and response plans are devised.
3.Describe the Financial Impacts of Extreme Weather Events and Transition Actions.	The increasing occurrence of extreme weather events due to climate change has prompted the Company to stay vigilant. Although there have been no instances of flooding in the factory area caused by heavy rainfall or typhoons, the potential impact on the company's processes and operations remains relatively low.
4.Describe how the process of identifying, assessing, and managing climate risks is incorporated into the comprehensive risk management framework.	The Company has established robust internal management methods and operating procedures, with existing departmental organizations or risk management units responsible for managing risks within their operational scope. Climate change risks have been systematically integrated into the company's long-term operational risk management framework.
5.Describe the scenario, parameters, assumptions, analysis factors, and the primary financial impacts involved when conducting scenario analysis to evaluate resilience against climate change risks.	Scenario analysis, as a strategic planning tool, is being considered for its potential in assessing future scenarios and their implications for the organization. Although not currently utilized, the Company is carefully evaluating the adoption of scenario analysis to enhance its resilience to climate change risks.
6.Describe the plan's content and the indicators and objectives used to identify and manage physical risks and transition risks if there is a transformation plan to manage climate-related risks.	Currently, RitDisplay does not have a specific transition plan in place to manage climate-related risks.
7.Describe the basis for price determination if utilizing internal carbon pricing as a planning tool.	RitDisplay doest not use it.
8.Describe the activities covered, scope of greenhouse gas emissions, planning timeline, and annual progress toward these objectives. If carbon offsetting or Renewable Energy	Activities Related to Climate Goals ・Scope 1: Reduction of Process Gas Emissions, Reduction of Process Exhaust Emissions ・Scope 2: Enhancement of Energy Efficiency, Adoption of Zero Carbon Energy

Certificates (RECs) are utilized to achieve these targets, details on the origin and quantity of carbon offset credits or the number of RECs exchanged should be provided if climate-related objectives are established.	Sources Net Zero Emission Pathway 2021-2050 By 2030: Transition to Renewable Energy Sources for Electricity By 2050: Achieving Net Zero Emissions In 2023, the Company's greenhouse gas emissions totaled approximately 14,671,664 metric tons of carbon dioxide equivalent, reflecting a 35.09% reduction compared to 2021.

Plant	2021 (Base Year)	2023
Scope 1	113,106	63,138
Scope 2	22,493,042	14,608,496
Total Emissions	22,606,148	14,671,664

9.Greenhouse gas assessment and assurance status, including reduction targets, strategies, and specific action plans.
Recent Two Years' Greenhouse Gas Assessment and Assurance Status:

1. Greenhouse Gas Inventory Information:

Item	2022	2023
Category 1 Direct GHG Emissions	0	0
Category 2 Energy Indirect GHG Emissions	1.382	1.669
Total Emissions (metric tons CO2e)	1.382	1.669

2. Greenhouse Gas Assurance Information: Currently, collaborating with the Ritek Group for greenhouse gas assessment guidance, covering the period from January 1, 2024, to December 31, 2024.
   Planning is underway for RitDisplay's greenhouse gas assessment report for 2024, with third-party verification (SGS verification) for obtaining the ISO14064-1 system report scheduled for completion in 2024.
   Short-term goals include identifying greenhouse gas reduction opportunities to present quantified reports on emission reduction and initiate carbon reduction action plans to achieve zero-carbon objectives.

(VIII)Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1) In March 2018, the Company adopted the "Code of Ethical Conduct," the "Ethical Business Operation Procedures and Guidelines for Conduct," and the "Code of Ethical Behavior." All personnel are required to follow these guidelines and implement the integrity management policy in both internal management and business activities.	No significant differences.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) The Company has implemented effective accounting and internal control systems. Internal auditors conduct regular audits to prevent dishonest business activities.	No significant differences.
(3) Does the company provide clear operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3) The Company has established corporate ethics standards and a system of rewards and punishments. The importance of ethical behavior is regularly emphasized to employees. Through internal audits, dishonest behavior is periodically evaluated, and the related measures are revised as necessary to address changes in the environment.	No significant differences.
2. Fulfill Operations Integrity Policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company ensures that the rights and obligations of both parties are clearly outlined when drafting contracts with customers and suppliers.	No significant differences.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate	✓		(2) The Board of Directors has authorized the Management Department to promote and implement the integrity management policy and	No significant differences.

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?			measures to prevent dishonest behavior. The Audit Office oversees and audits compliance with ethical business practices and reports regularly to the Board of Directors. The CEO's Office, Audit Office, and Administrative Department are the responsible units.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Board of Directors has established a conflict of interest policy in its meeting regulations. Directors must recuse themselves from discussions and voting on matters where their interests conflict with the Company's interests.	No significant differences.
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		(4) The Company has established effective accounting and internal control systems, with regular audits conducted by internal auditors and appointed accountants.	No significant differences.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The Company regularly arranges integrity management courses and encourages employees to attend external training programs.	No significant differences.
3. Operation of the Integrity Channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1) The Company has established the "RitDisplay Corporation Whistleblowing System" and an employee complaint mailbox. Appropriate personnel are assigned to handle cases involving reported individuals.	No significant differences.
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(2) The Company has established relevant investigation procedures and a confidentiality mechanism.	
(3) Does the company provide proper whistleblower protection?	✓		(3) Protective measures are in place to ensure that whistleblowers are not subject to improper treatment.	
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company's website features a dedicated section for disclosing the Code of Ethical Conduct, adhering to various regulations and laws, and legally publishing relevant information on the Market Observation Post System.	No significant differences.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: In March 2018, the Company implemented the "Code of Ethical Conduct" and the "Ethical Management Procedures and Guidelines for Conduct," and has been operating in compliance with these guidelines ever since.				
6. Additional Key Information on the Company's Integrity Management Practices: (e.g., review and amendments to the company's code of conduct for integrity management) (1) Our company consistently operates with integrity, transparency, and responsibility, formulating policies based on these values to foster a sustainable business environment. This includes establishing robust corporate governance and risk management systems. Directors, managers, and employees, in both internal and external business activities, symbolize the company's commitment to integrity. Our adherence to the integrity management code is disclosed on our website, in the annual report, and in public documents. (2) The board of directors rigorously enforces a conflict of interest avoidance system for directors. (3) We continuously monitor developments in integrity management regulations both domestically and internationally to review and develop relevant management practices. (4) The Company adheres to the Company Act, the Securities Exchange Act, international accounting standards recognized by the Financial Supervisory Commission, and other pertinent laws and regulations as the basis for implementing integrity management.				

(IX) Corporate Governance Guidelines and Regulations: Please refer to the Company's website.

Regarding Corporate Governance Regulations, the company has established Corporate Governance Practices Guidelines, Shareholders' Meeting Rules, Board Meeting Rules, and Code of Business Integrity. These regulations have been disclosed in the Corporate Governance section of the company's website. Additionally, relevant regulations are disclosed in the Corporate Governance section of the Taiwan Stock Exchange's Market Observation Post, as well as in the Shareholders' Meeting Annual Report and the Meeting Handbook. Information can be accessed through the company's website and the Taiwan Stock Exchange's Market Observation Post.

(X) In the most recent fiscal year and up to the printing date of the public disclosure document, a summary of resignations and dismissals includes the Chairman of the

Board, General Manager, Accounting Manager, Finance Manager, Internal Audit Manager, Corporate Governance Manager, and Research and Development Manager.

Position	Name	Start Date	End Date	Reason for Departure
Accounting Manager	Huang, Yu-Shiu	2016/03/22	2023/05/08	Job adjustment
Internal Audit Manager	Chou, Yu-Lei	2022/11/08	2023/05/08	Job adjustment
Internal Audit Manager	Lin, Hsuan-Fu	2017/03/16	2022/09/30	Resignation

(XI) Other Important Information Regarding Corporate Governance:

1. **Continuous Education of Accounting and Audit Managers, as well as their deputies**

Name/Title	Date	Organizer	Course Name	Hours
Accounting Manager Chou, Yu-Lei	2023/10/02 to 2023/10/13	Accounting Research and Development Foundation	Initial Training Course for Securities Accountants in Securities Brokerage and Exchange	30
Deputy of Accounting Manager Yeh, Yen-Jung	2023/08/10	Taiwan Science and Industry Park Association	Handling Multilateral Trade Accounting and Tax Auditing	6
	2023/12/13	Taiwan Science and Industry Park Association	Accounting Treatment of IFRS#16 "Leases"	6
Audit Manager Huang, Yu-Shiu	2023/09/04 to 2023/09/06	The Institute of Internal Auditors	Pre-employment Training Course for Enterprise Internal Auditors	18
Deputy of Audit Manager Chang, Hsiu-Chu	2023/11/08	Accounting Research and Development Foundation	Practical Investigation and Case Analysis of Corporate Fraud	6
	2023/11/21	The Institute of Internal Auditors	Subsidiary Audit Practice	6

2. **Continuous Education of Directors**

Name	Date	Content	Hours
Director Yeh, Chwei-Jing	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
Representative: Yang, Wei-Fen	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
Representative Wang, Ting-Chang	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
Representative Pan, Yen-Min	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
	2023/10/20	Insider Trading Prevention Seminar for 2023 Annual Campaign	3

Name	Date	Content	Hours
	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
Representative Li, Ming-Shan	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
Representative Tung, Pao	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
Independent Director Lin, Zhu-Jia	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
	2023/09/21	Discussion and Management Mechanism Establishment After Corporate Mergers and Acquisitions	3
Independent Director Wu, Chih-Chih	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3
	2023/09/07	Technical Development and Business Opportunities in Electric and Smart Cars	3
Independent Director Tung, Yun-Ling	2023/09/15	Enhancing the Credibility of Corporate Sustainability Reports	3
	2023/09/21	Latest Trends in International Carbon Tariffs and Response Methods	3

(XII) **Implementation of Internal Control:**

1. **Statement on Internal Control**

RitDisplay Corporation
Statement on Internal Control

2024/02/29

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms; however, the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (herein below, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. Risk assessment 3. Control activities 4. Information and communications 5. Monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and the major laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement is a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on February 29, 2024, where 0 of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

RitDisplay Corporation

Chairman: Yeh, Chwei-Jing

CEO: Wang, Ting-Chang

2. Auditor’s reports shall be disclosed if an auditor is appointed for auditing the internal control system: None

(XIII) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XIV) Major Resolutions of Shareholders' Meeting and Board Meetings:

1. Shareholder's Meeting

Date	Resolution	Resolution
2022/6/27	Approved the 2022 business report and financial statements	The full dividend distribution was completed on August 31, 2023 (with a cash dividend of NT$1.5 per share), and all other methods were disclosed on the Market Observation Post System and the Company's website.
	Approved the 2022 earnings distribution	

2. Board of Directors

Date	Resolution	Resolution
2023/01/10	Amendment proposed for certain articles of the Company's "Board Meeting Rules."	Approved by the attending directors.
	The proposal for the distribution of the 2022 year-end bonus for managers was approved.	Approved by the remaining directors, except for directors abstaining due to conflicts of interests.
2023/03/13	Passed the proposal for the allocation of director compensation and employee remuneration for 2022	Approved by the attending directors.
	Submitted the Company's operating report and financial statements for 2022	
	Proposal for the assessment of the independence and suitability of the Company's signing accountant.	
2023/05/08	Submitted the financial report for the Q1 2023	Approved by the attending directors.
	Proposal for changes in the positions of the accounting supervisor and the audit supervisor.	
	Proposed amendments to certain articles of the Company's "Standard Operating Procedures for Handling Director Requests".	
2023/07/05	Proposal for investment in RitWin Corp.	Approved by the attending directors.
	Proposal for investment in Welltech Energy Inc.	
2023/08/07	Submitted the financial report for the Q2 2023	Approved by the attending directors.
	Proposal for the distribution of director's remuneration in the company.	Approved by the remaining directors, except for directors abstaining due to conflicts of interests.
	Proposal for the remuneration policy and bonus distribution for company directors and executives.	
2023/11/07	Submitted the financial report for the Q3 2023	Approved by the attending directors.
	Proposal for approval of the internal audit plan for 2024	
	Proposal for providing loans to subsidiaries (withdrawn).	
	Amendments to certain provisions in the Company's "Procedures for Acquisition or Disposal of Assets".	
	Proposal for the transfer of the Company's investment in Welltech Energy Inc. to RitWin Corp., a Company subsidiary.	
2024/01/25	Proposal to provide loans to subsidiaries.	Approved by the attending directors.
	Year-end bonus proposal for the Company's managers for 2023	Approved by the remaining directors, except for directors abstaining due to conflicts of interests.
2024/02/29	Submission of the Company's annual business report and financial statements for 2023	Approved by the attending directors.
	Investment proposal for an energy storage cabinet	

	plant.	
	Proposal for capital increase and issuance of new shares.	
	Assessment of the independence and suitability of the Company's certifying accountant.	
	Amendments to the Company's "Endorsement and Guarantee Procedures."	

(XV) During the most recent fiscal year and up to the publication date of the annual report, if any directors or supervisors had dissenting opinions on important resolutions passed by the board of directors that were recorded or documented in writing, the main points are as follows: None

(XVI) During the most recent fiscal year and up to the publication date of the annual report, a summary of resignations or dismissals of the Chairman, General Manager, Accounting Officer, Financial Officer, Internal Audit Officer, Corporate Governance Officer, and R&D Officer: None

V. Information Regarding the Company’s Audit Fee

Unit: NT$ Thousands

Accounting Firm	Name of CPA	Period Covered by CPA’s Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Ernst & Young	Chen, Kuo-Shuai	2023/1/1~2023/12/31	1,916	525	2,441	Note
	Chang, Chih-Ming					

Note: Non-audit fees include NT$300,000 for tax certification and convertible bond services, as well as NT$225,000 for reimbursed expenses such as postage, transportation, and printing.

(I) When the securities firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: Not Applicable

(II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None

VI. Information on change in CPA: Not Applicable

VII. Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its auditing CPAs or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise" of the accounting firm of the auditing CPAs means an enterprise in which CPAs of the accounting firm to which the auditing CPAs belong hold more than 50 percent of the shares, or of which they hold more than half of the directorships, or any company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the auditing CPAs: None

VIII. Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, change in shareholding of directors, supervisors, managers and major shareholders who held more than 10% of shareholding:

(I) Change in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Share

Title	Name	2023		As of April 27, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Yeh, Chwei-Jing	—	—	—	—
Major Shareholder	Ritek Corporation	—	—	—	—
Representative	Yang, Wei-Feng	—	—	—	—
Representative	Wang, Ting-Chang	—	—	—	—
Representative	Pan, Yen-Min	—	—	—	—
Representative	Li, Min Shan	—	—	—	—
Representative	Tung, Pao-Cheng	—	—	—	—
Independent Director	Lin, Zu-Chia	—	—	—	—
Independent Director	Wu, Chih-Chih	—	—	—	—
Independent Director	Tung, Yun-Ling	—	—	—	—
CEO	Wang, Ting-Chang	—	—	—	—
General Manager	Chen, Kang	—	—	(27,000)	—
Deputy General Manager of Technical Department	Lin, Hsing-Hong	—	—	—	—
Assistant Manager of Marketing Department	Chen, Kuo-Yong	—	—	—	—
Director of Finance Department	Chiang, Ming-Hsien	—	—	—	—
Accounting Manager	Chou, Yu-Lei	—	—	—	—

(II) Details on share transfers by directors, supervisors, managers, and major shareholders to related parties: None.

(III) Details on share pledges by directors, supervisors, managers, and major shareholders to related parties: None.

IX. Information on the the Top Ten Shareholders by shareholding percentage, including details on whether they are related parties, spouses, or relatives within the second degree of kinship.

As of by April 27, 2024
Unit: Share; %

Name	Current Shareholding		Share Held by Spouse / Minors		Share Held by Nominee Arrangement		Name and Relationships Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Ritek Corporation	24,674,111	33.05	—	—	—	—	U-Tech Media Corporation AimCore Technology ProRit Corporation WELLDONE COMPANY	Subsidiary Company Associate Company	—
Yeh, Chwei-Jing	343,840	0.46	—	—	—	—	Yeh, Chwei-Jing	In Person	—
U-Tech Media Corporation	4,985,689	6.68					Ritek Corporation AimCore Technology ProRit Corporation WELLDONE COMPANY	Parent Company Associate Company	—
Yeh, Chwei-Jing	343,840	0.46					Yeh, Chwei-Jing	In Person	—
ProRit Corporation	3,797,950	5.09					Ritek Corporation U-Tech Media Corporation AimCore Technology WELLDONE COMPANY	Parent Company Associate Company	—
Yeh, Chwei-Jing	343,840	0.46					Yeh, Chwei-Jing	In Person	—
AimCore Technology	1,053,045	1.41	—	—	—	—	Ritek Corporation U-Tech Media Corporation ProRit Corporation WELLDONE COMPANY	Parent Company Associate Company	—
Yeh, Chwei-Jing	343,840	0.46	—	—	—	—	Yeh, Chwei-Jing	In Person	—
WELLDONE COMPANY	710,000	0.95	—	—	—	—	Ritek Corporation U-Tech Media Corporation ProRit Corporation AimCore Technology	Associate Company	—
Chen, Dun-Ren	—	—	—	—	—	—	—	—	—
Kuo, Kai-Jung	417,000	0.56	—	—	—	—	—	—	—
Hsieh, Hung-Chih	370,000	0.50	—	—	—	—	—	—	—
Yeh, Chwei-Jing	343,840	0.46	217,934	0.29	—	—	Ritek Corporation U-Tech Media Corporation AimCore Technology	Chairman Chairman Chairman	—
Union Insurance Company	300,000	0.40	—	—	—	—	—	—	—
Shuai, Yun-Hui	279,000	0.37	—	—	—	—	—	—	—

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

(I) Consolidated Shareholding Percentage

Dec 31, 2023
Unit: Share; %

Investee Enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled		Total Investment	
	Shares	%	Shares	%	Shares	%
Hsin-Bo Assets Co., Ltd.	81,000,000	100.00	—	—	81,000,000	100.00
WELLTECH ENERGY INC.	7,820,287	20.00	18,627,929	47.64	26,448,216	67.64
RITWIN Corp.	17,831,155	88.20	453,508	2.24	18,284,663	90.44

Source: Financial statements audited and certified by accountants.

Four. Capital Overview

I. Capital and Shares

(I) Sources of Capital

Unit: Share: NT$

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other Than Cash	Others
2011.05	10	1,000,000,000	10,000,000,000	360,000,000	3,600,000,000	Capital Increase 250,000,000	None	MOEA 2011.07.11 - MOEA-Commercial-Permit No. 10001151370
2011.12	10	1,000,000,000	10,000,000,000	420,000,000	4,200,000,000	Capital Increase 600,000,000	None	MOEA 2012.01.05 - MOEA-Commercial-Permit No. 10101002490
2012.11	10	1,000,000,000	10,000,000,000	440,000,000	4,400,000,000	Capital Increase 200,000,000	None	MOEA 2013.01.08 - MOEA-Commercial-Permit No. 10101261020
2013.11	10	1,000,000,000	10,000,000,000	490,000,000	4,900,000,000	Capital Increase 500,000,000	None	MOEA 2013.12.09 - MOEA-Commercial-Permit No. 10201244330
2015.06	10	1,000,000,000	10,000,000,000	13,000,000	130,000,000	Capital ecrease (4,770,000,000)	None	MOEA 2015.07.09 - MOEA-Commercial-Permit No. 10433527220
2015.08	10	1,000,000,000	10,000,000,000	25,000,000	250,000,000	Capital Increase 120,000,000	None	MOEA 2015.09.04 - MOEA-Commercial-Permit No. 10433706170
2016.05	10	1,000,000,000	10,000,000,000	27,500,000	275,000,000	Capital Increase Out of Earnings 25,000,000	None	MOEA 2016.06.07 - MOEA-Commercial-Permit No. 10533792290
2016.05	10	1,000,000,000	10,000,000,000	28,300,000	283,000,000	Capital Increase Out of Employee Bonus 8,000,000	None	MOEA 2016.06.07 - MOEA-Commercial-Permit No. 10533792290
2017.07	10	1,000,000,000	10,000,000,000	41,035,000	410,350,000	Capital Increase Out of Earnings 12,735,000	None	MOEA 2017.08.03 - MOEA-Commercial-Permit No. 10633455490
2017.10	100	1,000,000,000	10,000,000,000	42,035,000	420,350,000	Capital Increase Out of Earnings 10,000,000	None	MOEA 2017.11.14 - MOEA-Commercial-Permit No. 10633669070
2018.07	10	1,000,000,000	10,000,000,000	60,110,050	601,100,500	Capital Increase Out of Earnings 180,750,500	None	MOEA 2018.08.15 - MOEA-Commercial-Permit No. 10701103190
2019.01	60	1,000,000,000	10,000,000,000	67,630,050	676,300,500	Capital Increase 75,200,000	None	MOEA 2019.02.15 - MOEA-Commercial-Permit No. 10801016670
2021.01	10	1,000,000,000	10,000,000,000	67,632,034	676,320,340	Convertible Corporate Bond 19,840	None	MOEA 2021.02.25 - MOEA-Commercial-Permit No. 11001022100
2021.05	10	1,000,000,000	10,000,000,000	67,891,951	678,919,510	Convertible Corporate Bond 2,599,170	None	MOEA 2021.05.27 - MOEA-Commercial-Permit No. 11001082090
2021.08	10	1,000,000,000	10,000,000,000	68,009,012	680,090,120	Convertible Corporate Bond 1,170,610	None	MOEA 2021.08.26 - MOEA-Commercial-Permit No. 11001132900
2022.02	10	1,000,000,000	10,000,000,000	73,798,180	737,981,800	Convertible Corporate Bond 57,891,680	None	MOEA 2022.02.15 - MOEA-Commercial-Permit No. 11101018350
2022.05	10	1,000,000,000	10,000,000,000	74,630,601	746,306,010	Convertible Corporate Bond 8,324,210	None	MOEA 2022.05.27 - MOEA-Commercial-Permit No. 11101087360
2022.09	10	1,000,000,000	10,000,000,000	74,651,675	746,516,750	Convertible Corporate Bond 210,740	None	MOEA 2022.09.05 - MOEA-Commercial-Permit No. 11101165040

February 29, 2024
Unit: Shares

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common Stock	74,651,675	925,348,325	1,000,000,000	Listed Company

Note 1: The Company has not adopted the comprehensive reporting system for the issuance of securities.
Note 2: As of February 29, 2024, no corporate bonds have been converted to common stock, and the registration for this change with the regulatory authority has not yet been completed.

(II) Status of Shareholders

April 27, 2024
Unit: Number of Person; Shares; %

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	4	132	25,281	36	25,454
Shareholding (shares)	136,063	304,089	36,897,023	36,052,181	1,262,319	74,651,675
Percentage	0.18	0.41	49.43	48.29	1.69	100.00

(III) Status of Shareholders

April 27, 2024
Unit: Number of Person; Shares; %

Class of Shareholding (Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	18,544	616,079	0.82
1,000 ~ 5,000	5,638	11,071,205	14.83
5,001 ~ 10,000	693	5,349,465	7.17
10,001 ~ 15,000	205	2,599,357	3.48
15,001 ~ 20,000	116	2,139,232	2.87
20,001 ~ 30,000	83	2,102,105	2.82
30,001 ~ 40,000	50	1,783,313	2.39
40,001 ~ 50,000	32	1,489,814	2.00
50,001 ~ 100,000	49	3,795,525	5.08
100,001 ~ 200,000	24	3,584,781	4.80
200,001 ~ 400,000	13	3,483,004	4.6
400,001 ~ 600,000	1	417,000	0.56
600,001 ~ 800,000	1	710,000	0.95
800,001 ~ 1,000,000	1	1,000,000	1.34
1,000,001 or over	4	34,510,795	46.23
Total	25,454	74,651,675	100.00

(IV) List of Major Shareholders

April 27, 2024
Unit: Shares

Name \ Shares	Shares Held	Percentage
Ritek Corporation	24,674,111	33.05
Aimcore Technology Co., Ltd.	4,985,689	6.68
Plexbio Co., Ltd	3,797,950	5.09
Aimcore Technology Co., Ltd.	1,053,045	1.41
Welldone Company	710,000	0.95
Kuo, Kai-Jung	417,000	0.56
Hsieh, Hung-Chih	370,000	0.50
Yeh, Chewi-Jing	343,840	0.46
Union Insurance Company	300,000	0.40
Shuai, Yun-Hui	279,000	0.37

(V) Market Price, Net Worth, Earnings, and Dividends per Share:

Unit: NT$; 1,000 Shares

Item \ Year			2022	2023	As of February 29, 2024
Market Price /Share	Highest Market Price		94.00	47.95	36.45
	Lowest Market Price		29.35	33.05	33.50
	Average Market Price		47.95	38.00	34.79
Net Worth / Share	Before Distribution		32.13	27.92	
	After Distribution		32.09	(Note 2)	—
Dividends / Share	Cash Dividends		73,585	73,652	
	Earnings per Share	Before Adjustment	0.41	(3.08)	
		After Ajustment	(Note 2)	(Note 2)	—
Dividends / Share (Note 1)	Cash Dividends		1.50	(Note 2)	—
	Stock Dividends	Dividends from Retained Earnings	—	(Note 2)	—
		Dividends from Capital Surplus	—	(Note 2)	—
	Accumulated Undistributed Dividends		—	(Note 2)	—
Return on Investment	P/E Ratio		116.95	N/A	—
	P/D Ratio		31.97	N/A	—
	Cash Dividend Yield Rate		3.13%	N/A	—

Note 1: Dividends per share are recorded based on the distribution of the prior year's earnings in the current year.

Note 2: Finalized following a shareholders' meeting resolution. The 2023 deficit compensation plan was approved by the board of directors on February 29, 2024, with the decision not to distribute dividends, pending approval at the annual shareholders' meeting on June 25, 2024.

(VI) Dividend Policy and Implementation Status

1. Dividend Policy:
   Following the finalization of the company's annual financial statements, any surplus will first be used to pay corporate income tax and offset previous years' losses. Then, 10% of the surplus will be allocated to the legal reserve, except when the accumulated legal reserve has reached the company's total paid-in capital. After making the necessary allocations or reversals of special reserves as required by law or regulatory authorities, the board of directors may draft a proposal for the distribution of the remaining surplus along with any undistributed earnings from previous years. This proposal will be submitted to the shareholders' meeting for approval to distribute dividends to shareholders. As the company is in a growth phase, its dividend distribution policy will take into account the current and future investment environment, capital requirements, domestic and international competition, and capital budget, balancing the interests of shareholders, dividend payments, and the company's long-term financial planning. Each year, at least 10% of the distributable earnings should be allocated as shareholder dividends, unless the cumulative distributable earnings are less than 10% of the total paid-in capital, in which case no distribution is required. Dividends may be distributed in cash or stock, with stock dividends making up 0% to 90% of the total dividends and cash dividends making up 10% to 100% of the total dividends.
2. Dividend distribution issues resolved in shareholders' meeting: On February 29, 2024, the board of directors approved the plan to offset the losses for the fiscal year 2023 and resolved not to distribute any dividends.
3. Specify shall there be material change of the dividend distribution policy: Not Applicable

(VII) Impact of Proposed Stock Dividends on Business Performance and Earnings per Share:

The Company has no proposed stock dividends for this year, so this section is not applicable.

(VIII) Compensation to Employees, Directors and Supervisors:

1. Portion and Scope of Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:
   (1) Compensation to employees: 3% to 10%
   (2) Directors' remuneration: shall not above 5%
2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: No discrepancy for the current period.
3. Distribution of compensation passed by the Board of Directors:
   (1) Directors' remuneration: For the fiscal year 2023, the company reported a loss, resulting in no allocation for employee compensation or director and supervisor remuneration.
   (2) Regarding the amount of employee compensation distributed in stock and its proportion to the after-tax net profit in the standalone or individual financial report and the total employee compensation: Since there was no employee compensation distributed in stock this period, this is not applicable.
4. Distribution of compensation to employees, directors and supervisors in the previous year:
   On March 13, 2023, the Board of Directors approved the distribution of cash for employee compensation and director and supervisor remuneration for the fiscal year 2022, with amounts of NT$3,163,000 and NT$1,356,000, respectively. The estimated amounts matched the actual distributed amounts exactly.

(IX) Buy-back of Treasury Stock: None.

II. Status of Corporate Bond Issuance

Second Domestic Unsecured Convertible Bonds

<table>
<tr><td colspan="2">Type of Bond</td><td>Second Domestic Unsecured Convertible Bonds</td></tr>
<tr><td colspan="2">Issue Date</td><td>January 11, 2022</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$100,000 per bond</td></tr>
<tr><td colspan="2">Issuance and Trading Venue</td><td>Taipei Exchange</td></tr>
<tr><td colspan="2">Issue Price</td><td>Issued at par value</td></tr>
<tr><td colspan="2">Total Amount</td><td>NT$600 million</td></tr>
<tr><td colspan="2">Interest Rate</td><td>0% coupon rate</td></tr>
<tr><td colspan="2">Maturity Term</td><td>Five years; Maturity Date: January 11, 2027</td></tr>
<tr><td colspan="2">Guarantee Institution</td><td>None</td></tr>
<tr><td colspan="2">Trustee</td><td>Bank SinoPac</td></tr>
<tr><td colspan="2">Underwriter</td><td>Grand Fortune Securities</td></tr>
<tr><td colspan="2">Legal Counsel</td><td>Far East Law Offices; Attorney Ya-Wen Chiu</td></tr>
<tr><td colspan="2">Certifying Accountants</td><td>Ernst & Young Taiwan, CPAs Ching-Piao Cheng and Kuo-Shuai Chen</td></tr>
<tr><td colspan="2">Repayment Method</td><td>Repayment in full in cash at maturity, with options for conversions, redemptions, early redemptions, or buybacks and cancellations through securities firms</td></tr>
<tr><td colspan="2">Outstanding Principal</td><td>NT$571,100 thousand</td></tr>
<tr><td colspan="2">Redemption or Early Repayment Terms</td><td>As stipulated in Articles 18 and 19 of the bond issuance and conversion plan</td></tr>
<tr><td colspan="2">Restrictions</td><td>None</td></tr>
<tr><td colspan="2">Credit Rating Agency, Rating Date, and Rating Result</td><td>None</td></tr>
<tr><td rowspan="2">Other Rights</td><td>Conversion (Exchange or Subscription) of Common Shares, Overseas Depositary Receipts, or Other Securities as of the Date of Printing of the Annual Report</td><td>As of the date of printing of the annual report, there have been no requests for conversion by holders.</td></tr>
<tr><td>Issuance and Conversion Procedures</td><td>The issuance and conversion of convertible bonds are conducted in accordance with the provisions of Articles 9 and 10 of the Regulation of Issuance and Conversion for this conversion.</td></tr>
<tr><td colspan="2">Issuance and Conversion, Exchange, or Subscription Procedures, Potential Dilution Impact on Equity and Effects on Existing Shareholders' Interests</td><td>The convertible bonds issued in this offering bear a 0% coupon rate, providing access to low-cost capital, and the conversion price is determined with a premium over the market price of common shares, thus there should be no adverse effect on shareholder equity.</td></tr>
<tr><td colspan="2">Name of Custodial Institution for Exchange Targets</td><td>None</td></tr>
</table>

Convertible Bonds Information

Type of Bond		Second Domestic Unsecured Convertible Bonds	
Year / Item		2023	As of February 29, 2024
Market Prices of Convertible Bonds	Highest	97.55	98.80
	Lowest	93.95	97.40
	Average	95.58	98.23
Conversion Price		73.58	73.58
Issue Date and Conversion Price at Issuance		Issue Date: January 11, 2022 Conversion Price at Issuance: NT$80.5	
Method of Fulfilling Conversion Obligations		Issuance of new shares	

III. Handling of Preferred Stock: None.

IV. Handling of Overseas Depositary Receipts: None.

V. Handling of Employee Stock Option Certificates: None.

VI. Handling of Restricted Employee Rights for New Shares: None.

VII. Handling of New Share Issuance for Merger or Acquisition of Other Company Shares: None.

VIII. Execution Status of Fund Utilization Plan

(I) Issuance of Domestic Unsecured Convertible Bonds for the Second Time in 2021

1. Plan Details

(1) Approval Date and Reference Number by the Regulatory Authority: Approved by the Financial Supervisory Commission on December 9, 2021, Letter No. 1100376203.

(2) Total Funding Required for the Plan: NT$725,300 thousand.

(3) Source of Plan Funds: Issuance of 6,000 units of Domestic Unsecured Convertible Bonds, with a face value of NT$100 thousand each, issued at par value, with a duration of 5 years and a coupon rate of 0%, expecting to raise a total of NT$600,000 thousand; the remaining NT$125,300 thousand will be funded with internal resources.

2. Fund Utilization Plan, Progress, and Benefits Generated

(1) Project Details and Progress in Fund Utilization

Unit: NT$1,000

Project Details	Completion Date	Total Funding Required	Fund Utilization Progress
			2022 Q1
Reinvestment in Hsin-Bo Asset Co., Ltd. (hereinafter referred to as "Hsin-Bo Assets")	2022 Q1	725,300	725,300

(2) Expected Benefits

The Company's issuance of the second domestic unsecured convertible bond project aims to increase investment in subsidiary Hsin-Bo Asset by NT$725,300 thousand. The funding sources include raised funds of NT$600,000 thousand and internal resources of NT$125,300 thousand. Hsin-Bo Asset is primarily engaged in asset leasing business management. After the Company's increased investment in Hsin-Bo Asset, its operating funds will be used for the purchase of land and factories, totaling approximately NT$724,000 thousand. The remaining NT$1,300 thousand will be used as supplementary operating funds for Hsin-Bo Asset. The land and factories purchased by Hsin-Bo Asset will be rented out to generate rental income. It is estimated that this project will yield long-term stable rental income and cash flow.

After Hsin-Bo Asset purchases land and factories, they will be rented out to corporate tenants on a per-floor and per-factory basis. Based on existing tenants and agreements with prospective tenants, it is projected that annual rental income from 2022 and 2023 onwards will be NT$30,895 thousand and NT$36,742 thousand, respectively. Rental income is calculated based on fixed rental fees specified in contracts and shared expenses for facility management. The annual depreciation expense for the factories is approximately NT$13,285 thousand. Subsequently, it is estimated that the annual operating income will reach approximately NT$16,726 thousand and NT$21,957 thousand from 2022 and 2023 onwards. Considering the expected operating income and factory depreciation expenses, the anticipated payback period is approximately 20.71 years. With the injection of investment returns from reinvestment, this project is expected to have a positive impact on the overall business planning and development of the Company.

3. Changes in Project Content, Sources and Utilization of Funds, Reasons for Changes, Before and After Changes in Benefits, Date of Shareholders' Meeting for Reporting Changes in the Plan, and Date of Posting Changes to the Plan on the Public Information Observation Platform: None.

4. Execution Status

Unite: NT$1,000; %

<table>
<tr><th>Project</th><th colspan="2">Execution Status</th><th>2022 Q1</th><th>Progress Deviation & Improvement Plan</th></tr>
<tr><td rowspan="4">Reinvestment in Hsin-Bo Asset Co., Ltd. (hereinafter referred to as "Hsin-Bo Assets")</td><td rowspan="2">Amount Utilized</td><td>Projected</td><td>725,300</td><td rowspan="4">The investment has been completed in the 1st quarter of 2022 with 100% progress achieved. Execution proceeded as planned, and no deviation was observed.</td></tr>
<tr><td>Actual</td><td>725,300</td></tr>
<tr><td rowspan="2">Execution Progress</td><td>Projected</td><td>100.00</td></tr>
<tr><td>Actual</td><td>100.00</td></tr>
</table>

5. Evaluation of Benefits

The Company conducted the issuance of the second domestic unsecured convertible bonds in 2021, raising funds on January 7 2022, and subsequently reinvested in Hsin-Bo Assets in 2022 Q1 to purchase land and factories. The details of the achieved benefits are as follows:

(1) Benefits of Hsin-Bo Assets

After the purchase of land and factories by Hsin-Bo Asset, the procedures for real estate ownership transfer registration and lease contract signing were completed in mid-March 2022. The properties were then leased out to corporate tenants according to the planned floor and factory area layout. Due to differences between the actual leased area and rental prices compared to the original projections, as well as variations in the timing of lease commencement due to negotiations with different enterprises, and Hsin-Bo Asset's expansion into revenue sources by investing in the construction of solar power plants, there are discrepancies between the projected and actual operating income figures of Hsin-Bo Asset. The relevant data is listed in the table below:

Benefits of Reinvestment in Hsin-Bo Assets Co., Ltd.

Unit: NT$1,000; %

Item	2022			2023			Up to End of January, 2024		
	Projected	Actual	Achievement Rate (%)	Projected	Actual	Achievement Rate (%)	Projected	Actual	Achievement Rate (%)
Operating Revenue	30,895	28,129	91.05	36,742	39,868	108.51	3,062	15,481	505.58
Depreciation Costs (Note 1, 2)	12,731	9,470	74.39	13,285	16,844	126.79	1,107	1,545	139.57
Factory Overhead Expenses (Note 3)	1,438	13,788	958.83	1,500	23,722	1581.47	125	3,356	2684.80
Operating Profit	16,726	4,871	29.12	21,957	(698)	(3.18)	1,830	10,580	578.14

Note 1: Hsin-Bo Asset acquired a factory building in mid-March 2022 and recorded depreciation expenses accordingly.

Note 2: Depreciation expenses are based on the building valuation amount of NT$332,125,000 as stated in the real estate appraisal report issued by Hunhsin Real Estate Appraisal Joint Office on November 4, 2021. Depreciation is calculated using the straight-line method over an estimated useful life of 25 years. Additionally, depreciation is amortized for the corresponding useful life of solar power plant equipment, energy storage equipment, and transportation equipment.

Note 3: Factory management expenses include salaries of factory personnel and other daily operational expenses.

Note 4: Calculated based on the projected figures for 2024 divided by 12 months.

From the data provided, it is evident that the achievement rates of operating income for 2022 to 2023 and up to January 2024 were 91.05%, 108.51%, and 505.58%, respectively. In 2022, the primary factor influencing the lower achievement rate was the delayed commencement of rental income due to the acquisition of the office building by Hsin-Bo Assets in March of that year, which deviated from the initially projected timeframe in January. Consequently, the actual achievement rate for that fiscal year stood at 91.05%. However, the achievement rates for 2023 and up to January 2024 both exceeded 100%, indicating a favorable performance trend.

Turning to depreciation expenses, the achievement rates for 2022 to 2023 and up to January 2024 were 74.39%, 126.79%, and 139.57%, respectively. The lower achievement rate of 74.39% in 2022 can be attributed to the delayed recognition of depreciation expenses following the acquisition of the office building by Hsin-Bo Assets in March of that year, as opposed to the initially planned schedule in January. Meanwhile, the higher achievement rates in 2023 and up to January 2024, namely 126.79% and 139.57%, respectively, were primarily driven by Hsin-Bo Assets' ongoing investments in expanding revenue streams, such as the construction of solar power plants and the acquisition of transportation equipment to meet operational demands.

As for factory management expenses, the achievement rates for 2022 to 2023 and up to January 2024 were 958.83%, 1,581.47%, and 2,684.80%, respectively, all surpassing expectations. This can be attributed to the ongoing maintenance, renovation projects, and operational costs incurred for water, electricity, and facility maintenance due to the Company's acquisition of buildings that were not yet ready for rental use. Additionally, the continued investment in solar power plant construction by Hsin-Bo Assets and the corresponding increase in factory personnel led to additional expenses.

In terms of operating profit, the achievement rates for 2022 to 2023 and up to January 2024 were 29.12%, (3.18)%, and 578.14%, respectively. The lower achievement rate of 29.12% in 2022 was primarily due to the delayed commencement of rental income and higher-than-expected factory management expenses. 2023 recorded a negative achievement rate, mainly because Hsin-Bo Assets continued to invest in revenue-expanding initiatives, such as the ongoing construction of solar power plants, which had yet to generate operational income, resulting in increased costs for salaries, development, and operations. The achievement rate of 578.14% up to January 2024 was mainly driven by stable rental income, solar power generation income, and the formal assumption of leasing business within the group by Hsin-Bo in January of that year, contributing to a cumulative operating profit of NT$10,580,000 by the end of January, indicating the evident benefits of the related investment initiatives.

(2) Benefits in Reinvestments in Subsidiary Companies

In the preceding fiscal year, the company executed the second issuance of unsecured convertible corporate bonds domestically in 2021. The total raised amounted to NT$600,000 thousand, supplemented by the Company's own funds of NT$125,300 thousand, all allocated for participation in the cash capital increase of the subsidiary, Hsin-Bo Assets. This capital injection elevated the Company's ownership stake in Hsin-Bo Assets to 96.33%. Upon review of the audited financial reports for 2022 to 2023 and the interim financial statements up to January of 2024, it was observed that the investment income recognized from Hsin-Bo Assets amounted to NT$6,150 thousand, (NT$5,294 thousand), and NT$10,205 thousand for the respective periods. These contributions influenced the earnings (loss) per share of the Company, amounting to NT$0.08, (NT$0.07), and NT$0.13, respectively. Despite 2023 registering a loss due to ongoing investments by Hsin-Bo Assets in revenue-expanding initiatives, such as the construction of solar power plants, which had yet to yield operational income, coupled with escalated expenses in salaries, development, and operations, resulting in a deficit for Hsin-Bo Assets, other fiscal years remained profitable. This underscores the positive impact of the investment in Hsin-Bo Assets on the company's profitability and earnings per share, a conclusion deemed reasonable upon assessment.

Unit: NT$1,000; %

Item	2022			2023			Up to End of January, 2024		
	Projected	Actual	Achievement Rate (%)	Projected	Actual	Achievement Rate (%)	Projected	Actual	Achievement Rate (%)
Recognizable Increase in Investment Income	16,112	6,150	38.17	21,151	(5,294)	(25.03)	1,763	10,205	578.84
Impact on Earnings per Share	0.19	0.08	42.11	0.25	(0.07)	(28.00)	0.02	0.13	650.00

Note: The calculation is based on dividing the estimated figures for 2024 by 12 months.

To summarize, the preceding issuance of the second unsecured convertible corporate bonds domestically, directed towards investing in subsidiary Hsin-Bo Assets for the purpose of acquiring land and factory facilities, should have reasonably manifested beneficial outcomes.

Five. Operation Highlights

I. **Business Activities:**

(I) Business Scope

1. The business of the company as follows:

(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

2. Business proportion

Unit: NT$1,000; %

Year / Product	2022		2023	
	Net Sales	%	Net Sales	%
PMOLED Pack	790,250	29.12	641,706	23.93
PMOLED Glasses	95,652	3.52	59,590	2.22
The Battery Pack	1,690,011	62.28	1,958,135	73.00
Others	137,637	5.08	22,786	0.85
Total	2,713,550	100.00	2,682,217	100.00

Note: This includes income from IC and other electronic components, water appliances, SMT contract manufacturing, and leasing business.

3. The current product lineup of the Company includes:

(1) RitDisplay Corporation:

Passive monochrome, multi-color, and RGB organic light-emitting diode (OLED) displays, predominantly utilized across various sectors including medical equipment, household appliances, industrial instruments, automotive applications, set-top boxes, gaming consoles, wearable devices, IoT, electronic cigarettes, banking (U-Key), home automation, and other specialized products. The primary product sizes focus on OLED displays sized 3 inches or smaller, tailored to meet customer demands.

(2) Cashido:

Kitchen ozone water generators (external, touch-enabled, and commercial standalone units), under-counter ozone water generators and faucets (for kitchen and bathroom sinks), various customizable ozone water generator modules (compatible with different bathroom fixtures), aeration-type ozone generators (for room and automotive applications), various customizable aeration-type ozone generators (designed for bathroom fixtures and indoor fans), consumer and industrial ultrafine bubble systems and modules, SMT contract manufacturing, and material procurement services.

(3) RitWin:

Highly efficient lithium-iron battery modules designed for energy storage systems, catering to diverse applications such as industrial uninterruptible power supply (UPS) systems, battery energy storage systems (BESS), control systems, energy management software (EMS), and backend management for grid systems.

(4) Welltech Energy:

OEM/ODM design, development, and manufacturing of battery modules for various products including smart home devices, industrial computers, tablet computers, and navigation devices.

4. Planned Development of New Products:

(1) High-efficiency, high-brightness color products.
(2) Household, networking, and medical products designed for extended operational lifespan.
(3) Transmissive display products.
(4) OLED integrated embedded touch (in-cell & on-cell) functional products, providing a one-stop solution to enhance customer engagement.
(5) Outsourced production of Passive Matrix MicroLEDs.
(6) High-reliability OLED display components for automotive use.
(7) Smart water meters.
(8) Organic TFT (OTFT) AM OLED displays.
(9) Smart battery modules for handheld devices.
(10) Battery modules for E-bikes.
(11) Battery modules for drones.
(12) Battery modules for electric motorcycles.
(13) Medium-sized energy storage cabinets.
(14) Small-scale home energy storage systems.
(15) Liquid-cooled large-scale energy storage systems.

(II) Industry Overview

The Company is primarily engaged in the research, development, manufacturing, and sales of PMOLED products. Its end products are mainly used in medical devices, wearable devices, set-top boxes (STB), electronic cigarettes, and home appliances. The applications cover consumer, livelihood, and communication markets. The Company's subsidiary, RitWin Technology Co., Ltd., is a high-efficiency lithium battery module manufacturer. Its main business includes energy storage systems integrating high-efficiency lithium iron batteries, power conditioning systems (PCS), battery energy storage systems (BESS), control systems, energy management software (EMS), and back-end management of power grid systems. RitWin provides comprehensive and reliable one-stop energy storage integration solutions, meeting the diverse application needs in residential, commercial, and transmission and distribution power sectors. Cashido Co., Ltd. is mainly involved in the research, development, and manufacturing of SMT and superoxide ion sterilization products. Hsin-Bo Assets Co., Ltd. primarily engages in leasing services. WTE focuses on the portable lithium battery module market. Its product applications mainly include smart home devices, navigation devices, medical equipment, tablet computers, and portable electronic products.

1. Industry Overview

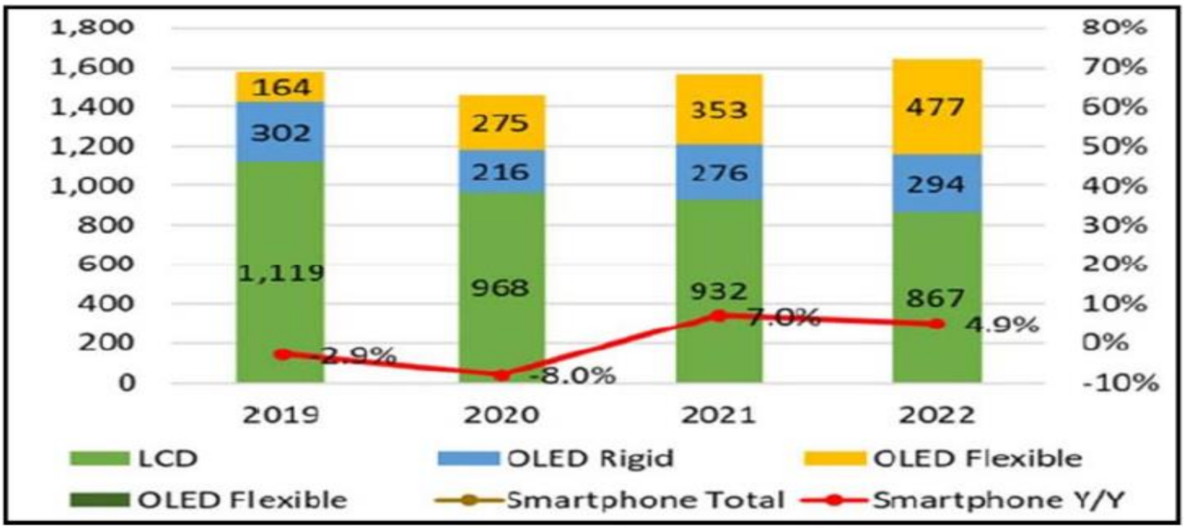
By 2023, with the resolution of the COVID-19 pandemic and the lifting of strict containment measures in China, the overall supply chain has resumed normal operations. Furthermore, due to adjustments in global strategies by major customers and competition from low-cost Chinese competitors, it is expected that there will be considerable competition affecting product revenue and gross margin. With the increasing popularity of cloud technology and smart home applications, along with the development of multi-core and large-screen smartphones and tablets, the lithium battery module market continues to grow. Additionally, with the development of power batteries and energy storage applications, the overall industry is experiencing stable and moderate growth. In the long term, the application of lithium batteries is expected to significantly increase not only in electric vehicles but also in energy storage devices for renewable energy, thereby expanding the breadth of lithium battery applications.

OLED:

OLED displays have self-illuminating properties, wide viewing angles, fast response times, high contrast, high visibility, low-temperature durability, lightweight, and thin form factor, making them the third-generation display technology following cathode-ray tubes (CRT) and liquid crystal displays (LCD). As a next-generation display technology, OLED is expected to continue holding a significant market share in the future, considering the development trajectory of display technologies. However, compared to the mainstream thin-film transistor liquid crystal display (TFT LCD) technology, OLED production scale is smaller, resulting in fewer equipment and material suppliers. This leads to relatively higher cost and technological challenges for OLED manufacturers. Nevertheless, OLED has a simpler structure and thinner profile, making it easier to meet the demand for flexible displays compared to TFT LCD. OLED can be further categorized into active matrix OLED (AMOLED) and passive matrix OLED (PMOLED). The main difference between AMOLED and PMOLED lies in the driving method. AMOLED utilizes independent thin-film transistors (TFTs) to control pixels and uses capacitor storage signals to control brightness and grayscale performance. It can achieve independent pixel illumination through low-temperature polysilicon or oxide driving, resulting in faster and more precise pixel illumination control. On the other hand, PMOLED adopts sequential scanning driving, where scan lines are sequentially activated, and pixels are illuminated when the current passes through. By scanning the array formed by cathodes and anodes, each pixel can instantly emit high brightness in a short pulse mode. Due to its simpler driving circuit design, PMOLED has lower material and production costs. Additionally, only the actually illuminated pixels consume power, while the non-emitting pixels remain inactive, providing a solid foundation for low-power and energy-saving applications.

According to DSCC research, the global smartphone panel shipments in 2020 reached 1.459 billion units, representing a decline of 8% due to the impact of the COVID-19 pandemic. However, in terms of panel technology, OLED panel shipments grew by 3%, reaching 491 million units. This includes 275 million units of flexible AMOLED (YoY growth of 67.7%) and 216 million units of rigid AMOLED (YoY decline of 28.5%). Therefore, the growth of OLED panels mainly came from flexible AMOLED. The penetration rate of OLED smartphone panels increased significantly from 29.4% in 2019 to 33.6% in 2020, and it is projected to reach 40.3% in 2021, significantly compressing the LCD panel market.

【2019~2022 Smartphone Panel Shipments】



Source：DSCC in SID202

(1) PMOLED

PMOLED displays possess characteristics such as self-illumination, high brightness, wide viewing angles, low power consumption, and high contrast. Their all-around viewing angles and high contrast allow for consistent display of contrast in different directions and angles. When used in reading conditions, users can control them from various angles, and they can also be used outdoors with low power consumption. AMOLED panels have faced difficulties in terms of process technology, struggling to improve yield rates and facing high production costs. As a result, their development has been relatively slower, with only a few companies having achieved mass production. Furthermore, AMOLED has higher capital expenditure compared to PMOLED, expensive customization costs, and high tooling expenses. Consequently, it is limited by minimum production quantities and is not suitable for markets requiring small quantities and customization. Additionally, due to higher material and production costs relative to PMOLED, small-sized wearable products, networking devices, and home appliances still prefer PMOLED as the primary choice.

The size range of PMOLED displays varies from less than 1 inch to 5.5 inches, mainly applied in displays smaller than 3 inches. They support text, numeric, and graphic matrix resolution displays, with the display background always remaining black while pixels can be displayed in yellow, blue, white, amber, sky blue, and green. PMOLED displays have a low installation height and, coupled with their self-illumination technology, eliminate the need for backlighting in display modules. This makes them simple, with only a front glass and back glass, requiring no backlight source, resulting in a reduction of a few millimeters in display thickness. The manufacturing process for PMOLED is relatively simple, energy-efficient, and has lower production costs compared to AMOLED. In consumer electronics products such as medical devices, industrial control, and wearable devices, PMOLED outperforms twisted nematic liquid crystal (TN) and super-twisted nematic display (STN) in terms of self-illumination, power efficiency, contrast, resolution, and full-color display. PMOLED offers a sense of future and fashion. In terms of display module volume, PMOLED is relatively small and easily customizable. As a result, PMOLED has been gradually eroding the market share of TN and STN.

Recently, with the increased visibility of the PMOLED market, expanded economies of scale, and cost reductions, this substitution effect has accelerated, expanding into networking devices, home appliances, wearable devices, industrial control, electronic cigarettes, and medical displays. It mainly covers consumer, livelihood, medical peripheral, and communication applications.

According to research by the Industrial Technology Research Institute (ITRI) IEK, the PMOLED panel industry continues to adopt a diversified business strategy. Among the product types, smart wristbands dominate, with a significant portion of them being customized products developed by brands such as Nike and Fitbit. These types of products have a high degree of customization, with pricing mostly based on contracts, resulting in minimal price fluctuations and stable revenue performance. Additionally, the majority of shipments consist of information display panels for household appliances, ranking as the second-highest in annual shipments. The stable increase in shipments is due to the replacement of TN and STN technologies.

【The PMOLED Market Estimation】

Source: Market Research Future (2024/2)

According to market research firm Market Research Future, the global PMOLED market was valued at approximately $1.8 billion in 2018. It is estimated that by 2025, the global market value of PMOLED will grow to $6.3 billion, with a compound annual growth rate (CAGR) of approximately 19.7%. It is expected that AR/VR headsets will become a significant growth driver for the PMOLED market. After industry adjustments and revisions, the global PMOLED industry is now dominated by four major suppliers: RitDisplay from Taiwan, WiseChip Semiconductor Inc., SUZHOU QINGYUE OPTOELECTRONICS TECHNOLOGY CO., LTD from China, and Visionox International Limited. These four suppliers together hold a market share of 90%. Other companies, such as SOAR Corporation in Japan, mainly supply the Japanese market, and Pioneer Group for internal use. With limited supply and increasing demand in niche markets such as wearable devices, STBs, industrial control, and healthcare, the PMOLED industry is experiencing stable growth.

(2) OLED in Taiwan

Regarding the OLED panel industry, looking ahead to the second quarter of 2021, the shipment of PMOLED and AMOLED panels for industrial and commercial use is expected to remain stable, while there is an increase in demand for consumer panels. It is projected that the OLED industry's output value in Taiwan will reach NT$2.75 billion in the second quarter. For the entire year of 2021, the OLED panel industry is expected to see a year-on-year growth of 5.7%, reaching an output value of NT$10.91 billion.

【2020~2022 The OLET production Volunm】

產業別	2020				2021				2020	2021(e)	年成長	2022(f)
	Q1	Q2	Q3	Q4	Q1	Q/Q	Y/Y	Q2(e)				
TFT-LCD(>10")	1,061.2	1,281.0	1,442.6	1,635.7	1,712.9	4.7%	61.4%	1,861.0	5,420.5	6,173.7	13.9%	6,244.3
TFT-LCD(<10")	682.8	726.9	774.3	706.5	763.9	8.1%	11.9%	790.0	2,890.5	3,123.9	8.1%	3,001.5
OLED	20.0	27.9	28.1	27.2	26.3	-3.1%	31.5%	27.5	103.2	109.1	5.7%	107.3
Others	12.3	13.1	13.0	13.0	12.8	-1.8%	4.1%	12.9	51.5	51.7	0.3%	51.1
Total	1,776.3	2,049.0	2,258.0	2,382.4	2,515.9	5.6%	41.6%	2,691.4	8,465.7	9,458.4	11.7%	9,404.2

Source: Industrial Technology Research Institute (ITRI) International, TIS Research Team (May 2021)

In the PMOLED industry, the two major PMOLED manufacturers in Taiwan, RitDisplay and WiseChip Semiconductor, have each implemented different operational strategies to enhance their business momentum.

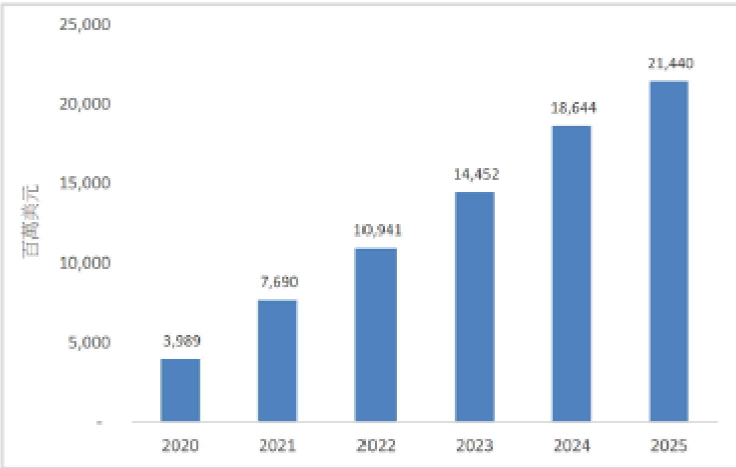
Energy Storage System

(1) Blobal Energy Storage Industry

With increasingly stringent environmental regulations and the promotion of renewable energy policies by governments worldwide, the demand for energy storage technology has greatly increased. If the energy storage issue cannot be addressed, the transition to a renewable energy era cannot be truly achieved. Energy storage systems play a balancing role between renewable energy and the power grid, providing real-time power buffering, energy absorption or supplementation, reactive power support, and power compensation. They can improve power quality, increase energy reserve capacity, stabilize intermittent renewable energy output, and maintain a stable balance between power supply and load in the grid. Therefore, energy storage systems make it easier to integrate wind and solar energy into the grid or household electricity, accelerate the development of distributed energy resources, increase the stability of distributed energy systems, and allow consumers to choose when to store and use electricity during favorable times.

According to statistics from the International Renewable Energy Agency (IRENA), the global installed capacity of new renewable energy power generation reached 261 GW in 2020, representing a growth of approximately 10.3% compared to 2019. With renewable energy contributing to over 50% of the world's new power generation capacity in recent years, an increasing number of countries and regions are recognizing the positive effects of energy transition and promoting renewable energy investments to accelerate the utilization of renewable energy in the power system. This has created market opportunities for stationary energy storage. Currently, energy transition and the use of low-carbon energy have become common international development directions. By the end of 2020, many countries, including the UK, Germany, and Japan, have declared their intentions and goals for achieving "net-zero emissions." In recent years, with the declining levelized cost of renewable energy generation, the combination of renewable energy and energy storage resources has led to the emergence of power purchase agreements and bidding models in Europe and the United States, which has driven the trend of large-scale renewable energy power plants incorporating energy storage. In late 2020, the US government extended the Investment Tax Credit (ITC) for renewable energy investments by two years as part of the green recovery measures. Energy storage systems paired with renewable energy installations are also eligible for this tax credit, which is expected to drive significant deployments before the tax incentives expire. The market size is projected to reach its peak in the short term, surpassing $11 billion by 2024, and the global market is expected to continue expanding in the long term

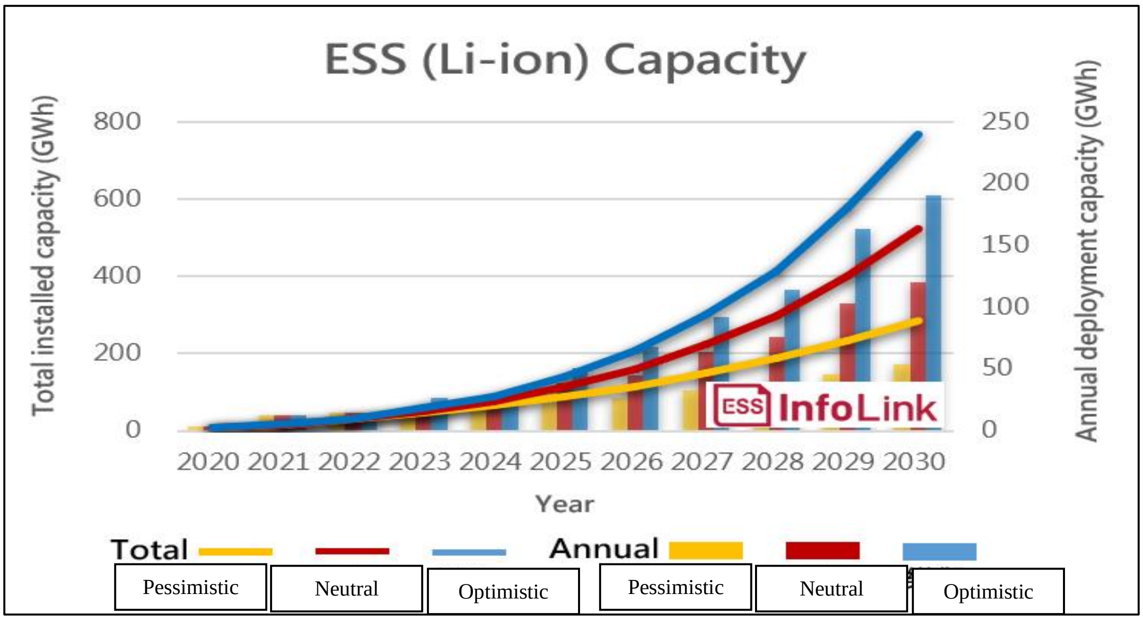
【The estimation scale of Energy Storage Market】



Source: Industrial Economics and Knowledge Center, Industrial Technology Research Institute (2022/12)

The lithium-ion battery energy storage market experienced significant growth in 2020, but its development and application were limited by relatively high costs and safety concerns. However, with the impact of the electric vehicle market, lithium-ion battery technology has been steadily improving, increasing production capacity, and reducing costs. Additionally, with the support of international decarbonization policies, the energy storage sector is expected to become the second-largest application market for lithium-ion batteries in the coming years. Analyst Yuan Fangwei from ESS InfoLink predicts that the lithium-ion battery energy storage market will reach at least 500 GWh by 2030, and in an optimistic scenario, it could exceed 800 GWh, with a compound annual growth rate of 30-40%.

【ESS Capacity Estimation】

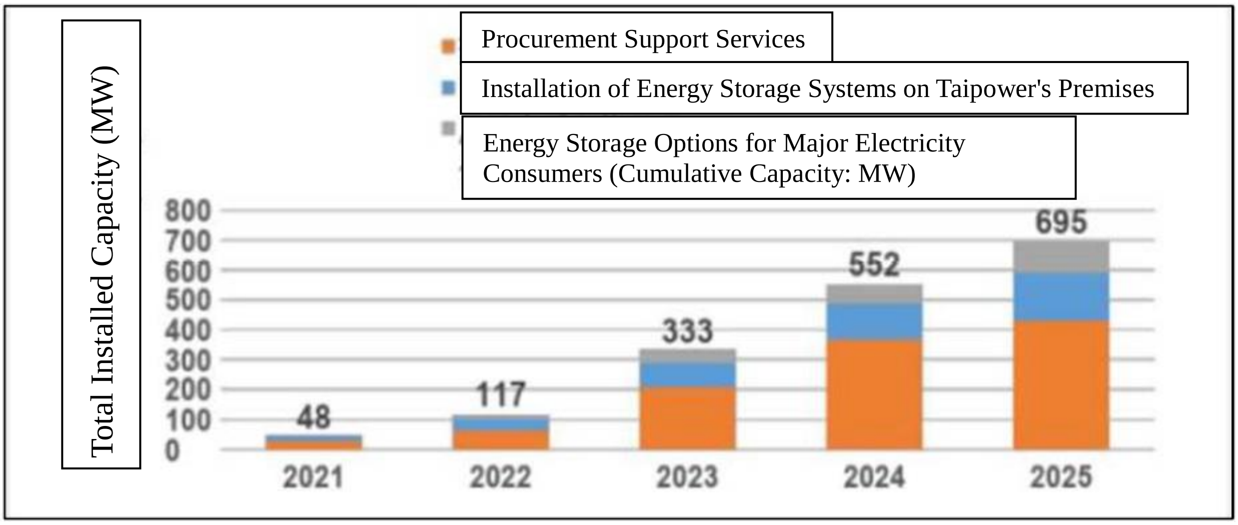


(2) **Energy storage system In Taiwan**

Taiwan lacks self-sufficiency in energy production, with over 98% of its energy relying on imports. Therefore, energy diversification and efficient utilization are the primary directions for development. The Taiwanese government has been actively promoting energy transition in recent years, aiming to achieve a renewable energy installation capacity that accounts for 20% of the overall electricity demand by 2025, towards the vision of a nuclear-free homeland.

The energy storage industry in Taiwan is currently in its early stages, mainly led by Taiwan Power Company (Taipower), CPC Corporation, and government demonstration sites. Taipower plans to achieve a 590 MW installation target by 2025. In addition, the Kinmen project has launched a large-scale energy storage plan, constructing energy storage systems with a capacity of over 10 MWh. Furthermore, a 5 MWh energy storage system will be installed at the Donglin Substation. Among the 590 MW auxiliary power sources set up by Taipower, it is expected that equipment such as energy storage automatic frequency control (AFC) will be utilized. The demand for the Taiwanese energy storage market before 2025 is estimated to be around 700 MW, including the installation of energy storage equipment in Taipower's own sites, procurement of ancillary services, and energy storage options for large electricity consumers. The market size is expected to expand in the future.

【 Accumulated Demand in Taiwan's Energy Storage Market】



Ozone Industry

Since the outbreak of the COVID-19 pandemic worldwide in 2019, it has not only caused a large number of infections and deaths among the population but also resulted in severe post-recovery complications. During the epidemic prevention period, countries have implemented strict lockdown measures, disrupting people's normal lives and causing significant economic losses that are difficult to recover.

Therefore, in addition to emphasizing the intelligence features of the Internet of Things in recent years, products with built-in epidemic prevention functions are becoming increasingly important. Currently, there are various products claiming to have disinfection and epidemic prevention capabilities, making it challenging for consumers to navigate through the overwhelming options. Let's take a look at several common disinfection and epidemic prevention products and methods, along with their advantages and disadvantages.

A. Ultraviolet (UV) Light Mechanism: Short-wave electromagnetic waves break DNA bonds. Pros: Hygienic with no residual effects. Cons: Limited penetration, risk of skin cancer and eye damage.

B. Heat and High-pressure Steam Mechanism: Protein and nucleic acid denaturation (Pasteurization). Pros: Relatively safe, cost-effective, and effective. Cons: Cannot be applied to the human body and certain materials.

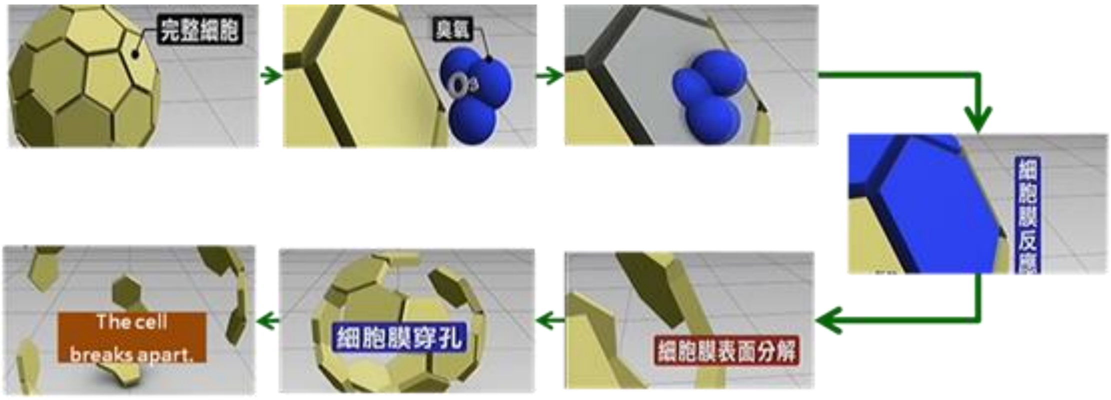
C. Filtration Mechanism: Bacteria are unable to pass through a dense porous filter material. Pros: Used for sterilization of gases, heat-unstable pharmaceutical solutions, or raw materials. Cons: Unable to remove viruses, cost of filter material.

D. Antibiotics Mechanism: Interferes with bacterial cell walls, cell membranes, proteins, nucleic acids, and metabolism, but ineffective against viruses. Pros: Clinical treatment. Cons: Side effects, high cost of use, antibiotic resistance, not suitable for environmental applications.

E. 75% Alcohol Mechanism: Dehydration and protein denaturation. Pros: Convenient and fast. Cons: Flammable, lipophilic (damages the skin), ineffective against multiple viruses, cannot be used on food or utensils.

F. Bleach, Hypochlorous Acid Solution (Chlorine Gas) Mechanism: Hypochlorous acid (HOCl) oxidizes and destroys protein structures. Pros: Convenient and fast. Cons: Storage issues, skin and mucous membrane irritation, residual effects.

G. Ozone Mechanism: (A) Breaking Bonds: Ozone ions, with their high oxidation potential, break the carbon bonds in pesticides, decompose the chemical formulas of pesticides, achieving the effect of decomposing pesticides. (B) Disrupting Bacterial Cell Membranes: When ozone ions mix with water, they generate a large number of ion clusters. These negative ion clusters, with their high oxidation potential, quickly destroy and burn bacterial cell membranes, removing and inhibiting the growth of bacteria and fungi. (C) Releasing Ion Clusters: Ozone ion solutions can release negatively charged ion clusters, which combine with positively charged gas molecules, breaking their bonds and causing decomposition, achieving deodorization effects.



Pro:

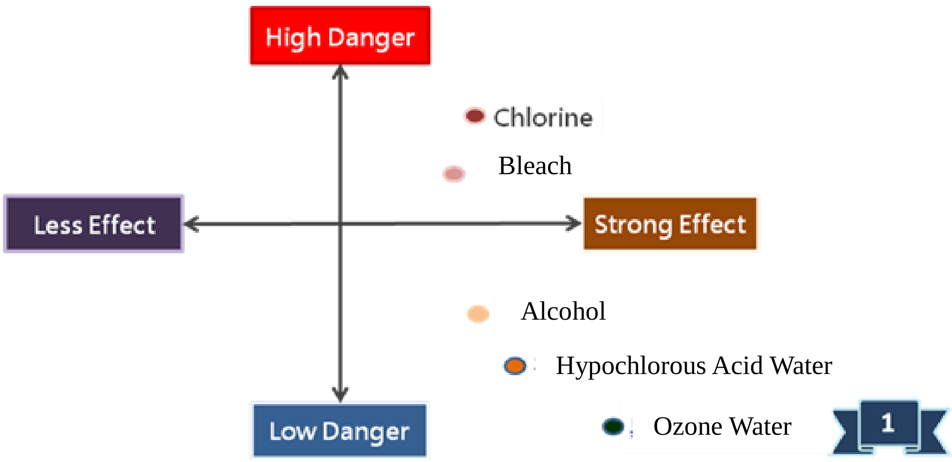
1. Broad-spectrum antimicrobial agent
2. Destroys bacteria, viruses, fungi, and toxins
3. Used in water treatment, chemical oxidation, food processing preservation, and medical applications
4. Ozone disinfection power is 300-600 times that of chlorine gas
5. Ozone disinfection power is 3000 times that of ultraviolet light
6. Harmless to the human body, a low concentration of ozone at 0.05 to 0.1 ppm (parts per million) can kill the COVID-19 virus.
7. Continuous and low-concentration ozone treatment can reduce the transmission of the novel coronavirus.
8. Fujita Health University Hospital in Aichi Prefecture, Japan, has installed ozone generators in wards and waiting areas to reduce in-hospital infections.
9. In 2003, ozone was certified by the U.S. FDA for low-temperature disinfection.
10. Recommended as one of the infection control methods by the U.S. CDC.
11. Using ozone for disinfection, the survival probability (SAL) of most microorganisms is < 10-6.
12. Applicable for disinfection of most medical materials.
13. Short half-life, quickly reverts to oxygen, and leaves no residual effects.

Cons: Short half-life, must be used immediately, cannot be preserved for a long time

Effectiveness Comparison: Ozone Water, Chlorine Disinfectants, Alcohol-based Disinfectants							
Type	Types of Disinfectant Liquids / Pathogens	**Ozone Water** Natural strong oxidizing power without "chlorine"	**Hypochlorous Acid Water** Effective with chlorine concentration above 30 ppm	**Bleach** Effective with chlorine concentration above 500 ppm High residual chlorine Carcinogenic concerns	**Iodine Solution** Alcohol solution Highly irritating Used for disinfecting skin wounds High residue	**Alcohol (75%)** Irritates mucous membranes Ineffective against spores & most viruses	**Hand Soap** Surfactant Removes grease

Bacteria	Escherichia coli	0.2 - 2 ppm: Low concentration is effective	30 ppm: Medium to high concentration with chlorine is effective	500-1000 ppm: High concentration with chlorine is effective	Partially effective	Partially effective	Rinsing (removes grease, poor sterilization and disinfection effect)
	Staphylococcus aureus						
	Salmonella						
	Klebsiella pneumoniae						
	Vibrio vulnificus						
	Pseudomonas aeruginosa						
	Candida albicans						
	Proteus						
	Acinetobacter						
	Klebsiella						
Viruses	Enterovirus					No effect	
	Norovirus						
	Adenovirus						
	Human papillomavirus						
	Rhinovirus						
	Coxsackievirus						
	Hepatitis A virus						
Fungi	Trichophyton					Ineffective against spores	
	Aspergillus niger						
	Streptococcus						

Main Data Sources: SGS Taiwan, Food Industry Research and Development Institute, Taiwan Agricultural Technology Research Institute, TUV Rheinland Laboratory



During the development process, we have continuously sent the ozone water generators we developed to third-party laboratories, both domestically and internationally, for sterilization testing. The following are the test results obtained

細菌種類 (Bacteria)	減少百分比 (Reduction Rate)
艱難梭菌 (Clostridium difficle)	99.9040%
大腸桿菌 (Escherichia coli)	99.9995%
沙門氏桿菌 (Salmonella thyphimurium)	99.9982%
葡萄球菌 (Staphylococcus aureus)	99.9985%
克雷伯菌 (Klebsiella pheumoniae)	99.82%
不動桿菌 (Acinetobacter baumannii)	99.97%
假單孢菌 (Pseudomonas aeruginosa)	99.99%
創傷弧菌 (Vibrio vulnificus)	99.99%
念珠球菌 (Candida albicans)	99.99%
皮屑芽孢菌 (Malassezia furfur)	99.47%

The history of ozone dates back to 1785 when German scientists discovered a peculiar odor during electrical discharges. In 1840, the French scientist Christian Friedrich Schönbein identified this odor as ozone. Ozone is a pale blue gas that is soluble in water. At temperatures below -112℃, it condenses into a deep blue liquid, and at temperatures below -193℃, it forms a purple-black solid. Most people can detect ozone, which has a scent similar to the irritating odor of chlorine. Prolonged exposure to ozone levels of 0.1 to 1 ppm can cause discomfort, irritate the respiratory system, and affect the lungs of humans and animals. However, at low concentrations (less than 0.1 ppm), ozone has a pleasant smell reminiscent of "fresh air" after a thunderstorm.

Ozone is highly reactive and easily decomposes, making it unstable. It gradually decomposes into oxygen at room temperature, and its reactivity is higher than that of oxygen. Due to its instability, ozone readily reacts with organic substances, a process known as "oxidation." Ozone can be reduced and decomposed into oxygen under various conditions such as light, heat, humidity, and catalysts. Gaseous ozone can directly enter the human respiratory system, and excessive concentrations can cause discomfort and pose a danger. Therefore, as ozone has been widely used, countries have started regulating the levels of ozone in the air. For information on the impact of ozone on human health, please refer to the compiled table below.

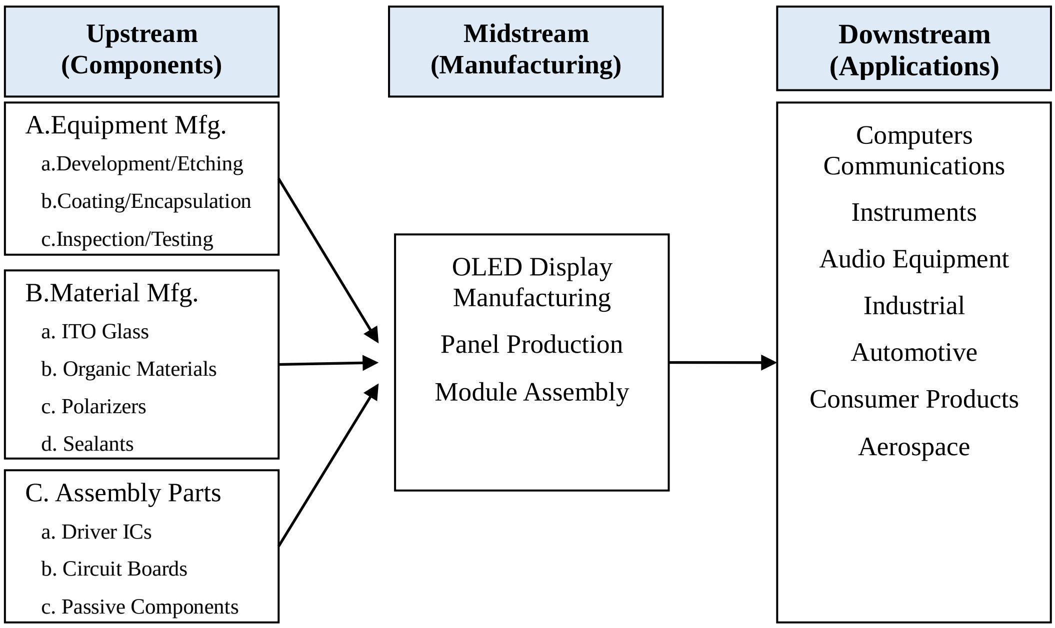
Concentration (ppm)	Effects
0.01-0.015	Detection level for normal sense of smell.
0.06-0.1	No impact on the ventilation capacity of individuals with chronic lung diseases.
0.1-0.3	Causes discomfort for normal individuals; irritates the nose and throat for most people (occupational exposure limit).
0.3-0.6	Irritates and causes discomfort in the nose and throat for most people.
0.6-0.8	Causes chest pain, coughing, increased airway resistance, breathing difficulties, and reduced gas exchange in the lungs.
0.5-1.0	Leads to respiratory disorders, reduced oxygen consumption, and shortened lifespan in guinea pigs.
1-2	Causes fatigue, dizziness, headaches, and dry upper respiratory tract.
5-10	Results in breathing difficulties, pulmonary edema, increased pulse rate, body pain, paralysis, and stupor.
50	Life-threatening within one hour.

Taiwan, like most countries, has regulations stipulating that the average indoor air concentration of ozone should not exceed 0.1 ppm over a continuous 8-hour period.

The U.S. Food and Drug Administration (FDA) has set a requirement for ozone concentration in the air to be below 0.07 ppm. Currently, there are no regulations governing the concentration of ozone in water, and it is relatively harmless to humans.

Despite the numerous advantages mentioned above, it is essential for manufacturers to control the concentration of ozone within a safe range to maximize its effectiveness. The patented gas-liquid mixing and negative-pressure startup technology developed by Huashide ensures a sufficient and consistent concentration of ozone in water while controlling the emission level within safe limits. This makes it the only product on the market capable of achieving such controlled and safe ozone concentrations.

2. The interrelationships between the upstream, midstream, and downstream sectors of the industry
RitDisplay has been deeply involved in the OLED industry for nearly twenty years, cultivating a strong research and engineering team. They possess profound expertise in maintaining and upgrading production equipment. They continuously innovate and develop products that are more efficient, have longer lifespans, and meet customer design requirements. RitDisplay also participates in the integration of key domestic materials (encapsulation materials and organic coating materials) development projects to reduce reliance on foreign materials, enhance material independence, and lower production costs to maintain competitiveness. By responding to customer demands and developing novel products, RitDisplay ensures brand loyalty among its customers. In the diagram below, the company is positioned in the midstream industry and maintains a close relationship with both upstream and downstream industries:

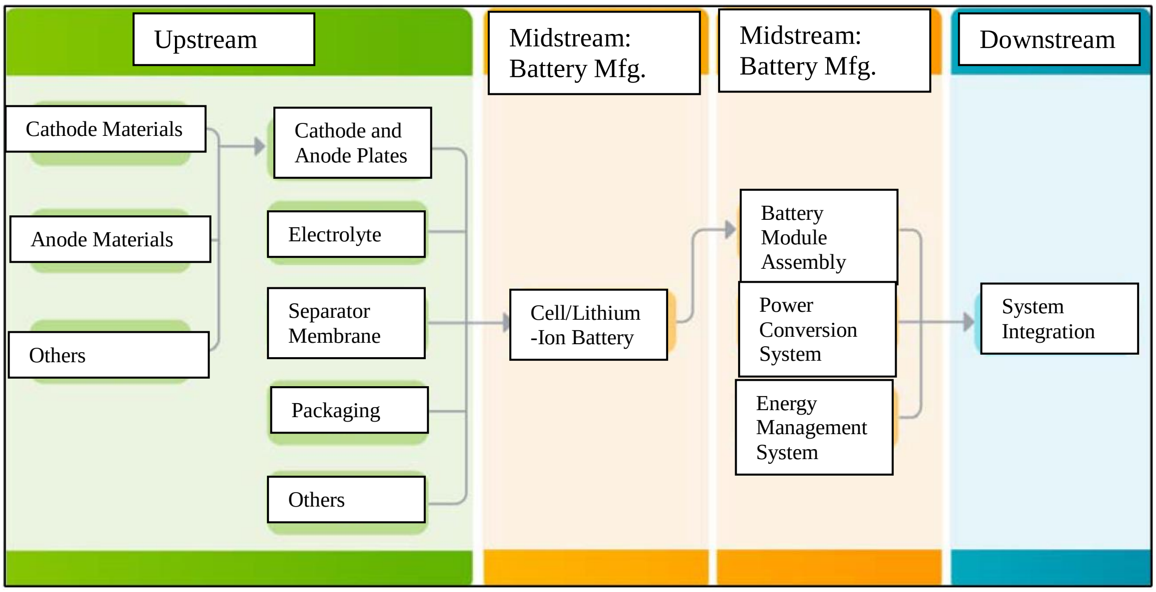


Source: Flat Display Yearbook

The energy storage industry in Taiwan primarily focuses on the supply of lithium-ion battery energy storage systems. The industry structure can be divided into three main sectors: upstream lithium battery materials, midstream lithium battery manufacturing and major subsystem production (including battery modules, power conversion systems, energy management control systems), and downstream energy storage system integration.
The layout of energy conversion systems for energy storage is based on the experience gained from the development of solar photovoltaic systems. Downstream energy storage system integration involves further integrating the battery subsystem,

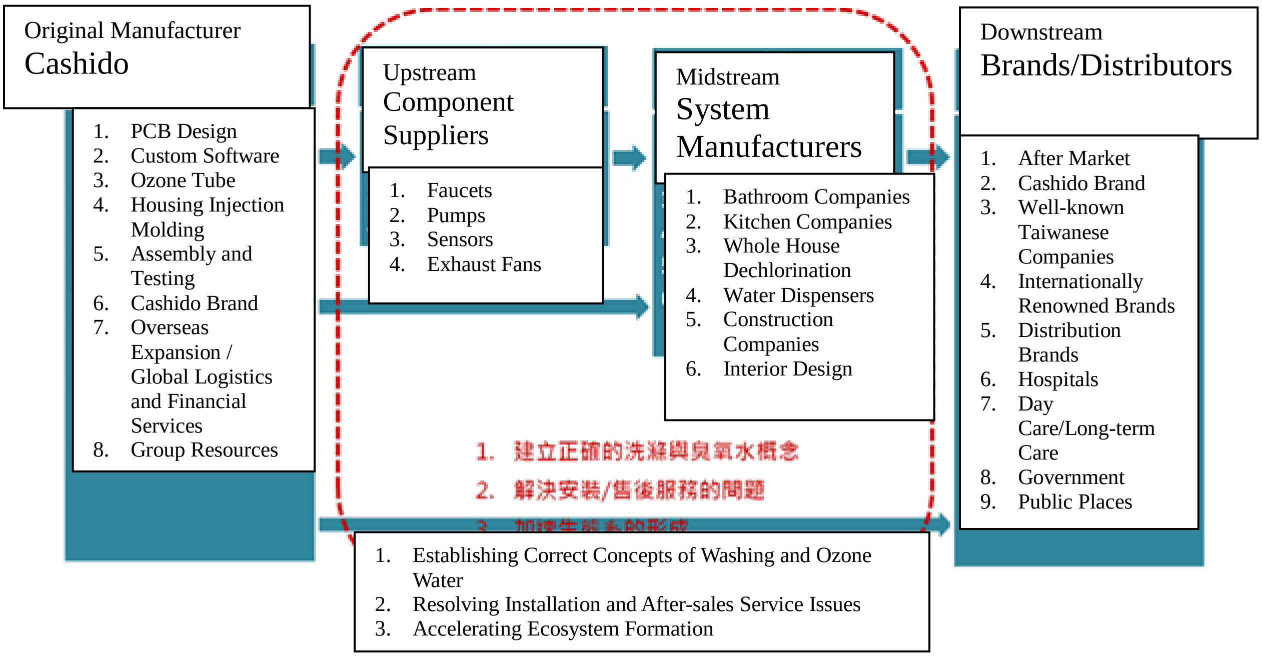
power conversion system, and energy management control subsystem to form end products for power system applications.

The Company and its subsidiaries belong to the midstream sector as specialized battery module manufacturers. We provide effective solutions based on the specific needs of downstream customers. This includes selecting appropriate battery cells, designing protective safety circuits, and assembling battery modules to meet customer's specific functional requirements. The industry's upstream, midstream, and downstream relationships are illustrated in the diagram below



Source: Green Trade Information Network

Cashido has been deeply involved in the ozone industry for over a decade, primarily focusing on the B2C market with its own brand of standalone ozone devices. However, due to limited brand recognition and barriers such as consumer DIY requirements, the company faced challenges in market expansion. Since 2019, the company has shifted its focus to the upstream component market, providing PCB design, customized software, and meeting the needs of the B2B professional market. It has also formed strategic alliances with upstream manufacturers to develop midstream system integrators in various industries such as kitchen appliances, bathroom fixtures, and whole-house chlorine removal. Additionally, the company actively seeks partnerships with internationally recognized brands in the aftermarket to expand the comprehensive application of ozone in the market. The diagram below illustrates the interrelationships between the upstream, midstream, and downstream industries.



3. Various Development Trends and Competitive Situation of Products

(1) Various Development Trends of Products

Currently, downstream applications of lithium-ion batteries mainly focus on mobile phones, laptops, tablets, and portable power supplies. Other consumer electronic products, renewable energy, and electric two-wheelers follow. The development trends of these applications are as follows:

A. Towards Lightweight and High Energy Density

The demand for portable power sources in portable electronic devices shows stable growth. To meet the requirements of portability, the design of portable electronic devices must be lightweight, thin, short, small, and integrate multiple functions. The power components used in such designs must be compatible to truly meet consumer needs. In the future, consumers will pay more attention to the performance of batteries in terms of energy density, endurance, charging efficiency, convenience, and lifespan. Therefore, secondary battery manufacturers are committed to developing power technologies that are lightweight, high-capacity, convenient for charging, and consider safety and environmental protection. As secondary batteries evolve, battery module manufacturers must adapt their research and development techniques and process capabilities to meet market demands.

B. Safety Regulations and Standards

Countries have raised safety requirements for lithium-ion battery products. In addition to complying with various safety standards, there are also relevant regulations in the aviation industry, highlighting the importance of safety. Enhancing the protection and design of battery module positions for battery charging and discharging is of significant importance.

C. Emerging Application Markets

Currently, the demand for battery modules is highest in the smartphone sector, followed by tablets, laptops, and portable power supplies in the 3C product application field. It is predicted that in the future, new application areas such as uninterrupted power systems, various types of electric vehicles, communication, medical, and energy storage systems will continue to expand.

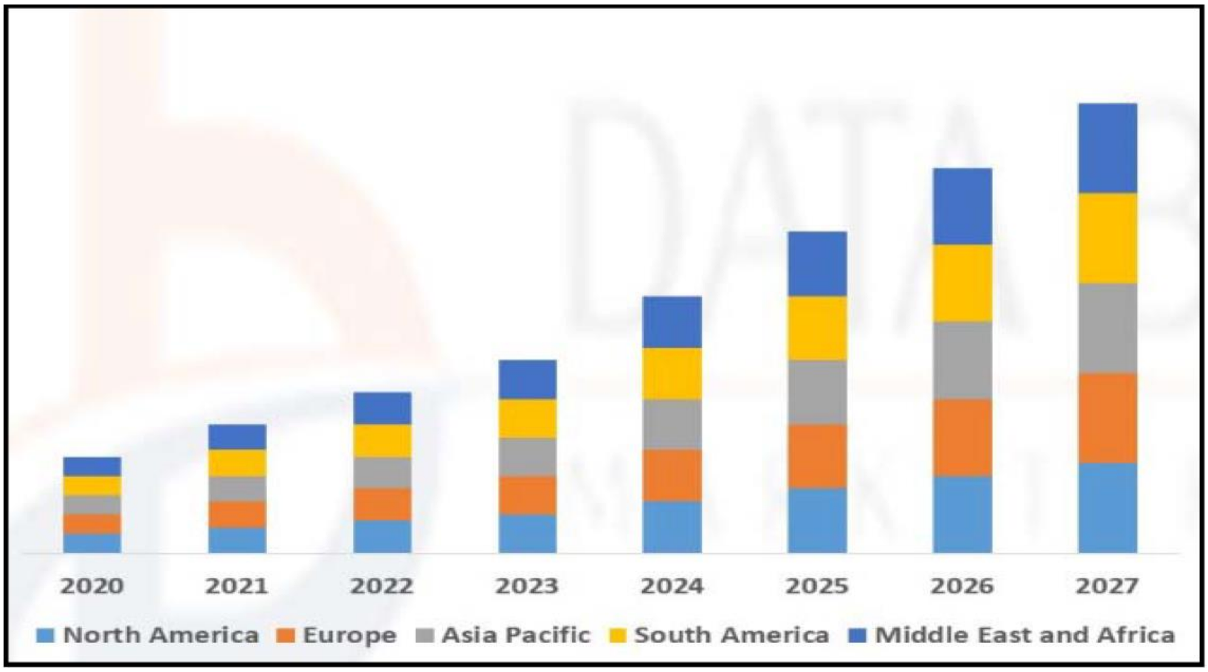
As the demand for products such as wearable devices, set-top boxes, electronic cigarettes, and medical displays grows, there is a focus on providing higher brightness and lower power consumption products to meet market development. Development includes integrating embedded touch displays and exploring new markets for OLED light sources. The next-generation products in the display industry, such as Mini LED and Micro LED, can potentially revolutionize the industry if mass transfer technology becomes mature. The Company is also investing in the research and development of Mini LED and Micro LED. The following analysis focuses on the future trends of related industries for The Company's products:

A. Medical Displays

With advancements in medical technology in recent years, the aging population has become an increasingly severe issue. According to the World Population Prospects released by the United Nations in 2019, by the year 2050, approximately 1 in every 6 people (about 17% of the population) will be over the age of sixty-five. Compared to the proportion of elderly people in 2019, this represents nearly a twofold growth. With the increase in healthcare facilities and healthcare expenditures, the global medical device market is expected to sustain long-term and continuous growth. The United States currently dominates the medical device market in terms of both market share and research and development. However, emerging markets have the greatest potential for medical device market growth. With the increasing popularity of screenings and equipment upgrades, medical displays are also benefiting from this trend.

According to the market research firm Data Bridge, the global medical display market is projected to grow at a compound annual growth rate of 4.45% from 2020 to 2027, reaching $2.83 billion. Displays are widely used in the medical device industry and can be roughly categorized into two types: monitoring displays and diagnostic displays. The products mainly include pulse oximeters, monitors, defibrillators, anesthesia machines, and ultrasound devices

【2020-2027 Prediction for Medical Displays Market】



Source: Date Bridge (2020/5)

B. Set-Top Box (STB)

A Set-Top Box (STB) is a digital converter that converts television signals into TV images and sounds. In the analog era, STBs could only receive analog channel programs. Nowadays, digital STBs not only provide multiple channel programs but also incorporate features such as EPG electronic program menus. In the future, STBs will offer additional features such as HDTV, data, PVR, MHP, applications, middleware, and more.

Digital STBs have become like standard computers (PCs), and their applications will become more extensive. STBs are essential devices for transitioning from analog to digital television. As television systems worldwide gradually shift toward digitalization, the shipment volume of STBs has increased. The key factor driving market growth is the digitalization of cable networks. Digitalization has become mainstream in some countries because it improves the quality of cable networks and helps network operators record user quantities. Additionally, the installation of STBs allows governments to estimate the number of households with cable networks, ensuring transparency in cable network statistics. Government regulations promoting the digitalization of cable television networks have increased the demand for STBs in these countries.

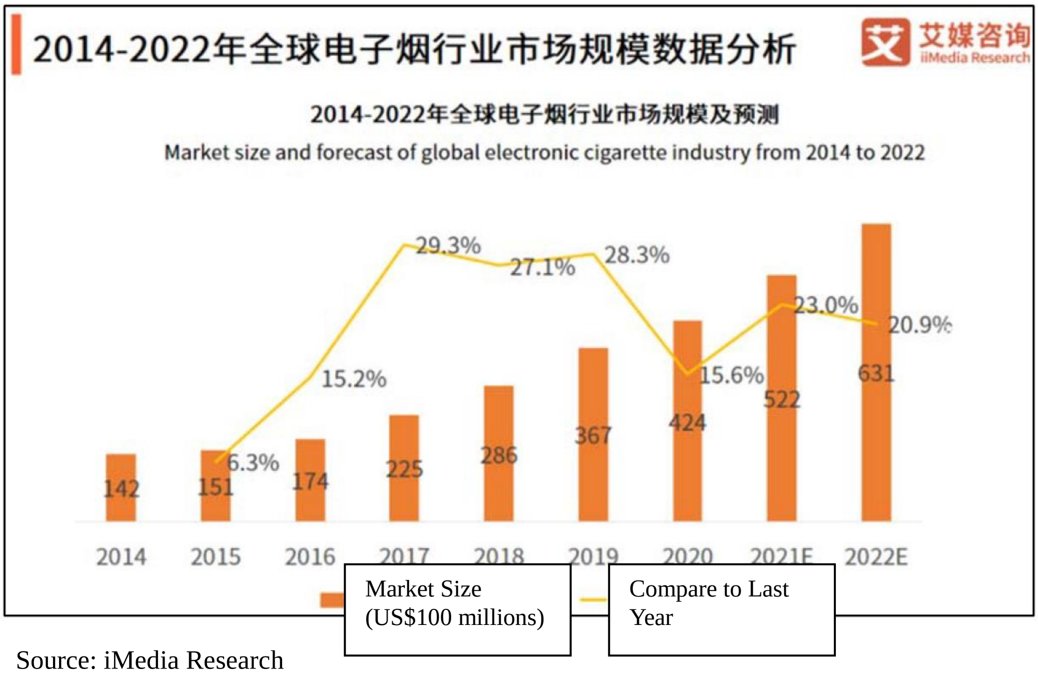
High-quality sound output and high-definition transmission devices provide video content transmission with high resolution (exceeding 1080p). In recent years, these technologies have become increasingly popular among television users. Service providers have introduced 3D and Ultra High Definition (UHD) STB devices compatible with 4K and 3D televisions, gradually increasing the market share of 4K STBs. The introduction of Android TV 4K set-top boxes and related products by various manufacturers has improved the customer experience in movies, music, games, and community information. According to research data from Research And Markets, the global shipment volume of STBs increased from 243 million units in 2019 to an estimated 291 million units in 2024, with an expected compound annual growth rate of approximately 3.7% during that period.

C. Electronic Cigarettes

Electronic cigarettes are a type of new tobacco product that imitates the experience of smoking. They can be broadly categorized into heated electronic cigarettes and e-liquid electronic cigarettes, which use vaporizers. The principle is to simulate the smoking sensation through electrical heating. Initially, electronic cigarettes gained popularity in Europe and the United States due to their positioning as smoking cessation and smoking alternatives, as well as their association with street culture. Over time, they have formed a considerable consumer market.

According to data from Euromonitor International, the global sales of new tobacco products (vaporized electronic cigarettes, heated non-burning tobacco products, and non-nicotine tobacco products) reached $43 billion in 2020, with a 17% year-on-year growth despite the negative impact of the global pandemic. The global market for new tobacco products is projected to reach $52.7 billion in 2021. Electronic cigarettes have shown significant growth over the past decade. According to statistics from iiMedia Research, the global market size of electronic cigarettes was approximately $42.4 billion in 2020, with a year-on-year growth of 15.6%. In terms of market sales structure, the current electronic cigarette market has high concentration, primarily in the United States, where electronic cigarette sales reached $16 billion in 2019, accounting for 48% of the global total sales and making it the largest consumer country for electronic cigarettes. Other countries such as the UK, France, and Germany also have market shares of electronic cigarette sales exceeding 5%. The global popularity of electronic cigarette culture is gradually increasing, and new tobacco products like electronic cigarettes are highly regarded by consumers.

【2014-2022 Global Electronic Cigareete Market】



Source: iMedia Research

D. Wearable Device

According to a report by IDC, the global market for wearable devices is projected to grow from $3.96 billion in 2020 to $6.31 billion in 2024, with a compound annual growth rate of 12.4%. IDC classifies wearable devices into categories such as wearable headphones, smartwatches, and basic wristbands. Wearable devices with displays include smartwatches like the Apple Watch, Xiaomi Smart Band, Samsung's Galaxy Active and Active 2 smartwatches, and Fitbit Charge, among others. According to Ramon T. Llamas, Research Director at IDC, basic fitness watches and smartwatches are expected to be potential growth products within the wearable device market in terms of compound annual growth rate. By forming alliances with well-known brands in the industry, it can further drive shipment volume growth, resulting in an above-average compound annual growth rate of 14.3%. The total market size is projected to increase from $910 million in 2020 to $1.56 billion in 2024.

Worldwide Wearables Shipment, Market Share, and Five-Year CAGR, 2020 and 2024

Top 5 Wearable Device Product Categories: 2023 and 2027 Shipment Volume and Annual Growth, and 2023-2027 CAGR
(shipments in millions)

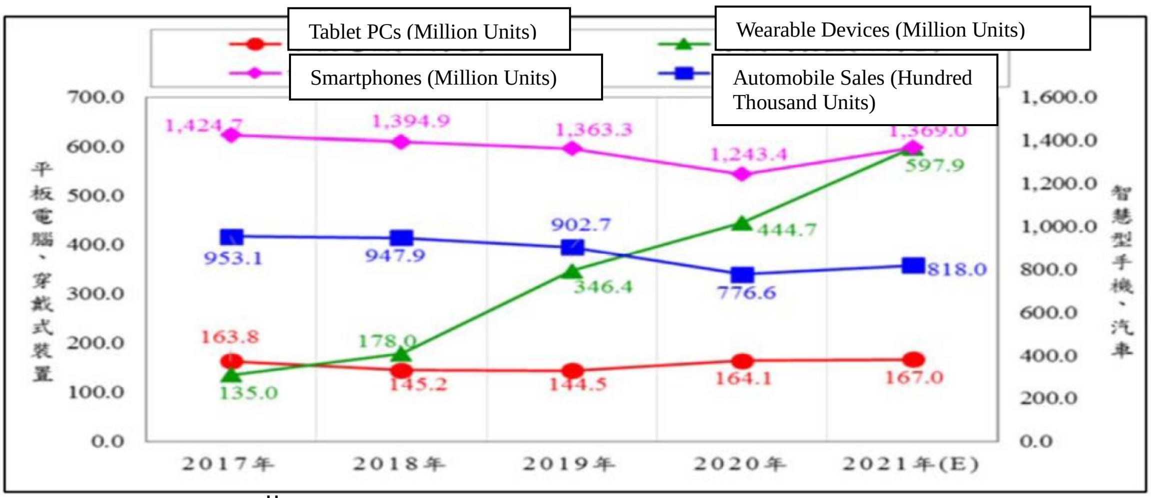
Product	2023 Shipments	2023/2022 Growth	2027 Shipments	2027/2026 Growth	2022-2027 CAGR
Earwear	320.7	4.5%	381.9	3.1%	4.5%
Smartwatch	165.4	11.3%	211.4	4.2%	6.3%
Wristband	32.0	-8.8%	29.3	-1.7%	-2.2%
Others	1.8	6.8%	2.8	9.1%	11.9%
Total	**519.8**	**5.6%**	**625.4**	**3.3%**	**4.7%**

Source: IDC Worldwide Quarterly Wearable Device Tracker, September 20, 2023

Source: IDC (2023/9)

Since 2020, wearable devices have gained popularity due to their combined features of sports and health monitoring. Many companies, including Apple, Google (Fitbit), Amazon, ASUS, Xiaomi, and Samsung, have actively introduced various new models and continued to add new features such as blood oxygen detection. Additionally, with the global spread of the COVID-19 pandemic, wearable devices have been leveraged for health measures related to tracking COVID-19 symptoms. As a result, during the ongoing lockdown measures and the increase in remote work-from-home situations, consumer willingness to purchase wearable devices has significantly increased. This has led to a substantial rise in shipments, reaching 444.7 million units in 2020. In 2021, due to the recurring COVID-19 pandemic, which continues to be a major global factor, the demand for wearable devices remains high. It is estimated that shipments will further increase to 597.9 million units, with a remarkable growth rate of 34.45%. The growth momentum remains strong.

【Global Touch Panel Industry Downstream Application Market Shipment Trends】



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rce：Digitimes Research、IDC、Marklines，TIER Databas (2021.06)

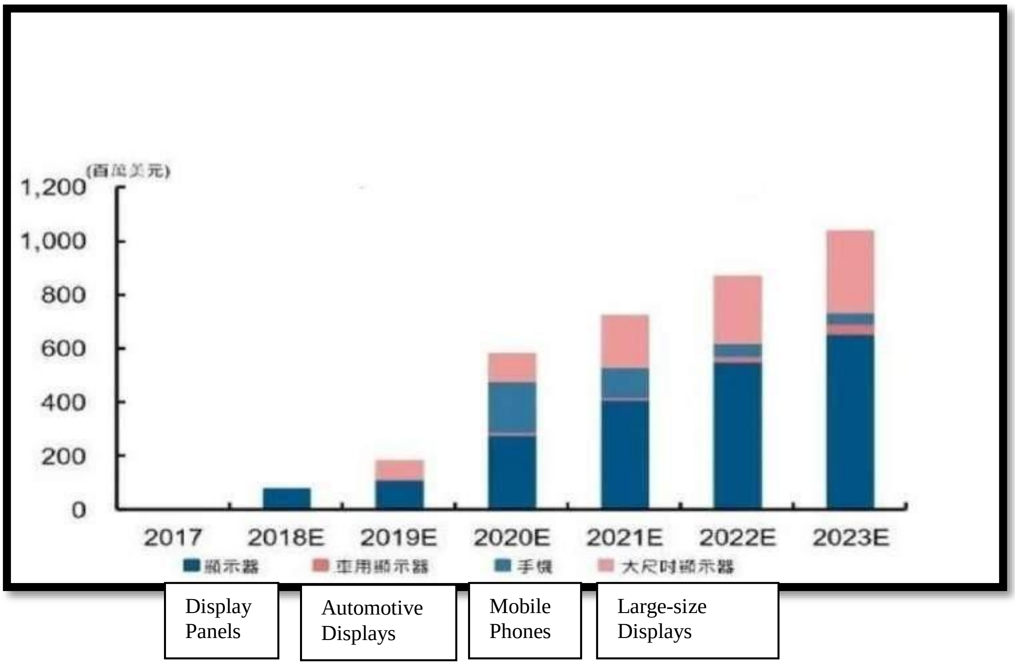
E. Mini LED and Micro LED

With the changing times, the demand for display performance continues to increase, and traditional LCD and OLED technologies are being continuously improved to meet the requirements of new-generation display products. However, both LCD and OLED have inherent technological barriers that are difficult to overcome. Mini LED, also known as "sub-millimeter light-emitting diode," refers to LEDs with a chip size of approximately 100 micrometers or larger. It falls between traditional LEDs and Micro LEDs, essentially an improved version based on traditional LED backlighting.

According to TrendForce's Next-Generation Display Technology Report on Mini LED, with Apple driving the progress of Mini LED backlighting technology, it is expected to be applied in products such as tablets and desktop displays to enhance the performance of existing products. It is estimated that by 2025, the overall penetration rate of Mini LED backlighting in IT products will reach 18%. LEDinside points out potential development directions for Mini LED in the future, including televisions, smartphones, automotive panels, and display screens. The overall production value of Mini LED is projected to reach 1 billion USD in 2023.

Observing Taiwan's Mini LED supply chain, it can be roughly divided into three stages: LED light sources, equipment and processes, and components. By the end of 2020, it is estimated that Taiwan's monthly production capacity for Mini LED chips will reach at least 10 billion pieces.

【2018-2023 Mini LED Market Share estimation】



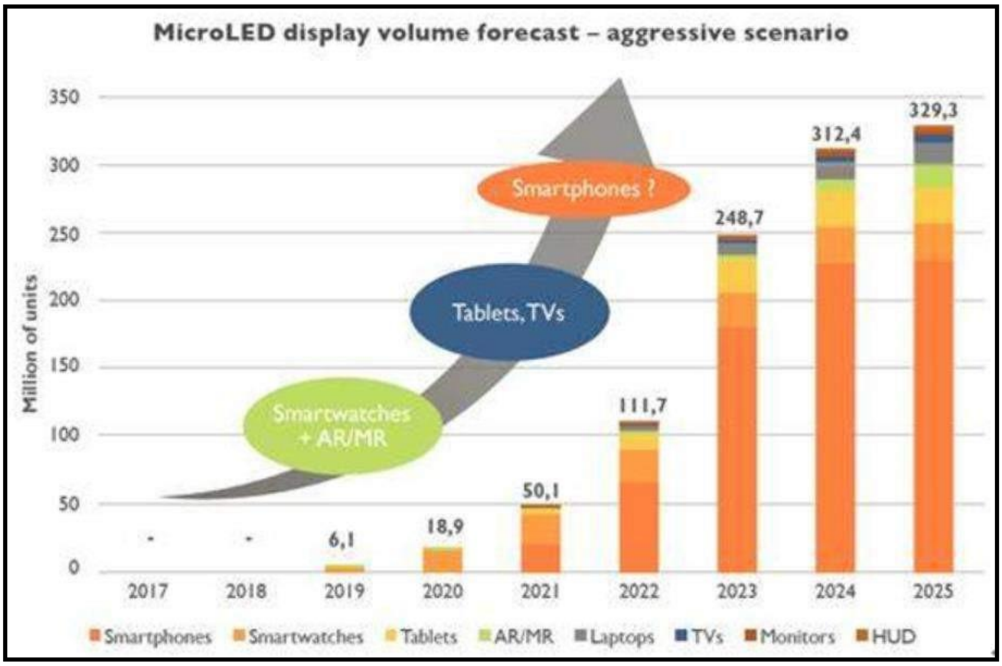
Source：LEDinside (2019/2)

Micro LED is a completely different concept from the aforementioned display products. It is a new display technology that is expected to become another milestone in next-generation display technology. Micro

LED offers fast response time, high luminous efficiency, high contrast, wide color gamut, high brightness, compact size, low power consumption, and long lifespan. It can address the critical issue of burn-in in OLED panels and is seen as the future mainstream display technology, potentially replacing existing LCD and OLED technologies.

According to market research firm Research and Markets, the global Micro LED display market is projected to grow from $600 million in 2019 to $20.5 billion in 2025, with a compound annual growth rate of 80.1%. The applications of Micro LED primarily include smartwatches, mobile devices, televisions, digital signage, laptops, and AR/VR devices. It may even extend to automotive lighting, central control display panels, and head-up displays in the future. International renowned companies such as Apple, Samsung, Sharp, Panasonic, LG, and Sony have been actively involved in Micro LED research and development. In Taiwan, apart from collaboration between Micro LED manufacturers and companies like Innolux, major panel manufacturers such as AU Optronics and Chimei Innolux have also made significant efforts in this field. Taiwan's Industrial Technology Research Institute (ITRI) has established the Micro LED Industry Promotion Alliance to leverage the strength of the Taiwanese supply chain and overcome key challenges in mass transfer technology.

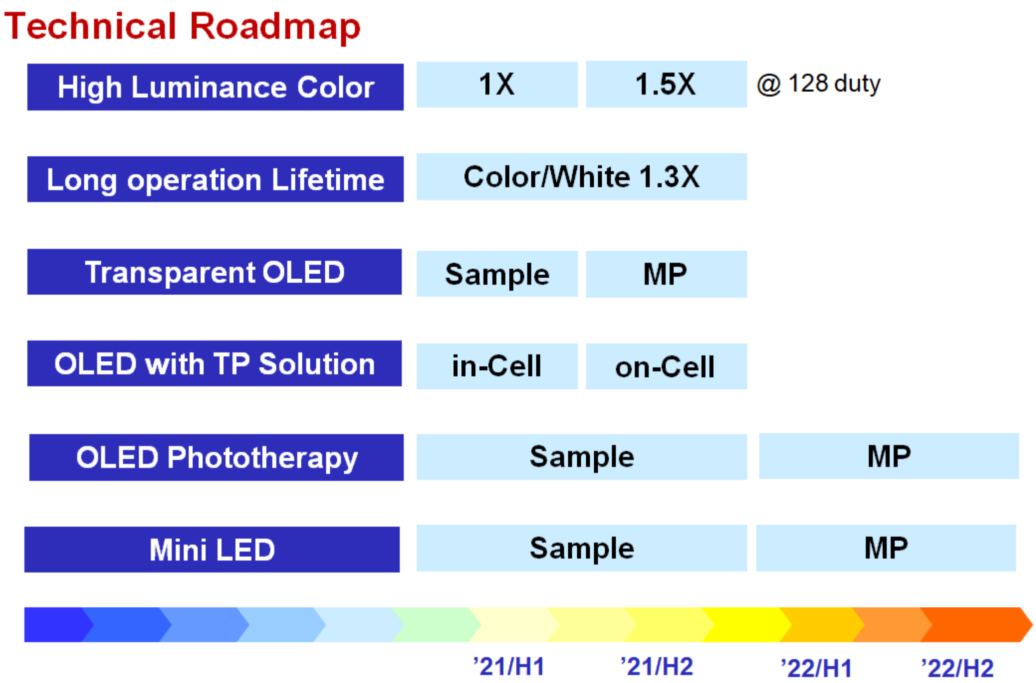
【2019-2025 Prediction for Micro LED Market】



Source: Research and Markets(2018/5)

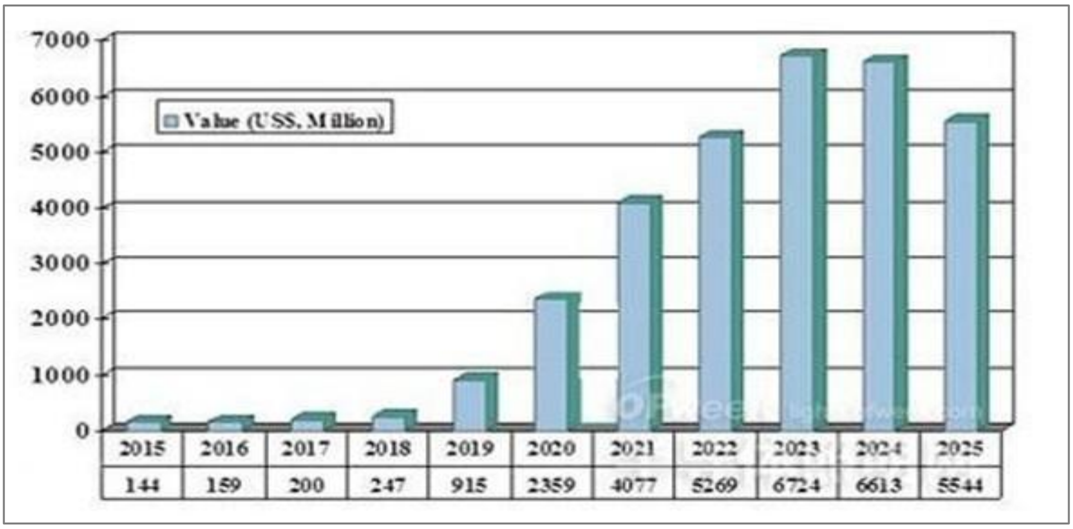
Considering the future applications of wearable devices, STBs, e-cigarettes, medical displays, as well as Mini LED and Micro LED, The Company continues to invest in research and development of related product processes and technologies in order to seize business opportunities.

The major applications of PMOLED products are primarily focused on the market below 3 inches. As a result, end customers mostly belong to portable products and have high demands for product customization. With the improvement of yield rates, maturing material technologies, and our professional R&D team cultivated over the years, The Company is capable of providing rapid and comprehensive customized mass production and solutions to meet the industry's fast-paced, small-quantity, and diverse market characteristics. The product and technology development timeline of The Company is illustrated in the following diagram



In the long-term development of OLED, in addition to its original application in the display industry, the technology can also be applied to the lighting market, attracting the attention of numerous manufacturers. According to a report by ElectroniCast Consultants, a market research firm in California, the global sales of OLED lighting are projected to reach $2.4 billion in 2020. By 2023, the total production value is expected to soar to a peak of $6.7 billion, followed by a decline to $5.5 billion by 2025. Although the sales figures are expected to decline in ten years due to a significant drop in average unit prices, the sales volume is predicted to continue to increase.

OLED Market Estimation



Source：ElectroniCast Consultants

In the past decade, academic research institutions in Taiwan and around the world have invested significant manpower and resources in the development of OLED technology, including its application in lighting. The biggest advantage of OLED lighting is that it is a planar light source with soft and adjustable brightness and color-changing capabilities. It can be made into transparent and uniquely shaped products. This is because OLED lighting devices are stacked structures made of thin films and can be manufactured at low temperatures. These characteristics make OLED easier to integrate into architectural and mobile spaces such as automobiles and airplanes. Based on our accumulated research and recent development projects conducted in collaboration with the Ministry of Economic Affairs, The Company will continue to introduce specialized niche lighting products to seize market opportunities in this field.

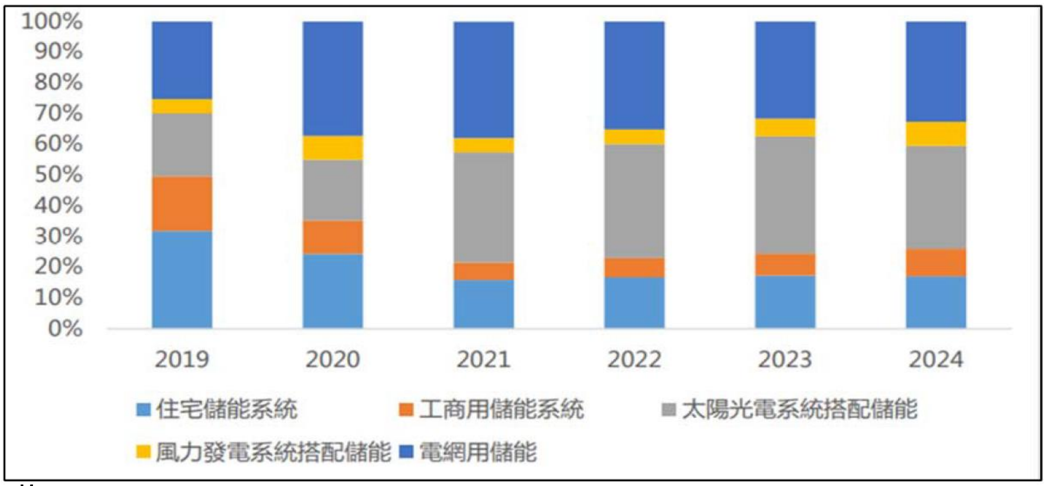
Lighting products can be mainly categorized into primary light sources, auxiliary light sources, taillights, and household lighting. The Company plans to focus on the PMOLED market for auxiliary lighting, household lighting fixtures, and taillights. Currently, several well-known European car manufacturers have applied PMOLED in their taillights, while auxiliary lighting mainly targets public spaces and indicator light sources.

As mentioned earlier, IoT has flourished in recent years, and various connected devices and IoT products are trends in related industries' future development. Additionally, due to the impact of the COVID-19 pandemic, products with built-in epidemic prevention functions are likely to become popular. However, as this concept is quite novel, there are currently no relevant market research forecasts available. We can only look for business opportunities based on everyday devices we commonly encounter, such as water purification devices that instantly turn tap water into sterilized water. For example, faucets and showerheads in kitchens and bathrooms, flushers for toilets, and self-cleaning toilets. At the same time, we can promote the adoption of ozone antibacterial machines instead of commonly used air purifiers in the market.

F. Energy Storage System Industry

In the past, frequency regulation and ancillary services in the power system created market opportunities and were the main applications for energy storage. However, the market size for ancillary services is limited, and it has quickly matured and gradually saturated. Therefore, energy storage developers and operators need to find more growth potential in other application markets. With the growth of renewable energy installations in various countries and regions, the smoothing and energy shifting functions have become increasingly important in driving the development of large-scale energy storage, and their share in applications is growing each year. In 2021, it is expected that over 40% of global energy storage installations will be paired with solar photovoltaic systems and wind power systems. Energy storage can assist in stabilizing the output of renewable energy generation and reducing curtailment in regions. In some areas, it can even be a requirement for renewable energy to qualify for grid connection. Overall, in the short term, grid-scale energy storage remains the largest demand application market globally. Behind-the-meter energy storage devices are more influenced by regional environmental factors such as electricity prices, peak-to-valley price differentials, and rooftop renewable energy penetration rates. Therefore, the energy storage market is expected to grow rapidly.

【Global Trends Projection for Stationary Energy Storage Applications】



ource: Industrial Economics and Knowledge Center, Industrial Technology Research Institute (2022/12)

(2)

P
etitive situation

A. Display Product Competitive Landscape

The current mainstream display market is dominated by TFT LCD, OLED, and TN/STN technologies. Emerging into mass production are sub-millimeter light-emitting diodes (Mini LED), while Micro Light Emitting Diode Displays (Micro LED) have yet to enter mass production. TFT LCD, AMOLED, Mini LED, and Micro LED primarily focus on medium to large-sized applications like TV panels, smartphone displays, and smartwatches. PMOLED and TN/STN, however, target medium to small-sized display applications. PMOLED is mainly used in displays smaller than 3 inches, such as those in wearable devices, set-top boxes (STB), and small digital home screens. The application range of PMOLED overlaps with TN/STN. However, PMOLEDs are self-luminous, energy-efficient, and provide superior display qualities like better viewing angles, contrast, resolution, and faster response times. PMOLEDs are also smaller than STNs, making them easier to customize for customer needs. Due to their self-luminescent nature, low power consumption, and high response speed, PMOLEDs have replaced TN/STNs in some high-end products.

PMOLEDs have a simpler structure compared to AMOLEDs, Mini LEDs, and Micro LEDs, leading to lower production costs without the need for liquid crystal panel processing, making them suitable for small-sized displays. On the other hand, AMOLEDs have higher material and production costs, Mini LEDs are still in the small-scale trial production phase with unmanageable yield rates, and Micro LEDs are still in the mass transfer technology development stage, not yet ready for mass production. AMOLEDs, Mini LEDs, and Micro LEDs are primarily used in medium and large-sized displays such as those in smartphones and TVs. Due to lower development costs, PMOLEDs are ideal for small-scale, diverse small-sized applications. The key difference between PMOLEDs and AMOLEDs, Mini LEDs, and Micro LEDs lies in production costs and application levels, creating distinct product segments with no current risk of mutual substitution.

Our company focuses on custom development of new products for our clients, ensuring higher development profits and market share during the initial stages of the product lifecycle. During the mid-to-late stages of the lifecycle, we work with customers to reduce prices and optimize product costs to maintain reasonable profits, fostering a win-win relationship. This strategy not only increases the replacement rate of TN/STN products but also boosts the application proportion of new products, gradually expanding the application market.

B. Competition in the Ozone Water Generator Industry

Currently, many ozone water generators on the market operate by placing an air stone in a sink. However, ozone cannot dissolve in water. Our tests on common machines on the market have shown that the ozone concentration in water is almost undetectable, indicating that these products cannot effectively achieve the claimed sterilization function. According to literature and sterilization tests conducted with renowned laboratories, an ozone concentration of at least 0.05ppm is required for effective sterilization. Our patented device can guarantee a constant ozone concentration of above 0.2ppm in water.

In addition, governments around the world have set strict regulations on ozone emission levels in the air, typically between an average of 0.05ppm and 0.1ppm per hour. Ozone generators using air stones cannot effectively mix ozone into water, resulting in significant ozone emission into the air, which violates safety regulations. Our ozone water generator has been certified by multiple laboratories to meet the strictest control standard of 0.05ppm.

As SMT contract manufacturing is one of our core services, all ozone-related products are designed and manufactured in Taiwan. Our quality system complies with ISO-9000 and ISO-13485 medical quality certifications, providing assurance to consumers.

In addition to standalone ozone water generators, even the modules undergo rigorous laboratory testing and quality certifications.

C. Competition in the Ozone Generator Industry

In response to the demand for epidemic prevention, The Company entered the ozone generator market last year. Currently, most air purifiers on the market focus on filtration, requiring regular replacement of filters. Alternatively, there are negative ion generators, but neither of these technologies provides effective sterilization and epidemic prevention functions like ozone does. Ozone generated by ozone generators can actively attack bacteria and viruses in the environment and effectively remove odors such as nicotine and formaldehyde. There are very few similar products on the market, making it a differentiated product line.

D. Industry Competitive Landscape

PMOLED has undergone a 20-year market trial, with product applications extending worldwide, particularly in key markets such as China, the United States, and Europe. The primary competitors consist of one domestic and one international PMOLED manufacturer each. Following capacity expansions, our company retains the industry's largest capacity, ensuring superior production flexibility compared to rivals. Leveraging advanced coating technologies, we optimize component structures, resulting in products boasting over 30% better durability or energy-saving efficiency than competitor offerings. We continue to widen this performance gap while optimizing testing technologies to secure quality and cost advantages. Emphasizing intellectual property protection, we strategically deploy patents and establish long-term patent licensing agreements to shield customers from patent risks. Unlike our competitors, we maintain the largest production capacity and possess greater production flexibility, owing to our utilization of core coating technologies to optimize component structures, thereby surpassing competitor products in terms of durability or energy-saving efficiency. To sustain our competitive edge and mitigate infringement risks, we proactively sign long-term patent licensing agreements, ensuring freedom from patent infringement. With years of accumulated technical expertise, we excel in highly customized solutions, collaborating closely with clients in design and development. Our continuous refinement of professional processes, automation of production lines, and meticulous capacity planning enable us to offer superior product design and process services compared to competitors, fostering mutually beneficial outcomes for clients and the Company.

(III) Technical and R&D Overview

1. Technological Scope of Business Operations

In 2023, an estimated investment of approximately NT$38,465 thousand is allocated for R&D in battery module development. The technical research and development are steered in the following directions: (Note: Welltech's R&D expenditure in 2022 amounts to NT$19,009 thousand.)

(1) Modular Design Development: Enhancing product versatility to minimize R&D lead times and enhance production quality and efficiency.

(2) Product Planning: Building upon lithium battery products for 3C electronics and portable devices, the focus shifts towards upscale lithium battery product segments such as electric hand tools and low-speed electric vehicles. Looking forward, in the realm of battery management system technology, further integration of diverse information and communication technologies for data collection in real-world product usage scenarios is pursued to bolster product quality and elevate customer service standards. Moreover, integrating power electronics technology into battery product charge and discharge control aims to enhance product value and is a current R&D focus in relevant business sectors.

Compared to LCD, OLED has advantages such as self-emission, wide viewing angles, and high response speeds. Additionally, while the response speed of LCD significantly decreases at low temperatures, OLED operates within a temperature range of -40 to +85℃, meeting product usage requirements in various environments. In terms of manufacturing, OLED components are easier to produce than LCD, and since OLED is self-emitting, it does not require a backlight module or color filters, resulting in higher light utilization efficiency. Therefore, for portable products where power consumption is critical, OLED is more suitable. Moreover, in terms of cost, besides lower material costs, OLED does not require a backlight module like LCD products do, giving OLED a competitive advantage in pricing.

Our company's main product applications include medical instruments, industrial instruments, automotive applications, set-top boxes, wearable devices, Banking (U-Key), Home Intelligence, etc. In addition to strengthening OLED's characteristics such as self-emission, wide viewing angles, operating temperature range, and high response speed, we actively focus on process optimization, yield improvement, and implementing strategies for localizing raw materials to meet customers' cost requirements. We continue to develop high-efficiency, high-brightness, low-power, and long-life products to enhance product competitiveness. Furthermore, we offer more technical choices, such as breaking the limitations of form factor by providing circular OLEDs for convenient use in products like watches and instrument displays, or incorporating transparent display elements, giving customers more options for innovative product designs. Simultaneously, we develop narrow bezel designs to meet customers' demands for minimized wearable product size and maximized display.

Mini/micro-LED displays are emerging technologies primarily based on inorganic GaN-based LEDs. Compared to LCD and OLED, they offer advantages such as high brightness, high contrast, low power consumption, long lifespan, and fast response times. Building upon our expertise in OLED technology, our company integrates internal resources within the group and actively collaborates with domestic partners to focus on supply chain integration and process optimization. Currently, several customers have entrusted us with glass substrate manufacturing, and we are pioneering the Mini/Micro LED display market with a process division model, thereby generating revenue.

However, due to inherent limitations in Passive Matrix driving circuits, they fall slightly short in meeting the demand for higher resolution and brightness products. Active Matrix, on the other hand, is the optimal solution for improving OLED resolution and brightness. To address this, our company collaborates with a renowned British material manufacturer to develop Organic Thin-Film Transistor (OTFT) Active Matrix (AM) substrate technology. Leveraging existing production equipment, we produce high-efficiency OTFT AM substrates. In the future, we will enhance the performance of existing OLED components based on OTFT technology to meet the higher specifications demanded by customers for displays.

The smart water meter is a newly established product development project following the integration of Cashido into the RitDisplay system. In recent years, with dramatic changes in environmental climate, water conservation has become a prominent issue. Smart water meters, equipped with networking capabilities, offer various functions such as real-time monitoring of water usage and reporting of leaks and abnormal water quality. Governments worldwide are vigorously promoting the replacement of traditional water meters with smart water meters to conserve precious water resources. Leveraging the combined resources of our company and the existing resources of Cashido, as well as integrating internal resources within the group, we have independently developed technologies for key components of smart water meters, including waterproof mechanisms, built-in batteries, and sensing systems. Currently, we are collaborating with multiple manufacturers to develop smart water meters, seizing opportunities in the water resource market and generating profits.

2. Research and Development:

(1) Continuously optimizing PMOLED component performance

Through the development of more efficient OLED components, we aim to provide products with enhanced brightness, reduced power consumption, and prolonged lifespan. This not only positions us to deliver superior products compared to our competitors but also allows us to effectively compete with LCD technology, thereby expanding the applications of PMOLED further. We have consistently been the preferred choice of major manufacturers in various applications including home appliances, medical equipment, digital set-top boxes, and wearable devices.

(2) Transparent PMOLED displays

The structure of transparent displays closely resembles that of existing PMOLED displays. By introducing transparent cathode materials, we've achieved a transparency rate exceeding 60% and significantly enhanced visual clarity through meticulous material optical simulation and structural optimization. This breakthrough has received certifications from multiple clients, ensuring sustained revenue growth in the foreseeable future.

(3) Integrated OLED displays and touch PMOLED display modules

We offer embedded touch solutions (in-cell & on-cell), eliminating the need for additional touch sensors and thereby reducing product thickness. Furthermore, this approach facilitates small-scale diversification, ensuring that even low-volume customers can access touch solutions. By consolidating both display and touch functionalities from a single supplier, we streamline supplier management for our clients, leading to reduced overhead costs.

(4) Mini/micro-LED display glass substrate subcontracting

Mini/micro-LED displays, primarily based on inorganic GaN-based LEDs, boast advantages such as high contrast, low power consumption, prolonged lifespan, and rapid response. Leveraging our OLED technology foundation, we've integrated internal group resources and forged partnerships with domestic manufacturers to optimize the supply chain and production processes. In addition to subcontracting glass substrate manufacturing, we're also equipped to handle backend display module production. We've already initiated subcontracting agreements with several clients, facilitating the Mini/micro-LED display market development and contributing to revenue growth through collaborative process division.

(5) OTFT AM substrate development

Utilizing existing production equipment in conjunction with organic conductive materials from our suppliers, we're actively developing organic TFT AM substrates. In contrast to the substantial equipment setup costs associated with mainstream inorganic TFTs, our company is committed to developing OTFT AM substrates that meet customer demands at relatively lower costs. This technology will also enable us to cater to customers' requirements for higher-specification products, thus driving expansion within the OLED market.

(6) Smart water meters

Smart water meters demand high specifications for waterproofing and stable battery performance under IoT operations. Leveraging our company's expertise in display waterproofing mechanisms, we've developed unique and proprietary designs tailored specifically for smart water meter mechanisms. In terms of internal battery design, our subsidiary, Welltech Energy, specializes in developing and designing small battery modules. We've also developed corresponding technologies to meet the specific requirements of smart water meters. Collaborations with leading domestic IoT companies for ongoing development initiatives remain a priority.

3. Research and development expenditures for the most recent fiscal year and up to the publication date of the annual report.

Unit: NT$1,000

Item \ Year	2022	2023
Research and development costs	124,723	147,011
Net revenue	2,713,550	2,682,217
Percentage of net revenue	4.60%	5.48%

Source: Financial statements audited and certified by accountants.

4. Successful technologies or products developed in the most recent fiscal year and up to the date of the annual report's printing.

Year	Product Category	Research & Development Achievements and Benefits
2019	Long-life OLED Technology	Increased product storage lifespan by 50%.
	Mini LED	Features high contrast, low power consumption, long lifespan, and fast response, suitable for outdoor and industrial control applications.
	Micro LED	Features high contrast, low power consumption, long lifespan, and fast response, targeting high-value-added product markets such as transparency and flexibility.
2020	High-efficiency White Light Technology	Increased product brightness by 30%, enhancing visibility under sunlight.
	Mini LED	Features high contrast, low power consumption, long lifespan, and fast response, suitable for outdoor and industrial control applications.
	Transparent Display	Offers over 60% transparency, catering to special application fields such as automotive or aiming scopes.
	OLED Phototherapy Light Source	OLED light source boasts advantages of lightweight, thinness, uniform surface light emission, and no heat generation, with red light promoting collagen regeneration, targeting the medical beauty market.
	Customized Under-cabinet Ozone Water Generator	Providing OEM bathroom industry giants for sales integration.
	Customized Urinal Flusher	Providing OEM bathroom industry giants for sales integration.
	Float-type Ozone Sensor	Directly detects ozone generator activation switch using airflow, increasing machine sensitivity.
2021	On-cell Touch OLED Products	Innovative touch design, integrating OLED component structure, providing integrated OLED touch functionality.
	Integrated OLED Module	Vertical integration of display module assembly process, streamlining customer product development process.
2022	Smart Water Meter	Co-developed with IoT giants, undergoing initial government certification review.
	Transparent Display	High transparency products have been certified by target customers.
	Micro LED Backplane OEM	Continuous OEM for domestic G2.5 glass backplanes and small-size substrates.
	Battery Module	Energy storage system and lightweight power battery modules.
2023	OTFT AMOLED Display	Utilizing existing equipment with new materials, developing AMOLED displays.
	High-power Battery Module	Lithium battery modules for electric bicycles and electric motorcycles.
	Ultra-low Drive Voltage Segment Code Display	IC-less displays to reduce costs and tap into new markets.
	Ultra-long-life Industrial Control Panel	Doubling storage lifespan by introducing new packaging technology and materials.

Year	Product Category	Research & Development Achievements and Benefits
	Large-scale Energy Storage System Deployment	Participation in Taipower's auxiliary service AFC d-reg 4MW/5MWh energy storage system deployment.
	Energy Storage Container Development	Development of 40ft/45ft energy storage containers.

(IV) Long/Short term development Plans

1. Short-term Development Plans:
   (1) Low-power lithium battery modules: As the 3C market has matured and stabilized, the company aims to gradually shift its business focus to smart homes, medical equipments, industrial tablets, and power tools to increase sales in these areas.
   (2) Lightweight power battery modules: Expanding low-speed electric vehicle battery modules in line with green energy policies implemented by various governments.
   (3) Deepen collaboration with existing customers and expand cooperation: Promote different specifications of PMOLED to existing customers' end products, providing a one-stop solution and increasing the repurchase rate.
   (4) Accelerate the development of market-oriented products and enhance customization capabilities: Focus on wearable devices, healthcare, IoT, banking (U-Key), and home applications with high demand, strengthen the ability for rapid customized development, and enable customers to seize the market in a short time.
   (5) Develop high-efficiency, long-life, and high-brightness products: In addition to deepening customer relationships, develop products with high efficiency, long life, and high brightness to increase customer diversity and mitigate industry fluctuations.
   (6) Develop higher-resolution and higher pixel density color products to attract adoption from various regions and applications.
   (7) Monitor the development of the pandemic and meet customer's emergency demands.
   (8) Deepen relationships with existing customers and expand the ozone product line: In addition to providing existing products to current customers, recommend more products that meet market's epidemic prevention demands, establishing strategic partnerships with customers.
   (9) Accelerate the development of new large customers: Replicate the experience of customized OEM business with Taiwan and mainland customers to other well-known overseas manufacturers.
   (10) Enter the ozone generator market: Expand the product line from ozone water to ozone gas and establish a complete product portfolio.
   (11) Expand the development of ozone modules: Meet the customization needs of OEM customers.

2. Long-term Development Plans:
   (1) Form strategic alliances with international major corporations to strengthen cooperation and expand into new markets.
   (2) Long-term focus on recruiting and training R&D talents to enhance research and development capabilities.
   (3) Continuously strengthen professional capabilities in financial risk control management.
   (4) Introduce high-end and automated production equipment to increase production efficiency and reduce production costs.

(5) Establish a comprehensive quality management system to improve product quality. Integrate the battery energy business within the group to expand into green and environmental-friendly energy industries and promote their popularization.

(6) Continuously research and develop core technologies to maintain leading industry technology and create differentiation.

(7) Continue to explore electrolysis technology and establish technological barriers. The current widely used shock technology is suitable for applications with large water volume and low concentration and has the advantage of low cost. However, applications with low water volume and high concentration are widely used in the market, and there are few companies involved, making it a valuable new market to develop.

(8) Continuously expand global branding and distribution channels. Conduct in-depth visits and certifications with frontline global brand customers to introduce the company's products in the early stages of new product development.

(9) Expand the Chinese market by leveraging local supply chain advantages. Form strategic alliances with Chinese partners and integrate into the Chinese supply chain to expand production scale.

(10) Micro LED & Mini LED product application development: Simultaneously develop applications for Micro LED & Mini LED, implement leading production technologies, and become a manufacturer of the next generation of displays.

II. Market and Sales Overview

(I) Market analysis:

1. Sales regions of main products:

Unit: NT$1,000; %

Year / Region	2022		2023	
	Amount	%	Amount	%
US	78,793	2.90	53,052	1.98
TW	1,088,870	40.13	987,268	36.81
CN	1,504,377	55.44	1,576,094	58.76
Others	41,510	1.53	65,803	2.45
Total	2,713,550	100.00	2,682,217	100.00

2. Market share

Due to the competition from AMOLED, global PMOLED manufacturers are shifting towards the AMOLED market. For example, Chinese company Visionox divested its PMOLED business, which has a smaller market size and growth rate, in 2018. Currently, only WiseChip remains as a PMOLED manufacturer in Taiwan. As most global OLED manufacturers mainly focus on AMOLED, WiseChip holds a leading position in the PMOLED market and serves as its main supplier.

Taiwanese manufacturers in the lithium battery industry are mostly concentrated in the downstream assembly business, fully dependent on imports for battery cores. Taiwanese manufacturers, with their research and development capabilities, production, and cost advantages, have a solid foothold in the market for lithium battery modules used in laptops. Currently, Taiwanese manufacturers are shifting towards consumer electronics markets, and the future of the battery industry will be driven by the demand for energy storage products

3. Future demand and supply and growth of the market

With the expanding applications of lithium batteries, including various handheld tools, medical equipments and smart home products, they have become a new growth engine for the battery market after mobile phone batteries. This application demand is expected to continue growing, showing significant market potential.

(1) OLED Industry

Display panel products include TFT-LCD and OLED. With the average size increase in LCD TV panels and LCD monitor panels, and driven by the growing demands of emerging application markets such as eSports, digital signage, smart shelves, wearable devices, head-mounted display devices, smart home appliances, industrial control, medical, education, etc., the global demand for display panels continues to show stable growth. Although the launch of new production lines within China continues to cause panel price fluctuations, Taiwanese and Korean panel manufacturers not only reduce their supply capacity but also actively replace existing production lines, undergoing industrial upgrades. On the other hand, they are shifting towards larger panel sizes, or moving towards niche markets like eSports, medical, and new retail, to mitigate the impact of Chinese capacity.

According to research by the Taiwan Institute of Economic Research, the OLED panel market is growing due to the increasing use of AMOLED panels in smartphones, stimulating global AMOLED panel demand and leading all global panel manufacturers to significantly expand AMOLED panels. They are actively investing in foldable phones, head-mounted display devices (AR/VR), smartwatches, and other related applications, replacing small and medium-sized TFT-LCD panels. At the same time, PMOLED panels continue to expand in the application market of small and medium-sized consumer electronic products, including children's watches, smart bracelets, smart home appliances, medical, industrial control, etc. Therefore, its output value also shows growth. It is estimated that the global OLED panel output value will reach 18.746 billion USD in 2020, with a growth rate of 3.19%. It is still the fastest-growing sub-industry in the display panel industry, with its share of the output value rising to 18.72%.

Benefiting from the narrowing price difference between PMOLED panels and TN/STN panels, and their thin and power-saving characteristics, the expansion of applications leads to a corresponding growth in output value. From the application perspective, wearable devices, e-cigarettes, STBs, USB keys, automotive use, smart homes, and medical equipment use PMOLED display solutions. Due to their advantages such as thinness, high brightness, low power consumption, wide viewing angles, glare-free and blue-light-free lighting systems, along with easy customization and high cost-performance ratio, end-use displays are gradually adopting PMOLED panels. As product applications expand and sales volumes increase, it will drive the growth of overall PMOLED market demand.

Benefiting from the narrowing price gap between PMOLED and TN/STN panels, and their lightweight and power-saving characteristics, the expansion of applications is driving related production value growth. From the application perspective, wearable devices, e-cigarettes, set-top boxes (STBs), USB keys, automobile use, smart homes, and medical equipment are using PMOLED display solutions. These solutions offer advantages such as being lightweight, having high brightness, low power consumption, wide viewing angles, and glare-free and blue-light-free lighting systems. Along with their ease of customization and high cost-performance ratio, these characteristics are leading to the gradual adoption of PMOLED panels in end-use displays. As product applications expand and sales volumes increase, this will also stimulate the growth of the overall demand in the PMOLED market

【Changes in the production value of various display panel products worldwide】

Unit: US$100 million; %

Product	2016	2017	2018	2019	2020 (e)
Large-sized TFT-LCD	739.22	812.64	613.99	570.38	539.58
Medium-sized TFT-LCD	284.20	287.06	287.12	288.27	26117
OLED	101.58	153.46	172.03	181.66	187.46
Others	15.41	14.79	14.05	13.50	13.22
Total Production Value	1,140.41	1,267.94	1,087.19	1,053.81	1,001.43
Yearly Growth Rate of Total Production Value	2.45	11.18	-14.26	-3.07	-4.97

Source: IEK, Industrial Technology Research Institute, and Taiwan Institute of Economic Research's Industry and Economic Database Compilation (2020/11).

Note: "e" indicates estimated values.

(2) Energy Storage Market

According to statistics from ESS InfoLink, the renewable energy related policy goals issued by countries worldwide suggest that by 2030, newly built renewable energy will exceed 3,000 GW. The large-scale integration of renewable energy into the grid intensifies the instability impact on the grid and tests the grid's ability to adjust. To address the root problem, the only solution is to include energy storage systems in the grid. The purpose of constructing large-scale renewable energy is to achieve energy transition and form a 'smart grid,' which requires energy storage systems for regulation. Therefore, it can be predicted that the potential growth of the energy storage market in the next 10 years will be remarkable. In addition, with the boost from international carbon reduction policies, it is foreseeable that the energy storage field will become the second-largest application market for lithium batteries in the next few years. ESS InfoLink analyst Yuan Fangwei predicts that the lithium battery energy storage market could reach at least 500 GWh by 2030 and optimistically exceed 800 GWh, with a compound annual growth rate of 30-40%.

4. Company Competitive Edge

(1) Ample factory production capacity:

In response to global economic changes, Dazhen Energy has completed the construction of automated production lines in Taiwan to meet clients' requirements for the place of origin. Considering the growing demand for various types of battery modules, there is approximately 25 acres of vacant land at the Changzhou factory, which can be planned for the construction of new factories to meet future production needs.

(2) Good relationships with upstream suppliers:

The overall performance of The Company in business expansion has been well recognized and supported by upstream suppliers, providing us with the advantage of securing key resources, lowering costs, and competitive edge in the future.

(3) Manufacturing and quality advantages:

The Company's quality system has passed multiple international certifications, and our products have received safety certifications in many countries worldwide, ensuring product quality and user safety. To meet customer needs, we will design modular, standardized products, introduce high-end automated production equipment, and regularly conduct staff training. We can flexibly adjust the production schedule to shorten product delivery times.

(4) Product planning and research and development capabilities:

With over fifteen years of industry experience, The Company has relevant product planning and R&D experience in smart phones, tablet computers, laptops, handheld tools, electric bicycle battery modules, and electric motorcycle battery modules. In the future, we will continue to hire more R&D talents to quickly respond to the development needs of the lithium battery market.

(5) Professional product development and customization capabilities:

The Company has an experienced and professional R&D team. Our advanced and comprehensive production technology provides customers with high-quality product solutions. In addition to maintaining a close relationship with our customers, our business and production line personnel actively meet customer needs, and our R&D team plans and arranges manufacturing processes and formulations for new products in advance. We are dedicated to improving product yield and reducing unnecessary costs to meet various product requirements from customers.

(6) End customers are renowned manufacturers both domestically and internationally, enhancing market competitiveness:

Our end-user customers include renowned manufacturers both domestically and internationally. Our manufacturing processes and product quality have been certified and recognized by international manufacturers, as evidenced by being rated a Grade-A supplier by Garmin, and also awarded as an outstanding supplier by Huami Technology. Our production technology capabilities and product quality are well recognized by international manufacturers, which is one of our advantages in future market competition.

(7) Numerous patent layouts:

In addition to continually enhancing our manufacturing capabilities and improving formulas, we are constantly investing in R&D for numerous invention and utility patents. Several invention patents are also pending approval. Our strong R&D strength and patent layout are one of the key factors in maintaining a competitive advantage over competitors.

(8) Automated production lines and equipment adjustment capabilities:

The Company has integrated CIM & ERP (Computer Integrated Manufacturing & Enterprise Resource Planning) into production and management. We are the first in the PMOLED industry to adopt automated mass production, and through years of experience, we have accumulated excellent and quick equipment adjustment capabilities. We can effectively improve production efficiency and reduce labor costs, which give us a leading position in mass production capabilities among peers. This also gives our customers more room for price competition, which is conducive to business expansion.

(9) Strategic alliance with Chinese partners:

Our operating model primarily involves semi-finished glass products that have undergone evaporation and cover plate processes, which are sent to local module manufacturers in China for module processing. While retaining core patent technology, we can take advantage of China's local manpower and cost benefits to effectively reduce relevant production costs and quickly expand the Chinese market through supply chain advantages.

(10) Diversified Sales Clients and Product Applications

The Company's clientele, besides including well-known domestic and international assembly manufacturers and brand manufacturers, also utilizes agents familiar with local business conditions and market demand characteristics. We collaborate with agents in the United States and mainland China to expand local business. Additionally, our product sales areas include the United States, Europe, Taiwan, and mainland China. The applications of our products are extremely diverse, including wearable devices, USB keys, set-top boxes, e-cigarettes, medical instruments, industrial instruments, gaming machines, automotive applications, IoT, and other small-sized display devices. Therefore, the composition of our sales clients and product application layouts can be described as quite diverse, which helps us to mitigate industry fluctuation risks and reduce the impact of changes in sales of a single product or single customer.

(11) Laying Out the Energy Industry, Enhancing Group Visibility

The Company is investing in the development of small electronic component integration business, initially targeting the battery module business. By investing in Lai Ying Technology, we are developing the energy business. Lai Ying Technology's business scope applies to high-efficiency lithium iron battery modules used in energy storage systems. The end applications of the products are diverse, such as Power Conditioning Systems (PCS), Battery Energy Storage Systems (BESS), control systems and Energy Management Software (EMS), backend management of grid systems, and other system applications. We provide a complete and reliable one-stop energy storage integration solution, which fully meets the application needs of different areas such as residential, commercial, and power transmission and distribution businesses.

5. Favorable and Unfavorable Factors in Development Outlook and Countermeasures

(1) Favorable Factors

Ever since its inception, our company has been dedicated to enhancing overall quality. We have not only introduced high-end automated production and inspection equipment to improve product quality but also actively conducted professional training for relevant personnel and improved production processes to boost efficiency. We have also strategically aligned with our clients and main component suppliers to strengthen vertical integration and plan mechanisms for raw material requirements, enabling us to control the supply of key materials such as battery cells and electronic materials. We jointly research and develop new technologies with them, continually optimizing product quality and reducing costs, providing our clients with more competitive products.

A. Increasing product applications and mass customization capabilities

Thanks to the light, energy-saving characteristics of PMOLED panels, their applications are becoming increasingly extensive in products like STB, e-cigarettes, industrial controls, and home appliances, in addition to wearable devices. Our company, as a professional manufacturer of PMOLED displays, has accumulated deep experience in production, adjusting production formulas, and meeting client specifications within the requested delivery period. Our product quality has been highly recognized by international manufacturers, making this a significant niche for future development.

B. Long-term R&D and technical strength

Our company co-designs and co-develops products based on our customers' new product needs. As the life cycle of end consumer electronics shortens, the demand for lighter, thinner, and more energy-efficient specifications is growing. Over the years, we have established a good understanding with our main customers, providing comprehensive solutions to them in terms of quality, yield, delivery, and technical services. With years of R&D and production experience, we are fully equipped to manage various processes and formulas, thereby achieving the best production efficiency and luminous efficiency of our products, and gaining the trust and recognition of our customers.

C. Renowned domestic and international brand clients

Our client base consists mainly of globally renowned brands both domestically and internationally. In addition to having ISO9001 and ISO14000 certifications to assure production quality, we also assist clients in establishing relevant product information and immediate technical support. By long-term cooperation in developing new product-related materials and processes, we have passed the supplier evaluation by international clients, and we expect to continue close cooperation with our customers for stable business growth.

(2) Unfavorable Factors and Countermeasures

The price competition for lithium battery module products is intensifying: with fierce competition from peers and the emergence of new competitors like Chinese companies, who are willing to resort to price-cutting tactics to secure orders.

A. Global PMOLED peers expanding production capacity

The growing demand in the global PMOLED industry has led many peers to expand their production capacity, attracting a small fraction of TFT-LCD manufacturers to join the competition.

<u>Countermeasures</u>

a. Improve management performance and reduce costs.

b. Continue technological development and enhance quality stability.

c. Quickly respond and resolve customer issues, understanding market trends.

Having been established and operating in the PMOLED industry for many years, our company understands the requirements of diverse small-scale production of PMOLED, which is vastly different from the large-scale production strategy of TFT-LCD. Therefore, in addition to continuous R&D of new technologies and by offering high-quality differentiated products, we have optimized production efficiency through new processes and de-bottlenecking engineering. This leads to cost-efficient procurement and production compared to our peers, enabling us to offer high-quality, reliable supply, and the best cost-performance ratio to our customers.

B. Risk of R&D talent attrition

With the recent rise of the AMOLED industry, international OLED manufacturers have increased demand for relevant process and R&D talent, leading to a high risk of personnel attrition. Experienced R&D and process personnel often become the recruitment target of international OLED manufacturers, creating obstacles in technology inheritance.

Countermeasures

The Company has established mechanisms for personnel development and the accumulation of production parameters, achieved through the transfer of technical expertise by seasoned personnel, sharing of practical experiences, and internal education and training, thus mitigating the impact of personnel turnover. Moreover, it fosters a conducive working environment and implements institutionalized reward systems to boost employee morale. The turnover rates of research and development personnel for 2022 to 2023 and up to March 31, 2024 were 3.50%, 7.80%, and 4.80%, respectively, indicating a consistently low turnover rate. Additionally, the company mandates that all research and development personnel sign confidentiality agreements and adequately preserve data on developed technologies or production know-how to mitigate the risk of knowledge transfer or leakage upon personnel departure. Furthermore, through bonus distributions and employee compensation schemes, the company shares its operational successes with employees, thereby enhancing their morale.

C. Rapid changes in market demand, short product life cycles

Due to continuous innovations in terminal product applications and specifications, market demands change rapidly. The product specifications and display colors required by customers are also constantly changing. In order to meet customer needs, it is necessary to continuously adjust relevant processes and formulas to comply with the demands of the end customers.

Countermeasures

Our company maintains good communication with customers and agents at all times, strengthens cooperation with major customers, and not only deploys the development of new application products in advance, but also continuously improves the research and development of formulas, display color technology, and manufacturing process technology. This allows us to meet the specifications of terminal products such as light efficiency, display color, resolution, and brightness. Our goal is to provide products that meet customer specifications in the shortest possible time, shortening the time to market, and improving product yield to cope with rapid market changes and competition from the same industry. In addition, our company applies PMOLED panels to different consumer markets, including electronic bracelets, electronic cigarettes, household appliances, medical equipment, etc., to diversify the risks of rapid product life cycle changes in a single application market.

D. Risk of patent infringement

Our Company's main products is PMOLED displays and modules. However, the key fundamental process patents of PMOLED are mainly held by major international manufacturers. Therefore, there may be potential infringement issues during the research and development and production process.

Countermeasures

To maintain a competitive advantage and avoid infringement, our company has signed long-term patent licensing contracts with patent owners for the technologies involved in the manufacturing process. We are also actively developing various patented technologies, and we have obtained 36 patents in the areas of components, materials, and panel design. We continue to invest in the research and development of new patented technologies, currently applying for patents in flexible, narrow bezel, and high-resolution panel technologies. We continue to invest in research and development of new patented technologies and conduct joint research with the Industrial Technology Research Institute to develop various new technologies. In addition to avoiding the risk of patent infringement, this can also increase the depth and breadth of product applications.

E. PMOLED product prices are relatively high

Because the production process of PMOLED is more complicated than that of TN/STN panels and the technology threshold is high, the price of products using the PMOLED display solution is higher than that of TN/STN panels. Although PMOLED has the advantages of being thin, energy-saving, and flexible, it still faces price competition from other businesses for similar products.

Countermeasures

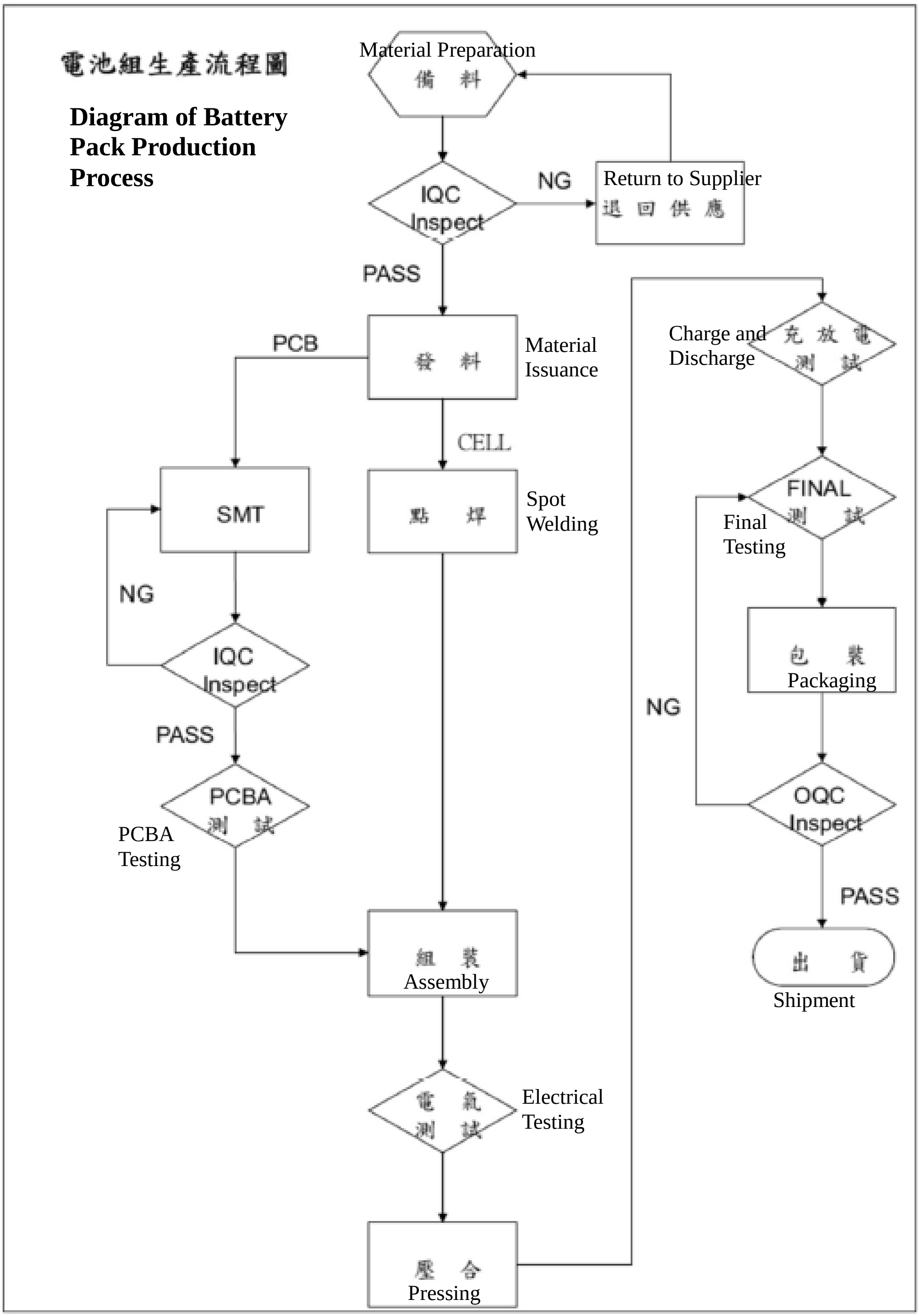
Compared to TN/STN panels, PMOLED panels have advantages such as better visibility in sunlight (high brightness), high contrast, and wide viewing angles. In addition, our company continues to strengthen process technology and improve yield rates, reducing material costs to maintain flexibility in reducing sales prices. This increases cost-effectiveness to gain customer recognition. In addition, to maintain market competitiveness, our company obtains higher development profits and market share at the initial stage of the new product life cycle. By the middle and late stages of the product life cycle, we can lower the selling price in accordance with the customer's request and optimize product costs to maintain reasonable profits for a win-win relationship with our customers.

(II) Major purpose and manufacturing process of main products

1. Major purpose of main products

Our company's products are primarily used in smart home devices, industrial computers, tablet computers, and navigation devices. The main applications of PMOLED displays include wearable devices, smartwatches, fitness bands, in-vehicle devices, industrial instruments, medical equipment, gaming machines, and electronic cigarettes, serving as the display panel for these products.

2. Manufacturing process


電池組生產流程圖
Diagram of Battery Pack Production Process
Material Preparation
備 料
IQC Inspect
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Return to Supplier
退 回 供 應
PASS
PCB
發 料
Material Issuance
CELL
SMT
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Spot Welding
NG
IQC Inspect
PASS
PCBA 測 試
PCBA Testing
組 裝
Assembly
電 氣 測 試
Electrical Testing
壓 合
Pressing
Charge and Discharge
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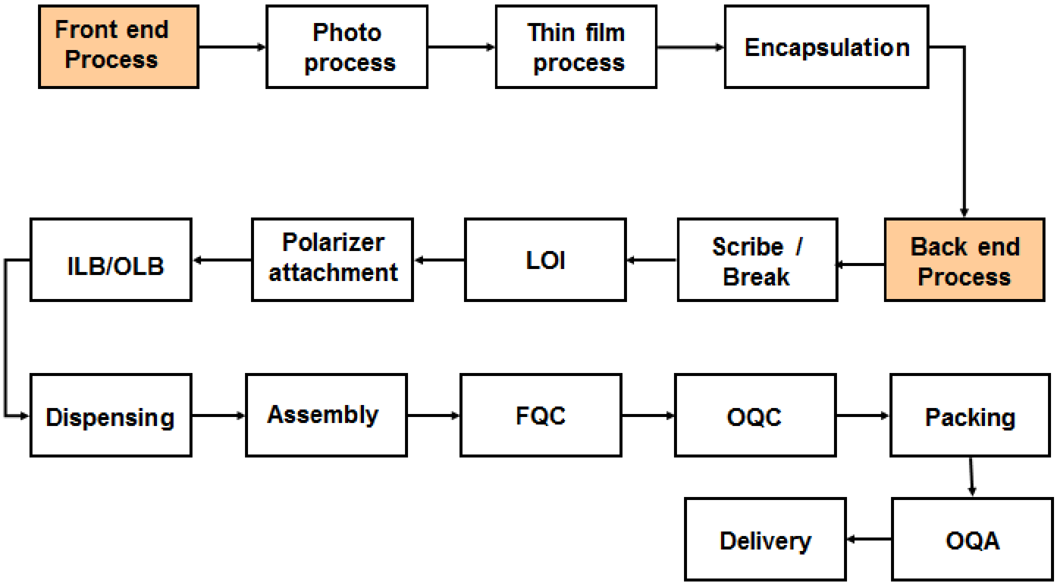


(III) Supply situation of major materials

The primary raw material for our battery module products is the cell core, which we primarily procure from renowned international cell manufacturers in Japan and South Korea. Having cooperated with these suppliers for many years, we have established long-term and solid partnerships, ensuring there is no risk of shortage in our cell procurement.

The main materials our company uses for production include driver ICs, substrates, cover plates, etc. We maintain strategic partnerships with suppliers for specialized driver IC materials, providing market forecasts and long-term demand to ensure stable supply. As for raw materials like glass substrates and cover plates, we maintain good supply relationships with suppliers and diversify sources to ensure supply stability.

(IV) Main customers for sales and purchases

1. Major customers who accounted for more than 10% of the total purchase amount and percentages for the recent 2 fiscal years

Unit：NT$ thousand；%

	2022				2023				As of March 31.2024			
Item	Name	Amount	Percentage of annual net purchase〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net purchase〔%〕	Relationship with the issuer	Name	Amount	Percentage of annual net purchase〔%〕	Relationship with the issuer
1	Kuntek	541,864	33.23	Note	Hunan Lifang	277,500	25.44	N/A	Hunan Lifang	68,092	19.15	N/A
2	Holy Stone	263,243	16.14	N/A	Holy Stone	172,983	15.86	N/A	Holy Stone	62,352	17.54	N/A
3	Hutek	218,357	13.39	Note	Newvision	130,166	11.93	N/A	LG Energy	55,241	15.53	N/A
4	LG Energy	176,047	10.80	N/A	SOLOMON	121,926	11.18	N/A	Newvision	27,579	7.76	N/A
5	Others	431,023	26.44	-	Others	388,190	35.59	N/A	Others	142,315	40.02	N/A
6	Net purchase	1,630,534	100.00	-	Net purchase	1,090,765	100.00		Net purchase	355,579	100.00	

Note: Same Ultimate Partent Company

Reasons for Fluctuations:
The alterations in the key suppliers of the company's subsidiaries from 2022 to 2023 mainly stemmed from market dynamics, adjustments in procurement strategies, new product development, and process demands, without any notable anomalies.

2. Customers who accounted for more than 10%t of total sales in any of the recent two fiscal years, the following outlines their names, sales figures, and corresponding proportions, along with explanations for the fluctuations.

Unit：NT$ thousand；%

	2022				2023				As of March 31.2024			
Item	Customer	Amount	Percentage of Net Sales Ratio	Relationship with the Issuer	Customer	Amount	Percentage of Net Sales Ratio	Relationship with the Issuer	Customer	Amount	Percentage of Net Sales Ratio	Relationship with the Issuer
1	Customer A	757,368	27.91	N/A	Customer C	774,806	28.89	N/A	Customer C	207,589	37.43	N/A
2	Customer B	386,388	14.24	N/A	Customer A	402,243	15.00	N/A	Customer A	81,629	14.72	N/A
3	Customer C	362,608	13.36	N/A	—	—	—	—	Customer B	56,798	10.24	N/A
4	S-08	283,769	10.46	N/A	—	—	—	—	—	—	—	—
5	Other	923,417	34.03	—	Other	1,505,168	56.11	—	Other	208,620	37.61	—
6	Net Sales	2,713,550	100.00	—	Net Sales	2,682,217	100.00	—	Net Sales	554,636	100.00	

Note: Ultimate Partent Company

Reasons for Fluctuations:
The fluctuations in the primary sales customers of the Company and its subsidiaries from 2022 to 2023 were primarily driven by the expansion of product applications, sales of terminal products, and individual customer business demands and performance. There were no significant abnormal occurrences.

(V) Production volume and value in the most recent 2 fiscal years

Unit：NT$ thousand，sheet

Year / Production Volume / Products	2022			2023		
	Capacity	Volume	Amount	Capacity	Volume	Amount
PMOLED Glasses	288,000	83,931	372,920	288,000	77,407	407,827
Battery Storage	8,460,000	12,965,361	1,309,530	8,460,00	12,710,0	1,335,671

Note 1: PMOLED products are measured in terms of substrates (sheets) due to variations in the number of chips.
Note 2: The Company outsources the production of PMOLED modules and electronic components, so they are not categorized by product type.
Note 3: The utilization rate of battery module production capacity exceeds 100% mainly due to the Company's conservative capacity estimation and variations in production processes caused by different specifications of battery module products.

Reasons for Fluctuations:
During the 2022 to 2023 period, in line with industry characteristics, the production volume fluctuated according to the requirements of the main sales customers, whose terminal sales and business demands influence the production quantity. No significant anomalies were observed.

(VI) Sales volume and value in the most recent 2 fiscal years

Unit：NT$ thousand，thousand pieces

Year / Production Volume / Products	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
PMOLED Module (Note 1)	2,724	272,875	7,819	547,617	2,935	310,176	4,802	333,238
PMOLED Glasses	Note 2	95	23	95,557	Note 2	794	17	58,241
Battery Module	748	766,786	12,218	812,924	730	630,522	11,980	1,275,19
Others	Note 3	609,460	Note 3	168,582	Note 3	45,776	Note 3	28,276

Note 1: Sales quantities are calculated based on the number of chips (PCS) produced per PMOLED glass substrate, resulting in sales quantities exceeding the number of glass substrates produced (sheets).

Note 2: Domestic sales quantities below 1,000 PCS are not included.

Note 3: Quantities for other product categories are omitted here due to differences in individual pricing units.

Reasons for Fluctuations:

During the 2022 to 2023 period, both the Company and its subsidiaries experienced fluctuations in sales values due to industry-specific characteristics. Changes in sales volume are primarily influenced by the promotion of product applications, terminal product sales, and the individual business demands and performance of customers. No significant anomalies were observed.

III. Human Resources

Unit: Persons

Year		2022	2023	As of 30 March, 2024
Number of Employees	Management Personnel	38	37	37
	Direct Personnel	141	162	159
	Indirect Personnel	123	121	109
	Total	302	320	305
Average Age		41.46	42.49	42.50
Average Years of Service		10.05	10.53	10.39
Education	Ph.D.	0.33	0.31	0.33
	Masters	11.26	11.25	11.48
	Bachelor’s Degree	41.06	40.94	40.98
	Senior High School	30.79	31.25	30.49
	Below Senior High School	16.56	16.25	16.72

IV. Environmental Protection Expenditure

1. According to legal regulations, the application, payment, or establishment situation of pollution facility installation permits or pollution emission permits, or the requirement to pay pollution prevention and control fees, or the establishment of dedicated environmental management personnel are as follows:

(1) Application for pollution facility installation permits or pollution emission permits.

Factory	License Name	License Number	Reviewing/Issuing Authority	Validity Period
Hsinchu Plant	Fixed Pollution Source License	Hsinchu-Environment-Air Operating No.J0780-08	Hsinchu County Environmental Protection Bureau	2023/06/06 2027/11/07
Patent Licensing Agreement	Water Pollution Control License	Hsinchu-Environment-Emission Permit No.00416-06	Hsinchu County Government	2019/3/19 2024/3/18
	aste Cleanup Plan Approval Document	Government-Environment-Industry No.1088658497	Hsinchu County Government	2021/10/15 2026/10/15
	Class 4 Toxic Chemical Substance Approval Document - Acetonitrile	105-04-J0013	Hsinchu County Government	2020/9/22 2025/8/18
	lass 4 Toxic Chemical Substance Approval Document - Aniline	115-04-J0004	Hsinchu County Government	2020/9/22 2025/8/18
	Class 4 Toxic Chemical Substance Approval Document - Dichloromethane	079-04-J0010	Hsinchu County Government	2020/9/22 2025/8/18
	Class 1 Toxic Chemical Substance Approval Document - Iodomethane	095-04-J0009	Hsinchu County Government	2020/9/22 2025/8/18
	Class 2 Toxic Chemical Substance Approval Document - Ethylene Glycol Ether	071-04-J0027	Hsinchu County Government	2020/9/22 2025/8/18

(2) Status of Pollution Control Fees Payment

Unit: NT$1,000

Year	Pollution Prevention Costs	Amounts
2021	Air Pollution Fee	726,237
2022	Air Pollution Fee	56,755
2023	Air Pollution Fee	111,224

(3) Establishment of Environmental Compliance Personnel

Item	Categories	Personnel	License Number	Reviewing Authority
1	Water Pollution	1 Specilized Personnel	(99) Certification No. GA520258 from the Environmental Protection Administration Administrative Authority	Environmental Protection Administration, Executive Yuan

2. Outline the Company's investments in the primary equipment for environmental pollution prevention and control, detailing their purposes and potential benefits:

December 31, 2023

Unit: NT$

Equipment Name	Quantity	Acquisition Date	Investment Cost	Unamortized Balance	Purpose and Expected Benefits
New Plant EXHAUST HOOK-UP Project	1	2002.02.23	19,000,000	10,299,177 (Note)	Gas Emissions during Production Dedicated Collection System
C/R Exhaust Improvement Expense	1	2004.12.29	80,000	45,467	Gas Emissions during Production Dedicated Collection System
Wastewater Treatment Equipment Materials	1	2001.11.23	18,070,000	0	Wastewater purification and reduction of sewage fees.
Wastewater Treatment Project	1	2001.11.23	2,000,000	0	Wastewater purification and reduction of sewage fees.

Equipment Name	Quantity	Acquisition Date	Investment Cost	Unamortized Balance	Purpose and Expected Benefits
Wastewater Treatment Machine	1	2001.12.08	7,084,340	0	Wastewater purification and reduction of sewage fees.
Comprehensive Wastewater Treatment Project	1	2002.02.23	4,809,525	0	Wastewater purification and reduction of sewage fees.
Mechanical, Electrical, and Instrumentation Equipment for Wastewater Treatment	1	2002.02.23	14,099,999	0	Wastewater purification and reduction of sewage fees.
New Plant Aluminum Drainage Pipe Modification Project	1	2002.08.15	270,000	0	Water Emissions during Production Dedicated Collection System
B2F High Solid Tank Overflow	1	2002.08.15	60,000	0	Water Emissions during Production Dedicated Collection System
Plumbing of Cr, Al, Ag Recovery Drums to Wastewater Plant	1	2002.11.29	125,000	0	Water Emissions during Production Dedicated Collection System
B2F Barrel Trough Area FRP Tank Laying Project	1	2006.01.12	185,000	0	Water Emissions during Production Dedicated Collection System
Wastewater Treatment System Expansion Project	1	2010.02.22	800,000	59,071	Wastewater purification and reduction of sewage fees.
Process Exhaust Equipment and Materials	1	2001.12.05	42,154,762	0	Gas Emissions during Production Dedicated Collection System Gas Emission Purification Process
Process Exhaust Treatment Project	1	2001.12.05	11,999,997	0	Gas Emissions during Production Dedicated Collection System
Process Exhaust Equipment and Materials	1	2006.01.12	9,900,000	0	Gas Emissions during Production Dedicated Collection System Gas Emission Purification Process
PLED Process Expansion Exhaust Equipment	1	2002.02.23	16,000,000	0	Gas Emissions during Production Dedicated Collection System Gas Emission Purification Process
Process Exhaust Demand Change	1	2002.04.30	600,000	0	Gas Emissions during Production Dedicated Collection System Gas Emission Purification Process
PLED Exhaust Hook Up Project	1	2002.08.23	4,200,000	0	Gas Emissions during Production Dedicated Collection System
12th Plant Process Exhaust Pipeline Hook Up Project	1	2003.05.16	4,000,000	0	Gas Emissions during Production Dedicated Collection System
4F Purification Room Exhaust Pipe Installation Project	1	2001.07.11	40,000	0	Gas Emissions during Production Dedicated Collection System

Note: Expected durable life span of 46 years.

3. Describe the Company's efforts in environmental pollution mitigation over the last two years and until the publication date of the disclosure document. In the event of pollution dispute incidents, provide a detailed account of the handling process: No such incidents have occurred.

4. Provide an account of the Company's losses due to environmental pollution in the last two years and up to the publication date of the disclosure document, including compensations and penalties for violations of environmental protection regulations. This should include details such as the date and reference numbers of penalties, the

violated articles of regulations, the nature of violations, and the specifics of the penalties imposed. Additionally, disclose both present and potential future estimated amounts and corresponding measures. In cases where a reasonable estimation is unattainable, elucidate the circumstances preventing such estimation.

Date	Document Number	Violated Law	Punishment Authority	Penalty	Improvement Efforts	Impact on Company Financial Business
2022/4/25	Environment-Industry No. 1113401129	Article 36, Paragraph 1 of the Waste Disposal Act, and Article 10 of the Standard for the Disposal of Storage and Removal of Industrial Waste	Hsinchu County Government Environmental Protection Bureau	Fine of NT$12,000 and 2 hours of environmental lecture	The Company cleared all piled waste wood materials during the audit month, paid the fine on May 20, 2022, and completed an environmental training course on July 21, 2022.	No significant impact on the Company's financial business.

The Company has enhanced training and awareness among relevant personnel, and all mentioned cases have been fully addressed. Furthermore, these cases are not deemed significant, and the resulting penalties have a negligible impact on the Company's post-tax net profit. They are not anticipated to have a significant influence on the company's operations, finances, business status, profitability, or securities prices, nor do they pose a threat to market order or risk causing serious harm to public interests.

5. Explanation of the current pollution status and the effects of its improvement on the company's earnings, competitive position, and capital expenditure, along with significant environmental capital expenditure expected in the next two fiscal years: No such circumstances exist.

V. Labor Relations

(I) Employee Welfare Measures, Training, Continuing Education, Retirement System, and Implementation Status, as well as Labor-Management Agreements and Measures to Safeguard Employee Rights.

Exceptional professionals represent the company's most valuable assets, and harmonious labor relations serve as the bedrock for corporate development. The company consistently fosters an environment of harmonious and stable labor relations. Besides dedicating efforts to bolster employee welfare, benefits, and working conditions, the company ensures open lines of communication between labor and management. Through collective endeavors, individual talents are leveraged to facilitate mutual growth for both employees and the company, thereby co-creating a brighter future.

1. Employee Welfare Measures and Implementation Status

In addition to complying with the relevant provisions of the Labor Standards Act of the Republic of China regarding health insurance and labor insurance, the company offers group insurance and contributes to individual retirement accounts to safeguard employee welfare. The measures and implementation status are as follows:

(1) The Company adheres to the principle of equal pay for equal work, ensuring that all salaries, bonuses, and allowances remain unaffected by gender.

(2) Flexible work hours are implemented to accommodate employee transportation and childcare needs. Additionally, lactation rooms are provided for employee use during working hours.

(3) In addition to mandatory labor insurance and national health insurance, the company provides group insurance and travel insurance, with premiums covered by the company.

(4) Annual employee health check-ups are conducted, complemented by periodic employee activities and travel events to enrich leisure activities and foster camaraderie.

(5) Employees receive cash bonuses or gifts during festivals such as the Dragon Boat Festival and Mid-Autumn Festival, alongside various subsidies (e.g., for marriage, funeral, childbirth, etc.).

(6) The company offers employee amenities such as dining facilities, welfare societies, and indoor parking lots, equipped with recreational and fitness equipment, karaoke facilities, etc. Furthermore, employees are encouraged to establish clubs, with the company providing subsidies for club expenses.

(7) Employees enjoy statutory annual leave and retirement benefits. A Workers' Welfare Committee has been established to coordinate welfare activities and safeguard labor rights.

2. Continuing Education and Training

In order to enhance employees' professional technical capabilities, improve work efficiency, and emphasize the importance of product quality, the company implements annual education and training plans according to the schedule. Both internal and external training sessions are conducted concurrently to strengthen the professional abilities of employees across various functional departments. The company's training initiatives are detailed as follows:

(1) New Employee Orientation: New hires undergo training on various aspects of the company, including corporate culture, business operations, work regulations, employee benefits, and disciplinary policies, to familiarize them with the organization.

(2) On-the-Job Training: Ongoing efforts are made to develop employees' professional skills, knowledge, and management capabilities within their roles.

(3) Specialized Skills Training: Employees are sent to relevant institutions for specialized training as required, enabling them to obtain professional certifications.

3. Retirement System and Implementation Status

Starting from July 1, 2005, in compliance with the implementation of the Labor Pension Act, employees who were already employed as of June 30, 2005, retained their retirement seniority calculated under the Labor Standards Act. For employees joining after July 1, 2005, a monthly contribution of 6% of their salary is allocated to their retirement fund, stored in individual accounts, as mandated by the Labor Pension Act to safeguard employee rights. Additionally, employees have the option to voluntarily contribute 0-6% of their monthly salary to their personal retirement accounts.

Retirement System	Old System	New System
Applicable Law	Labor Standards Act	Labor Pension Act
Contribution Method	2% of employee's monthly salary is contributed, stored in a special account under the name of the Labor Retirement Reserve Supervisory Committee at Taiwan Bank.	6% of employee's salary is contributed monthly to the individual retirement account at the Labor Insurance Bureau.
Contribution Amount	Accumulated amount in the Labor Reserve Fund as of December 31, 2023: NT$44,932,000	Contribution in 2023: NT$15,955,000.

4. Agreements between Labor and Management and Measures to Safeguard Employee Rights

(1) The company places a high value on employee rights, fostering harmonious labor relations. Employees are encouraged to engage in open communication or utilize the employee complaint box to exchange opinions, promoting a positive interaction between labor and management.

(2) Regular communication meetings and labor-management conferences are held to gain timely insights into the needs of various departments and employees. Adjustments are made as necessary to uphold employee rights.

(3) In response to recent epidemic prevention measures, the company has provided employees with relevant epidemic prevention supplies and ensured the effective implementation of epidemic prevention policies. Relevant epidemic prevention information is disseminated, and epidemic prevention measures are adjusted as needed to safeguard employee health.

(4) Labor Environment Monitoring:

Monitoring the actual working environment of employees and assessing their exposure to workplace hazards through planning, sampling, monitoring, and analysis.

To ensure employees' safety in environments with hazardous substances and to provide a healthy and comfortable work environment, environmental monitoring is conducted semi-annually. The planned measurement items align with actual working conditions, providing an understanding of employees' exposure status.

The results of environmental monitoring, compliant with occupational safety and health regulations over the past five years, are announced. Additionally, equipment related to ventilation and exhaust is maintained to ensure the proper functioning of the workplace environment. Proper personal protective equipment is provided to employees, and annual occupational safety and health education measures are implemented.

(5) Work Safety Audit:

Safety and Health Operation	
Occupational Safety Inspection	2 times/week
Joint On-site Inspection	Once/month
Self-check	Once/month (with record)
On-site Health Services	4 times/month
Safety and Health Education Training	Upon new employee orientation
	Upon personnel job change
Emergency Protective Equipment Management	Once/month
Compliance Audit of Internal Occupational Safety Regulations	Once/quarter
Occupational Safety and Health Committee Meetings	Once/quarter

(II) Losses incurred due to labor disputes in the most recent fiscal year up to the printing date of the annual report should be disclosed, including violations of labor standards law as indicated by labor inspection results. Details such as the date of punishment, reference number, violated law articles, nature of the violation, and disciplinary measures should be provided. Additionally, the estimated current and future losses and the corresponding mitigation measures should be disclosed. If it's not feasible to reasonably estimate, the reasons for the inability to do so should be explained. For the most recent fiscal year up to the printing date of the annual report, losses incurred due to labor disputes should be disclosed, along with the estimated current and future losses and mitigation measures. If it's not feasible to reasonably estimate, the reasons for the inability to do so should be explained: None.

VI. Cyber Security Management

(I) Describe the framework for managing information and communication technology (ICT) security risks, ICT security policies, specific management plans, and resources allocated to ICT security management.

1. Framework for Managing Information Security Risks

Organizational Unit	Responsibilities
Board of Directors	Formulate and approve "Information Security Management Procedures" and other operational guidelines including "Program and Data Access Control Procedures," "File and Equipment Security Control Procedures," "Data Processing Control Procedures," and "Data Input and Output Control Procedures" for the compliance of enterprise information technology.
Information Center	Acts as the risk management unit, overseeing information security governance, risk assessment, and coordinating various departments to ensure the implementation of information security operations.

2. Information Security Governance System and Specific Management Plans

(1) Information Security Policy

The Company's statement on information security policy is: "Embracing the responsibility of information security."

(2) Personnel Responsibilities

2.1 Employees must have an understanding of potential information security risks and vulnerabilities. In the event of discovering an information security incident, they are required to proactively report it to their department head or the information department.

2.2 Employees are accountable for safeguarding physical information assets registered under their name. Should any information equipment or data be lost or stolen, immediate reporting to the information department is mandatory.

2.3 Employees are responsible for securely managing their account passwords or other forms of identification to prevent theft and unauthorized usage.

2.4 Employees are obligated to strictly adhere to the prohibition of downloading, installing, and using illegal and pirated software.

2.5 Information generated, stored, or transmitted by employees using company or personal computers is recognized as company assets, and the company reserves the right to record and access relevant data when necessary.

2.6 All employees must ensure that information is shielded from unauthorized access, alteration, disclosure, or destruction to uphold the company's sustainable business operations.

(3) Network Security Management

3.1 Prior to the installation and maintenance of network equipment, coordination with the vendor is essential to fully comprehend the scope of impact and operational risks associated with maintenance, as well as the security of the installation site.

3.2 During the installation and maintenance of network equipment, if password input is required, it should be performed by designated equipment administrators. Subsequently, network device passwords should be promptly changed upon completion of installation and maintenance operations.

3.3 Passwords for network connection equipment should undergo regular changes.

3.4 Vendors are expected to prioritize on-site service as the primary maintenance approach for the company. Should remote maintenance be unavoidable, stringent precautions must be implemented to prevent potential information security incidents during the maintenance process.

3.5 Network administrators should routinely monitor the traffic and system load of core network components and routing equipment. Additionally, provisions for continuous power backup systems, such as uninterrupted power supplies (UPS), should be in place.

3.6 Information personnel should conduct regular assessments of the network operating environment, identifying security vulnerabilities and promptly addressing any abnormal occurrences. Detailed written records of these assessments should be maintained for future reference.

(4) Firewall Security Management

4.1 The connection between the company and external networks should be secured through the use of network firewalls.

4.2 Firewall system configurations must be approved by designated authorities and managed by dedicated personnel.

4.3 Records of source IP addresses, destination IP addresses, source port numbers, destination port numbers, communication protocols, access times, and actions taken passing through the firewall should be maintained for tracing purposes.

(5) Prevention of Computer Viruses

5.1 Anti-virus software must be installed on personal computers, laptops, and all servers.

5.2 Anti-virus servers must undergo regular updates of virus definitions.

(6) Management of Email Usage

6.1 Employees of the company must apply for email usage.

6.2 Employees are prohibited from engaging in illegal activities or activities detrimental to the company via email.

6.3 Upon personnel departure, account administrators should promptly deactivate or delete their accounts upon receiving notification.

6.4 Security measures such as filtering management and inspection of email size and attachments should be implemented for both incoming and outgoing emails.

(7) System Redundancy and Emergency Incident Disaster Recovery Handling

7.1 The company should conduct regular system backups and ensure the security of stored data.

7.2 Risk analysis of the physical environment, operational procedures, and application status of information systems should be carried out by the information department to formulate system recovery plans.

7.3 Periodic reviews of system recovery plans are essential.

7.4 Results from system recovery tests should be documented in writing. Any anomalies encountered should be promptly addressed and corrected to ensure the plan's effectiveness.

7.5 In the event of a disaster, the company must assess the extent of damage to determine appropriate recovery strategies. Recovery procedures should be carried out in phases, starting with the most critical operations.

(II) Disclosure of losses, potential impacts, and response measures incurred due to significant information security incidents for the current and previous fiscal years up to the date of the annual report printing: None.

VII. Important Contracts

Contract	Parties	Contract start and end date	Main content	Limited clauses
Loan Agreement	Taiwan Cooperative Bank	2022/1/14 to 2027/2/15	Loan	Financial Ratio
Patent Licensing Agreement	Company A	2000/5/15 to 2023/12/31	Licensing agreement	Confidential
Patent Sales Brokerage Agreement	Company A	2023/4/1 to 2024/4/1	Licensing agreement	Confidential
Technology Transfer Agreement	Company B	2023/7/17 to 2025/7/16	Technology Transfer	Confidential
Research Project	Company C	2023/11/1 to 2026/6/30	Contracted Research	Confidential
Development Plan	Company D	2024/2/1 to 2026/1/31	Development Grant	Limitations on the Use of R&D Outcomes

Six. Financial Information

I. Five-Year Financial Summary

(I) Concise Balance Sheet and Statements of Comprehensive Income

1. Concise Balance Sheet (Consolidated)

Unit：NT$1,000

Item \ Year		Financial Information for Most Recent 5 Fiscal Year 2019	2020	2018 After restatement (Note 1)	2021	2022	2023	As of Mar.31, 2024
Current assets		1,132,658	1,462,186	1,521,881	1,654,600	2,453,550	2,388,885	2,134,848
Property, plant and equipment		1,712,296	1,581,951	1,588,929	1,485,580	2,210,178	2,159,727	2,110,870
Intangible assets		47,893	28,397	28,397	8,939	99,695	101,351	101,493
Other assets		629,332	571,411	573,126	821,168	527,887	375,179	489,417
Total assets		3,522,179	3,643,945	3,712,333	3,970,287	5,291,310	5,025,142	4,836,628
Current liabilities	Before distribution	892,881	901,405	976,980	1,381,915	1,589,070	1,639,410	1,470,883
	After distribution	916,551	1,102,081	1,177,656	1,529,610	1,699,548	Undistributed	Undistributed
Non-current liabilities		790,249	748,550	748,550	297,394	1,303,956	1,301,674	1,250,683
Total liabilities	Before distribution	1,683,130	1,649,955	1,725,530	1,679,309	2,893,026	2,941,084	2,721,566
	After distribution	1,706,800	1,850,631	1,926,206	1,827,004	3,003.50	Undistributed	Undistributed
Equity attributable to owners of the parent company		1,826,135	1,964,927	1,964,927	2,240,050	2,199,290	1,871,880	1,888,033
Share capital		676,301	676,320	676,320	737,982	746,517	746,517	746,517
Capital surplus		552,990	570,011	570,011	790,422	859,145	867,975	867,975
Retained earnings	Before distribution	599,698	775,788	775,788	769,082	650,485	310,225	309,790
	After distribution	576,028	575,112	575,112	621,387	540,007	Undistributed	Undistributed
Other equity		(2,854)	(5,706)	(5,706)	(5,950)	(5,371)	(1,351)	15,290
Treasury share		－	(51,486)	(51,486)	(51,486)	(51,486)	(51,486)	(51,486)
Non-controlling interests		12,914	29,063	21,876	50,928	198,994	212,178	227,029
Total equity	Before distribution	1,839,049	1,993,990	1,986,803	2,290,978	2,398,284	2,084,058	2,115,062
	After distribution	1,815,379	1,793,314	1,786,127	2,143,283	2,287,806	Undistributed	Undistributed

Source: Financial reports audited or reviewed by accountants for each fiscal year.

Note 1: Due to the group's organizational restructuring, the company participated in a cash capital increase of RitWin Corp. in mid-July 2021, acquiring 9,412,000 shares, representing a 94.12% ownership. This is considered a reorganization under common control. According to the IFRS Q&A published by the Accounting Research and Development Foundation of the Republic of China and Interpretation Letter No. 301 issued in 2012, the consolidated financial statements for the comparative period should be prepared as if the consolidation had been in place from the start, and the comparative period consolidated financial statements should be restated accordingly.

Note 2: The loss compensation plan for the fiscal year 2023 was approved by the board of directors on February 29, 2024, and is pending approval at the shareholders' meeting on June 25, 2024.

2. Concise Balance Sheet (Individual)

Unit：NT$1,000

Item \ Year		Financial Information for Most Recent 5 Fiscal Year				
		2019	2020	2021	2022	2023
Current assets		971,719	1,318,819	1,066,837	1,156,885	1,014,529
Property, plant and equipment		1,709,790	1,576,496	1,471,358	1,383,245	1,312,191
Intangible assets		46,200	27,083	7,966	—	—
Other assets		708,071	662,140	982,135	1,852,365	1,551,395
Total assets		3,435,780	3,584,538	3,528,296	4,392,495	3,878,115
Current liabilities	Before distribution	819,396	873,052	992,853	897,404	1,169,365
	After distribution	843,066	1,073,728	1,140,548	1,007,882	Undistributed
Non-current liabilities		790,249	746,559	295,393	1,295,801	836,870
Total liabilities	Before distribution	1,609,645	1,619,611	1,288,246	2,193,205	2,006,235
	After distribution	1,633,315	1,820,287	1,435,941	2,303,683	Undistributed
Equity attributable to owners of the parent company		1,826,135	1,964,927	2,240,050	2,199,290	1,871,880
Share capital		676,301	676,320	737,982	746,517	746,517
Capital surplus		552,990	570,011	790,422	859,145	867,975
Retained earnings	Before distribution	599,698	775,788	769,082	650,485	310,225
	After distribution	576,028	575,112	621,387	540,007	Undistributed
Other equity		(2,854)	(5,706)	(5,950)	(5,371)	(1,351)
Treasury share		—	(51,486)	(51,486)	(51,486)	(51,486)
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,826,135	1,964,927	2,240,050	2,199,290	1,871,880
	After distribution	1,802,465	1,764,251	2,092,355	2,088,812	Undistributed

Source: Financial reports audited or reviewed by accountants for each fiscal year.

Note: The loss compensation plan for the fiscal year 2023 was approved by the board of directors on February 29, 2024, and is awaiting approval at the shareholders' meeting on June 25, 2024.

(II) Concise Statement of Comprehensive Income

1. Concise Statement of Comprehensive Income (Consolidated)

Unit: NT$1,000

Item \ Year	Financial Date for Most Recent 5 Fiscal Year						Financial Data for the Current Year up to March 31, 2024
	2019	2020	2018 After restatement (Note 1)	2021	2022	2023	
Operating Revenue	1,672,591	1,638,051	1,656,926	2,225,875	2,713,550	2,682,217	554,636
Operating Gross Profit	268,143	420,618	421,340	420,105	421,723	316,050	95,559
Operating Profit/Loss	10,493	191,449	174,119	149,051	91,440	(60,560)	6,822
Non-operating Income and Expenses	68,225	70,358	70,592	101,288	28,572	56,397	9,734
Profit Before Tax	78,718	261,807	244,711	250,339	120,012	(4,163)	16,556
Net Profit from Continuing Operations	53,235	207,781	190,685	193,678	49,325	(204,627)	14,674
Loss from Discontinued Operations	—	—	—	—	—	—	—
Net Profit (Loss) for the Period	53,235	207,781	190,685	193,678	49,325	(204,627)	14,675
Other Comprehensive Income (Net of Tax)	-20,942	-9,646	-9,646	1,566	9,840	(987)	16,383
Total Comprehensive Income for the Period	32,293	198,135	181,039	195,244	59,165	(205,614)	31,057
Net Profit Attributable to Owners of the Parent	50,926	206,554	206,554	192,160	29,919	(226,908)	453
Net Profit Attributable to Non-controlling Interests	2,309	1,227	-15,869	1,518	19,406	22,281	14,221
Total Comprehensive Income Attributable to Owners of the Parent	29,984	196,908	196,908	193,726	40,400	(227,442)	16,206
Total Comprehensive Income Attributable to Non-controlling Interests	2,309	1,227	-15,869	1,518	18,765	21,828	14,851
Earnings per share	0.76	3.06	3.06	2.86	0.41	(3.08)	0.01

Source: Financial reports audited or reviewed by accountants for each fiscal year.

Note 1: As part of a group reorganization, the company participated in a cash capital increase of Laing Tech Co., Ltd. in July 2021, acquiring 9,412,000 shares, representing a 94.12% stake. This transaction is considered a reorganization under common control. According to the IFRS Q&A published by the Financial Accounting Standards Foundation of the Republic of China and interpretation letter (101) No. 301, the consolidated financial statements for the comparative period should be restated as if the merger had occurred from the beginning.

2. Concise Statement of Comprehensive Income (Individual)

Unit: NT$1,000

Item \ Year	Financial information for the Most Recent 5 Years				
	2019	2020	2021	2022	2023
Operating Revenue	1,569,642	1,542,428	1,611,613	977,046	747,342
Operating Gross Profit	245,118	396,904	358,373	184,461	26,568
Operating Profit/Loss	1,352	185,995	131,044	11,564	(143,742)
Non-operating Income and Expenses	74,995	74,285	113,788	74,788	93,423
Profit Before Tax	76,347	260,280	244,832	86,352	(50,319)
Net Profit from Continuing Operations	50,926	206,554	192,160	29,919	(226,908)
Loss from Discontinued Operations	—	—	—	—	—
Net Profit (Loss) for the Period	50,926	206,554	192,160	29,919	(226,908)
Other Comprehensive Income (Net of Tax)	(20,942)	(9,646)	1,566	10,481	(534)
Total Comprehensive Income for the Period	29,984	196,908	193,726	40,400	(227,442)
Net Profit Attributable to Owners of the Parent	50,926	206,554	192,160	29,919	(226,908)
Net Profit Attributable to Non-controlling Interests	—	—	—	—	—
Total Comprehensive Income Attributable to Owners of the Parent	29,984	196,908	193,726	40,400	(227,442)
Total Comprehensive Income Attributable to Non-controlling Interests	—	—	—	—	—
Earnings per share	0.76	3.06	2.86	0.41	(3.08)

Source: Financial reports audited or reviewed by accountants for each fiscal year.

(III) Accountant's name and audit opinions for the past five year

Year	CPAs	Name of accountant	Audit opinion
2019	EY Taiwan	Cheng,Chin-bia Lo, Shiao-Jing	Unqualified opinions
2020	EY Taiwan	Cheng,Chin-bia Lo, Shiao-Jing	Unqualified opinions
2021	EY Taiwan	Cheng,Chin-bia Chen, Kuo-Shui	Unqualified opinions
2022	EY Taiwan	Chen, Kuo-Shui Cheng, Chih-Ming	Unqualified opinions
2023	EY Taiwan	Chen, Kuo-Shuai Chang, Chih-Ming	Unqualified opinions

II. Five-Year Financial Analysis

(I) Financial Analysis (Consolidated)

Item		Financial information for the Most Recent 5 Years (Note)						
	Year	2019	2020	2020 After restatement	2021	2022	2023	As of Mar.31, 2024
Financial structure (%)	Debt to assets ratio	47.78	45.27	46.48	42.29	54.67	58.53	56.27
	Ratio of long-term capital to property, plant and equipment	150.09	148.82	147.72	166.92	140.77	156.77	131.41
Solvency %	Current ratio	126.85	162.21	155.77	119.73	154.40	145.72	145.14
	Quick ratio	114.85	151.30	140.40	98.90	100.70	111.57	107.94
	Times interest earned	4.24	14.04	13.19	14.84	4.04	(Note1)	2.45
Operating performance	Accounts receivable turnover (times)	4.42	5.96	6.02	5.90	4.22	3.78	3.62
	Average collection days	82	61	60	61	86	97	100.82
	Inventory turnover (times)	14.21	17.15	15.98	17.61	5.17	4.24	4.06
	Accounts payable turnover (times)	3.56	3.26	3.23	4.10	4.18	4.36	4.62
	Average days in sales	25	21	22	20	71	86	89
	Property, plant and equipment turnover (times)	0.96	0.99	1.00	1.44	1.46	1.23	1.03
	Total asset turnover (times)	0.46	0.45	0.45	0.57	0.58	0.52	0.44
Profitability	Return on total assets (%)	2.02	6.24	5.70	5.41	1.74	(3.06)	1.93
	Return on equity (%)	3.21	10.84	9.94	9.05	2.10	(9.13)	0.65
	Ratio of income to paid-in capital (%)	11.63	38.71	36.18	36.80	16.07	(0.56)	8.87
	Net profit margin (%)	3.18	12.68	11.50	8.70	1.81	(7.63)	2.64
	Earnings per share (NT$)	0.76	3.06	3.06	2.86	0.41	(3.08)	0.01
Cash flow	Cash flow ratio (%)	28.92	41.09	38.49	0.77	0.88	28.30	31.53
	Cash flow adequacy ratio (%)	113.63	110.84	110.57	56.16	32.32	49.88	49.88
	Cash reinvestment ratio (%)	0.57	4.12	4.19	(2.28)	(1.52)	3.72	0.87
Leverage	Operating leverage	13.66	1.68	1.75	1.87	2.59	(1.12)	7.01
	Financial leverage	(0.75)	1.11	1.13	1.13	1.76	(Note3)	(1.48)

Reasons for Changes in Financial Ratios in the Past Two Years (Analysis may be waived if the change is less than 20%):

1. Operating Efficiency:
   (1) Inventory Turnover (times) and Average Sales Days: In 2023, the inventory turnover decreased while the average sales days increased to 4.24 times and 86 days, respectively. This was primarily because the starting inventory base was lower in 2022, leading to an average net inventory of only NT$414,477,000. The Company began increasing sales and stocking battery modules, resulting in an average net inventory of NT$558,359,000 for 2023, a 34.71% increase over 2022. Despite operating costs rising by 3.24% from 2022 to 2023, the decrease in inventory turnover and increase in inventory days in fiscal year 2023 were driven by the average inventory increase exceeding the growth in operating costs.
2. Profitability:
   (1) Return on Assets and Return on Equity: They decreased to (3.06)% and (9.13)%, respectively, in 2023, mainly due to the Company's net loss.
   (2) Profit before Tax as a Percentage of Paid-up Capital: It decreased to (0.56)% in 2023, primarily due to

the Company's pre-tax loss. (3) Net Profit Margin and Earnings per Share (Loss) after Tax: They decreased to (7.63)% and (NT$3.08), respectively, in 2023, mainly due to the Company's net loss after tax.
3. Cash Flow: (1) Cash Flow Ratio (%): It increased to 28.30% in 2023, mainly due to decreases in accounts receivable and inventory, resulting in a 3,214.37% increase in operating cash flow from 2022. (2) Current Cash Flow Ratio (%): It increased to 49.88% in 2023, mainly due to a NT$31,333,000 decrease in operating income from 2022. Additionally, good receipt conditions led to operating cash inflows of NT$96,755,000 in 2023. Furthermore, the PMOLED display market focused on destocking, and the sales performance of battery module products improved, resulting in continuous inventory reduction and an operating cash inflow of NT$285,353,000 in 2023. Thus, operating net cash flow increased by NT$449,917,000 from 2022.
4. Leverage: (1) Operating Leverage: Mainly due to operating profit turning into loss in 2023 as operating income declined along with an increase in operating expenses.

Source: Financial reports audited or reviewed by accountants for each fiscal year.

Note 1: Given the negative pre-tax profit for income tax and interest expenses, making comparisons is not meaningful; thus, the related ratios are not presented.

Note 2: Operating net cash flow or accumulated cash flow is outflowing, rendering comparisons meaningless; thus, the related ratios are not included.

Note 3: Due to operating losses, making comparisons is not meaningful; thus, the related ratios are not provided.

Note 4: The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report::

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income – interest expenses).

(II) Financial Analysis (Individual)

Item	Year	Financial information for the Most Recent 5 Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	46.84	45.18	36.51	49.93	51.73
	Ratio of long-term capital to property, plant and equipment	149.55	147.37	164.95	210.55	206.43
Solvency %	Current ratio	118.58	151.05	107.45	128.91	86.76
	Quick ratio	107.43	140.77	98.83	112.62	78.42
	Times interest earned	4.16	14.04	15.05	3.85	(Note 1)
Operating performance	Accounts receivable turnover (times)	4.39	6.32	6.48	3.90	4.04
	Average collection days	83	58	56	94	90
	Inventory turnover (times)	14.37	18.67	23.31	8.12	7.20
	Accounts payable turnover (times)	3.58	3.34	3.21	2.08	2.28
	Average days in sales	25	19	15	45	51
	Property, plant and equipment turnover (times)	0.90	0.93	1.05	0.68	0.55
	Total asset turnover (times)	0.44	0.43	0.45	0.24	0.18
Profitability	Return on total assets (%)	1.98	6.33	5.79	1.36	(4.79)
	Return on equity (%)	3.09	10.89	9.13	1.34	(11.15)
	Ratio of income to paid-in capital (%)	11.28	38.48	35.99	11.56	(6.74)
	Net profit margin (%)	3.24	13.39	11.92	3.06	(30.36)
	Earnings per share (NT$)	0.76	3.06	2.86	0.41	(3.08)
Cash flow	Cash flow ratio (%)	37.04	42.80	31.56	14.03	(Note 2)
	Cash flow adequacy ratio (%)	110.71	108.76	77.38	52.95	62.67
	Cash reinvestment ratio (%)	1.04	4.16	1.35	(0.23)	(Note 2)
Leverage	Operating leverage	98.31	1.69	1.96	11.00	0.23
	Financial leverage	(0.05)	1.12	1.15	(0.61)	(Note 3)

Recent Two-Year Changes in Financial Ratios (Analysis exempted if changes are less than 20%):

1. Debt Repayment Ability:
   (1) Current Ratio: Declined to 86.76% in 2023. This decline stems from unfavorable operational conditions, resulting in inadequate revenue to cover costs and expenses. Consequently, cash and cash equivalents diminished. Furthermore, in response to sluggish end-user demand, inventory levels were reduced, leading to a 12.31% decrease in current assets compared to 2022. Conversely, increased operational demands prompted the utilization of short-term bank loans, causing current liabilities to surge by 30.31% compared to 2022. Consequently, with diminished current assets and augmented current liabilities, the current ratio declined to 86.76% in 2023.
   (2) Quick Ratio: Plummeted to 78.42% in 2023. Mirroring the current ratio's trend, this decline was primarily a consequence of unfavorable operational conditions resulting in insufficient revenue to cover costs and expenses. Consequently, cash and cash equivalents dwindled, leading to a 9.26% decrease in quick assets compared to 2022. Concurrently, increased operational needs necessitated the drawdown of short-term bank loans, driving a 30.31% surge in current liabilities compared to 2022. Consequently, with diminished quick assets and augmented current liabilities, the quick ratio plummeted to 78.42% in 2023.
2. Operating Capability:
   (1) Total Asset Turnover: Decreased to 0.18 times in 2023, primarily due to a downturn in the company's operating income.
3. Profitability:
   (1) Return on Assets and Return on Equity: Dropped to (4.79)% and (11.15)% respectively in 2023, mainly due to the Company's net loss during that period.
   (2) Ratio of Pre-Tax Net Profit to Paid-in Capital: Decreased to (6.74)% in 2023, primarily due to the Company's pre-tax loss.
   (3) Net Profit Margin and Earnings Per Share: Plunged to (30.36)% and \$3.08 respectively in 2023, mainly due to the Company's net loss.
4. Leverage:
   (1) Operating Leverage: Decreased to 0.23 times in 2023, primarily due to a reduction in operating income.

Source: Financial reports audited or reviewed by accountants for each fiscal year.

Note 1: Pre-tax net profit before income tax and interest expenses is negative, rendering the related ratios meaningless; hence, they are excluded from presentation.

Note 2: Net cash flow from operating activities or cumulative cash flow is characterized by an outflow, which lacks comparative significance; thus, related ratios are not included.

Note 3: Due to operating losses, related ratios are not presented.

Note 4：The following formula should be listed at the end of the statement:

1. Financial Structure
   (1) Debt to asset ratio = Total liabilities/Total assets
   (2) Long term capital to property, plant and equipment ratio =（Total equity＋non-current liabilities）/net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets/current liabilities
   (2) Quick ratio = current assets – Inventories - prepaid expenses）/current liabilities
   (3) Interest coverage ratio = net profit before income tax and interest expense/net Interest expense
3. Operating capacity
   (1) Receivable (including trade receivables and notes receivables of operation) turnover rate (times) = Net Sales / Average balance of receivables
   (2) Average cash recovery day = 365 / Receivable turnover rate
   (3) Inventory turnover = cost of sales / average inventory
   (4) Payable (including payables and notes payable of operation) turnover rate = cost of sales / average balance of payables
   (5) Days sales outstanding = 365 / Inventory turnover。
   (6) Property, plant and equipment turnover rate =（net sales / average net Property, plant and equipment
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets =（〔profit after tax＋Interest expenses×（1-tax rate）〕/ average total assets
   (2) Return on equity =（profit after tax / average total equity。
   (3) Net profit rate = profit after tax / net sales
   (4)Earnings per share =（Interests attributable to parent company owner－preferred stock dividend）/ Weighted average number of issued shares（Note 4）
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase +cash dividend) within five year
   (3) Cash reinvestment ratio = (net cash flow from operating activities－cash dividend) / (gross Property, plant and equipment＋long-term investment＋Other noncurrent assets＋working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue－variable operating costs and expenses) /operating income
   (2) Financial leverage = operating income / (operating income－Interest expense)

III. **Supervisors' or Audit Committee's Report in the Most Recent Year**

Audit Committee's Review Report

The financial statements (including consolidated and individual financial statements) for the year 2023, 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

RitDisplay Corporation

Audit Committee Convener：Tung, Yun-Ling

Date: Feb.29, 2024

IV. Latest Financial Report

Please refer page 118 to page 258.

V. Latest Individual Financial Report Undergone Certification by Accountants

Please refer page 259 to page 373.

VI. If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed：None

Seven. Review and Analysis of Financial Status and Business Results and Risk Issues

I. Analysis of Financial Status

Unit：NT$ thousand

Item \ Year	2022	2023	Differences	
			Amount	Percentage
Current assets	2,453,550	2,388,885	(64,665)	(2.64)
Property, plant and equipment	2,210,178	2,159,727	(50,451)	(2.28)
Intangible assets	99,695	101,351	1,656	1.66
Other noncurrent assets	527,887	375,179	(152,708)	(28.93)
Total assets	5,291,310	5,025,142	(266,168)	(5.03)
Current liabilities	1,589,070	1,639,410	50,340	3.17
Noncurrent liabilities	1,303,956	1,301,674	(2,282)	(0.18)
Total liabilities	2,893,026	2,941,084	48,058	1.66
Capital	746,517	746,517	—	—
Capital reserve	859,145	867,975	8,830	1.03
Retained earnings	650,485	310,225	(340,260)	(52.31)
Others	(56,857)	(52,837)	4,020	7.07
Non-controlling interests	198,994	212,178	13,184	6.63
Total equity	2,398,284	2,084,058	(314,226)	(13.10)

Significant Changes in Assets, Liabilities, and Equity Items in the Last Two Years (Changes Exceeding 20% and Amounting to Over NT$10 Million) and Their Principal Causes and Effects:

1. Decrease in Other Non-current Assets: Mainly attributable to the offsetting of deferred income tax assets (offset by losses) upon expiration in 2023
2. Decrease in Retained Earnings: Primarily due to post-tax losses in 2023.

II. **Analysis of Financial Performance**

Unit：NT$1,000

Item \ Year	2022	2022	Difference	
			Amount	%
Sales	2,713,550	2,682,217	(31,333)	(1.15)
COGS	2,291,827	2,366,167	74,340	3.24
Gross Profit	421,723	316,050	(105,673)	(25.06)
Operating expense	330,283	376,610	46,327	14.03
Operating profit (loss)	91,440	(60,560)	(152,000)	(166.23)
Non-operating income and expenses	28,572	56,397	27,825	97.39
Net profit (loss) before tax	120,012	(4,163)	(124,175)	(103.47)
Income Tax	(70,687)	(200,464)	(129,777)	183.59
Net Profit (Loss) for the Period	49,325	(204,627)	(253,952)	(514.85)
Total Comprehensive Income (Loss) for the Current Period	$59,165	(205,614)	(264,779)	(447.53)

Significant Changes in Operating Revenue, Operating Net Profit, and Pre-tax Net Profit in the Last Two Years (Changes Exceeding 20% and Amounting to Over NT$10 Million):

1. Decrease in Gross Profit: Mainly attributable to the decline in operating revenue and gross profit margin in 2023.
2. Decrease in Operating Net Profit: Primarily resulting from the decrease in operating gross profit and the increase in operating expenses in 2023, leading to a shift from profit to loss in operating net profit.
3. Increase in Non-operating Income and Expenses: Mainly due to the reduced net losses on financial assets and liabilities measured at fair value through profit or loss in 2023.
4. Decrease in Net profit (loss) before tax: Mainly due to the shift from profit to loss in operating net profit in 2023, resulting in pre-tax losses.
5. Increase in Income Tax Expenses: Mainly because the company's deferred income tax assets (offset by losses) expired in 2023, leading to the recognition of income tax expenses amounting to NT$200,464,000.
6. Decrease in Net Profit (Loss) for the Period: Primarily due to pre-tax losses in 2023.
7. Decrease in Total Comprehensive Income (Loss) for the Current Period: Mainly due to post-tax losses in 2023.

III. Analysis of Cash Flow

(I) Analysis and Explanation of Recent Year Cash Flow Changes, Improvement Plan for Insufficient Liquidity, and Future Year Cash Flow Analysis

Unit：NT$1,000

Beginning cash balance ①	Net cash flow from annual operating activities ②	Annual cash flow out from operating activities ③	Annual cash flow out from investing activities ④	Exchange Rate 5	Remaining (deficient) cash amount ①+②+③+④+5	Remedial measures for cash shortfall	
						Investment plan	Investment plan
553,811	463,914	(74,278)	17,516	105	961,068	N/A	N/A

I. Analysis of Cash Flow Changes for This Year:

(1) Operating Activities: Cash inflow increased compared to 2022, primarily due to a reduction in accounts receivable and inventory in 2023.

(2) Investing Activities: Cash outflow decreased compared to 2022, mainly because in 2022, the Company's subsidiary, Hsin-Bo Asset, acquired land and buildings worth NT$697,613,000, which did not occur in 2023. (3) Financing Activities: Cash inflow decreased compared to 2022, primarily due to the issuance of the second convertible bonds in 2022.

(II) Recent Improvement Plans for Liquidity Shortage: The Company does not currently face any liquidity shortages.

(III) Future one-year cash flow liquidity analysis:

Unit：NT$1,000

Beginning cash balance ①	Net cash flow from annual operating activities ②	Annual cash flow out from operating activities ③	Annual cash flow out from investing activities ④	Exchange Rate 5	Remedial measures for cash shortfall	
					Investment plan	Investment plan
961,068	275,628	60,510	950,412	2,247,618	N/A	N/A

I. Analysis of Cash Flow Changes for the Upcoming Year:
(1) Operating Activities: It is expected that the easing of the pandemic in 2024 will result in a net cash inflow from operating activities.
(2) Investing Activities: Cash inflow is anticipated due to the disposal of financial assets.
(3) Financing Activities: Cash inflow is expected due to a planned NT$510,000 cash capital increase in 2024.

II. Remedial Measures and Liquidity Analysis for Projected Cash Shortage:
There is no anticipated cash shortage, making this section not applicable.

IV. Major Capital Expenditure Items and Source of Capital: None

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(I) Reinvestment policy in the past year

The Company's investment policy is based on considerations of sustainable operation and business growth. We adhere to the "Guidelines for the Acquisition or Disposal of Assets by Public Issuing Companies" set by the regulatory authorities, which establishes the "Procedures for the Acquisition or Disposal of Assets" as the basis for our investment activities. This allows us to have a comprehensive understanding of the related business and financial conditions. To enhance supervision and management of our invested companies, we have established internal control measures that include monitoring and management procedures for subsidiaries. These measures encompass information disclosure, financial management, business operations, inventory management, and financial oversight. By implementing these guidelines, we aim to maximize the effectiveness of our investment activities.

(II) The main reason and improvement plan for profit or loss in this year:

Unit: NT$1,000

Reinvestment Business	Main Business Items	Investment Gains or Losses Recognized in 2023	Reasons for Profit or Loss	Improvement Plan
Welltech Energy Inc.	Electronics Industry	39,998	Mainly due to good operating conditions of the parent company in Taiwan and improvements in yield and manufacturing processes at the manufacturing plant in China.	—
Hsin-Bo Assets Co.,	Leasing Industry	(5,340)	Mainly due to not fully leasing out the plant and assisting	Several potential tenants have been

Reinvestment Business	Main Business Items	Investment Gains or Losses Recognized in 2023	Reasons for Profit or Loss	Improvement Plan
Ltd.			tenants with repairs and renovations, incurring related repair costs.	engaged, and major repairs are completed. No significant repair projects are planned.
RitWin Corp.	Electronic Component Manufacturing, Battery Manufacturing	14,778	Mainly due to good order conditions for the company's uninterruptible power supply and energy storage business.	—
Saintop Group Co.,Ltd.	Investment Holding	5,458	Mainly due to recognizing investment gains or losses from the manufacturing plant in China.	—
Formosa Fortune Holding Limited	Investment Holding	6,086	Mainly due to recognizing investment gains or losses from the manufacturing plant in China.	—
Hi-Tech Energy Limited	Investment Holding	5,458	Mainly due to recognizing investment gains or losses from the manufacturing plant in China.	—
Global Resources Channel Co., Ltd	Investment Holding	4,370	Mainly due to recognizing investment gains or losses from the manufacturing plant in China.	—
Cashido Corporation	Electronics Industry	(4,118)	Plan to proceed with liquidation after completing debt and equity resolution.	Anticipated liquidation in 2024.

(III) Future one-year investment plan: The Company will continue to carefully evaluate reinvestment plans in accordance with the business strategy.

VI. Analysis of Risk Management：

(I) Impact of Interest Rates, Exchange Rates, and Inflation on the Company's Profit and Loss, and Future Measures:

1. **Impact of Interest Rate Changes on Company Profits and Future Measures**
In 2023, the Company and its subsidiaries incurred interest expenses of NT$46,665,000, representing 1.74% of net operating income. This demonstrates that interest expenses have a minimal impact on overall profits. The Company and its subsidiaries plan to take measures to respond to market interest rate fluctuations and will maintain strong communication with financial institutions to stay informed about future interest rate trends. This will help in adjusting fund utilization and the proportion of financial liabilities to mitigate the impact of interest rate changes on profits.

2. **Impact of Exchange Rate Changes on Company Profits and Future Measures**
The Company and its subsidiaries mainly denominate their sales revenue, material, and processing costs in USD. Some of the exchange rate risks associated with imports and exports can be naturally hedged. In 2023, exchange gains and losses amounted to NT$6,264,000, accounting for 0.23% of net operating income. This shows that exchange rate changes have a minimal impact on the Company’s and its subsidiaries' revenue and operations. The Company and its subsidiaries will closely monitor exchange rate movements and global economic conditions. When quoting prices and accepting orders, they will factor in exchange rate changes to mitigate risks. If there are significant exchange rate fluctuations, they will renegotiate transaction prices with customers or suppliers to lessen the impact on revenue and profits.

3. **Impact of Inflation on Company Profits and Future Measures**
Although global central banks have used monetary and interest rate policies to increase money supply and stimulate inflation and economic growth, the impact on inflation has been limited. Recent inflation rates have not significantly affected the company and its subsidiaries. Moving forward, the company

and its subsidiaries will closely monitor changes in the price index and global inflation trends. They will maintain good interactions with suppliers and customers to ease the inflationary pressure.

(II) Main reasons for profit or loss; and future measures to engage in high-risk, high-leverage investments, lending funds to others, endorsement and guarantees, and derivative transactions:

The company has established procedures such as "Procedures for Lending Funds to Others," "Procedures for Endorsements and Guarantees," and "Procedures for Acquisition or Disposal of Assets" to ensure compliance in related activities. The company focuses on its core business and follows a principle of financial prudence, avoiding high-risk and highly leveraged transactions. In 2022 and up to the date of the annual report, the company has not engaged in high-risk, highly leveraged investments, lending to others, or derivative transactions.

1. **Policies on High-Risk, Highly Leveraged Investments, Reasons for Profits or Losses, and Future Measures**
   The company and its subsidiaries focus on core business operations and, based on a principle of prudence and stability, have not engaged in high-risk, highly leveraged investment activities.

2. **Policies on Lending Funds to Others, Endorsements and Guarantees, and Derivative Transactions, Reasons for Profits or Losses, and Future Measures**
   In the most recent year and up to the date of the prospectus, the company and its subsidiaries have engaged in lending funds to others, providing endorsements and guarantees, and conducting derivative transactions as needed for business operations. The company and its subsidiaries have established "Procedures for Endorsements and Guarantees," "Procedures for Lending Funds to Others," and "Procedures for Acquisition or Disposal of Assets" in accordance with relevant regulations, which have been approved by the shareholders' meeting. All transactions conducted by the company and its subsidiaries comply with these procedures.

(III) Future research and development plans and expected R&D expenses:

The Company develops customized products based on the specific requirements of various industry categories, focusing on high reliability, long-lasting performance, high brightness, or cost-effective products for medical, industrial instrumentation, automotive, consumer electronics, and home applications. The allocation of future research and development expenses will be planned according to the annual budget management operation, determining the planned research and development expenses and adjusting them periodically based on future business plans.

(IV) The impact of significant domestic and international policy and legal changes on the company's financial operations and corresponding measures:

The Company adheres to relevant domestic and international laws and regulations, consistently monitoring policy trends and regulatory changes to promptly adapt to market changes with appropriate measures. Over the past year and up to the date of the annual report, there have been no significant impacts on the Company’s financial operations due to changes in major domestic and international policies or laws.

(V) The impact of technological changes (including cyber security risks) and industry changes on the company's financial operations and corresponding measures:

The Company and subsidiaries pay close attention to the relevant technologies, developments, and changes in the industries we operate in. We strive to quickly grasp industry dynamics, continuously enhance our research and development capabilities, and actively expand product applications to generate revenue. We tailor our products to meet the diverse needs of our customers, taking into account their individual differences, and we also adapt our development direction in response to changes in technology or industry trends. Therefore, technological changes and industry transformations have not had a significant impact on the financial operations for the Company and subsidiaries.

(VI) The impact of corporate image change on crisis management and corresponding measure:

Since its establishment, The Company and subsidiaries have always operated in compliance with the law and adhered to relevant regulations, maintaining a good corporate image. In the recent fiscal year and up until the date of printing the prospectus, there have been no incidents that have affected our crisis management due to changes in the company's and the subsidiaries' image.

(VII) Expected benefits, potential risks, and response measures of mergers and acquisitions: Not applicable

(VIII) Expected benefits, potential risks, and response measures of expanding the factory: Not applicable

(IX) Risks and response measures related to concentrated procurement or sales:

1. **Purchases**
   In 2023, purchases from the Company’s largest supplier accounted for 25.44% of total purchases,

primarily consisting of battery cells. These suppliers maintain stable delivery schedules and strong cooperative relationships, ensuring no interruptions or shortages. Overall, the Company and its subsidiaries have stable sources of supply, with most raw materials sourced from at least two suppliers, thus mitigating the risk of supplier concentration.

2. **Sales**
In 2023, the Company’s largest customer accounted for 28.89% of total sales. The Company's and its subsidiaries' customers are primarily in the consumer electronics, medical, instrumentation, and energy storage battery industries. Fluctuations in these sectors can affect the Company’s operations, so the company actively seeks to diversify into different application categories and customer bases. Overall, no single customer accounted for 30% or more of total sales in 2023, indicating no significant risk of sales concentration.

(X) Impact, risks, and response measures regarding significant transfers or changes in ownership of shares by directors, supervisors, or major shareholders holding more than 10% of the company's equity:

In the past year and up to the date of the annual report, there have been no significant impacts on the Company's operations due to major stock transfers or changes by directors, supervisors, or shareholders holding more than 10% of the company's shares.

(XI) Impact, risks, and response measures regarding changes in management rights：Not applicable

(XII) Litigation or Non-litigation Matters

1. Over the past two years and up to the date of the prospectus, there have been no finalized or ongoing litigation, non-litigation, or administrative proceedings that could significantly impact shareholder equity or securities prices. Any such matters would require disclosure of the dispute facts, the amount involved, the start date of litigation, the main parties involved, and the current status: None.
2. Over the past two years and up to the date of the prospectus, there have been no finalized or ongoing litigation, non-litigation, or administrative proceedings involving the company's directors, supervisors, general manager, substantial responsible persons, major shareholders holding more than 10% of shares, and subsidiaries that could significantly impact shareholder equity or securities prices: None.
3. Over the past two years and up to the date of the prospectus, there have been no incidents involving the company's directors, supervisors, managers, and major shareholders holding more than 10% of shares violating Article 157 of the Securities Exchange Act, and no such matters are currently being handled by the company: None.

(XIII) Other important risks and response measures：None

VII. **Other Important Matters：None**

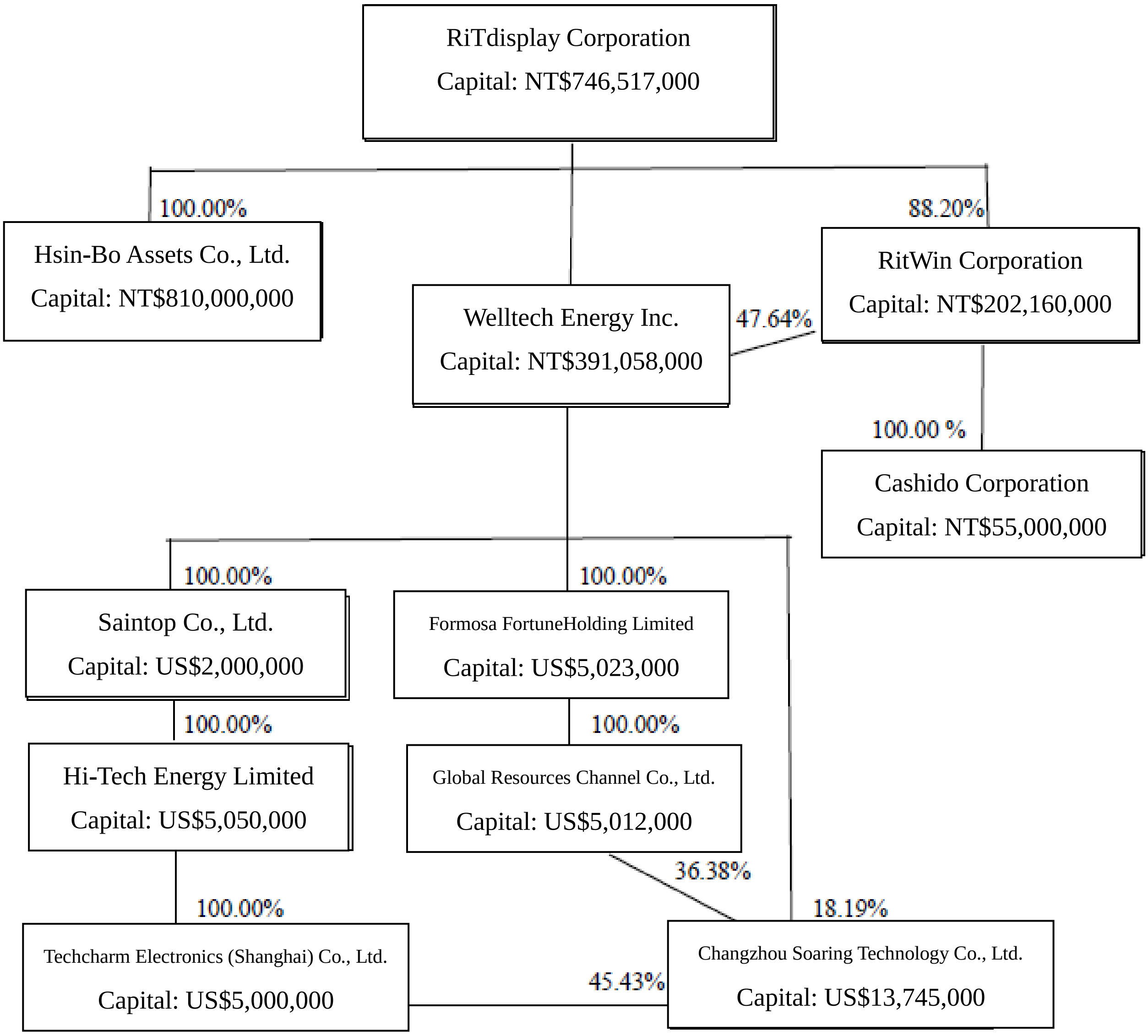
Eight. Special Disclosure

I. **Summary of Affiliated Companies**

(I) Consolidated business report about the company's affiliates

1. Overview of the company's affiliates

(1) Organization chart of the company's affiliates (As of Dec. 31, 2023):



(2) Information of the company's affiliates

Company/Address	Date of Establishment	Pain-in capital（NT$1,000）	Main business
Hsin-Bo Assets Co., Ltd. No. 12, Guangfu North Road, Hsinchu Industrial Park, Hukou Township, Hsinchu County	2019.04.25	810,000	Leasing
RitWin Corporation No. 17, Guangfu North Road, Hsinchu Industrial Park, Hukou Township, Hsinchu County	2019.08.27	202,160	Battery Manufacturing
Welltech Energy Inc. 2nd Floor, No. 12, Guangfu North Road, Hunan Village, Hukou Township, Hsinchu County	2008.04.16	391,058	Battery Manufacturing

(3) Presumed to have control and subsidiary relationships according to Article 369-3 of the Company Act：None

(4) The overall related business operations: Leasing industry and the battery manufacturing industry.

(5) Information of director, supervisor and general manager of each related companies：

Unit：Share；%

Company	Title	Name or representative	Shareholding	
			Shares	Shares
Hsin-Bo Assets	Chairman	RitDisplay Corporation Rep: Yang, Wei- Fen	81,000,000	100.00%
RitWin	Chairman	RitDisplay Corporation Rep: Yeh, Chwei-Jing	17,831,155	88.20%
	Director	RitDisplay Corporation Rep: Lo, Ching-Tsung	17,831,155	88.20%
	Director	RitDisplay Corporation Rep: Wang, Ting-Chang	17,831,155	88.20%
	Director	RitDisplay Corporation Rep: Yeh, Cheng-En	17,831,155	88.20%
	Director	Han-Win Technology Co., Ltd.	150,000	0.74%
	Supervisor	Pan, Yen-Ming	—	—
Welltech Energy	Chairman	RitDisplay Corporation Rep: Yeh, Chwei-Jing	25,691,287	65.70%
	Director	RitDisplay Corporation Rep: Yang, Wei- Fen	25,691,287	65.70%
	Director	RitDisplay Corporation Rep: Wang, Ting-Chang	25,691,287	65.70%
	Director	RitDisplay Corporation Rep: Yeh, Cheng-En	25,691,287	65.70%
	Director	RitDisplay Corporation Rep: Yeh, Cheng-Kai	25,691,287	65.70%
	Supervisor	Pan, Yen-Ming	—	—

2. Operation overview of each related companies

Unit：NT$1,000

Name of company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net profit after tax	Earing per share (NT$) (After tax)
Hsin-Bo	810,000	1,319,813	513,351	806,461	39,868	(698)	(5,294)	(0.065)
RitWin	202,160	1,084,484	662,396	422,089	624,635	13,345	16,614	2.604
WTE	391,058	727,338	225,642	501,696	1,333,501	59,725	60,415	1.553

(II) Consolidated financial statements of related companies

The companies that are required to be included in the combined financial statements of RitDisplay Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, RitDisplay Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

(III) Related report of related companies: Not applicable

II. **Private Placement Securities in the Most Recent Years: None**

III. **The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None**

IV. **Other Necessary Supplementary: None**

Nine. Have a Substantial Impact on Owner's Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law：None

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of RiTdisplay Corporation as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Ritdisplay Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

RiTDisplay Corporation

By

Yeh, Chwei-Jing
Chairman
February 29, 2024

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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 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, 2023 and 2022, and its consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, 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. 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, 2023. 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$2,682,217 thousand for the year ended December 31, 2023 is a significant account to the Group's financial statements. The major revenues were from manufacturing and sales of OLED and assembly, manufacturing, and sale of batteries and electronic components. 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$415,682 thousand as of December 31, 2023, 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 siginificant 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 obervation 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.

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 2023 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, 2023 and 2022, on which we have issued an unmodified opinion.

Chen, Kuo-Shuai

Chang, Chih-Ming

Ernst & Young, Taiwan, R.O.C
February 29, 2024

<u>*Notice to Readers*</u>

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, 2023 and December 31, 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$961,068	19	$553,811	10
1110	Financial assets at fair value through profit or loss	4, 6(2)	85,537	2	89,142	2
1120	Financial assets at fair value through other comprehensive income	4, 6(3)	61,681	1	49,574	1
1136	Financial assets measured at amortized cost	4, 6(4), 8	30,301	1	55,005	1
1170	Accounts receivable, net	4, 6(5), 6(24)	650,251	13	747,006	14
1180	Accounts receivable-related parties, net	4, 6(5), 6(24), 7	2,251	-	20,079	-
1197	Financing lease payments receivable, net	4, 6(6), 6(24)	2,800	-	-	-
1199	Financing lease payments receivable-related parties, net	4, 6(6), 6(24), 7	2,537	-	2,497	-
1200	Other receivables		24,801	1	36,439	1
1210	Other receivables-related parties	7	1,630	-	2,486	-
1220	Current tax assets	4, 6(29)	698	-	-	-
130x	Inventories, net	4, 6(7)	415,682	8	701,035	13
1410	Prepayments	7	144,083	3	152,225	3
1460	Non-current assets to be sold (or disposition group), net	4, 6(8)	-	-	35,665	1
1470	Other current assets	7	5,565	-	8,586	-
11xx	Total current assets		2,388,885	48	2,453,550	46
	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6(4), 8	41,025	1	8,699	-
1600	Property, plant and equipment, net	4, 6(10), 7, 8	2,159,727	43	2,210,178	42
1755	Right-of-use assets	4, 6(25)	41,267	1	43,488	1
1760	Investment property, net	4, 6(11), 8	236,386	5	243,844	5
1780	Intangible assets, net	4, 6(12), 6(14)	101,351	2	99,695	2
1840	Deferred tax assets	4, 6(29)	24,354	-	206,846	4
1900	Other non-current assets	4, 6(13), 6(19), 7	20,256	-	15,949	-
194D	Long-term financing lease payments receivable, net	4, 6(6), 6(24)	5,367	-	-	-
194K	Long-term financing lease payments receivable-related parties, net	4, 6(6), 6(24), 7	6,524	-	9,061	-
15xx	Total non-current assets		2,636,257	52	2,837,760	54
1xxx	Total Assets		$5,025,142	100	$5,291,310	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, 2023 and December 31, 2022
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(15), 8	$630,000	13	$500,000	10
2130	Contract liabilities	4, 6(23), 7	45,472	1	33,019	1
2170	Accounts payable		289,714	6	485,645	9
2180	Accounts payable-related parties	7	151,138	3	159,211	3
2200	Other payables		188,401	4	144,489	3
2220	Other payables-related parties	7	68,887	1	16,111	-
2230	Current income tax liabilities	4, 6(29)	14,396	-	7,954	-
2300	Other current liabilities	7	10,258	-	16,027	-
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	241,144	5	220,487	4
21xx	Total current liabilities		1,639,410	33	1,589,070	30
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(16)	23,252	-	15,229	-
2530	Bonds payable	4, 6(17)	483,665	10	535,203	10
2540	Long-term loans	6(18), 8	753,752	15	713,156	14
2550	Non-current provision	4, 6(20)	5,814	-	7,194	-
2570	Deferred tax liabilities	4, 6(29)	540	-	175	-
2670	Other non-current liabilities	4, 6(19)	34,651	1	32,999	1
25xx	Total non-current liabilities		1,301,674	26	1,303,956	25
2xxx	Total liabilities		2,941,084	59	2,893,026	55
31xx	Equity attributable to shareholders of parent					
3100	Capital	6(21)				
3110	Common stock		746,517	15	746,517	14
3200	Capital surplus	6(21)	867,975	17	859,145	16
3300	Retained earnings	6(21)				
3310	Legal reserve		164,399	3	161,489	3
3320	Special reserve		5,371	-	5,950	-
3350	Unappropriated retained earnings		140,455	3	483,046	9
3400	Other components of equity		(1,351)	-	(5,371)	-
3500	Treasury stock	4, 6(21)	(51,486)	(1)	(51,486)	(1)
3600	Non-controlling interests	6(21), 6(31)	212,178	4	198,994	4
3xxx	Total equity		2,084,058	41	2,398,284	45
3x2x	Total liabilities and equity		$5,025,142	100	$5,291,310	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 Statements Of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

Code	Accounts	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenues	4, 6(23), 7	$2,682,217	100	$2,713,550	100
5000	Operating costs	6, 7	(2,366,167)	(88)	(2,291,827)	(84)
5900	Gross profit		316,050	12	421,723	16
6000	Operating expenses	6, 7				
6100	Selling		(50,175)	(2)	(50,114)	(2)
6200	General and administrative		(179,424)	(7)	(152,220)	(6)
6300	Research and development		(147,011)	(6)	(124,723)	(5)
6450	Expected credit losses	4, 6(24)	-	-	(3,226)	-
	Operating expenses total		(376,610)	(15)	(330,283)	(13)
6900	Operating income (loss)		(60,560)	(3)	91,440	3
7000	Non-operating income and expenses					
7100	Interest income	6(27), 7	12,561	1	5,552	-
7010	Other income	6(27), 7	124,973	5	115,715	4
7020	Other gains and losses	6(27)	(23,399)	(1)	(62,691)	(2)
7050	Finance costs	6(27), 7	(46,665)	(2)	(39,542)	(1)
7055	Expected credit losses	4, 6(24)	(11,073)	-	(4,166)	-
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(9)	-	-	13,704	-
	Non-operating income and expenses total		56,397	3	28,572	1
7900	Income (loss) before income tax		(4,163)	-	120,012	4
7950	Income tax expense	4, 6(29)	(200,464)	(7)	(70,687)	(2)
8200	Net income (loss)		(204,627)	(7)	49,325	2
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		453	-	12,798	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(53)	-	(1,659)	-
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)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation		(1,387)	-	(1,380)	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures accounted for using equity method		-	-	85	-
	Total other comprehensive income, net of tax		(987)	-	9,840	-
8500	Total comprehensive income (loss)		$(205,614)	(7)	$59,165	2
8600	Net income attributable to:					
8610	Stockholders of parent		(226,908)	(8)	$29,919	1
8620	Non-controlling interests		22,281	1	19,406	1
			$(204,627)	(7)	$49,325	2
8700	The total comprehensive income (loss) attributable to:					
8710	Stockholders of parent		(227,442)	(8)	$40,400	1
8720	Non-controlling interests		21,828	1	18,765	1
			$(205,614)	(7)	$59,165	2
	Earnings per share (NTD)	6(30)				
9750	Earnings per share - basic (in NTD)		$(3.08)		$0.41	
9850	Earnings per share - diluted (in NTD)		$(3.08)		$0.41	

(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 Statements of Change in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent											
					Retained Earnings			Other Components of equity					
		Capital	Bond conversion entitlement certificates	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange differences arising on translation of foreign operations	Unrealized gains of losses on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interest	Total Equity
Code	Items	3100	3130	3200	3310	3320	3350	3410	3420	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	$680,090	$57,892	$790,422	$142,092	$5,706	$621,284	$(703)	$(5,247)	$(51,486)	$2,240,050	$50,928	$2,290,978
	Appropriation and distribution of 2021 earnings:												
B1	Legal reserve				19,397		(19,397)				-		-
B3	Special reserve					244	(244)				-		-
B5	Cash dividends - common shares						(147,695)				(147,695)		(147,695)
C5	Due to recognition of equity component of convertible bonds issued			39,923							39,923		39,923
D1	Net income for 2022						29,919				29,919	19,406	49,325
D3	Other comprehensive income (loss) for 2022						12,798	(654)	(1,663)		10,481	(641)	9,840
D5	Total comprehensive income (loss)	-	-	-	-	-	42,717	(654)	(1,663)	-	40,400	18,765	59,165
I1	Conversion of convertible bonds		8,535	30,508							39,043		39,043
I3	Conversion of certificates of bonds-to-share	66,427	(66,427)								-		-
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed			(10,378)			(10,723)				(21,101)	(81,439)	(102,540)
M7	Changes in subsidiaries ownership			9,065							9,065	15,667	24,732
O1	Changes in non-controlling interests										-	195,073	195,073
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(2,896)		2,896		-		-
T1	Other - early repurchase of convertible bonds			(395)							(395)		(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	$198,994	$2,398,284
A1	Balance as of January 1, 2023	$746,517	$-	$859,145	$161,489	$5,950	$483,046	$(1,357)	$(4,014)	$(51,486)	$2,199,290	$198,994	$2,398,284
	Appropriation and distribution of 2022 earnings:												
B1	Legal reserve				2,910		(2,910)				-		-
B5	Cash dividends - common shares						(110,477)				(110,477)		(110,477)
B17	Reversal of special reserve					(579)	579				-		-
D1	Net income for 2023						(226,908)				(226,908)	22,281	(204,627)
D3	Other comprehensive income (loss) for 2023						453	(934)	(53)		(534)	(453)	(987)
D5	Total comprehensive income (loss)	-	-	-	-	-	(226,455)	(934)	(53)	-	(227,442)	21,828	(205,614)
H3	Reorganization			10,192				1,134			11,326	(11,326)	-
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed			(5,922)							(5,922)	(26,045)	(31,967)
M7	Changes in subsidiaries ownership			6,329			(81)				6,248	33,348	39,596
O1	Changes in non-controlling interests										-	(4,621)	(4,621)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(3,247)		3,247		-		-
T1	Other - early repurchase of convertible bonds and the difference of disposing equity method investment			(1,769)				626			(1,143)		(1,143)
Z1	Balance as of December 31, 2023	$746,517	$-	$867,975	$164,399	$5,371	$140,455	$(531)	$(820)	$(51,486)	$1,871,880	$212,178	$2,084,058

(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 Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A00010	Net income before tax	$(4,163)	$120,012
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation expenses and other losses	150,139	136,189
A20200	Amortization	1,380	9,104
A20300	Expected credit losses	11,073	7,392
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	815	42,656
A20900	Interest expense	46,665	39,542
A21000	Net loss arising from derecognition of financial liabilities measured at amortised cost	-	188
A21200	Interest income	(12,561)	(5,552)
A21300	Dividend income	(4,126)	(4,984)
A22300	Share of profit or loss of associates and joint ventures	-	(13,704)
A22500	Loss (gain) on disposal of property, plan and equipment	5,842	5,233
A22800	Loss on disposal of intangible assets	-	67
A23000	Loss on disposal of non-current assets classified as held for sale	4,165	-
A23100	Loss (gain) on disposal of investments	6,541	(4,822)
A23700	Impairment loss on non-financial assets	-	6,541
A29900	Other adjustments - Gain on lease modification	-	(3)
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	4,615	591
A31150	Decrease (increase) in accounts receivable	96,755	(244,654)
A31160	Decrease (increase) in accounts receivable-related parties	17,828	150,825
A31180	Decrease (increase) in other receivable	565	(25,155)
A31190	Decrease (increase) in other receivable-related parties	856	(2,385)
A31200	Decrease (increase) in inventories	285,353	(274,672)
A31230	Decrease (increase) in prepayments	8,142	18,899
A31240	Adjustments for decrease (increase) in other current assets	3,021	(3,198)
A31990	Adjustments for decrease (increase) in other non-current assets	-	2,776
A32125	Increase (decrease) in contract liabilities	12,453	10,424
A32150	Increase (decrease) in accounts payable	(195,931)	59,989
A32160	Increase (decrease) in accounts payable-related parties	(8,073)	(9,173)
A32180	Increase (decrease) in other payable	42,552	8,774
A32190	Increase (decrease) in other payable-related parties	30,403	3,966
A32230	Adjustments for increase (decrease) in other current liabilities	(5,769)	(926)
A32240	Decrease in net defined benefit liability	(793)	(710)
A32990	Increase (decrease) in refundable liability	(1,380)	6,698
A33000	Cash generated from operations	496,367	39,928
A33100	Interest received	12,561	5,552
A33200	Dividend received	4,126	4,984
A33300	Interest paid	(37,277)	(28,414)
A33500	Income tax paid	(11,863)	(8,053)
AAAA	Net cash provided by used in operating activities	463,914	13,997

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(15,655)	-
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	3,495	2,841
B00040	Acquisition of financial assets measured at amortised cost	(7,622)	-
B00050	Proceeds from disposal of financial assets measured at amortised cost	-	66,603
B01900	Proceeds from disposal of investments accounted for using equity method	5	-
B02200	Net cash flow from acquisition of subsidiaries	-	(82,924)
B02600	Proceeds from disposal of non-current assets classified as held for sale	31,500	-
B02700	Acquisition of property, plant and equipment	(79,075)	(697,613)
B02800	Proceeds from disposal of property, plant and equipment	2,226	2,110
B03700	Increase in refundable deposits	(444)	-
B03800	Decrease in refundable deposits	-	1,935
B04500	Acquisition of intangible assets	(3,038)	(583)
B06000	Increase in long-term financing lease payments receivable	(8,167)	2,459
B06100	Decrease in financing lease payments receivable-related parties	2,497	-
BBBB	Net cash provided by (used in) investing activities	(74,278)	(705,172)
CCCC	Cash flows from financing activities:		
C00200	(Repayments of) increase in short-term loans	130,000	(256,301)
C01200	Proceeds from issuing bonds	-	595,000
C01300	Repayments of bonds	(68,054)	(35,154)
C01600	Proceeds from long-term loans	500,000	1,025,000
C01700	Repayments of long-term loans	(438,747)	(525,486)
C04020	Payments of lease liabilities	-	(946)
C04300	Increase in other non-current liabilities	-	(7,762)
C04400	Decrease in other non-current liabilities	1,786	-
C04500	Cash dividends paid	(118,895)	(159,891)
C05800	Changes in non-controlling interests	11,426	(77,808)
CCCC	Net cash provide by (used in) financing activities	17,516	556,652
DDDD	Effect of exchange rate changes on cash and cash equivalents	105	554
EEEE	Net increase (decrease) in cash and cash equivalents	407,257	(133,969)
E00100	Cash and cash equivalents at beginning of period	553,811	687,780
E00200	Cash and cash equivalents at end of period	$961,068	$553,811

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

1. HISTORY AND ORGANIZATION

RiTdisplay Corporation (referred to "the Company") was established on March 13, 2000. Its main business activities include the manufacture of OLED and sales of the related products. The Company's stock has been approved in July 2016 to be listed and trade in Taiwan Over-The-Counter Securities Exchange, and publicly listed on the Taiwan Stock Exchange starting January 17, 2019. The registered business premise and main operation address is at No.12, North Kuan-Fu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu Country, Taiwan, 30351.

Ritek Corporation is the Group's parent, while is also the ultimate controller of the Company to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized for issue in accordance with a resolution of the Board of Directors' meeting on February 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Group assesses all standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4.SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(A)Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
(B)Exposure, or rights, to variable returns from its involvement with the investee, and
(C)The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(A)The contractual arrangement with the other vote holders of the investee
(B)Rights arising from other contractual arrangements
(C)The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

(A)Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(B)Derecognizes the carrying amount of any non-controlling interest;
(C)Recognizes the fair value of the consideration received;
(D)Recognizes the fair value of any investment retained;
(E)Recognizes any surplus or deficit in profit or loss; and
(F)Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

			Percentage of Ownership (%), As of December 31,		
Investor	Subsidiary	Main business	2023	2022	Note
The Company	Newrit Asset Co., Ltd.	Leasing business	100%	96.33%	Note 1
The Company	Cashido Corporation	Manufacturing and sales of micro bubble systems	-%	-%	Note 2 Note 3
The Company	Ritwin Corporation	Electronic components manufacturing industry	88.20%	89.53%	Note 4 Note 5 Note 6
The Company	Welltech Energy Inc.	Manufacturing and sales of battery, electronic components	20.00%	66.23%	Note 7 Note 8 Note 9 Note 12
Welltech Energy Inc.	Newrit Asset Co., Ltd.	Leasing business	-%	1.83%	Note 7 Note 10
Welltech Energy Inc.	Saintop Group Co., Ltd.	Investment activities	100%	100%	Note 7
Welltech Energy Inc.	Formosa Fortune Holding Limited	Investment activities	100%	100%	Note 7
Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co., Ltd.	Designing and assembling of lithium battery, manufacturing and selling of battery module- component	18.19%	18.19%	Note 7

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

			Percentage of Ownership (%), As of December 31,		
Investor	Subsidiary	Main business	2023	2022	Note
Saintop Group Co., Ltd.	Hi-Tech Eenergy Limited	Investment activities	100%	100%	Note 7
Hi-Tech Eenergy Limited	Techcharm Electronics (Shanghai) Co., Ltd.	Investment activities	100%	100%	Note 7
Techcharm Electronics (Shanghai) Co., Ltd.	Changzhou Shangyang Photoelectricity Co., Ltd.	Designing and assembling of lithium battery, manufacturing and selling of battery module- component	45.43%	45.43%	Note 7
Formosa Fortune Holding Limited	Global Resources Channel Co., Ltd	Investment activities	100%	100%	Note 7
Global Resources Channel Co., Ltd	Changzhou Shangyang Photoelectricity Co., Ltd.	Designing and assembling of lithium battery, manufacturing and selling of battery module- component	36.38%	36.38%	Note 7
Ritwin Corporation	Cashido Corporation	Manufacturing and sales of micro bubble systems	100%	100%	Note 5
Ritwin Corporation	Welltech Energy Inc.	Manufacturing and sales of battery, electronic components	47.64%	-%	Note 11 Note 12

Note 1: The Company's subsidiary, Newrit Asset Co., Ltd., conducted a cash capital increase in January 2022. The Company participated in the cash capital increase, increasing its ownership from 64.94% to 96.33%. Additionally, on March 31, 2023, the Company acquired 2,970 thousand shares of Newrit Asset Co., Ltd. for NT$30,294 thousand, increasing its ownership percentage from 96.33% to 100%.

Note 2: The Company reinvested Cashido Corporation NT$8,775 thousand for 726 thousand shares between August to October 2022. The ownership interest increased from 78.66% to 91.85%.

Note 3: To improve the synergy of the Group, Ritwin Corporation, a subsidiary of the Company, conducted share conversion and issued new shares according to the “Business Mergers and Acquisitions Act " to obtain 100% shares of Cashido Corporation. As a result, the Company's ownership interest to Cashido Corporation was decreased from 91.85% to 0%.

Note 4: On July 25, 2022, Ritwin Corporation, a subsidiary of the Company, conducted the cash capital increase. The Company didn't attend the cash capital increase, and the ownership interest was decreased from 94.12% to 89.14%.

Note 5: On July 5, 2022, Ritwin Corporation, a subsidiary of the Company, decided to conduct share conversion and issue new shares to obtain all shares of Cashido Corporation according to the “Business Mergers and Acquisitions Act”. The share exchange was conducted at an exchange ratio of 1 ordinary share for 0.4029 ordinary share of Ritwin Corporation. Ritwin Corporation issued 2,216 thousand shares and exchanged 5,500 thousand shares of Cashido Corporation. The basis date of share conversion and process from new issue was on October 12, 2022. Due to the aforementioned, the ownership of the Company to Ritwin Corporation was increased from 89.14% to 89.53%, in the meanwhile, the ownership of Ritwin Corporation to Cashido Corporation was increased from 0% to 100%.

Note 6: On August 18, 2023, Ritwin Corporation, a subsidiary of the Company, conducted the cash capital increase. The Company didn't attend the cash capital increase, and the ownership interest was decreased from 89.53% to 88.20%.

Note 7: On March 28, 2022, the Company reinvested the Welltech Energy Inc. NT$62,465 thousand for 4,164 thousand shares, and the ownership interest was increased from 20.89% to 31,63%. On April 1, 2022, the Company obtained 7,172 thousand shares with NT$107,580 thousand, and the ownership interest was increased from 31.63% to 50.12%. Because of the aforementioned, the Company was indirectly holding the subsidiaries and the second-tier subsidiaries of Welltech Energy Inc. as well as acquiring more than half of board seats. As a result, the Company obtained the control of the Welltech Energy Inc. and regarded it as a consolidated entity since April 1, 2022.

Note 8: In September 2022, the Company obtained 2,356 thousand shares of the Welltech Energy Inc. with NT$35,335 thousand, and the ownership interest was increased from 50.12% to 56.19%; In December 2022, the Company reinvested the Welltech Energy Inc. 3,895 thousand shares with NT$58,430 thousand, and the ownership was increased from 56.19% to 66.23%.

Note 9: The Company's subsidiary, Welltech Energy Inc., conducted a share capital increase through employee compensation on August 23, 2023, resulting in a decrease in the Company's ownership percentage from 66.23% to 65.70%.

Note 10: In March 2023, the subsidiary of the Company, Welltech Energy Inc., sold 1,485 thousand shares of Newrit Asset Co., Ltd. to the Company, resulting in its ownership percentage of Newrit Asset Co., Ltd. decreasing from 1.83% to 0%.

Note 11: In September 2023, the subsidiary of the Company, Ritwin Corporation, invested a total of NT$16,653 thousand in Welltech Energy Inc., and obtained 757 thousand shares at the shareholding ratio of 1.94%.

Note 12: In response to the group's business unit planning, the Company's subsidiary, Ritwin Corporation, purchased 17,871 thousand shares of Welltech Energy Inc. from the Company in the amount of NT$393,162 thousand in December 2023, reducing the Company's ownership percentage of Welltech Energy Inc. from 65.70% to 20.00%. Meanwhile, Ritwin Corporation increased its ownership percentage of Welltech Energy Inc., Ltd. from 1.94% to 47.64%, constituting a reorganization of entities under common control.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(A)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(B)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(C)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Current and non-current distinction

An asset is classified as current when:

(A)The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(B)The Group holds the asset primarily for the purpose of trading.
(C)The Group expects to realize the asset within twelve months after the reporting period.
(D)The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(A)The Group expects to settle the liability in its normal operating cycle.
(B)The Group holds the liability primarily for the purpose of trading.
(C)The liability is due to be settled within twelve months after the reporting period.
(D)The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7)Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Group's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease payments receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9)Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Including cost of direct materials, labor and a proportion of manufacturing overheads excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(10)Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arragement whereby the parties that have joint control of the arrangement have right to the net assets of the joint venture.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	14～46 years
Machinery and equipment	5～15 years
Other equipment	2～21 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group’s owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal company that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	14～46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14)Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A.The right to obtain substantially all of the economic benefits from use of the identified asset; and
B.The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Patent and Trademark rights

Patent and trademark rights are the authorized right from acquiring or purchasing.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 10 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents	Trademark rights	Computer software
Useful economic life	5~20 years	7~10 years	2~20 years
Amortization method	Straight-line method during the contract term	Straight-line method during the contract term	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally	Acquired externally	Acquired externally

(16)Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17)Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18)Treasury stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19)Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies are explained as follow:

Sale of goods

The Group manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is OLED and revenue is recognized based on the consideration stated in the contract. The Group recognized an allowance for sale return and discount shall be presented under the caption of refund liabilities within other current liabilities when partial or all considerations received might be returned or a chargeback is expected to occur.

The credit period of the Group's sale of goods is from T/T to 30～90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(20)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21)Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22)Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group’s consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(23)Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(24)Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination；at the time of the transaction, affects neither the accounting profit nor taxable profit or loss；and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

B.In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A.Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination； at the time of the transaction, affects neither the accounting profit nor taxable profit or loss ； and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

B.In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(25)Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5.SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1)Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment.

B. Operating lease commitment-Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2)Estimates and assumptions

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amount of assets and liabilities within the next fiscal year are discussed below.

A. Accounts receivables-estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to Note 6 for more details.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details about unrecognized deferred tax assets as of December 31, 2023.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash on hand	$399	$913
Demand/Checking deposits	440,076	322,127
Time deposits	484,377	230,771
Investments in bonds with resale agreements	36,216	-
Total	$961,068	$553,811

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2023	2022
Measured at fair value through profit or loss:		
Listed companies stocks	$109,530	$120,343
Valuation adjustment	(23,993)	(31,201)
Total	$85,537	$89,142
Current	$85,537	$89,142
Non-current	-	-
Total	$85,537	$89,142

No financial assets at fair value through profit or loss was pledged as collateral.

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

	As of December 31,	
	2023	2022
Equity instruments investments measured at fair value through other comprehensive income-Current:		
Unlisted company stocks	$62,501	$53,588
Valuation adjustment	(820)	(4,014)
Total	$61,681	$49,574
Current	$61,681	$49,574
Non-current	-	-
Total	$61,681	$49,574

No financial assets measured at fair value through other comprehensive income was pledged as collateral.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In consideration of the Group’s investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$3,495	$2,841
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$(3,247)	$(2,896)

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Restricted demand deposits	$16,074	$8,526
Time deposits over 3 months	30,000	42,532
Restricted time deposits	25,252	12,646
Total	$71,326	$63,704
Current	$30,301	$55,005
Non-current	41,025	8,699
Total	$71,326	$63,704

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Accounts receivable and accounts receivable-related parties

	As of December 31,	
	2023	2022
Accounts receivable	$664,386	$761,141
Less: loss allowance	(14,135)	(14,135)
Subtotal	650,251	747,006
Accounts receivable-related parties	2,251	20,079
Less: loss allowance	-	-
Subtotal	2,251	20,079
Total	$652,502	$767,085

Accounts receivables were not pledged.

Accounts receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2023 and 2022 are NT$666,637 thousand and NT$781,220 thousand, respectively. Please refer to Note 6(24) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Financing lease payments receivable, net and financing lease payments receivable-related parties, net

On December 31, 2023 and 2022, the Group leased machinery and equipment through financial leasing, the adjustments are listed below:

	As of December 31,			
	2023		2022	
	Total investment in leases	Present value of receivables on minimum lease payments	Total investment in leases	Present value of receivable on minimum lease payments
Less than one year	$5,688	$5,337	$2,664	$2,497
More than one year but less than five years	12,456	11,891	9,324	9,061
More than five years	-	-	-	-
Total	18,144	$17,228	11,988	$11,558
Less: Unearned finance income	(916)		(430)	
Present value of receivable on minimum lease payments	$17,228		$11,558	
Current	$5,337		$2,497	
Non-current	11,891		9,061	
Total	$17,228		$11,558	

Financing lease payments receivables, net and financing lease payments receivables-related parties, net were not pledged.

Please refer to Note 6(24) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Inventory

	As of December 31,	
	2023	2022
Merchandise inventory	$121	$25,560
Finished goods	154,379	173,041
Semi-finished goods and Work in process	83,742	71,324
Raw materials	177,440	431,110
Total	$415,682	$701,035

For the years ended December 31, 2023 and 2022, the Group recognized NT$2,336,879 thousand and NT$2,274,955 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the years ended December 31,	
	2023	2022
Loss (gain) from inventory market decline	$16,102	$(5,726)
Loss from inventory write-off obsolescence	-	2,715
Loss (gain) from physical	65	64
Total	$16,167	$(2,947)

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed.

The inventories were not pledged.

(8) Non-current assets to be sold

	As of December 31,	
	2023	2022
Luminit Automotive Technology Corporation	$-	$35,665

In October 2022, the Group authorized the chairman of the company to dispose of Luminit Automotive Technology Corporation share project. As of December 31, 2022, it was classified as non-current assets to be sold.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Luminit Automotive Technology Corporation conducted a reduction of capital in the amount of NT$31,500 thousand on March 14, 2023. The Group received capital return of NT$9,776 thousand in accordance with its ownership percentage. Additionally, the Group sold its shares of Luminit Automotive Technology Corporation in June 2023 for NT$21,724 thousand, recognizing a disposal loss of NT$4,165 thousand.

(9) Investments accounted for under equity method

	As of December 31,			
	2023		2022	
Investee Companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
Pvnext Corporation	$-	-%	3,447	4.31%
Luminit Automotive Technology Corporation	-	-%	-	-%
Accumulated impairment	-		(3,447)	
Total	$-		$-	

Investment in associates were not material to the Group. The associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	For the years ended December 31,	
	2023	2022
Profit (loss) in current period	$-	$13,704
Other comprehensive income (net of tax)	-	85
Total comprehensive income	$-	$13,789

The Group's investments accounted for under equity method were based on unaudited financial statements.

The Group authorized the chairman of the Company to sell the shares of Pvnext Corporation to the ultimate parent company, Ritek Corporation, in May 2023. The number of shares sold was 3,600 thousand, and the selling price was NT$5 thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In October 2022, the Group authorized the chairman of the company to dispose of Luminit Automotive Technology Corporation share project , as a result, it was classified as non-current assets to be sold.

The associated had no contingent liabilities or capital commitments and were not pledged as collateral as of December 31, 2022.

(10) Property, plant and equipment

A. Owner occupied property, plant and equipment

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
As of Jan. 1, 2023	$867,901	$2,390,676	$5,016,164	$230,836	$8,505,577
Additions	-	8,408	82,184	8,975	99,567
Disposals	-	(30,980)	(101,134)	(563)	(132,677)
Transfers	-	894	-	-	894
Exchange differences	-	(2,527)	(1,915)	(338)	(4,780)
As of Dec. 31, 2023	$867,901	$2,366,471	$4,995,299	$238,910	$8,468,581
As of Jan. 1, 2022	$471,901	$2,012,100	$4,849,209	$182,893	$7,516,103
Additions	396,000	338,164	70,601	21,622	826,387
Acquisition through business combinations	-	120,261	143,175	37,056	300,492
Disposals	-	-	(44,135)	(10,310)	(54,445)
Transfers	-	(77,405)	-	-	(77,405)
Exchange differences	-	(2,444)	(2,686)	(425)	(5,555)
As of Dec. 31, 2022	$867,901	$2,390,676	$5,016,164	$230,836	$8,505,577

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Other equipment	Total
Depreciation and impairment:					
As of Jan. 1, 2023	$-	$1,588,853	$4,499,814	$206,732	$6,295,399
Depreciation	-	37,263	94,672	7,151	139,086
Disposals	-	(30,980)	(93,125)	(504)	(124,609)
Transfers	-	3,157	-	-	3,157
Exchange differences	-	(2,037)	(1,810)	(332)	(4,179)
As of Dec. 31, 2023	$-	$1,596,256	$4,499,551	$213,047	$6,308,854
As of Jan. 1, 2022	$-	$1,525,843	$4,324,458	$180,222	$6,030,523
Depreciation	-	32,039	89,278	3,409	124,726
Acquisition through business combinations	-	91,624	119,504	32,907	244,035
Disposals	-	-	(37,707)	(9,395)	(47,102)
Impairment	-	-	6,541	-	6,541
Transfers	-	(58,781)	-	-	(58,781)
Exchange differences	-	(1,872)	(2,260)	(411)	(4,543)
As of Dec. 31, 2022	$-	$1,588,853	$4,499,814	$206,732	$6,295,399
Net carrying amount:					
As of Dec. 31, 2023	$867,901	$770,215	$495,748	$25,863	$2,159,727
As of Dec. 31, 2022	$867,901	$801,823	$516,350	$24,104	$2,210,178

B. Please refer to Note 8 for more details on property, plant and equipment under pledge.

C. Significant component of main building, fire engineering equipment, sewage treatment equipment and cleanroom are depreciated over useful lives of 46 years and 14~20 years, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Investment property

	Buildings
Cost:	
As of January 1, 2023	$1,041,002
Transfers from property, plant and equipment	(894)
As of December 31, 2023	$1,040,108
As of January 1, 2022	$963,597
Transfers from property, plant and equipment	77,405
As of December 31, 2022	$1,041,002
Depreciation and impairment:	
As of January 1, 2023	$797,158
Depreciation	9,721
Transfers from property, plant and equipment	(3,157)
As of December 31, 2023	$803,722
As of January 1, 2022	$728,867
Depreciation	9,510
Transfers from property, plant and equipment	58,781
As of December 31, 2022	$797,158
Net carrying amount:	
As of December 31, 2023	$236,386
As of December 31, 2022	$243,844

	For the years ended December 31,	
	2023	2022
Rental income from investment property	$73,570	$78,062
Less: Direct operating expenses from investment property generating rental income	(9,721)	(9,510)
Total	$63,849	$68,552

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 8 for more details on investment property under pledge.

Investment property held by the Group are not measured at the fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair values of investment properties were NT$282,214 thousand and NT$279,484 thousand as of December 31, 2023 and 2022, respectively. The fair value of investment properties had been determined based on the recent transaction price of comparatively similar objects where each investment property is located in.

(12) Intangible assets

	Patents	Trademark rights	Goodwill	Computer	Total
Cost:					
As of Jan. 1, 2023	$1,091	$835	$97,590	$9,546	$109,062
Addition-acquired alone	-	-	-	3,038	3,038
Transfers	-	-	-	848	848
Exchange differences	-	-	-	(91)	(91)
As of Dec. 31, 2023	$1,091	$835	$97,590	$13,341	$112,857
As of Jan. 1, 2022	$501,091	$835	$-	$-	$501,926
Addition-acquired alone	-	-	-	583	583
Acquisition through business combinations	-	-	97,590	9,395	106,985
Disposal	(500,000)	-	-	(340)	(500,340)
Exchange differences	-	-	-	(92)	(92)
As of Dec. 31, 2022	$1,091	$835	$97,590	$9,546	$109,062

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Patents	Trademark rights	Goodwill	Computer	Total
Amortization and Impairment:					
As of Jan. 1, 2023	$611	$583	$-	$8,173	$9,367
Amortization	107	83	-	1,190	1,380
Transfers	-	-	-	848	848
Exchange differences	-	-	-	(89)	(89)
As of Dec. 31, 2023	$718	$666	$-	$10,122	$11,506
As of Jan. 1, 2022	$492,493	$494	$-	$-	$492,987
Amortization	8,118	89	-	897	9,104
Acquisition through business combinations	-	-	-	7,635	7,635
Disposal	(500,000)	-	-	(273)	(500,273)
Exchange differences	-	-	-	(86)	(86)
As of Dec. 31, 2022	$611	$583	$-	$8,173	$9,367
Net carrying amount:					
As of Dec. 31, 2023	$373	$169	$97,590	$3,219	$101,351
As of Dec. 31, 2022	$480	$252	$97,590	$1,373	$99,695

Amounts of amortization recognized for intangible assets are as follow:

	For the years ended December 31,	
	2023	2022
Operating costs	$81	$162
Operating expenses	1,299	8,942
Total	$1,380	$9,104

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Other non-current assets

	As of December 31,	
	2023	2022
Prepayment in equipment	$16,580	$13,829
Refundable deposits	2,564	2,120
Net defined benefit asset	1,112	-
Total	$20,256	$15,949

(14) Impairment testing goodwill

Goodwill acquired through business combination has been allocated to cash-generating unit, for impairment testing as follows:

	As of December 31,	
	2023	2022
Subsidiary-Welltech Energy Inc.	$97,590	$97,590

On December 31, 2023, the recoverable amount of cash generating units of the Welltech Energy Inc. was NT$787,420 thousand. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for product. The pre-tax discount rate applied to cash flow projections is 12.33% and cash flows beyond the five-year period are extrapolated using 10%~15% growth rate. As a result of the updated analysis, management did not identify an impairment for goodwill of NT$97,590 thousand which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumption:

(1) Gross margin
(2) Discount rates
(3) Growth rate used to extrapolate revenue beyond the budget period.

Gross margins－Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

Discount rate－Discount rate reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue－Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of Welltech Energy Inc., management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Short-term loans

	As of December 31,	
	2023	2022
Bank loans	$630,000	$500,000
Interest rate range (%)	1.65%～2.65%	0.90%～4.86%

As of December 31, 2023 and 2022, the lines of unused short-term loans credit for the Group amounted to NT$1,735,000 thousand and NT$970,000 thousand, respectively.

The secured bank loans are secured by financial assets measured at amortized cost. Please refer to Note 8 for more details of the security.

(16) Financial liabilities at fair value through profit or loss

	As of December 31,	
	2023	2022
Financial liabilities at fair value through profit or loss		
Embedded derivatives-Non-current	$23,252	$15,229

The Group's embedded derivatives (issuer redeemable and holder sellable options) related to bonds payable which amounted to NT$23,252 thousand and NT$15,229 thousand and were both recognized as non-current financial liabilities at fair value through profit or loss as of December 31, 2023 and 2022, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Bonds payable

A. Details of bonds payable:

	As of December 31,	
	2023	2022
Liability component:		
Principal amount	$508,800	$578,700
Discounts on bonds payable	(25,135)	(37,370)
Subtotal	483,665	541,330
Less: current portion	-	(6,127)
Net	$ 483,665	$535,203
Embedded derivative financial instruments	$23,252	$15,229
Equity component-conversion rights	$33,854	$38,392

For the details of the gain or loss from valuation through profit or loss on embedded derivative financial instruments and the interest expense on the convertible bonds payable, please refer to Note 6 (27).

B. On June 4, 2020, the Company's board of directors' meetings resolved to issue first unsecured convertible bonds. The application had been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1090347186. The terms of the bonds were as follows:

(a) Issue date: July 17, 2020

(b) Issue amount: NT$350,000 thousand

(c) Issue price: Issued at par value

(d) Coupon rate: 0%

(e) Secured or unsecured: Unsecured bonds

(f) Period: From July 17, 2020 to July 17, 2023

(g) Terms of Conversion:

i. Conversion period:

The bondholders would have the right to convert their bonds at any time during the conversion period commencing October 18, 2020 (the 3 months following the issuing date) to July 17, 2023 (the maturity date). However, the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.

ii. Conversion price and adjustment:

The conversion price was originally at NT$50.80 per share. The conversion price would be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2020, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price had been adjusted from NT$50.80 to NT$50.40 since July 19, 2020.

Due to the distribution of cash dividends on ordinary shares in 2021, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price had been adjusted from NT$50.40 to NT$47.45 since September 20, 2021.

Due to the distribution of cash dividends on ordinary shares in 2022, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price had been adjusted from NT$47.45 to NT$45.04 since July 26, 2022.

iii. Redemption on the maturity date:

The Company would redeem the bonds in cash if the convertible bonds were not settled by the maturity date.

(h)Redemption option of the issuer

The Company may redeem the convertible bonds at the par value of convertible bonds and pay in cash, from three months after bond issued October 18, 2020 to 40 days before maturity date (June 7, 2023) in the following events:

(i)The Company’s closing price of common shares is over 30% above the convertible price for 30 consecutive trading days.

(ii)The total value of outstanding convertible bonds becomes less than 10% of the total principal.

(i) Put option of the holder

The bondholders could execute put option after two years from issuance date (July 17, 2022). The Company should send through registered mail the “Notification of bondholder’s put option” 40 days before the put option base date (June 7, 2022). OTC (Over the Counter) should be notified by the Company and should announce the bondholder’s put option; a written notification should be sent to the share transfer agent by bondholders 30 days before the put option base date (June 17, 2022). The put value is 101% of the par value (the year yield is 0.5%). After accepting the put request, the Company should redeem the bonds by cash within 5 business days after the put option base date.

C. On November 9, 2021, the Company's board of directors' meetings resolved to issued second unsecured convertible bonds. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1100376203. The terms of the bonds are as follows:

(a) Issue date: January 11, 2022

(b) Issue amount: NT$600,000 thousand

(c) Issue price: Issued at par value

(d) Coupon rate: 0%

(e) Secured or unsecured: Unsecured bonds

(f) Period: From January 11, 2022 to January 11, 2027

(g) Terms of Conversion:

i. Conversion period:

The bondholders would have the right to convert their bonds at any time during the conversion period commencing April 12, 2022 (the 3 months following the issuing date) to January 11, 2027 (the maturity date). However, the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.

ii. Conversion price and adjustment:

The conversion price was originally at NT$80.50 per share. The conversion price would be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2022, the company adjusted the conversion price based on the provisions for issuance and conversion of the second time unsecured convertible bonds. As a result, the conversion price had been adjusted from NT$80.50 to NT$76.41 since July 26, 2022.

Due to the distribution of cash dividends on ordinary shares in 2023, the company adjusted the conversion price based on the provisions for issuance and conversion of the second time unsecured convertible bonds. As a result, the conversion price had been adjusted from NT$76.41 to NT$73.58 since August 14, 2023.

iii.Redemption on the maturity date:

The Company would redeem the bonds in cash if the convertible bonds were not settled by the maturity date.

(h) Redemption option of the issuer

The Company may redeem the convertible bonds at the par value of convertible bonds and pay in cash, from three months after bond issued April 12, 2022 to 40 days before maturity date (December 2, 2026) in the following events:

(i)The Company's closing price of common shares is over 30% above the convertible price for 30 consecutive trading days.

(ii)The total value of outstanding convertible bonds becomes less than 10% of the total principal.

(i) Put option of the holder

The bondholders can execute put option after two years from issuance date (January 11, 2025). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the put option base date (December 2, 2024). OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days before the put option base date (December 11, 2024). The put value is 101.51% of the par value (the year yield is 0.5%). After accepting the put request, the Company should redeem the bonds by cash within 5 business days after the put option base date.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In addition, the conversion amount of the Company's first unsecured convertible bonds was both NT$334,300 thousand as of December 31, 2023 and 2022. The bonds matured on July 17, 2023, with repayment of principal at maturity processed in accordance with the terms of issuance and conversion of the bonds. The bonds also terminated trading on the OTC exchange.

(18) Long-term loans

	As of December 31,	
	2023	2022
Syndicated loans	$500,000	$900,000
Bank loans	497,008	37,154
Subtotal	997,008	937,154
Less: arrangement fee	(2,112)	(3,511)
Less: current portion	(241,144)	(220,487)
Net	$753,752	$713,156
Interest Rate (%)	1.650%～2.651%	1.425%～2.151%

A. The Company signed the 5-year guarantee financing commitment contract of NT$1.8 billion with joint credit syndicate led by Bank of Taiwan in December 2018.

The financial commitment of the above syndicated loan maintaining financial ratios and agreements is as follows:

(a) Current ratio (current assets/ current liabilities): keep at 100% and above.
(b) Debt ratio (total liabilities/ tangible net worth): keep under 250%.
(c) Interest coverage ratio [(net income before tax + depreciation + amortization + interest expense)/ interest expense]: keep at least 6 times.
(d) Tangible net worth (shareholders' equity-intangible assets): keep at least NT$ 1,000,000 thousand.

The above ratio and standard shall be checked every six months according to the financial reports of the year (half year) audited (reviewed) by the independent auditors.

The above syndicated loan was fully paid in January 2022.

B. The Company signed the 5-year guarantee financing commitment contract of NT$2 billion with joint credit syndicate led by Bank of Taiwan in January 2022.

The financial commitment to above syndicated loan maintains financial ratios and agreements as follows:

(a) Current ratio (current assets/ current liabilities): keep at 100% and above.
(b) Debt ratio (total liabilities/ tangible net worth): keep under 250%.
(c) Interest coverage ratio [(net income before tax + depreciation + amortization + interest expense)/ interest expense]: keep at least 6 times.
(d) Tangible net worth (shareholders' equity-intangible assets): keep at least NT$ 1,000,000 thousand.

The above ratio and standard shall be checked every six months according to the financial reports of the year (half year) audited (reviewed) by the independent auditors.

The aforementioned syndicated loan were partially prepaid during the period from April to July 2023.

The subsidiary of the Company, Newrit Asset Co., Ltd., of the Company signed a twenty-year loan agreement with the Taiwan Cooperative Bank in April 2023, for a loan of NT$500 million. The repayment period extends from the 2023 to 2043 in installments.

C. The loan repayment period of other financial institutions was starts from 2017 to 2024 in installments.

D. Please refer to Note 8 for more details on assets pledged for long-term loans.

(19) Post-employment benefits

Defined contribution plan

The Group and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$15,955 thousand and NT$14,410 thousand, respectively.

Additional pension expenses recognized for the executives engaged by the Group amounted to NT$1,712 thousand and NT$3,396 thousand for the years ended December 31, 2023, and 2022, respectively.

Reversal of pension expenses recognized for the executives engaged by the Group amounted to NT$0 thousand and NT$(12,897) thousand for the years ended December 31, 2023, and 2022, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$794 to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the maturities of the Company's defined benefit plan were both expected in 2033 and 2032, respectively.

Pension costs recognized in profit or loss was as follows:

	For the years ended December 31,	
	2023	2022
Current period service costs	$622	$331
Net interest expense (income)	(621)	(247)
Total	$1	$84

Reconciliation in the defined benefit obligation and fair value of plan assets were as follows:

	As of December 31,	
	2023	2022
Defined benefit obligation	$43,820	$44,814
Plan assets at fair value	(44,932)	(44,680)
Other non-current liabilities – net defined benefit liability	$(1,112)	$134

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit liability was as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2022	$54,218	$(40,576)	$13,642
Current period service costs	331	-	331
Net interest expense (income)	-	(247)	(247)
Subtotal	331	(247)	84
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	6	-	6
Actuarial gains and losses arising from changes in financial assumptions	(4,587)	-	(4,587)
Experience adjustments	(5,154)	-	(5,154)
Re-measurement on defined benefit assets	-	(3,063)	(3,063)
Subtotal	(9,735)	(3,063)	(12,798)
Contributions by employer	-	(794)	(794)
As of December 31, 2022	44,814	(44,680)	134
Current period service costs	622	-	622
Net interest expense (income)	-	(621)	(621)
Subtotal	622	(621)	1
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	84	-	84
Actuarial gains and losses arising from changes in financial assumptions	646	-	646
Experience adjustments	(1,051)	-	(1,051)
Re-measurement on defined benefit assets	-	(132)	(132)
Subtotal	(321)	(132)	(453)
Contributions by employer	-	(794)	(794)
Actual benefit payments	(1,295)	1,295	-
As of December 31, 2023	$43,820	$(44,932)	$(1,112)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following significant assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.26%	1.39%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased 0.5%	$-	$(2,409)	$-	$(2,609)
Discount rate decreased 0.5%	2,639	-	2,863	-
Expected salary increased 0.5%	2,579	-	2,802	-
Expected salary decreased 0.5%	-	(2,381)	-	(2,582)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis was consistent for both current and prior years.

(20) Non-current provision

	Returns and discounts
As of January. 1, 2023	$7,194
Use in the period	(1,380)
As of December 31, 2023	$5,814

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Returns and discounts
As of January. 1, 2022	$-
New in the period－Acquired in a business	496
New in the period	19,599
Use in the period	(12,901)
As of December 31, 2022	$7,194
Non-Current as of December 31, 2023	$5,814
Non-Current as of December 31, 2022	$7,194

Returns and discounts

The provision was based on historical experience, judgement of the management, and the other factors to estimate possible returns and discounts liability of the products in the future.

(21) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company’s authorized capital and paid-in capital were both NT$746,517 thousand, each share at par value of NT$10, both divided into 74,652 thousand shares. Each share except treasury stock has one voting right and a right to receive dividends.

For the year ended December 31, 2022, the unsecured convertible bonds in amount of NT$40,500 thousand was applied to convert into common stock NT$8,535 thousand, divided into 854 thousand shares, each share at par value of NT$10.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$814,399	$814,399
Treasury stock trade	4,112	1,617
Share of changes in net assets of associates and joint ventures accounted for using equity method	10,599	-
Expired employee stock option	5,011	4,737
Conversion right	33,854	38,392
Total	$867,975	$859,145

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

Treasury stock amounted to NT$51,486 thousand and 1,000 thousand shares, as of December 31, 2023 and 2022.

The movement schedule of treasury stock for the year ended December 31, 2023 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2023				
Transfer to employees	1,000	-	-	1,000

The movement schedule of treasury stock for the year ended December 31, 2022 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2022				
Transfer to employees	1,000	-	-	1,000

According to the Securities and Exchange Law of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends. In addition, the shares bought back should be transferred within five years from the date of buy back. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.

D. Retained earnings and dividend policies

According to the Company' s Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues.
II. Offset prior years' operation losses.
III. Set aside 10% of the remaining amount as legal reserve.
IV. Set aside or reverse special reserve in accordance with law and regulations; and
V. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The company distributed dividends or part or all of the legal reserve and capital surplus by cash, authorized the board to conduct after more than two-thirds of the directors attended the board meeting, and with consent of more than half directors presented, and reported to the shareholders meeting.

The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, shareholders' interests and long-term financial planning. The distribution of shareholders' dividend shall be not lower than 10% of the distributable current-year earnings. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 10% of the paid-in capital. The dividend can be distributed by cash, stock or both while 0%~90% of total dividends shall be in stock and 10%~100% of total dividends shall be in cash.

The Company operates in the industry with rapid change and the Company's life cycle is currently at the growing stage. As the result, the company's dividend payout policy is set in consideration of the capital needs, long-term financial plan and the potential growth of earnings which fulfills the shareholders' requirement of cash flows. As the result, the Board of Directors determine the distribution plan and report to the Shareholder's meeting every year.

According to Taiwan's Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total paid-in capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The FSC issued Order No. Jin-Guan-Cheng-Fa-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of the IFRS.

The appropriations of earnings for the years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meetings held on February 29, 2024 and June 27, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2023	2022	2023	2022
Legal reserve	$-	$2,910		
Special reserve	(4,020)	(579)		
Cash dividend	-	110,477	$-	$1.5

Please refer to Note 6(26) for details on employees' compensation and remuneration to directors and supervisors.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	$198,994	$50,928
Net gain attributable to NCIs	22,281	19,406
Acquisition of shares issued by subsidiaries	(37,371)	(81,439)
Failure to subscribe for new shares issued by the subsidiary with capital increase in proportion to shareholding	33,348	15,667
Change in non-controlling interests-obtained the control of the Welltech Energy Inc.	-	222,116
Change in non-controlling interests	3,797	(14,847)
Cash dividend by subsidiaries	(8,418)	(12,196)
Other comprehensive income in non-controlling interests:		
Exchange differences on translation	(453)	(641)
Total	$212,178	$198,994

(22) Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plan for employees of the subsidiaries

On October 14, 2019, the Welltech Energy Inc., a subsidiary of the Company, was authorized to issue employee stock options. Each unit entitles an optionee to subscribe for 1,000 common shares of Welltech Energy Inc. Settlement upon the exercise of the option will be made through the issuance of new shares by Welltech Energy Inc. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting one year from the grant date. The validity of these stock option certificates would expire on December 31, 2024.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The information related to the aforementioned stock-based compensation plan was as follows.

The date the stock option certificate is given	Total issued unit	Executing price of per unit
2020.07.07	1,455	NT$10
2021.03.22	876	NT$10

(A) The following table lists the inputs to the model used for the plan are as follows:

	July 2020	March 2021
Expected volatility (%)	42.45%	38.51%
Risk-free interest rate (%)	0.2478%	0.1871%
Expected duration of executing the options 100% (year)	4 years and 6 months	3 years and 8 months
Option pricing model	Black-Scholes	Black-Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(B) The following table contains further details on the aforementioned share-based payment plan:

	2023		2022	
	Number of share options outstanding	Weighted average exercise price of share options (NT$)	Number of share options outstanding	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	295	$10	1,422	$10
Grand	-		-	-
Exercised	-		-	-
Forfeited	-		(1,127)	10
Outstanding at end of period	295	$10	295	$10
Exercisable at end of period	295		295	
Weighted average fair value of the share option given in the period		$-		$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(C) The information of the outstanding share options of the aforementioned share-based payment plan as of December 31, 2023 and 2022 was listed in the table below:

2023.12.31	Range of exercise price	Weighted average remaining contractual life (Year)
Given on July 7, 2020	NT$10	1 year
Given on March 22, 2021	NT$10	1 year
2022.12.31		
Given on July 7, 2020	NT$10	2 years
Given on March 22, 2021	NT$10	2 years

(D)The expense recognized for employee services received during the years ended December 31, 2023 and 2022, is shown in the following table:

	2023	2022
Total expense arising from equity-settled share-based payment transactions	$-	(Note)
(Equity-settled share-based payment)		

Note：The Company acquired the control of Welltech Energy Inc. on April 1, 2022, and began consolidating the subsidiary after obtaining control. Therefore, the expenses incurred before gaining control would not disclose.

(23) Operating revenue

	For the years ended December 31, 2023	2022
Revenue from customer contracts		
Sales of goods	$2,668,220	$2,703,687
Other operating revenue	13,997	9,863
Total	$2,682,217	$2,713,550

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 is as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
	Single department	Single department
Sales of goods	$2,668,220	$2,703,687
Others	13,997	9,863
Total	$2,682,217	$2,713,550
The timing for revenue recognition:		
At a point of time	$2,682,217	$2,713,550

B. Contract balances

(a)Contract liabilities – current

	As of December 31,	
	2023	2022
Sales of goods	$45,472	$33,019

The changes in the Group’s balances of contract liabilities for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	$(33,019)	$(20,397)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	45,472	33,019

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Assets recognized from costs to fulfill a contract

None.

(24) Expected credit losses/(gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses		
Accounts receivable	$-	$2,626
Other receivables	-	600
Subtotal	-	3,226
Non-operating revenue and expense – Expected credit losses		
Other current assets	11,073	4,166
Subtotal	11,073	4,166
Total	$11,073	$7,392

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2023 and 2022 were as follows:

A. The Group considered the grouping of accounts receivable and financing lease payments receivable by counterparties' credit rating, geographical region and industry sector and its loss allowance was measured by using a provision matrix. Details are as follows:

As of December 31, 2023

		Overdue						
	Not yet Due (Note)	<=30 days	31-60 days	61-90 days	91-120 days	121-150 days	>=150 days	Total
Gross carrying amount	$438,798	$99,843	$96,837	$30,734	$2,604	$1,036	$14,013	$683,865
Loss ratio	-%	-%	-%	6%	5%	33%	84%	
Lifetime expected credit losses	-	-	-	(1,878)	(121)	(343)	(11,793)	(14,135)
Carrying amount of accounts receivable	$438,798	$99,843	$96,837	$28,856	$2,483	$693	$2,220	$669,730

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

		Overdue						
	Not yet Due (Note)	<=30 days	31-60 days	61-90 days	91-120 days	121-150 days	>=150 days	Total
Gross carrying amount	$633,494	$130,240	$9,922	$634	$711	$1,006	$16,771	$792,778
Loss ratio	-%	-%	-%	-%	10%	46%	79%	
Lifetime expected credit losses	-	(269)	-	-	(74)	(460)	(13,332)	(14,135)
Carrying amount of accounts receivable	$633,494	$129,971	$9,922	$634	$637	$546	$3,439	$778,643

Note: The Group's financing lease payments receivable were not overdue.

B. The movement in the provision for impairment of account receivable and financial lease payments receivable during the years ended December 31, 2023 and 2022 were as follows:

	Accounts receivable	Financing lease payments receivable	Other receivables
Beginning balance as of January 1, 2023	$14,135	$-	$600
Addition for the current period	-	-	11,073
Write off	-	-	-
Ending balance as of December 31, 2023	$14,135	$-	$11,673
Beginning balance as of January 1, 2022	$11,260	$-	$-
Acquired in a business combination	889	-	-
Addition for the current period	2,626	-	600
Write off	(640)	-	-
Ending balance as of December 31, 2022	$14,135	$-	$600

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Leases

A. Group as a lessee

The Group's significant component of leasing properties was buildings, which have terms of 2 years. The assets leased by the group mainly consist of land-use rights, houses, and buildings. Leased duration of each contract was between 2 to 50 years. At the end of the lease term, there were no provisions for renewal or purchase in the lease agreement.

The effect of leases on the Group's financial position, financial performance and cash flows re as follow:

(a) Amounts recognized in the balance sheet

i.Right-of-use assets

Book value of right-of-use asset

	As of December 31,	
	2023	2022
Land	$41,267	$43,488

The right-of-use asset of the Group increased NT$0 and NT$46,831 thousand on December 31, 2023 and 2022, respectively.

ii.Lease liabilities

	As of December 31,	
	2023	2022
Lease liabilities	$-	$-
Current	$-	$-
Non-current	$-	$-

Please refer to Note 6.27(3) financial expenses for detailed information on interest expenses related to lease liabilities of the Group on December 31, 2023 and 2022.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land	$1,332	$1,014
Buildings	-	939
Total	$1,332	$1,953

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	$8,189	$3,252

(d) Cash outflow relating to leasing activities

	For the years ended December 31,	
	2022	2021
Cash outflow for leases	$8,189	$4,198

B. Group as a lessor

Please refer to Note 6(11) for details on the Group’s owned investment properties. The Group had entered leases on plants and commercial building. These leases had terms of between 1 and 5 years. These leases were classified as operating leases as they did not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Group has entered into leases on certain machinery and equipment with lease terms of 8 years. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31,	
	2023	2022
Lease income recognized under operating leases		
Income relating to fixed lease payments	$83,891	$86,167
Lease income recognized under finance leases		
Finance income on the net investment in the lease	186	572
Total	$84,077	$86,739

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 were as follows:

	As of December 31,	
	2023	2022
Less than one year	$75,665	$77,495
More than one year but less than five years	156,087	223,237
More than five years	21,785	29,047
Total	$253,537	$329,779

For finance leases entered by the Group, the undiscounted lease payments to be received and a total amount for the ramaining years as of December 31, 2023 and 2022, please refer to Note 6(6).

(26) Summary statement of employee benefits, depreciation and amortization by function:

Function / Nature	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit						
Salaries & wages	$118,910	$162,989	$281,899	$112,932	$157,470	$270,402
Labor and health insurance	14,413	11,467	25,880	14,068	10,627	24,695
Pension	8,843	8,825	17,668	8,583	9,307	17,890
Other employee benefit	7,713	7,068	14,781	6,722	5,148	11,870
Depreciation (Note)	125,418	24,721	150,139	115,097	21,092	136,189
Amortization	81	1,299	1,380	162	8,942	9,104

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Articles of Association of the Company stipulate that if the Company makes profits in the current year, it shall set aside 3-10% as employees’ compensation and no more than 5% as the remuneration for directors. However, if the Company has accumulated losses, it shall reserve the amount to make up for them firstly. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting.

For the year December 31, 2023, the Company incurred losses, therefore, the amounts for employee remuneration and director remuneration were not estimated.

Based on profit of the year ended December 31, 2022, employees’ compensation and remuneration to directors for the year ended December 31, 2022 amounted to NT$3,163 thousand (3.50%) and NT$1,356 thousand (1.50%), respectively. The aforementioned employees’ compensation and remuneration to directors were recognized as employee benefit expense.

The Company’s Board has determined the employees’ compensation and directors’ renumeration, all in cash, to be NT$3,163 thousand and NT$1,356 thousand, respectively, in a meeting held on March 13, 2023. No differences exist between the estimated amount and the actual distribution of the employees’ compensation and remuneration to directors for the year ended December 31, 2022.

Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

(27) Non-operating incomes and expenses

A. Other incomes

	For the years ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$12,375	$4,980
Interest on financial lease	186	572
Rental income	83,891	86,167
Other income	36,956	24,564
Dividend income	4,126	4,984
Total	$137,534	$121,267

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Other gains and losses

	For the years ended December 31,	
	2023	2022
Loss on disposal of property, plant and equipment	$(5,842)	$(5,233)
Loss on disposal of intangible assets	-	(67)
Gain (loss) on disposal of investments	(6,541)	4,822
Foreign exchange gain (loss), net	6,264	30,527
Impairment loss－property, plant and equipment	-	(6,541)
Net loss on financial assets/liabilities at fair value through profit or loss	(815)	(42,656)
Gain on lease modification	-	3
Net loss arising from derecognition of financial liabilities measured at amortized cost	-	(188)
Loss on disposal of non-current assets (group) held for sale.	(4,165)	-
Other losses	(12,300)	(43,358)
Total	$(23,399)	$(62,691)

C. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on bank loans	$37,603	$30,209
Interest on bonds payable	8,898	9,174
Interest on lease liabilities	-	3
Imputed interest on deposit	164	156
Total	$46,665	$39,542

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(28) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	$453	$-	$453	$-	$453
Unrealized gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	(53)	-	(53)	-	(53)
Items that may subsequently be reclassified to profit or loss:					
Exchange difference on translation	(1,387)	-	(1,387)	-	(1,387)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	-	-	-	-	-
Total	$(987)	$-	$(987)	$-	$(987)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	$12,798	$-	$12,798	$-	$12,798
Unrealized gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,659)	-	(1,659)	-	(1,659)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, net of tax
Unrealized gain (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)	-	(4)
Items that may subsequently be reclassified to profit or loss:					
Exchange difference on translation	(1,380)	-	(1,380)	-	(1,380)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	85	-	85	-	85
Total	$9,840	$-	$9,840	$-	$9,840

(29) Income tax

A. The major components of income tax expense (income) were as follows:

Income tax expense (benefit) recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$17,648	$10,062
Adjustments in respect of current income tax of prior periods	(41)	881
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	5,311	13,441
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(13,792)	9,345
Deferred tax expense arising from write-down or reversal of deferred tax assets	191,338	36,958
Total income tax expense	$200,464	$70,687

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates was as follows:

	For the years ended December 31,	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$(4,163)	$120,012
Tax payable at the enacted tax rates	(833)	$24,003
Tax effect of expenses not deductible for tax purposes	1,047	8,320
Tax effect of deferred tax assets/liabilities	193,170	36,958
Surtax on undistributed earnings	2,578	2,248
Adjustment in respect of current income tax of prior periods	(41)	881
Other adjustments according to the tax laws	4,543	(1,723)
Total income tax recognized in profit or loss	$200,464	$70,687

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Deferred tax assets				
Unrealized exchange loss (gain)	$474	$1,247	$-	$1,721
Unrealiized loss on inventory valuation	2,448	(1,280)	-	1,168
Impairment loss	1,876	-	-	1,876
Unrealized bonus of untaken leave	87	-	-	87
Portionate loss of subsidiaries under equity method	21,536	(2,746)	-	18,790
Unrealized intragroup profits and losses	1,393	(1,393)	-	-
Provision	94	-	-	94
Expected credit losses	2,252	(2,174)	-	78
Unrealized loss on disposal of investments	2,033	(2,033)	-	-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Impairment loss on property, plant and equipment	1,636	(1,636)	-	-
Net defined benefit asset	4,000	(4,000)	-	-
Unused tax losses	168,842	(168,842)	-	-
Deferred tax(expense)/ income		$(182,857)	$-	
Net deferred tax assets/(liabilities)	$206,671			$23,814
Reflected in balance sheet as follows:				
Deferred tax assets	$206,846			$24,354
Deferred tax liabilities	$(175)			$(540)

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Arised from consolidation	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences					
Deferred tax assets					
Unrealized exchange loss (gain)	$732	$234	$(492)	$-	$474
Unrealized loss on inventory valuation	3,440	117	(1,109)	-	2,448
Impairment loss	-	1,876	-		1,876
Unrealised bonus of untaken leave	-	86	1	-	87
Share of losses of subsidiaries under equity method	-	18,699	2,837	-	21,536
Unrealized intragroup profits and losses	-	708	685	-	1,393
Provision	-	94	-	-	94

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Beginning balance as of January 1, 2022	Arised from consolidation	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Expected credit losses	1,494	-	758	-	2,252
Unrealized loss on disposal of investments	2,033	-	-	-	2,033
Impairment loss on property, plant and equipment	1,836	-	(200)		1,636
Net defined benefit asset	6,060	-	(2,060)		4,000
Unused tax losses	212,535	16,471	(60,164)	-	168,842
Deferred tax(expense)/ income		$38,285	$(59,744)	$-	
Net deferred tax assets/(liabilities)	$228,130				$206,671
Reflected in balance sheet as follows:					
Deferred tax assets	$228,130				$206,846
Deferred tax liabilities	$-				$(175)

Unused tax loss information of the Group was summarized as below:

Year of occurrence	Accumulated net operating losses	Unused balance As of December 31, 2023	Unused balance As of December 31, 2022	Expiration Year
2013	585,684	$-	$519,724	2023
2014	333,184	333,184	333,184	2024
2015	41,386	41,386	41,386	2025
2016	58,922	33,599	33,599	2026
2017	91,598	32,897	32,897	2027
2018	36,709	-	19,373	2028
2019	14,614	-	14,614	2029
2020	1,451	1,451	1,451	2030
2021	44	44	44	2031
2022	29,527	29,527	29,596	2032
2023 (Expected)	74,239	74,239	-	2033
Total	$1,267,358	$546,327	$1,025,868	

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amounted to NT$61,485 thousand and NT$63,297 thousand, respectively.

B. The assessment of income tax returns

As of December 31, 2023, the assessment status of income tax returns of the Group was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2021
Subsidiary-Cashido Corporation	Assessed and approved up to 2021
Subsidiary-Newrit Asset Co., Ltd	Assessed and approved up to 2021
Subsidiary-Ritwin Corporation	Assessed and approved up to 2021
Subsidiary-Welltech Energy Inc.	Assessed and approved up to 2021

(30) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

A. Basic earnings per share

	For the years ended December 31,	
	2023	2022
Net income (loss) attributable to common shareholders of the Parent	$(226,908)	$29,919
Weighted average number of common stocks outstanding (in thousand shares)	73,652	73,585
Basic earnings (loss) per share (in NT$)	$(3.08)	$0.41

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Net income attributable to common shareholders of the Parent	$(226,908)	$29,919
Interest expense on convertible bonds	(Note)	(Note)
Valuation adjustment of financial liabilities at fair value through profit or loss	(Note)	(Note)
Net income attributable to common shareholders of the Parent after dilution	$(226,908)	$29,919
Weighted average number of common stocks outstanding for basic earnings per share (in thousand shares)	73,652	73,585
Effect of dilution:		
Employees' compensation - stock (in thousand shares)	(Note)	118
Convertible bonds (in thousand shares)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,652	73,703
Diluted earnings per share (NT$)	$(3.08)	$0.41

Note: Due to the antidilutive effect of calculating diluted earnings per share, only basic earnings per share were disclosed.

There had been no other transactions involving common shares or potential common shares between the reporting date and the date the financial statements were authorized for issue.

(31) Subsidiary that has material non-controlling interests

The financial information of the subsidiary in which the Group has material non-controlling interests is provided as follows:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As of December 31, 2023	As of December 31, 2022
Welltech Energy Inc.	Taiwan	32.36%	33.77%

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2023	2022
Welltech Energy Inc.	$162,387	$156,629

Profit (loss) allocated to material non-controlling interest:

	For the years ended December 31,	
	2023	2022
Welltech Energy Inc.	$20,422	20,557

The summarized financial information of the subsidiaries was provided below. This information was based on amounts before inter-company eliminations.

Summarized Welltech Energy Inc. information of profit or loss was as follows:

	2023.01.01-2023.12.31	2022.04.01-2022.12.31
Operating revenue	$1,345,505	$919,497
Profit from continuing operation	60,415	43,237
Total comprehensive income for the period	59,028	44,560

Summarized Welltech Energy Inc. information of financial position was as follows:

	For the years ended December 31,	
	2023	2022
Current assets	$675,928	$848,082
Non-current assets	130,822	147,469
Current liabilities	299,240	524,486
Non-current liabilities	5,814	7,194

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Summarized Welltech Energy Inc. cash flows information was as follows:

	For the years ended December 31,	
	2023	2022
Operating activities	$135,703	$29,852
Investing activities	(13,262)	50,136
Financing activities	(191,466)	(14,609)
Net increase in cash and cash equivalents	(68,923)	(67,526)

(32) Business combination

Subsidiary－ acquisition of Welltech Energy Inc.

(1) Got consideration of the subsidiary

On April 1, 2022, the Group obtained 7,172 thousand shares from the former shareholders of Welltech Energy Inc. with NT$107,580 thousand. The ownership interest increased from 31.63% to 50.12%, and the Group indirectly acquired its subsidiaries and affiliated companies, as well as obtained a majority of the board seats. Consequently, the group gained the control over the company and began to consolidate it as a subsidiary from the date of acquiring control.

The main reason the Group acquiring the Welltech Energy Inc was to expand the layout of components for household and consumer electronics products as well as take advantage of opportunities for cooperation with existing products.

The Group measured the non-controlling interest of the Welltech Energy Inc. with using the relative shares based on the recognized amount of net identifiable assets.

(2) The fair value of identifiable assets and liabilities of the Welltech Energy Inc at the acquisition date were as follows:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Fair value at the acquisition date
Assets	
Cash and cash equivalents	$87,121
Financial assets measured at amortized cost	68,005
Notes and accounts receivable	210,748
Other receivables	434
Inventory	298,444
Prepayments	11,217
Other current assets	8,675
Financial assets measured at fair value through other comprehensive income－non current	14,847
Property, plant and equipment	56,457
Right-of-use assets	46,831
Intangible assets－software	1,760
Deferred income tax assets	38,285
Other non-current assets	7,874
Total	850,698
Liabilities	
Short-term loans	224,601
Contract liability	2,198
Notes and accounts payable	141,909
Other payables	19,783
Lease liabilities	1,416
Lon-term loans within one year	6,052
Other current liabilities	8,951
Provision	496
Total	405,406
Total amount on fair value of net identifiable assets	$445,292

Goodwill of the Welltech Energy Inc was as follows:	
Cash consideration	$170,045
Add：recognition of investments accounted for equity method and relative equity accounts	150,721
Add：fair value of non-controlling equity (49.88% of the fair value of net identifiable assets)	222,116
Less：fair value of identifiable asset	(445,292)
Goodwill	$97,590

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Cash consideration

Cashflow of acquisition	
Net cash received from subsidiaries	$87,121
Cash payments	(170,045)
Net cash outflow	$(82,924)

(3) Information on the planned results of business operations

From the date of acquisition (April 1, 2022) to December 31, 2022, the Welltech Energy Inc. had generated operating revenue and net profit after tax for the Group amount to NT$919,497 thousand and NT$43,256 thousand, respectively. If consolidated at the beginning of the year, the operating revenue generated would be NT$1,162,358 thousand and the net profit after-tax would be NT$62,242 thousand.

(33) Change in ownership equity of subsidiaries

Acquiring current shares issued by the subsidiary

(1) In August and September 2022, the Group acquired 13.19% of voting shares of Cashido Corporation, and the ownership was increased to 91.85%. The cash consideration paid to non-controlling interest shareholders was NT$ 8,775 thousand and the net assets of Cashido Corporation (original acquisition cost, excluding goodwill) were NT$ 44,237 thousand. The aforementioned transaction including a decrease in non-controlling interests and accumulated other comprehensive income adjustments was as follows:

Cash paid by the Group to non-controlling shareholders	$8,775
Increase (decrease) in non-controlling equity	(7,644)
Difference recognized in additional paid-in capital (or retain earning)	$1,131

(2) On September 29, 2022, the Group acquired 6.07% voting shares of Welltech Energy Inc., and the ownership was increased to 56.19%. The cash consideration paid to non-controlling interest shareholders was NT$35,335 thousand and the net assets of Welltech Energy Inc. (original acquisition cost, excluding goodwill) was NT$448,049 thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The aforementioned transaction including a decrease in non-controlling interests and accumulated other comprehensive income adjustments was as follows:

Cash paid by the Group to non-controlling shareholders	$35,335
Increase (decrease) in non-controlling equity	(27,211)
Difference recognized in additional paid-in capital (or retain earning)	$8,124

(3) In December 2022, the Group additionally acquired 10.04% voting shares of Welltech Energy Inc., and the ownership was increased to 66.23%. The cash consideration paid to non-controlling interest shareholders was NT$58,430 thousand and the net assets of Welltech Energy Inc. (original acquisition cost, excluding goodwill) was NT$463,871 thousand. The aforementioned transaction including a decrease in non-controlling interests and accumulated other comprehensive income adjustments was as follows:

Cash paid by the Group to non-controlling shareholders	$58,430
Increase (decrease) in non-controlling equity	(46,584)
Difference recognized in additional paid-in capital (or retain earning)	$11,846

(4) In March 2023, the Group additionally acquired 3.67% of the voting shares of Newrit Asset Co., Ltd., increasing its ownership to 100%. The cash consideration paid to non-controlling interest shareholders amounted to NT$15,314 thousand. The net asset book value of Newrit Asset Co., Ltd. (original acquisition cost excluding goodwill) was NT$818,553 thousand. The additional acquisition of equity in Newrit Asset Co., Ltd. includes the decrease in non-controlling interests and the cumulative adjustments of other comprehensive income as follows:

The Group paid cash consideration to non-controlling shareholders	$15,314
The increase (decrease) in non-controlling interests.	(15,061)
Difference recognized in additional paid-in capital (or retain earning)	$253

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) In August 2023, the subsidiary Ritwin Corporation additionally acquired 1.94% of the voting shares of Welltech Energy Inc. The cash consideration paid to non-controlling interest shareholders amounted to NT$16,653 thousand. The net asset book value of Welltech Energy Inc. (original acquisition cost excluding goodwill) was NT$9,764 thousand. The additional acquisition of equity in Welltech Energy Inc. includes the decrease in non-controlling interests and the cumulative adjustments of other comprehensive income adjustments as follows:

Cash consideration paid by the Group to non-controlling shareholders	$16,653
The increase (decrease) in non-controlling interests.	(10,984)
Difference recognized in additional paid-in capital (or retain earning)	$5,669

Did not consistently acquire new shares with the Group's original shareholding proportion issued by the subsidiary

(1) On January 11, 2022, Newrit Asset Co., Ltd. issued new shares, all of that were acquired by the Group increasing the ownership to 96.33%. The net assets of Newrit Asset Co., Ltd. (original acquisition cost, excluding goodwill) was NT$86,151 thousand. The aforementioned transaction including a decrease in non-controlling interests was as follows:

Cash capital increase the Group received	$-
Increase (decrease) in non-controlling equity	(424)
Difference recognized in additional paid-in capital (or retain earning)	$424

(2) On July 25, 2022, Ritwin Corporation issued new shares. The Group did not consistently acquire new shares with its' original shareholding proportion, resulting a decrease of its ownership to 89.14%. The net assets of Ritwin Corporation (original acquisition cost, excluding goodwill) were NT$123,206 thousand. The aforementioned transaction including a decrease in non-controlling interests was as follows:

Cash capital increase the Group received	$24,732
Increase (decrease) in non-controlling equity	15,920
Difference recognized in additional paid-in capital (or retain earning)	$8,812

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) On August 18, 2023, Ritwin Corporation increased its capital by issuing new shares. The Group did not subscribe according to the original shareholding ratio, thus reducing its ownership to 88.20%. The net asset book value of Ritwin Corporation (original acquisition cost excluding goodwill) was NT$267,240 thousand. The increased equity related to Ritwin Corporation includes the decrease in non-controlling interests as follows:

Cash capital increase the Group received	$39,596
Increase (decrease) in non-controlling equity	33,041
Difference recognized in additional paid-in capital (or retain earning)	$6,555

(4) On August 23, 2023, Welltech Energy Inc. increased its capital by issuing new shares for employee remuneration, resulting in a decrease in ownership to 65.70%. The net asset book value of Welltech Energy Inc. (original acquisition cost excluding goodwill) was NT$496,127 thousand. The increased equity related to Welltech Energy Inc. includes the decrease in non-controlling interests as follows:

Cash capital increase the Group received	$-
Increase (decrease) in non-controlling equity	307
Difference recognized in additional paid-in capital (or retain earning)	$(307)

Conducting shares conversion and issuing new shares according to Enterprise Mergers and Acquisitions Law

On October 12, 2022, Ritwin Corporation conducted shares conversion and issued new shares to acquire all the shares of Cashido Corporation, resulting an increase of the Group's ownership to 89.53%. The net assets of Ritwin Corporation (original acquisition cost, excluding goodwill) were NT$215,762 thousand. and the related equity increase of Ritwin Corporation included a decrease in non-controlling interests was as follows:

Cash capital increase the Group received	$-
Increase (decrease) in non-controlling equity	171
Difference recognized in additional paid-in capital (or retain earning)	$(171)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(34) Reorganization

Due to a group organizational restructuring, the Company sold 17,871 thousand shares of Welltech Energy Inc. to Ritwin Corporation for NT$393,162 thousand in December 2023. This sale reduced the Company's ownership of Welltech Energy Inc. from 65.70% to 20.00%, while Ritwin Corporation's ownership increased from 1.94% to 47.64%. This transaction constituted an organizational restructuring under common control. The consolidated entity of the Company's consolidated financial statements did not change due to this share transaction. However, because the Company's ownership of Ritwin Corporation did not reach 100%, this transaction resulted in a decrease of NT$11,326 thousand in non-controlling interests. The increase in non-controlling interests exceeded the cumulative translation adjustment from disposal. The difference was adjusted as increase in capital surplus as follows:

The accumulated translation adjustment from disposal	$1,134
Increase (decrease) in non-controlling equity (Recognizing 88.20% investment in Ritwin Corporation)	(11,326)
Difference recognized in additional paid-in capital	$(10,192)

As of the acquisition of 47.64% controlling interest in Welltech Energy Inc. by Ritwin Corporation, the balance of pre-acquisition equity under joint control previously recognized by Ritwin Corporation as if from inception amounted to NT$100,328 thousand and was written off upon obtaining control.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Related parties	Relationship
Ritek Corporation	Ultimate parent company
U-tech Media Corporation	Ultimate parent company’s associate
Kunshan Hutek Co., Ltd.	Ultimate parent company’s associate
Aimcore Technology Co., Ltd.	Ultimate parent company’s associate
Ritfast Corporation	Ultimate parent company’s associate

Related parties	Relationship
Kunshan Kunlai Trade Co., Ltd.	Ultimate parent company's associate
Ricare Corporation	Ultimate parent company's associate
Formosa Sun Energy Corp.	Ultimate parent company's associate
Luminit Automotive Technology Corporation (Note 2)	Associate (reclassified to non-current assets to be sold in October 2022)
Welltech Energy Inc.	Associate (being subsidiary since April 1, 2022)
Finesil Technology Inc.	Ultimate parent company's associate
Prorit Corporation	Ultimate parent company's associate
Han-win Technology Co., Ltd.	The legal director of the Company was ultimate parent company's associate
Conrexx Technology B.V.	Ultimate parent company's associate
Ikari Coffee Co., Ltd.	Ultimate parent company's associate
JHEN JHUAN CO., LTD.	Ultimate parent company's associate
Taiwan Digi-Com. (Note1)	Material related party of Welltech Energy Inc. (Not related parties to the Group since April 1, 2022)
Dollars Cultural & Creative Company Limited	Ultimate parent company's associate
Jinguoyuye Catering Co., Ltd.	Ultimate parent company's associate
WELLDONE COMPANY	The legal director of Welltech Energy Inc.

Note1: Taiwan Digi-Com. had renamed itself LifeLink Co., LTD since September 8, 2022.
Note2: Not related parties to the Group since July 1, 2023, due to the Group's sale of all shares.

Significant transactions with related parties

A. Sales

	For the years ended December 31,	
	2023	2022
Parent company	$627	$10,784
Other related parties	3,938	8,040
Associate	-	31
Total	$4,565	$18,855

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 90 days after monthly closing while 30~90 days after monthly closing for third parties.

B. Purchases

	For the years ended December 31,	
	2023	2022
Parent company	$16	$82
Kunshan Hutek Co., Ltd.	107,461	218,358
Kunshan Kunlai Trade Co., Ltd.	62,016	541,864
Other related parties	6,175	14,164
Total	$175,668	$774,468

As the specifications of merchandise purchased from the related parties were different from those from other third-party companies, the purchasing prices were not comparable. Payment terms for related parties were 90 days after monthly closing while 30~90 days after monthly closing for third parties.

C. Accounts receivable-related parties

	As of December 31,	
	2023	2022
Parent company	$269	$11,565
Other related parties	1,982	8,514
Total	2,251	20,079
Less: loss allowance	-	-
Total	$2,251	$20,079

D. Financing lease payments receivable-related parties (Current and Non-current)

	As of December 31,	
	2023	2022
Parent company	$9,324	$11,988
Less: unearned finance income	(263)	(430)
Total	$9,061	$11,558
Current	$2,537	$2,497
Non-current	$6,524	$9,061

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group leased machinery which carrying amount was NT$19,990 thousand to parent company by financial lease in July 2019. The leasing term was eight years and paid NT$222 (without VAT) thousand monthly. Please refer to Note 6(6).

E. Temporary receipts

	As of December 31,	
	2023	2022
Other related parties	$161	$-

F. Other receivables-related parties

	As of December 31,	
	2023	2022
Parent company	$158	$136
Other related parties	1,472	2,324
Associate	-	26
Total	$1,630	$2,486

G. Account payables-related parties

	As of December 31,	
	2023	2022
Parent company	$-	$60
Kunshan Hutek Co., Ltd.	148,767	156,412
Other related parties	2,371	2,739
Total	$151,138	$159,211

H. Other payables-related parties (Excluding payables on equipment)

	As of December 31,	
	2023	2022
Parent company	$5,091	$5,480
Other related parties	33,684	2,892
Total	$38,775	$8,372

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

I. Prepayment-

	As of December 31,	
	2023	2022
Kunshan Kunlai Trade Co., Ltd.	$-	$35,518
Other related parties	-	18,586
Total	$-	$54,104

J. Contract liabilities

	As of December 31,	
	2023	2022
Parent company	$-	$8
Other related parties	1	51
Total	$1	$59

K. Lease-related parties

Rental expense

	For the years ended December 31,	
	2023	2022
Parent company	$-	$3
Welldone Company	-	1,067
Other related parties	-	115
Total	$-	$1,185

Rental income

	For the years ended December 31,	
	2023	2022
AimCore Technology Co., Ltd	$1,543	$1,397

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Interest expenses

	For the years ended December 31,	
	2023	2022
Other related parties	$-	$3

Interest income

	For the years ended December 31,	
	2023	2022
Parent company	$168	$208
Other related parties	-	366
Total	$168	$574

L. Operating expense

		For the year ended December 31,	
Related parties	Nature	2023	2022
Parent company	Information system maintenance and other expense etc.	$5,896	$9,709
Other related parties	Manpower support and other expense etc.	86,789	2,748
Total		$92,685	$12,457

M. Other income

	For the years ended December 31,	
	2023	2022
Parent company	$16	$713
Other related parties	215	168
Total	$231	$881

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

N. Transaction of assets

(a)Details of property transaction with related parties were as follows:

Related parties	Item	Purchase price	Reference basis for price decision	Note
2023				
Other related parties	Purchase of Machinery	$34,306	Bidding	
2022				
Parent company	Purchase of land and building	$720,000	Bidding	Note1
Parent company	Purchase of Machinery	$33,289	Bidding	Note2
Other related parties	Purchase of land and building	$4,000	Bidding	Note3
Other related parties	Purchase of Machinery	$11,396	Bidding	

Note 1: Among them, NT$120,000 thousand was recorded as a prepayment for land on December 31, 2021, and transferred into PP&E this period.

Note 2: Among them, NT$13,316 thousand was recorded as a prepayment for equipment on December 31, 2021, and transferred into PP&E this period.

Note 3: Among them, NT$1,200 thousand was recorded as a prepayment for land on December 31, 2021, and transferred into PP&E this period.

(b)The balance of property transaction was as follows:

Accounts payable for equipment (listed under other accounts payable - related parties)

	As of December 31,	
	2023	2022
Other related parties	$30,112	$7,739

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

O. Salaries and rewards to key management of the Group

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	$24,793	$91,161
Post-employee benefits	2,309	1,107
Total	$27,102	$92,268

8.ASSETS PLEDGED AS COLLATERAL

The following assets of the Group were pledged as collaterals:

	Carrying amount as of December 31,		
Items	2023	2022	Secured liabilities
Property, plant and equipment-land	$867,901	$471,901	Long-term secured loans
Property, plant and equipment-depreciated assets	998,392	748,843	Long-term secured loans
Investment property	236,386	243,844	Long-term secured loans
Financial assets measured at amortized cost-current	301	321	Long-term secured loans
Financial assets measured at amortized cost-current	-	12,152	Short-term loan
Financial assets measured at amortized cost-non-current	38,289	3,514	Security deposit to custom authority and contract bond
Financial assets measured at amortized cost-non-current	2,736	5,185	Long-term secured loans
Total	$2,144,005	$1,485,760	

9.SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The Company signed royalty contracts for manufacturing products of OLED which were listed below:

Object	Item	Expiring date	Royalty calculation method
Company A	Organic light emitting diode (OLED)	2023.12	Certain proportion of product sales revenue

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10.LOSSES DUE TO MAJOR DISASTERS

None.

11.SIGNIFICANT SUBSEQUENT EVENT

1. The Company plans to participate in the energy storage business in response to external industry changes, aiming to enhance its profitability. It is proposed to establish an energy storage cabinet factory with an investment of up to NT$3 billion to fulfill this plan. The relevant execution details of this proposal are authorized to be handled by the Chairman of the company with full authority.

2. The Company plans to address the funding requirements for establishing an energy storage facility. It is proposed at the board meeting on February 29, 2024, to conduct a cash capital increase by issuing 17,000 thousand common shares at the price of NT$30 per share. It is estimated that the total funds raised will amount to NT$510,000 thousand.

3. The subsidiary of the Company, Ritwin Corporation, intends to enhance organizational integration and operational efficiency. In accordance with the Business Mergers and Acquisitions Act, Ritwin Corporation plans to acquire 100% shares of Welltech Energy Inc. through the issuance of new shares and cash payment. This acquisition will result in Welltech Energy Inc. becoming a wholly-owned subsidiary of Ritwin Corporation after the share conversion.

12.OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through profit or loss:		
Measured at fair value through profit or loss	$85,537	$89,142
Financial assets at fair value through OCI	61,681	49,574
Financial assets measured at amortized cost:		
Cash and cash equivalents (Cash on hand not included)	960,669	552,898
Financial assets measured at amortized cost	71,326	63,704

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of December 31,	
	2023	2022
Accounts receivable, net (related parties included)	652,502	767,085
Other receivables (related parties included)	26,431	38,925
Financing lease payments receivable-related parties	17,228	11,558
Subtotal	1,728,156	1,434,170
Total	$1,875,374	$1,572,886

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at fair value through profit or loss:		
Financial liability held for trading	$23,252	$15,229
Financial liabilities at amortized cost:		
Short-term loans	630,000	500,000
Accounts payable (related parties included)	698,140	805,456
Bonds payable (including current portion with maturity less than 1 year)	483,665	541,330
Long-term loans (including current portion with maturity less than 1 year)	994,896	933,643
Subtotal	2,806,701	2,780,429
Total	$2,829,953	$2,795,658

(2) Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprises currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. The information of the sensitivity analyses is as follows:

When NTD appreciates/depreciates against USD by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT$1,945 thousand and NT$3,418 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates, which are all categorized as bank borrowings and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease /increase by NT$593 thousand and NT$817 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Group's profit for the years ended December 31, 2023 and 2022 by NT$855 thousand and NT$891 thousand, respectively.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through other comprehensive income could have an impact on NT$617 thousand and NT$496 thousand of the equity attributable to the Group for the years ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 82% and 80% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

(5) Liquidity management

The Group maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
As of December 31, 2023							
Loans	$884,481	$237,874	$132,910	$30,618	$30,618	$438,857	$1,755,358
Payables	698,140	-	-	-	-	-	698,140
Bonds Payable	-	-	-	508,800	-	-	508,800
As of December 31, 2022							
Loans	$743,670	$231,042	$209,807	$205,883	$101,961	$-	$1,492,363
Payables	805,456	-	-	-	-	-	805,456
Bonds Payable	6,200	-	-	-	572,500	-	578,700

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Bonds payable	Other non-current liability	Total liabilities from financing activities
As of January 1, 2023	$500,000	$933,643	$541,330	$32,999	$2,007,972
Cash flows	130,000	61,253	(68,054)	1,786	124,985
Non-cash changes	-	-	10,389	(134)	10,255
As of December 31, 2023	$630,000	$994,896	$483,665	$34,651	$2,143,212

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Lease liability	Bonds payable	Other non-current liability	Total liabilities from financing activities
As of January 1, 2022	$531,700	$428,077	$-	$54,293	$54,269	$1,068,339
Cash flows	(256,301)	499,514	(946)	559,846	(7,762)	794,351
Non-cash changes	224,601	6,052	946	(72,809)	(13,508)	145,282
As of December 31, 2022	$500,000	$933,643	$-	$541,330	$32,999	$2,007,972

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Fair values of financial instruments

A.The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

a.The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

b.For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).

c.Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the TPEx, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B.Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount as of Dec. 31,	
	2023	2022
Financial liabilities		
Bonds payable	$483,665	$541,330

	Fair value as of Dec. 31,	
	2023	2022
Financial liabilities		
Bonds payable	$480,307	$535,606

C.Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

As of December 31, 2023 and 2022, the relevant information of the Group's holdings of derivatives that did not meet the requirements of hedging accounting and have not yet expired are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(2), Note 6(16) and Note 6(17) for further information on this transaction.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group did not have assets that were measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis was as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$82,542	$-	$-	$82,542
Fund	2,995	-	-	2,995
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	793	-	60,888	61,681
Total	$86,330	$-	$60,888	$147,218
Liability measured at fair value:				
Measured at fair value through profit or loss – Non-current				
Embedded derivatives	$-	$-	$23,252	$23,252

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$89,142	$-	$-	$89,142
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,686	-	45,888	49,574
Total	$92,828	$-	$45,888	$138,716
Liability measured at fair value:				
Measured at fair value through profit or loss – Non-current				
Embedded derivatives	$-	$-	$15,229	$15,229

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period was as follows:

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2023	$15,229
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in "other gains and losses")	8,023
As of December 31, 2023	$23,252

	Assets
	Derivatives at fair value through profit or loss
As of January 1, 2022	$169
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in "other gains and losses")	(46)
Redemption and conversion for the year ended December 31, 2022	(123)
As of December 31, 2022	$-

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2022	$-
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in "other gains and losses")	12,049
Acquisition of the year ended December 31, 2022	3,180
As of December 31, 2022	$15,229

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy was as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Shares	Market approach	Discount for lack of liquidity	20%	The higher the degree of illiquidity, the lower the estimated fair value	When illiquidity increase/decrease 10%, equity of the Group would decrease/increase NT$6,089 thousand
Financial liability:					
At fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	24.58%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in the Group’s profit or loss by increasing/decreasing NT$509 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Shares	Market approach	Discount for lack of liquidity	20%	The higher the degree of illiquidity, the lower the estimated fair value	When illiquidity increase/decrease 10%, equity of the Group would decrease/increase NT$4,589 thousand
Financial liability:					
At fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	50.18%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase (decrease) in the volatility would result in the Group's profit or loss by increasing NT$115 thousand and decreasing NT$286 thousand

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(11))	$-	$-	$282,214	$282,214
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 12(7))	$-	$-	$480,307	$480,307

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(11))	$-	$-	$279,484	$279,484
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 12(7))	$-	$-	$535,606	$535,606

(10) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

	As of Dec. 31,					
	2023			2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$20,351	30.65	$623,793	$27,094	30.70	$831,899
Financial liabilities						
Monetary items:						
USD	$13,958	30.75	$429,249	$16,061	30.51	$490,084

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31, 2023	2022
USD	$2,640	$(12,836)
Other	3,624	43,363
Total	$6,264	$30,527

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: Please refer to attachment 1.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 3.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F.Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G.Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

H.Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

I.Derivative instrument transactions: None.

J.Intercompany relationships and significant intercompany transactions for the year ended December 31, 2023: Please refer to attachment 6.

(2) Information on investees

A.Investees over whom the Company exercises significant influence or control (excluding invetsees in Mainland China): Please refer to attachment 4.

B.Investees over which the Company exercises control shall be disclosed of information related to the above 1-9 items of the investee company: Please refer to attachment 5 and attachment 6.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Subsidiary-Information on investments in Mainland China: Welltech Energy Inc.

1. Name of invested company in mainland China, main business activities, paid-up capital, investment method, inflow and outflow of funds, shareholding ratio, investment profit and loss, end-of-period investment book value, repatriated investment profit and loss, and investment restrictions in mainland China:

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000) (Note 2)	Carrying Amount as of Dec. 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)						
Techcharm Electronics (Shanghai) Co., Ltd.	Investment holding	$153,540 (Note 4)	Note 1(2)	$46,062	$-	$-	$46,062	$5,458 (Note 4)	100%	$5,458 (Note 2(2)B, Note 4 and Note 5)	$16,810 (Note 2(2)B, Note 4 and Note 5)	$-
Changzhou Shangyang Photoelectricity Co., Ltd.	Electronics industry, manufacturing, battery manufacturing	$422,081 (Note 4)	Note 1(2)	$153,638	$-	$-	$153,638	$12,013 (Note 4)	100%	$12,013 (Note 2(2)B, Note 4 and Note 5)	$30,826 (Note 2(2)B, Note 4 and Note 5)	$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
$199,700	$199,700	$301,018

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

(3) Other methods.

Note 2: Recognized in the column of share of profit or loss for the year ended December 31, 2023:

(1) If it is under preparation and there is no share of profit or loss, should be noted.

(2) The basis for recognition of share of profit or loss is divided into the following three types, should be noted:

A. Financial statements audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm in the Republic of China.

B. Financial statements audited by certified public accountants of the parent company in Taiwan.

C. Other.

Note 3: Amounts shown in New Taiwan dollars.

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 5: It has been written off when the consolidated financial statements are prepared.

2. End-of-period balances of related accounts payable and the purchase amounts and percentages: Please refer to attachment 5.

3. End-of-period balances of related accounts receivable and the sales amounts and percentages: Please refer to attachment 5.

4. Property transaction amounts and other gains/losses: None.

5. End-of-period balances and purposes of endorsed bills and guarantees or provided collateral: None.

6. Maximum balance, end-of-period balance, interest rate range, and total interest for fund financing: None.

7. Other transaction items that have a significant impact on the current profit or financial condition, such as service provision or receipt: Please refer to attachment 6.

8. The above transaction items have been offset in the preparation of the consolidated financial statements. Please refer to attachment 6.

(4) Information on major shareholders

Shares / Major shareholders	Shares	%
Ritek Corporation	24,674,111	33.05%
U-tech Media Corporation	4,985,689	6.67%
Prorit Corporation	3,797,950	5.08%

14. SEGMENT INFORMATION

For management purposes, the Group had divided its operations into two reporting operating segments by considering the difference in products and services. The information was as follows:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a)OLED product department: The segment was responsible for producing and manufacturing OLED, which were sold to electronic product manufacturers.

(b)Energy product department: The segment was responsible for electronic component assembling as well as battery manufacturing and selling to electronic product manufacturers.

Management oversaw the operating results of each business unit to make decisions on resource allocation and performance evaluation. The segment's performance was evaluated based on pre-tax income and measured consistently with the expressing in the consolidated financial statements. While income tax in the consolidated financial statements was managed on a group basis and not allocated to operating segments.

Information on the segment's profit or loss, assets, and liabilities should be reported as follows.

For the year ended December 31, 2023

	OLED Product segment	Energy Product segment	Subtotal of reporting segment	Other segment	Adjustment and elimination	Total
Revenue						
Revenue from external client	$738,591	$1,911,389	$2,649,980	$32,237	$-	$2,682,217
Interest revenue	10,368	2,498	12,866	2,794	(3,099)	12,561
Total	$748,959	$1,913,887	$2,662,846	$35,031	$(3,099)	$2,694,778
Operation income	$(103,597)	$105,004	$1,407	$(5,570)	$-	$(4,163)

For the year ended December 31, 2022

	OLED Product segment	Energy Product segment	Subtotal of reporting segment	Other segment	Adjustment and elimination	Total
Revenue						
Revenue from external client	$967,916	$1,686,314	$2,654,230	$59,320	$-	$2,713,550
Interest revenue	5,554	472	6,026	1,183	(1,657)	5,552
Total	$973,470	$1,686,786	$2,660,256	$60,503	$(1,657)	$2,719,102
Operation income	$52,895	$81,865	$134,760	$(14,748)	$-	$120,012

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The information related to the operating segments' assets and liabilities of the Group as of December 31, 2023 and 2022 was as follows:

Assets of operating segment

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Assets of December 31, 2023	$2,149,986	$1,635,625	$3,785,611	$1,239,531	$-	$5,025,142

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Assets of December 31, 2022	$2,940,442	$1,558,583	$4,499,025	$988,316	$(196,031)	$5,291,310

Liabilities of operating segment

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Liabilities of December 31, 2023	$1,998,209	$447,238	$2,445,447	$495,637	$-	$2,941,084

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Liabilities of December 31, 2022	$2,185,386	$886,706	$3,072,092	$16,965	$(196,031)	$2,893,026

(1) Geographical information:

A.Revenues from external customers

	For the years ended December 31,	
	2023	2022
America	$53,052	$78,793
Taiwan	987,268	1,088,870
China	1,576,094	1,504,377
Other countries	65,803	41,510
Total	$2,682,217	$2,713,550

Note: The revenue information above is based on the location of the customers.

B.Non-current assets

	As of December 31,	
	2023	2022
Taiwan	$2,480,542	$2,532,769

C.Information about major customers

	For the years ended December 31,	
	2023	2022
A Customer	$402,243	$757,368
B Customer	Note 1	386,388
C Customer	774,806	362,608
D Customer	Note 1	283,769
Total	$1,177,049	$1,790,133

Note 1: The customer’s sales accounted less than 10% of consolidated net sales would not be disclosed.

Attachment 1: Financing provided to others

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	value		
0	RiTdisplay Corporation	Ritwin Corporation	Other receivables -related parties	$100,000	$-	$- (Note 4)	1.675%～ 4.460%	Need for short term financing	$-	Business turnover	$-	-	$-	$187,188 (Note 2)	$748,752 (Note 2)
0	RiTdisplay Corporation	Welltech Energy Inc.	Other receivables -related parties	$100,000	$-	$- (Note 3 and Note 4)	1.801%～ 4.460%	Need for short term financing	$-	Business turnover	$-	-	$-	$187,188 (Note 2)	$748,752 (Note 2)

Note 1 : RiTdisplay Corporation is coded "0".

A subsidiary under the company's control is coded "1".

Note 2 : For the Company lending to other companies, the lending amount shall not exceed 40% of its net equity.

The amount for lending to a single enterprise shall not exceed 10% of lender's net equity.

Note 3 : Part of the actual amount is denominated in equivalent foreign currencies, and the foreign currency amount will be converted into NTD amounts based on the exchange rate of the balance sheet date that may result in the amount being greater than the New Taiwan Dollar amount resolved by the Board of Directors of the Company.

Note 4 : It has been written off when the consolidated financial statements are prepared.

Attachment 2: Marketable securities held as of December 31, 2023 (In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note1)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023 Shares / Units	Carrying Amount	Shareholding %	Fair Value	Note
RiTdisplay Corporation	Kaimei Electronic Corporation	None	Financial assets at fair value through profit or loss - current	179,000	$12,619	0.16%	$12,619	
	Evergreen Marine Corporation	〃	〃	31,400	4,506	-%	4,506	
	Shin Kong Financial Holding Co.,Ltd. - Preferred Shares B	〃	〃	1,087,000	31,143	0.01%	31,143	
	Foxsemicon Integrated Technology Corporation	〃	〃	100,000	21,050	0.12%	21,050	
	Hannstar Display Corporation	〃	〃	193,000	2,287	0.01%	2,287	
	Analog Integrations Corporation	〃	〃	4,000	862	0.01%	862	
	Formosa Petrochemical Corporation	〃	〃	76,000	6,133	-%	6,133	
	Powerchip Semiconductor Manufacturing Corporation	〃	〃	67,000	1,973	-%	1,973	
	Caliway Biopharmaceuticals Co., Ltd.	〃	〃	2,000	765	-%	765	
	Atw Technology Inc.	〃	〃	5,000	312	0.01%	312	
	Foxtron Vehicle Technologies Co., Ltd.	〃	〃	20,000	892	-%	892	
	Total				$82,542		$82,542	
RiTdisplay Corporation	Pancolour Ink Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	45,700	$793	0.14%	$793	
	Sg Biomedical Co., Ltd.	〃	〃	1,434,000	45,888	10.03%	45,888	
	Han-Win Technology Co., Ltd.	The ultimate parent company of the Group's associate is the corporate director of this company.	〃	600,000	15,000	2.82%	15,000	
	Total				$61,681		$61,681	
Ritwin Corporation	FSITC Global Sustainable Impact Investment Multi-Asset Fund	None	Financial assets at fair value through profit or loss - current	300,000	$2,995	-%	$2,995	

Note 1 : The marketable securities mentioned in attachment refer to stock, bonds, beneficiary certificates and securities derived from abovementioned item within in the scope of IFRS 9 Financial Instruments.

Attachment 3: Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20% of the paid-in capital (In Thousands of New Taiwan Dollars)

Company Name	Marketable securities name (Note 1)	Financial statement account	Counterparty (Note 2)	Relationship (Note 2)	Beginning balance		Acquisition (Note 3)		Disposal (Note 3)				Ending balance	
					Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Carrying Amount	Gain (loss) on Disposal	Shares/Unit	Amount (Note 5 and Note 6)
RiTdisplay Corporation	Ritwin Corporation	Investment accounted for under equity method	-	Subsidiaries	13,623,072	$233,717	4,208,083	$210,404	-	$-	$-	$-	17,831,155	$372,297
RiTdisplay Corporation	Welltech Energy Inc.	Investment accounted for under equity method	Ritwin Corporation	Subsidiaries	25,691,287	$404,833	-	$-	17,871,000	$393,162	$297,154	$94,874	7,820,287	$130,034

Note 1 : Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities of the above items.

Note 2 : Investors who use the equity method in their securities accounts are required to fill in these two fields.

Note 3 : The cumulative purchase and sale amount should be calculated separately according to the market price, whether it reaches 300 million yuan or 20% of the paid-up capital.

Note 4 : The amount of paid-up capital refers to the paid-up capital of the parent company. If the stock has no par value or the denomination per share is not NT$10, the transaction amount of 20% of the paid-up capital is required to be calculated in 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 5 : It is composed of NT14,778 thousand in a share of profit of associates and joint venture accounted for using equity method, NT$(2,783) thousand in cash dividends received, NT$(23) thousand in a share of profit or losses of subsidiaries, and NT$(83,796) thousand in an adjustment of the balance of the capital reserve due to the change of the shareholding ratio.

Note 6 : It is composed of NT39,998 thousand in a share of profit of associates and joint venture accounted for using equity method, NT$(16,425) thousand in cash dividends received, NT$(911) thousand in a share of profit or losses of subsidiaries, NT$(81) thousand in accumulated gain or losses due to the change of the shareholding ratio and NT$(226) thousand in an adjustment of the balance of the capital reserve due to the change of the shareholding ratio.

Attachment 4: Investees over whom the Company exercise significant influence or control (excluding investees in mainland china) as of December 31, 2023 (In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
RiTtdisplay Corporation	Pvnext Corporation	Taiwan	Electronics industry	$-	$90,000	-	-%	$-	$-	$-	(Note1)
RiTdisplay Corporation	Welltech Energy Inc.	Taiwan	Electronics industry	119,871	393,801	7,820,287	20.00%	130,034	60,415	39,998	Subsidiary (Note2, Note3 and Note10)
RiTdisplay Corporation	Newrit Asset Co., Ltd.	Taiwan	Leasing business	810,594	780,300	81,000,000	100.00%	806,461	(5,294)	(5,340)	Subsidiary (Note4 and Note10)
RiTdisplay Corporation	Ritwin Corporation	Taiwan	Electronic components manufacturing, batteries manufacturing	410,424	200,020	17,831,155	88.20%	372,297	16,614	14,778	Subsidiary (Note5 and Note10)
Welltech Energy Inc.	Saintop Group Co., Ltd.	British Virgin Islands	Investment holding	73,067	73,067	2,000,000	100.00%	17,013	5,458	5,458	Second-tier subsidiary (Note10)
Welltech Energy Inc.	Formosa Fortune Holding Limited	British Virgin Islands	Investment holding	151,455	151,455	5,023,205	100.00%	43,386	4,370	6,086	Second-tier subsidiary (Note6 and Note10)
Welltech Energy Inc.	Newrit Asset Co., Ltd.	Taiwan	Leasing business	-	14,999	-	-%	-	(5,294)	24	Subsidiary (Note7 and Note10)
Saintop Group Co., Ltd.	Hi-Tech Energy Limited	Hong Kong	Investment holding	53,192	53,192	5,050,000	100.00%	16,934	5,458	5,458	Third-tier subsidiary (Note10)
Formosa Fortune Holding Limited	Global Resources Channel Co., Ltd	British Virgin Islands	Investment holding	164,612	164,612	5,011,945	100.00%	11,314	4,370	4,370	Third-tier subsidiary (Note10)
Ritwin Corporation	Cashido Corporation	Taiwan	Electronics industry	66,479	66,479	5,500,000	100.00%	37,854	(4,118)	(4,118)	Second-tier subsidiary (Note10)
Ritwin Corporation	Welltech Energy Inc.	Taiwan	Electronics industry	409,814	-	18,627,929	47.64%	306,865	60,415	(5,117)	Subsidiary (Note8, Note9 and Note10)

Note 1: The Company sold all of its shares in Pvnext Corporation during 2023.

Note 2: In August 2023, the Company's ownership percentage in Welltech Energy Inc. decreased from 66.23% to 65.70% due to the issuance of new shares for employee compensation.

Note 3: In December 2023, the subsidiary of the Company, Ritwin Corporation, purchased 17,871,000 shares of Welltech Energy Inc. from the Company for a total of NT$393,162 thousand, reducing the Company's ownership from 65.70% to 20%.

Note 4: In March 2023 , the Company reinvested a total of NT$30,294 thousand in Newrit Asset Co., Ltd., and obtained 2,970,000 shares, increasing its shareholding ratio from 96.33% to 100%.

Note 5: In August 2023, due to the cash capital increase conducted by Ritwin Corporation, the Company did not subscribe in proportion to its ownership percentage, resulting in a decrease in the ownership percentage from 89.53% to 88.20%.

Note 6: Including recognition of investment loss of NT$4,370 thousand and realized gross profit on sales of NT$1,716 thousand from upstream transactions.

Note 7: In March 2023, the subsidiary of the Company, Welltech Energy Inc., sold 1,485,000 shares of Newrit Asset Co., Ltd. to the Company, resulting in its ownership percentage of Newrit Asset Co., Ltd. decreasing from 1.83% to 0%.

Note 8: In September 2023 , the subsidiary of the Company, Ritwin Corporation, invested a total of NT$16,653 thousand in Welltech Energy Inc., and obtained 756,929 shares. Its shareholding amounted to 1.94%.

Note 9: In December 2023, the subsidiary of the Company, Ritwin Corporation, purchased 17,871,000 shares of Welltech Energy Inc. from the Company for a total of NT$393,162 thousand, resulting in its ownership percentage of Welltech Energy Inc. increasing from 1.94% to 47.64%.

Note 10: Eliminated when preparing the consolidated financial statements.

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 5: Related party trasactions with purchase or sale amount of at least NT$100 million or 20% of the paid-in capital for the year ended December 31, 2023 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction details				Details of non-arm's length transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co., Ltd.	Subsidiary	Purchase	$1,147,390 (Note1)	61.77%	60 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonablely compared.	60 days after monthly closing	$-	-%	
Changzhou Shangyang Photoelectricity Co., Ltd.	Welltech Energy Inc.	Parent company	Sale	$1,147,390 (Note1)	(98.96)%	60 days after monthly closing	Would mark the average cost up within 1~5%	60 days after monthly closing	$-	-%	

Note 1 : It has been written off when the consolidated financial statements are prepared.

Attachment 6: Intercompany relationships and significant intercompany transactions for the year ended December 31, 2023 (In Thousands of New Taiwan Dollars)

No.				Intercompany Transaction			
(Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	RiTdisplay Corporation	Ritwin Corporation	1	Other receivable	$393,320	Offset the credit-debt	7.83%
1	Ritwin Corporation	Newrit Asset Co., Ltd.	3	Advance receipts	$97,913	Offset the credit-debt	1.95%
1	Ritwin Corporation	Newrit Asset Co., Ltd.	3	Operating revenue	$27,239	Offset the credit-debt	1.02%
2	Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co.,Ltd.	3	Other receivable	$90,445	60 days after monthly closing	1.80%
2	Welltech Energy Inc.	Ritwin Corporation	3	Operating revenue	$31,452	Offset the credit-debt	1.17%
3	Changzhou Shangyang Photoelectricity Co.,Ltd.	Welltech Energy Inc.	3	Operating revenue	$1,147,390	60 days after monthly closing	42.78%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4 : The threshold of aforementioned amount is disclosed when transaction amount is over 1% of total assets or total operating revenue.

All the transactions with related parties have been eliminated when preparing the consolidated financial statements.

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, 2023 and 2022, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 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, 2023 and 2022, and their parent-company-only financial performance and cash flows for the years ended December 31, 2023 and 2022, 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. 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, 2023. 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$747,342 thousand for the year ended December 31, 2023 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$76,744 thousand as of December 31, 2023, 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 siginificant 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 obervation 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.

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 2023 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
February 29, 2024

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 Sheet

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$189,156	5	$321,191	7
1110	Financial assets at fair value through profit or loss	4, 6(2)	82,542	2	89,142	2
1120	Financial assets at fair value through other comprehensive income	4, 6(3)	61,681	2	49,574	1
1136	Financial assets measured at amortized cost	4, 6(4)	30,000	1	30,000	1
1170	Accounts receivable, net	4, 6,(5), 6(20)	124,569	3	243,812	6
1180	Accounts receivable-related parties, net	4, 6,(5), 6(20), 7	13	-	1,170	-
1200	Other receivables		7,641	-	18,452	-
1210	Other receivables-related parties	7	419,566	11	221,137	5
130x	Inventories	4, 6(6)	76,744	2	123,359	3
1410	Prepayments		20,745	-	22,854	-
1460	Non-current assets to be sold (or disposition group), net	4, 6(7)	-	-	35,665	1
1470	Other current assets		1,872	-	529	-
11xx	Total current assets		1,014,529	26	1,156,885	26
	Non-current assets					
1535	Financial assets measured at amortized cost	4, 6(4), 8	5,096	-	8,195	-
1550	Investments accounted for under equity method	4, 6(8)	1,308,792	34	1,425,845	32
1600	Property, plant and equipment	4, 6(9), 7, 8	1,312,191	34	1,383,245	32
1760	Investment property, net	4, 6(10), 8	236,386	6	243,844	6
1840	Deferred tax assets	4, 6(25)	-	-	174,481	4
1900	Other non-current assets	4, 6,(12), 6(17)	1,121	-	-	-
15xx	Total non-current assets		2,863,586	74	3,235,610	74
1xxx	Total Assets		$3,878,115	100	$4,392,495	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, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023.12.31		2022.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(13)	$560,000	14	$180,000	4
2130	Contract liabilities	4, 6(19), 7	11,476	-	6,689	-
2170	Accounts payable		110,507	3	219,052	5
2180	Accounts payable-related parties	7	137,698	4	164,084	4
2200	Other payables		100,164	3	84,547	2
2220	Other payables-related parties	7	34,751	1	13,214	-
2230	Current income tax liabilities	4, 6(25)	2,346	-	1,403	-
2300	Other current liabilities		1,897	-	1,801	-
2321	Current portion or enforce to sell of bonds payable	4, 6(15)	-	-	6,127	-
2320	Current portion of long-term loans	6(16), 8	210,526	5	220,487	5
21xx	Total current liabilities		1,169,365	30	897,404	20
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(14)	23,252	1	15,229	-
2530	Bonds payable	4, 6(15)	483,665	12	535,203	12
2540	Long-term loans	6(16), 8	297,888	8	713,156	17
2570	Deferred tax liabilities	4, 6(25)	-	-	14	-
2670	Other non-current liabilities	4, 6(17)	32,065	1	32,199	1
25xx	Total non-current liabilities		836,870	22	1,295,801	30
2xxx	Total liabilities		2,006,235	52	2,193,205	50
31xx	Equity					
3100	Capital	6(18)				
3110	Common stock		746,517	19	746,517	17
3200	Capital surplus	6(18)	867,975	22	859,145	19
3300	Retained earnings	6(18)				
3310	Legal Reserve		164,399	4	161,489	4
3320	Special Reserve		5,371	-	5,950	-
3350	Unappropriated retained earnings		140,455	4	483,046	11
3400	Other components of equity		(1,351)	-	(5,371)	-
3500	Treasury stock	4, 6(18)	(51,486)	(1)	(51,486)	(1)
3xxx	Total equity		1,871,880	48	2,199,290	50
	Total liabilities and equity		$3,878,115	100	$4,392,495	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, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

			2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
4000	Operating revenues	4, 6(19), 7	$747,342	100	$977,046	100
5000	Operating costs	6, 7	(720,774)	(96)	(792,585)	(81)
5900	Gross profit		26,568	4	184,461	19
6000	Operating expenses	6, 7				
6100	Selling		(25,864)	(3)	(26,729)	(3)
6200	General and administrative		(65,036)	(9)	(55,302)	(6)
6300	Research and development		(79,410)	(11)	(87,164)	(9)
6450	Expected credit losses	4, 6(20)	-	-	(3,702)	-
	Operating expenses total		(170,310)	(23)	(172,897)	(18)
6900	Operating income (loss)		(143,742)	(19)	11,564	1
7000	Non-operating income and expenses					
7100	Interest income	6(23), 7	10,368	1	5,554	-
7010	Other income	6(23), 7	105,875	14	105,276	11
7020	Other gains and losses	6(23)	(25,600)	(3)	(46,692)	(5)
7050	Finance costs	6(23)	(35,583)	(5)	(30,288)	(3)
7055	Expected credit losses	4, 6(20)	(11,073)	(1)	(4,166)	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	4, 6(8)	49,436	7	45,104	5
	Total non-operating income and expenses		93,423	13	74,788	8
7900	Income (loss) before income tax		(50,319)	(6)	86,352	9
7950	Income tax expense	4, 6(25)	(176,589)	(24)	(56,433)	(6)
8200	Net income (loss)		(226,908)	(30)	29,919	3
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		453	-	12,798	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(53)	-	(1,659)	-
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)	-
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		(934)	-	(654)	-
	Total other comprehensive income, net of tax		(534)	-	10,481	1
8500	Total comprehensive income (loss)		$(227,442)	(30)	$40,400	4
	Earnings per share	6(26)				
9750	Earnings per share - basic (in NTD)		$(3.08)		$0.41	
9850	Earnings per share - diluted (in NTD)		$(3.08)		$0.41	

(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 Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Accounts	Capital	Bond conversion entitlement certificates	Capital surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated retained earnings	Other Components of equity: Exchange differences arising on translation of foreign operations	Other Components of equity: Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stock	Total Equity
		3100	3130	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as of January 1, 2022	$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)				-
B5	Cash dividends - common shares						(147,695)				(147,695)
C5	Due to recognition of equity component of covertible bonds issued			39,923							39,923
D1	Net income for 2022						29,919				29,919
D3	Other comprehensive income (loss) for 2022						12,798	(654)	(1,663)		10,481
D5	Total comprehensive income (loss)	-	-	-	-	-	42,717	(654)	(1,663)	-	40,400
I1	Conversion of convertible bonds		8,535	30,508							39,043
I3	Conversion of certificaties of bonds-to-share	66,427	(66,427)								-
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed			(10,378)			(10,723)				(21,101)
M7	Changes in subsidiaries ownership			9,065							9,065
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(2,896)		2,896		-
T1	Other - early reparechase of convertible bonds			(395)							(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
	Appropriation and distribution of 2022 earnings:										
B1	Legal reserve				2,910		(2,910)				-
B5	Cash dividends - common shares						(110,477)				(110,477)
B17	Reversal of special reserve					(579)	579				-
C5	Due to recognition of equity component of covertible bonds issued										
D1	Net loss for 2023						(226,908)				(226,908)
D3	Other comprehensive income (loss) for 2023						453	(934)	(53)		(534)
D5	Total comprehensive income (loss)	-	-	-	-	-	(226,455)	(934)	(53)	-	(227,442)
H1	Reorganization			10,192				1,134			11,326
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed			(5,922)							(5,922)
M7	Changes in subsidiaries ownership			6,329			(81)				6,248
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(3,247)		3,247		-
T1	Other - early repurchase of convertible bonds and the difference of disposing equity method investment			(1,769)				626			(1,143)
Z1	Balance as of December 31, 2023	$746,517	$-	$867,975	$164,399	$5,371	$140,455	$(531)	$(820)	$(51,486)	$1,871,880

(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 Cash Flows
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A00010	Net income (loss) before tax	$(50,319)	$86,352
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation expenses and other losses	110,609	107,666
A20200	Amortization	-	7,966
A20300	Expected credit losses	11,073	7,868
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	765	42,656
A20900	Interest expense	35,583	30,288
A21000	Net loss (gain) arising from derecognition of financial liabilities measured at amortised cost	-	188
A21200	Interest income	(10,368)	(5,554)
A21300	Dividend income	(4,126)	(4,984)
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(49,436)	(45,104)
A22500	Loss(gain) on disposal of property, plant and equipment	5,275	-
A23000	Loss on disposal of non-current assets held for sale	4,165	-
A23100	Loss (gain) on disposal of investments	6,541	(4,822)
A30000	Changes in operating assets and liabilities:		
A31115	(Increase) decrease of financial assets at fair value through profit or loss	7,660	591
A31150	(Increase) decrease of accounts receivable	119,243	(14,809)
A31160	(Increase) decrease of accounts receivable-related parties	1,157	(1,170)
A31180	(Increase) decrease of other receivables	(262)	(14,509)
A31190	(Increase) decrease of other receivables-related parties	194,733	(12,749)
A31200	(Increase) decrease of inventories	46,615	(74,363)
A31230	(Increase) decrease of prepayment	2,109	13,743
A31240	(Increase) decrease of other current assets	(1,343)	(4,680)
A32125	Increase (decrease) of contract liabilities	4,787	5,798
A32150	Increase (decrease) of accounts payable	(108,545)	565
A32160	Increase (decrease) of accounts payable-related parties	(26,386)	2,713
A32180	Increase (decrease) of other payables	14,669	(7,708)
A32190	Increase (decrease) of other payables-related parties	(835)	2,024
A32230	Increase (decrease) of other current liabilities	96	(613)
A32240	Increase (decrease) of net defined benefit liability	(793)	(710)
A33000	Cash generated from operations	312,667	116,643
A33100	Interest received	10,368	5,554
A33200	Dividend received	28,869	26,060
A33300	Interest paid	(26,305)	(19,821)
A33500	Income tax paid	(1,179)	(2,443)
AAAA	Net cash provided by (used in) operating activities	324,420	125,993

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(15,000)	-
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	2,840	2,841
B00040	Acquisition of financial assets measured at amortised cost	-	(30,138)
B00050	Proceeds from disposal of financial assets measured at amortised cost	3,099	-
B01800	Acquisition of investments accounted for under equity method	(240,698)	(943,153)
B01900	Proceeds from disposal of investments accounted for using equity method	5	-
B02600	Proceeds from disposal of non-current assets classified as held for sale	31,500	-
B02700	Acquisition of property, plant and equipment	(16,538)	(16,661)
B02800	Disposal of property, plant and equipment	2,106	-
B03700	Increase in refundable deposits	(9)	-
B04100	Increase of other receivables	-	(196,031)
BBBB	Net cash provided by (used in) investing activities	(232,695)	(1,183,142)
CCCC	Cash flows from financing activities:		
C00200	(Repayments of) increase in short-term loans	380,000	(94,800)
C01200	Issuance of convertible bonds	-	595,000
C01300	Repayments of convertible bonds	(68,054)	(35,154)
C01600	Increase in long-term loans	-	1,025,000
C01700	Repayments of long-term loans	(425,229)	(517,442)
C04400	Decrease in other non-current liabilities	-	(8,412)
C04500	Cash dividends paid	(110,477)	(147,695)
CCCC	Net cash provided by (used in) financing activities	(223,760)	816,497
EEEE	Net increase (decrease) in cash and cash equivalents	(132,035)	(240,652)
E00100	Cash and cash equivalents at beginning of period	321,191	561,843
E00200	Cash and cash equivalents at end of period	$189,156	$321,191

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

RiTdisplay Corporation

Notes to the Parent-Company-Only Financial Statements

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

RiTdisplay Corporation (referred to “the Company”) was established on March 13, 2000. Its main business activities include the manufacture of OLED and sales of the related products. The Company’s stock has been approved in July, 2016 to be listed and trade in Taiwan Over-The-Counter Securities Exchange, and publicly listed on the Taiwan Stock Exchange starting January 17, 2019. The registered business premise and main operation address is at No.12, North Kuan-Fu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu Country, Taiwan, 30351.

Ritek Corporation is the Company’s parent, while is also the ultimate controller of the Company to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The parent-company-only financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on February 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended, which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The Company assesses all standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(a) IFRS 10 “Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4.SUMMARY OF MATERIAL ACCOUNTING POLICIES

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3)Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD).

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(A) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(B)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(C)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Current and non-current distinction

An asset is classified as current when:

(A)The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(B)The Company holds the asset primarily for the purpose of trading.
(C)The Company expects to realize the asset within twelve months after the reporting period.
(D)The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(A)The Company expects to settle the liability in its normal operating cycle.
(B)The Company holds the liability primarily for the purpose of trading.
(C)The liability is due to be settled within twelve months after the reporting period.
(D)The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(5)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(6)Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii)Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease payments receviables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired.
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. It's carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

(a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

(b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

(c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) it eliminates or significantly reduces a measurement or recognition inconsistency; or

(b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method.
Finished goods and work in progress – Including cost of direct materials, labor and a proportion of manufacturing overheads excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(9) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it's carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	14～46 years
Machinery and equipment	5～15 years
Other equipment	6～21 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal company that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	14～46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Compamy assesses whether, throughout the period of use, has both of the following:

A. The right to obtain substantially all of the economic benefits from use of the identified asset; and
B. The right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement's comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Patent

Patent is the authorized right from acquiring or purchasing.

A summary of the policies applied to the Company’s intangible assets is as follows:

	Patents
Useful economic life	20 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is OLED and revenue is recognized based on the consideration stated in the contract. The Company recognized an allowance for sale return and discount shall be presented under the caption of refund liabilities within other current liabilities when partial or all considerations received might be returned or a chargeback is expected to occur.

The credit period of the Company's sale of goods is from T/T to 30～90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company’s parent-company-only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

B. In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s parent-company-only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the parent-company-only financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment.

B. Operating lease commitment-Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(2)Estimates and assumptions

The key assumptions concerning the future and other key source of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carring amount of assets and liabilities within the next fiscal year are discussed below.

A. Accounts receivable-estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

B. Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

C. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of thefuture salary etc. Please refer to Note 6 for more details.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates.

The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company’s domicile. Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details about unrecognized deferred tax assets as of December 31, 2023.

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
Cash and petty cash	$292	$176
Checkings and demands	108,015	98,413
Time deposits	45,987	222,602
Investments in bonds with resale agreements	34,862	-
Total	$189,156	$321,191

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2023	2022
Measured at fair value through profit or loss:		
Listed companies' stocks	$106,485	$120,343
Valuation adjustment	(23,943)	(31,201)
Total	$82,542	$89,142
Current	$82,542	$89,142
Non-current	-	-
Total	$82,542	$89,142

No financial assets at fair value through profit or loss was pledged as collateral.

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

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income-Current:		
Unlisted company stocks	$62,501	$53,588
Valuation adjustment	(820)	(4,014)
Total	$61,681	$49,574
Current	$61,681	$49,574
Non-current	-	-
Total	$61,681	$49,574

No financial assets at at fair value through other comprehensive income was pledged as collateral.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	$3,495	$2,841
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$(3,247)	$(2,896)

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Restricted deposits	$5,096	$8,195
Time deposit (unpledged)	30,000	30,000
Total	$35,096	$38,195
Current	$30,000	$30,000
Non-current	5,096	8,195
Total	$35,096	$38,195

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Accounts receivable and accounts receivable – related parties, net

	As of December 31,	
	2023	2022
Accounts receivable	$137,263	$256,506
Less: loss allowance	(12,694)	(12,694)
Subtotal	124,569	243,812
Accounts receivable- related parties	13	1,170
Less: loss allowance	-	-
Subtotal	13	1,170
Total	$124,582	$244,982

Accounts receivables were not pledged.

Accounts receivables are generally on 30－90-day terms. The total carrying amount as of December 31, 2023 and 2022 are NT$137,276 thousand and NT$257,676 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6) Inventory

	As of December 31,	
	2023	2022
Merchandise inventory	$22	$25,559
Finished goods	9,255	22,876
Semi-finished goods and Work in process	26,380	31,119
Raw materials	41,087	43,805
Total	$76,744	$123,359

For the years ended December 31, 2023 and 2022, the Company recognized NT$715,867 thousand and NT$787,966 thousand under the caption of costs of sale, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following items were also included in cost.

	For the years ended December 31,	
	2023	2022
Loss (gain) from inventory market decline (recovery)	$15,118	$(10,000)

The aforementioned recognition of gain on reversal of write-down of inventories resulting from inventories with a reduced price in prior periods had been sold or scrapped.

The inventories were not pledged.

(7) Non-current assets to be sold

	As of December 31,	
	2023	2022
Luminit Automotive Technology Corporation	$-	$35,665

In October, 2022, the Company authorized the Chairman of the Company to dispose of the shares of Luminit Automotive Technology Corporation. As of December 31, 2022, the Company classified it as a non-current asset to be sold.

Luminit Automotive Technology Corporation conducted a reduction of capital in the amount of NT$31,500 thousand on March 14, 2023. The Group received capital return of NT$9,776 thousand in accordance with its ownership percentage. Additionally, the Company sold its shares of Luminit Automotive Technology Corporation in June 2023 for NT$21,724 thousand, recognizing a disposal loss of NT$4,165 thousand.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Investments accounted for under equity method

	As of December 31,			
	2023		2022	
Investee Companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
Pvnext Corporation	$-	-%	$3,477	4.31%
Accumalated impairment	-		(3,447)	
Subtotal	-		-	
Investments in subsidiaries:				
Newrit Asset Co., Ltd.	806,461	100.00%	787,295	96.33%
Ritwin Corporation	372,297	88.20%	233,717	89.53%
Welltech Energy Inc.	130,034	20.00%	404,833	66.23%
Subtotal	1,308,792		1,425,845	
Total	$1,308,792		$1,425,845	

Investments in associates were not material to the Company. The associate's summarized financial information presented to the carrying amount of the Company's interest in the associate:

	For the years ended December 31,	
	2023	2022
Profit (loss) in current period	$-	$13,704
Other comprehensive income (net of tax)	-	85
Total comprehensive income	$-	$13,789

The Company's investments accounted for under equity method were based on audited financial statements.

The Company authorized the chairman of the Company to sell the shares of Pvnext Corporation to the ultimate parent company, Ritek Corporation, in May 2023. The number of shares sold was 3,600 thousand, and the selling price was NT$5 thousand.

In October 2022, the Company authorized the chairman of the company to dispose of Luminit Automotive Technology Corporation share project, as a result, it was classified as non-current assets to be sold.

In January 2022, the Company participated in issuing of shares of Newrit Asset Co., Ltd., reinvested NT$725,300 thousand in Newrit Asset Co., Ltd. and acquired 72,530 thousand shares in total. The interest ownership increased from 64.94% to 96.33%. In meanwhile, the Company recognized the capital surplus NT$424 thousand due to the variance of shareholding ratio.

On March 31, 2023, the Company acquired 2,970 thousand shares of Newrit Asset Co., Ltd. for NT$30,294 thousand, increasing the shareholding ratio from 96.33% to 100%.

The Company reinvested NT$8,775 thousand in Cashido Corporation between August and October 2022 and acquired 726 thousand shares in total. The interest ownership increased from 78.66% to 91.85%. In meanwhile, the Company recognized the capital surplus NT$(1,131) thousand due to the variance of shareholding ratio.

In order to promote organizational integration and improve management efficiency, Ritwin Corporation held 100% of Cashido Corporation by converting and issuing new shares during October 2022. As a result, the Company's interest ownership in Cashido Corporation decreased from 91.85% to 0%.

On July 25, 2022, the Company participated in issuing of shares of Ritwin Corporation, and reinvested NT$65,268 thousand. The interest ownership was decreased from 94.12% to 89.14%. In meanwhile, the Company recognized the capital surplus NT$8,812 thousand due to the variance of shareholding ratio.

Ritwin Corporation decided to acquire all shares of Cashido Corporation by converting and issuing new shares in the board of directors' meeting which approved on July 5, 2022. The conversion ratio was 0.4029 ordinary shares of Ritwin Corporation converted to 1 ordinary share of Cashido Corporation, and Ritwin Corporation issued 2,216 thousand in total new shares to convert 5,500 thousand shares of Cashido Corporation. The date of converting and issuing new shares was on October 12, 2022, which caused the Company's interest ownership in Ritwin Corporation increased from 89.14% to 89.53%. In meanwhile, the Company recognized the capital surplus NT$(171) thousand due to the variance of shareholding ratio.

The Company participated in the cash capital increase of Ritwin Corporation on August 18, 2023, with an investment amount of 210,404 thousand dollars. The Company did not subscribe in accordance with our shareholding ratio, resulting in a decrease in our shareholding percentage from 89.53% to 88.20%.

The Company reinvested NT$62,465 thousand in Welltech Energy Inc. on March 28, 2022 and acquired 4,164 thousand shares in total. The interest ownership was increased from 20.89% to 31.63%. The Company then reinvested NT$107,580 thousand and acquired 7,172 thousand shares in total on April 1, 2022. The interest ownership increased from 31.63% to 50.12%. The Company indirectly held the subsidiaries of Welltech Energy Inc. and obtained more than half of total number of directors. As a result, the Company obtained control of Welltech Energy Inc. and incorporated it into the consolidated entity after the date of gaining control. In meanwhile, gain on disposal of investments of NT$538 thousand was recognized.

The Company reinvested NT$35,335 thousand in Welltech Energy Inc. in September 2022 and acquired 2,356 thousand shares in total. The interest ownership was increased from 50.12% to 56.19%. Then reinvested NT$58,430 thousand and acquired 3,895 thousand shares in total in December 2022. The interest ownership was increased from 56.19% to 66.23%. The Company recognized the capital surplus NT$(9,247) thousand and decreased retained earning NT$10,723 thousand.

Welltech Energy Inc. conducted a capital increase through employee compensation on August 23, 2023, which resulted in the Company's shareholding ratio decreasing from 66.23% to 65.70%.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In response to the group's business division planning, the subsidiary Ritwin Corporation purchased 17,871 thousand shares of Welltech Energy Inc. from the Company in December 2023 for a total of NT$393,162 thousand, resulting in the shareholding ratio in Welltech Energy Inc. decreasing from 65.70% to 20.00%.

The Company received cash dividends amounting to 24,743 thousand dollars in the year ended December 31, 2023, which were offset against investments accounted for using the equity method.

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment was made if deemed necessary.

The aforementioned had no contingent liabilities or capital commitments and were not pledged as collateral as of December 31, 2023 and 2022, respectively.

(9) Property, plant and equipment

A. Self-used real estate, factory buildings, and equipment.

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
As of Jan. 1, 2023	$471,901	$1,937,364	$4,861,115	$176,322	$7,446,702
Addition	-	2,830	36,648	-	39,478
Disposal	-	(30,980)	(96,001)	-	(126,981)
Transfer	-	894	-	-	894
As of Dec. 31, 2023	$471,901	$1,910,108	$4,801,762	$176,322	$7,360,093
As of Jan. 1, 2022	$471,901	$2,012,100	$4,835,117	$176,322	$7,495,440
Addition	-	2,669	25,998	-	28,667
Transfer	-	(77,405)	-	-	(77,405)
As of Dec. 31, 2022	$471,901	$1,937,364	$4,861,115	$176,322	$7,446,702

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Other equipment	Total
Depreciation and impairment:					
As of Jan. 1, 2023	`$-	$1,485,636	$4,401,499	$176,322	$6,063,457
Depreciation	-	18,610	82,278	-	100,888
Disposal	-	(30,980)	(88,620)	-	(119,600)
Transfer	-	3,157	-	-	3,157
As of Dec. 31, 2023	$-	$1,476,423	$4,395,157	$176,322	$6,047,902
As of Jan. 1, 2022	$-	$1,525,843	$4,321,920	$176,319	$6,024,082
Depreciation	-	18,574	79,579	3	98,156
Transfer	-	(58,781)	-	-	(58,781)
As of Dec. 31, 2022	$-	$1,485,636	$4,401,499	$176,322	$6,063,457
Net carrying amount:					
As of Dec. 31, 2023	$471,901	$433,685	$406,605	$-	$1,312,191
As of Dec. 31, 2022	$471,901	$451,728	$459,616	$-	$1,383,245

B. Please refer to Note 8 for more details on property, plant and equipment under pledge.

C. Significant component of main building, fire engineering equipment, sewage treatment equipment and cleanroom are depreciated over useful lives of 46 years and 14~20 years, respectively.

(10) Investment property

	Buildings
Cost:	
As of January 1, 2023	$1,041,002
Transfers to property, plant and equipment	(894)
As of December 31, 2023	$1,040,108

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings
As of January 1, 2022	$963,597
Transfers from property, plant and equipment	77,405
As of December 31, 2022	$1,041,002
Depreciation and impairment:	
As of January 1, 2023	$797,158
Depreciation	9,721
Transfers to property, plant and equipment	(3,157)
As of December 31, 2023	$803,722
As of January 1, 2022	$728,867
Depreciation	9,510
Transfers from property, plant and equipment	58,781
As of December 31, 2022	$797,158
Net carrying amount:	
As of December 31, 2023	$236,386
As of December 31, 2022	$243,844

	For the years ended December 31,	
	2023	2022
Rental income from investment property	$73,570	$78,062
Less: Direct operating expenses from investment property generating rental income	(9,721)	(9,510)
Total	$63,849	$68,552

Please refer to Note 8 for more details on investment property under pledge.

Investment property held by the Company was not measured at the fair value but for which the fair value was disclosed. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment properties was NT$282,214 thousand and NT$279,484 thousand as of December 31, 2023 and 2022, respectively. The fair value of investment properties had been determined based on the recent transaction price of comparatively similar objects where each investment property was located in.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Intangible assets

	Patents
Cost:	
For the year ended December 31, 2023	$-
As of January 1, 2022	$500,000
Disposals	(500,000)
As of December 31, 2022	$-
Amortization and impairment:	
For the year ended December 31, 2023	$-
As of January 1, 2022	$492,034
Amortization	7,966
Disposals	(500,000)
As of December 31, 2022	$-
Net carrying amount:	
As of December 31, 2023	$-
As of December 31, 2022	$-

Amortization amount recognized for intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$-	$-
Operating expenses	-	7,966
Total	$-	$7,966

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Other non-current assets

	As of December 31,	
	2023	2022
Refundable deposits	$9	$-
Net defined benefit asset	1,112	-
Total	$1,121	$-

(13) Short-term loans

	As of December 31,	
	2023	2022
Bank loans	$560,000	$180,000
Interest Rate (%)	1.80%～2.65%	0.90%～2.00%

As of December 31, 2023 and 2022, the lines of unused short-term loans credit for the Company amounted to NT$910,000 thousand and NT$$970,000 thousand, respectively.

Assets were not pledged for the short-term loans.

(14) Financial liabilities at fair value through profit or loss

	As of December 31,	
	2023	2022
Financial liabilities at fair value through profit or loss		
Embedded derivatives-Non-current	$23,252	$15,229

The embedded derivative finaicial instruments (the issuer's redemption and the holder's put options) on the bonds payable which amounted to NT$23,252 thousand and NT$15,229 thousand were both recognized as non-current financial liabilities as of December 31, 2023 and 2022.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Bonds payable

(A)Details of bonds payable:

	As of December 31,	
	2023	2022
Liability component:		
Principal amount	$508,800	$578,700
Discounts on bonds payable	(25,135)	(37,370)
Subtotal	483,665	541,330
Less: current portion	-	(6,127)
Net amount	$483,665	$535,203
Embedded derivative financial instruments	$23,252	$15,229
Equity component - conversion rights	$33,854	$38,392

For the details of the gain or loss from valuation through profit or loss on embedded derivative financial instruments and the interest expense on the convertible bonds payable, please refer to Note 6 (23).

(B)On June 4, 2020, the Company's board of directors' meetings resolved to issued first unsecured convertible bonds. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1090347186. The terms of the bonds are as follows:

(a)Issue date: July 17, 2020

(b)Issue amount: NT$350,000 thousand

(c)Issue price: Issued at par value

(d)Coupon rate: 0%

(e)Secured or unsecured: Unsecured bonds

(f)Period: From July 17, 2020 to July 17, 2023 (g)Terms of Conversion:

i.Conversion period:

The bondholders will have the right to convert their bonds at any time during the conversion period commencing October 18, 2020 (the 3 months following the issuing date) to July 17, 2023 (the maturity date). However, the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.

ii.Conversion price and adjustment:

The conversion price was originally at NT$50.80 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2020, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price has been adjusted from NT$50.80 to NT$50.40 since July 19, 2020.

Due to the distribution of cash dividends on ordinary shares in 2021, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price has been adjusted from NT$50.40 to NT$47.45 since September 20, 2021.

Due to the distribution of cash dividends on ordinary shares in 2022, the Company adjusted the conversion price based on theprovisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price has been adjusted from NT$47.45 to NT$45.04 since July 26, 2022.

iii.Redemption on the maturity date:

The Company will redeem the bonds in cash if the convertible bonds were not settled by the maturity date.

(h)Redemption option of the issuer

The Company may redeem the convertible bonds at the par value of convertible bonds and pay in cash, from three months after bond issued October 18, 2020 to 40 days before maturity date (June 7, 2023) in the following events:

i.The Company’s closing price of common shares is over 30% above the convertible price for 30 consecutive trading days.

ii.The total value of outstanding convertible bonds becomes less than 10% of the total principal.

(i)Put option of the holder

The bondholders can execute put option after two years from issuance date (July 17, 2022). The Company should send through registered mail the “Notification of bondholder’s put option” 40 days before the put option base date (June 7, 2022). OTC (Over the Counter) should be notified by the Company and should announce the bondholder’s put option; a written notification should be sent to the share transfer agent by bondholders 30 days before the put option base date (June 17, 2022). The put value is 101% of the par value (the year yield is 0.5%). After accepting the put request, the Company should redeem the bonds by cash within 5 business days after the put option base date.

(C)On November 9, 2021, the Company's board of directors' meetings resolved to issued second unsecured convertible bonds. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1100376203. The terms of the bonds are as follows:

(a)Issue date: January 11, 2022

(b)Issue amount: NT$600,000 thousand

(c)Issue price: Issued at par value

(d)Coupon rate: 0%

(e)Secured or unsecured: Unsecured bonds

(f)Period: From January 11, 2022 to January 11, 2027

(g)Terms of Conversion:

i.Conversion period:

The bondholders will have the right to convert their bonds at any time during the conversion period commencing April 12, 2022 (the 3 months following the issuing date) to January 11, 2027 (the maturity date). However, the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date ending on (and including) such record date; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction.

ii.Conversion price and adjustment:

The conversion price was originally at NT$80.50 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Due to the distribution of cash dividends on ordinary shares in 2022, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price has been adjusted from NT$80.50 to NT$76.41 since July 26, 2022.

Due to the distribution of cash dividends on ordinary shares in 2023, the company adjusted the conversion price based on the provisions for issuance and conversion of the first time unsecured convertible bonds. As a result, the conversion price has been adjusted from NT$76.41 to NT$73.58 since August 14, 2023.

iii.Redemption on the maturity date:

The Company will redeem the bonds in cash if the convertible bonds were not settled by the maturity date.

(h)Redemption option of the issuer

The Company may redeem the convertible bonds at the par value of convertible bonds and pay in cash, from three months after bond issued April 12, 2022 to 40 days before maturity date (December 2, 2026) in the following events:

i.The Company’s closing price of common shares is over 30% above the convertible price for 30 consecutive trading days.

ii.The total value of outstanding convertible bonds becomes less than 10% of the total principal.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(i)Put option of the holder

The bondholders can execute put option after three years from issuance date (January 11, 2025). The Company should send through registered mail the "Notification of bondholder's put option" 40 days before the put option base date (December 2, 2024). OTC (Over the Counter) should be notified by the Company and should announce the bondholder's put option; a written notification should be sent to the share transfer agent by bondholders 30 days before the put option base date (December 11, 2024). The put value is 101.51% of the par value (the year yield is 0.5%). After accepting the put request, the Company should redeem the bonds by cash within 5 business days after the put option base date.

In addition, the conversion amount of the Company's first unsecured convertible bonds was both NT$334,300 thousand as of December 31, 2023 and 2022. The bonds matured on July 17, 2023, with repayment of principal at maturity processed in accordance with the terms of issuance and conversion of the bonds. The bonds also terminated trading on the OTC exchange.

(16) Long-term loans

	As of December 31,	
	2023	2022
Syndicated loans	$500,000	$900,000
Bank loans	10,526	37,154
Subtotal	510,526	937,154
Less: arrangement fee	(2,112)	(3,511)
Less: current portion	(210,526)	(220,487)
Non-current portion	$297,888	$713,156
Interest rate (%)	1.650%～2.651%	1.425%～2.151%

A. The Company signed the 5-year guarantee financing commitment contract of NT$1.8 billion with joint credit syndicate led by Bank of Taiwan in December 2018.

The financial commitment to above syndicated loan maintains financial ratios and agreements as follows:

(a) Current ratio (current assets/ current liabilities): keep at 100% and above.
(b) Debt ratio (total liabilities/ tangible net worth): keep under 250%.
(c) Interest coverage ratio [(net income before tax + depreciation + amortization + interest expense)/ interest expense]: keep at least 6 times.
(d) Tangible net worth (shareholders' equity – intangible assets): keep at least NT$ 1,000,000 thousand.

The above ratio and standard shall be checked every six months according to the consolidated financial reports of the year (half year) audited (reviewed) by the independent auditors.

The syndicated loan in the above was fully paid in January 2022.

B. The Company signed the 5-year guarantee financing commitment contract of NT$2 billion with joint credit syndicate led by Bank of Taiwan in January 2022.

The financial commitment to above syndicated loan maintains financial ratios and agreements as follows:

(a) Current ratio (current assets/ current liabilities): keep at 100% and above.
(b) Debt ratio (total liabilities/ tangible net worth): keep under 250%.
(c) Interest coverage ratio [(net income before tax + depreciation + amortization + interest expense)/ interest expense]: keep at least 6 times.
(d) Tangible net worth (shareholders' equity – intangible assets): keep at least NT$ 1,000,000 thousand.

The above ratio and standard shall be checked every six months according to the consolidated financial reports of the year (half year) audited (reviewed) by the independent auditors.

The borrowing of the aforementioned syndicated loan was partially repaid in advance between April and July 2023.

C. The remaining loan repayment period starts from 2017 to 2024 by stages.

D. Please refer to Note 8 for more details on assets pledged for long-term loans.

(17) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$6,587 thousand and NT$7,219 thousand, respectively.

Additional pension expenses recognized for the executives commisioned by the Company amounted to NT$0 and NT$2,596 thousand for the years ended December 31, 2023 and 2022, respectively.

Reversal of pension expenses recognized for the executives commisioned by the Company amounted to NT$0 and NT$(12,897) for the years ended December 31, 2023 and 2022, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$794 to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the maturities of the Company's defined benefit plan were expected in 2033 and 2032, respectively.

Pension costs recognized in profit or loss was as follows:

	For the years ended December 31,	
	2023	2022
Current period service costs	$622	$331
Net interest expense (income)	(621)	(247)
Total	$1	$84

Reconciliation in the defined benefit obligation and fair value of plan assets were as follows:

	As of December 31,	
	2023	2022
Defined benefit obligation	$43,820	$44,814
Plan assets at fair value	(44,932)	(44,680)
Other non-current liabilities/assets – net defined benefit liability(assets)	$(1,112)	$134

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit liability was as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net difined benefit liability (asset)
As of January 1, 2022	$54,218	$(40,576)	$13,642
Current period service costs	331	-	331
Net interest expense (income)	-	(247)	(247)
Subtotal	331	(247)	84
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	6	-	6
Actuarial gains and losses arising from changes in financial assumptions	(4,587)	-	(4,587)
Experience adjustments	(5,154)	-	(5,154)
Re-measurement on defined benefit assets	-	(3,063)	(3,063)
Subtotal	(9,735)	(3,063)	(12,798)
Contributions by employer	-	(794)	(794)
As of December 31, 2022	44,814	(44,680)	134
Current period service costs	622	-	622
Net interest expense (income)	-	(621)	(621)
Subtotal	622	(621)	1
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	84	-	84
Actuarial gains and losses arising from changes in financial assumptions	646	-	646
Experience adjustments	(1,051)	-	(1,051)
Re-measurement on defined benefit assets	-	(132)	(132)
Subtotal	(321)	(132)	(453)
Contributions by employer	-	(794)	(794)
The benefits paid	(1,295)	1,295	-
As of December 31, 2023	$43,820	$(44,932)	$(1,112)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following siginificant acturial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2023	2022
Discount rate	1.26%	1.39%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the years ended December 31,			
	2023		2022	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased 0.5%	$-	$(2,409)	$-	$(2,609)
Discount rate decreased 0.5%	2,639	-	2,863	-
Expected salary increased 0.5%	2,579	-	2,802	-
Expected salary decreased 0.5%	-	(2,381)	-	(2,582)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis was consistent for both current and prior years.

(18) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were NT$10,000,000 thousand, and paid-in capital were both NT$746,517 thousand, each share at par value of NT$10, divided into both 74,652 thousand shares. Each share except treasury stock has one voting right and a right to receive dividends.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022, the unsecured convertible bonds in amount of NT$40,500 thousand was applied to convert into common stock NT$8,535 thousand, divided into 854 thousand shares, each share at par value of NT$10.

B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	$814,399	$814,399
Treasury stock trade	4,112	1,617
Share of changes in net assets of associates and joint ventures accounted for using equity method	10,599	-
Expired employee stock option	5,011	4,737
Conversion right	33,854	38,392
Total	$867,975	$859,145

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

Treasury stock amounted to NT$51,486 thousand and 1,000 thousand shares, as of December 31, 2023 and 2022.

The movement schedule of treasury stock for the year ended December 31, 2023 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2023				
Transfer to employees	1,000	-	-	1,000

The movement schedule of treasury stock for the year ended December 31, 2022 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2022				
Transfer to employees	1,000	-	-	1,000

According to the Securities and Exchange Law of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends. In addition, the shares bought back should be transferred within five years from the date of buy back. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

I. Payment of all taxes and dues;
II.Offset prior years' operation losses;
III.Set aside 10% of the remaining amount as legal reserve.
IV.Set aside or reverse special reserve in accordance with law and regulations; and
V.The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The company distributed dividends or part or all of the legal reserve and capital surplus by cash, authorized the board to conduct after more than two-thirds of the directors attended the board meeting, and with consent of more than half directors presented, and reported to the shareholders meeting.

The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, shareholders' interests and long-term financial planning. The distribution of shareholders' dividend shall be not lower than 10% of the distributable current-year earnings. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 10% of the paid-in capital. The dividend can be distributed by cash, stock or both while 0%~90% of total dividends shall be in stock and 10%~100% of total dividends shall be in cash.

The Company operates in the industry with rapid change and the Company's life cycle is currently at the growing stage. As the result, the company's dividend payout poilcy is set in consideration of the capital needs, long-term financial plan and the potential growth of earnings which fulfills the shareholders' requirement of cash flows. As the result, the Board of Directors determine the distribution plan and report to the Shareholder's meeting every year.

According to Taiwan's Company Act, the Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total paid-in capital. The legal reserve can be used to make good the deficit. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of the T-IFRS.

The appropriations of earnings for the years 2023 and 2022 were approved through the Board of Directors' meetings and shareholders' meetings held on February 29, 2024 and June 27, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (In NT$)	
	2023	2022	2023	2022
Legal reserve	$-	$2,910		
Special reserve	(4,020)	(579)		
Cash dividend	-	110,477	$-	$1.5

Please refer to Note 6(22) for details on employees' compensation and remuneration to directors and supervisors.

(19) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from customer contracts		
Sales of goods	$738,593	$970,411
Other operating revenue	8,749	6,635
Total	$747,342	$977,046

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
	Single department	Single department
Sales of goods	$738,593	$970,411
Others	8,749	6,635
Total	$747,342	$977,046
The timing for revenue recognition:		
At a point of time	$747,342	$977,046

B. Contract balances

(a) Contract liabilities – current

	As of December 31,	
	2023	2022
Sales of goods	$11,476	$6,689

The changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	$(6,689)	$(891)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	11,476	6,689

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Assets recognized from costs to fulfill a contract

None.

(20) Expected credit losses/ (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$-	$3,102
Other receivables	-	600
Subtotal	-	3,702
Non-operating income and expenses – Expected credit losses/(gains)		
Other current assets	11,073	4,166
Subtotal	11,073	4,166
Total	$11,073	$7,868

Please refer to Note 12 for more details on credit risk.

The Company measured the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 were as follows:

A. The Company considered the grouping of accounts receivable by counterparties' credit rating, geographical region and industry sector and its loss allowance was measured by using a provision matrix. Details were as follows:

As of December 31, 2023

		Overdue						
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	121-150 days	>=150 days	Total
Gross carrying amount	$111,451	$12,532	$2	$2,475	$121	$-	$10,695	$137,276
Loss ratio	-%	-%	-%	76%	100%	-%	100%	
Lifetime expected credit losses	-	-	-	(1,878)	(121)	-	(10,695)	(12,694)
Carrying amount of accounts receivable	$111,451	$12,532	$2	$597	$-	$-	$-	$124,582

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

		Overdue						
	Not yet due	<=30 days	31-60 days	61-90 days	91-120 days	121-150 days	>=150 days	Total
Gross carrying amount	$217,304	$23,238	$998	$3	$-	$-	$16,133	$257,676
Loss ratio	-%	-%	-%	-%	-%	-%	79%	
Lifetime expected credit losses	-	-	-	-	-	-	(12,694)	(12,694)
Carrying amount of accounts receivable	$217,304	$23,238	$998	$3	$-	$-	$3,439	$244,982

B. The movement in the provision for impairment of accounts receivable during the years ended December 31, 2023 and 2022 were as follows:

	Accounts receivable	Other receivables
Beginning balance as of January 1, 2023	$12,694	$600
Addition for the current period	-	11,073
Ending balance as of December 31, 2023	$12,694	$11,673
Beginning balance as of January 1, 2022	$10,163	$-
Addition for the current period	3,102	600
Write off	(571)	-
Ending balance as of December 31, 2022	$12,694	$600

(21) Leases

A. Company as a lessor

Please refer to Note 6(10) for details on the Company's owned investment properties. The Company had entered leases on plants and commercial building. These leases had terms of between 1 and 5 years. These leases were classified as operating leases as they did not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31,	
	2023	2022
Lease income recognized under operating lease		
Income relating to fixed lease payments	$84,842	$86,400

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
Less than one year	$75,665	$77,495
More than one year but less than five years	156,087	223,237
More than five years	21,785	29,047
Total	$253,537	$329,779

(22) Summary statement of employee benefits, depreciation and amortization by function:

Function / Nature	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit						
Salaries & wages	$75,500	$82,288	$157,788	$70,933	$83,078	$154,011
Labor and health insurance	8,681	5,342	14,023	8,983	6,732	15,715
Pension	3,595	2,993	6,588	4,003	5,896	9,899
Directors' remuneration	-	-	-	-	5,836	5,836
Other employee benefit	2,577	2,220	4,797	2,968	2,645	5,613
Depreciation (Note 1)	95,459	15,150	110,609	93,019	14,647	107,666
Amortization	-	-	-	-	7,966	7,966

Note 1: Including recognized as other gains and losses.

Note 2: The average headcounts per month of the Company amounted to 190 and 216 for the years ended December 31, 2023 and 2022, respectively, of which 7 directors were not employees.

Note 3: Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

(1) Average employee benefits of 2023 and 2022 are NT$1,001 thousand and NT$886 thousand respectively.
(2) Average salaries of 2023 and 2022 are NT$862 thousand and NT$737 thousand respectively.
(3) Changes in average salaries are 17%.
(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
(5) The salary and remuneration policy of the Company:
Board of Directors and managers' salaries are referred to the industry standards, and the bonuses are allocated according to their performance, risk taking and level of contribution, etc. Employees' salaries are based on their academic background, professional knowledge, and years of experience and their KPI. Employees' annual salaries are also adjusted based on the Company's condition to motivate and retain outstanding employees.

The Articles of Association of the Company stipulate that if the Company makes profits in the current year, it shall set aside 3-10% as employees' compensation and no more than 5% as the remuneration for directors. However, if the Company has accumulated losses, it shall reserve the amount to make up for them firstly. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting.

Due to the loss incurred in the year ended December 31, 2023, the amounts for employee remuneration and director remuneration were not estimated.

Based on profit of the year ended December 31, 2022, employees' compensation and remuneration to directors for the year ended December 31, 2022 amounted to NT$3,163 thousand (3.50%) and NT$1,356 thousand (1.50%), respectively. The aforementioned employees' compensation and remuneration to directors were recognized as employee benefit expense.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's Board has determined the employees' compensation and directors' renumeration, all in cash, to be NT$3,163 thousand and NT$1,356 thousand, respectively, in a meeting held on March 13, 2023. No differences exist between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended December 31, 2022.

Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(23) Non-operating incomes and expenses

A. Other incomes

	For the years ended December 31,	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$10,368	$5,554
Rental income	84,842	86,400
Other income	16,907	13,892
Dividend income	4,126	4,984
Total	$116,243	$110,830

B. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	$(5,275)	$-
Gain (loss) on disposal of investments	(6,541)	4,822
Foreign exchange loss, net	2,810	9,720
Net loss arising from derecognition of financial liabilities measured at amortised cost	-	(188)
Net gain (loss) on financial assets/liabilities at fair value through profit or loss	(765)	(42,656)
Loss on disposal of non-current assets (group) held for sale	(4,165)	-
Other losses	(11,664)	(18,390)
Total	$(25,600)	$(46,692)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on bank loans	$26,521	$20,958
Interest on bonds payable	8,898	9,174
Imputed interest on deposit	164	156
Total	$35,583	$30,288

(24) Components of other comprehensive income

For the year ended December 31, 2023

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	$453	$-	$453	$-	$453
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(53)	-	(53)	-	(53)
Items that may subsequently be reclassified to profit or loss:					
Share of other comprehensive income (loss) of associates and joint	(934)	-	(934)	-	(934)
Total	$(534)	$-	$(534)	$-	$(534)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, net of tax
Not reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans	$12,798	$-	$12,798	$-	$12,798
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,659)	-	(1,659)	-	(1,659)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income of associates and joint	(4)	-	(4)	-	(4)
Items that may subsequently be reclassified to profit or loss:					
Share of other comprehensive income (loss) of associates and joint	(654)	-	(654)	-	(654)
Total	$10,481	$-	$10,481	$-	$10,481

(25) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax expense	$2,346	$1,403
Adjustments in respect of current income tax of prior periods	(224)	1,533
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(3,079)	4,373
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(13,792)	9,345
Deferred tax expense arising from write-down or reversal of deferred tax assets	191,338	39,779
Total income tax expense	$176,589	$56,433

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$(50,319)	$86,352
Tax payable at the enacted tax rates	$(10,064)	$17,270
Tax effect of expenses not deductible for tax purposes	884	7,263
Tax effect of deferred tax assets/liabilities	191,337	39,779
Surtax on undistributed earnings	-	1,332
Adjustment in respect of current income tax of prior periods	(224)	1,533
Other adjustments according to the Tax Law	(5,344)	(10,744)
Total income tax recognized in profit or loss	$176,589	$56,433

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Deferred income tax assets				
Unrealized exchange loss (gain)	$(14)	$14	$-	$-
Unrealiized loss on inventory valuation	1,280	(1,280)	-	-
Expected credit losses	2,174	(2,174)	-	-
Unrealized loss on disposal of investment	2,033	(2,033)	-	-
Net defined benefit asset	4,000	(4,000)	-	-
Impairment of real estate, plant and equipment	1,636	(1,636)	-	-
Unused tax losses	163,358	(163,358)	-	-
Deferred tax(expense)/ income		$(174,467)	$-	
Net deferred tax assets/(liabilities)	$174,467			$-
Reflected in balance sheet as follows:				
Deferred tax assets	$174,481			$-
Deferred tax liabilities	$(14)			$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Deferred income tax assets				
Unrealized exchange loss (gain)	$726	$(740)	$-	$(14)
Unrealiized loss on inventory valuation	3,280	(2,000)	-	1,280
Expected credit losses	1,494	680	-	2,174
Unrealized loss on disposal of investment	2,033	-	-	2,033
Net defined benefit asset	6,060	(2,060)	-	4,000
Impairment of real estate, plant and equipment	1,836	(200)	-	1,636
Unused tax losses	212,535	(49,177)	-	163,358
Deferred tax(expense)/ income		$(53,497)	$-	
Net deferred tax assets/(liabilities)	$227,964			$174,467
Reflected in balance sheet as follows:				
Deferred tax assets	$227,964			$174,481
Deferred tax liabilities	$-			$(14)

Unused tax loss information of the Company is summarized as below:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Occurrence year	Accumulated net operating losses	Unused balance As of December 31, 2023	Unused balance As of December 31, 2022	Expiration Year
2013	$513,187	$-	$513,187	2023
2014	303,602	303,602	303,602	2024
2023 (expected)	68,961	68,961	-	2033
Total	$885,750	$372,563	$816,789	

Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized both amounted to NT$0.

B. The assessment of income tax returns

As of December 31, 2023, the assessment of the income tax returns of the Company have been approved up to the year of 2021.

(26) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Basic earnings per share

	For the years ended December 31,	
	2023	2022
Net income (loss) attributable to common shareholders of the Company	$(226,908)	$29,919
Weighted average number of common stocks outstanding (in thousand shares)	73,652	73,585
Basic earnings (loss) per share (in NT$)	$(3.08)	$0.41

B. Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Net income (loss) attributable to common shareholders of the Company	$(226,908)	$29,919
Interest expense on convertible bonds	(Note)	(Note)
Valuation adjustment of financial assets liabilities at fair value through profit or loss	(Note)	(Note)
Net income (loss) attributable to common shareholders of the Company after dilution	$(226,908)	$29,919
Weighted average number of common stocks outstanding for basic earnings per share (in thousand shares)	73,652	73,585
Effect of dilution:		
Employees' compensation - stock (in thousand shares)	(Note)	118
Convertible bonds (in thousand shares)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,652	73,703
Diluted earnings (loss) per share (NT$)	$(3.08)	$0.41

Note: It is not applicable due to anti-dilutive effect.

There have been no other transations involving common shares or potential common shares between the reporting date and the date the finincial statements were authorized for issue.

7.RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Related parties	Relationship
Ritek Corporation	Ultimate parent company
U-tech Media Corporation	Ultimate parent company’s associate
Kunshan Hutek Co., Ltd.	Ultimate parent company’s associate
Aimcore Technology Co., Ltd.	Ultimate parent company’s associate
Ritfast Corporation	Ultimate parent company’s associate
Kunshan Kuntek Trading Co., Ltd	Ultimate parent company’s associate
Ikari Coffee Co., Ltd	Ultimate parent company’s associate
Prorit Corporation	Ultimate parent company’s associate
Ricare Corporation	Ultimate parent company’s associate
Finesil Technology Inc.	Ultimate parent company’s associate
Luminit Automotive Technology Corporation	Ultimate company’s associate (As non-current assets to be sold after October 2022)
Newrit Asset Co., Ltd.	Subsidiary
Cashido Corporation	Subsidiary
Ritwin Corporation	Subsidiary
Welltech Energy Inc.	Ultimate company’s associate (As subsidiary after April 1, 2022)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with related parties

A. Sales

	For the years ended December 31,	
	2023	2022
Parent company	$12	$-
Subsidiary	2	2,494
Other related parties	93	7
Total	$107	$2,501

The sales price to related parties was determined based on normal market terms. The collection terms for related parties were 90 days after monthly closing while 30~90 days after monthly closing for third parties.

B. Purchases

	For the years ended December 31,	
	2023	2022
Kunshan Hutek Co., Ltd.	$22,643	$218,171
Parent company	16	82
Subsidiary	6,361	7,960
Other related parties	14	1,150
Total	$29,034	$227,363

As the specifications of merchandise purchased from the related parties are different from those from other third-party companies, the purchasing prices were not comparable. Payment terms for related parties were 90 days after monthly closing while 30~90 days after monthly closing for third parties.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Accounts receivable-related parties

	As of December 31,	
	2023	2022
Parent company	$13	$-
Subsidiary	-	1,129
Other related parties	-	41
Total	$13	$1,170

D.Other receivables-related parties (excluding loans)

	As of December 31,	
	2023	2022
Newrit Asset Co., Ltd.	$22,197	$21,671
Welltech Energy Inc.	3,821	2,898
Ritwin Corporation	393,319	135
Parent company	94	-
Subsidiary	-	375
Associate	-	27
Other related parties	135	-
Total	$419,566	$25,106

E. Accounts payable-related parties

	As of December 31,	
	2023	2022
Kunshan Hutek Co., Ltd.	$129,819	$156,231
Parent company	-	34
Subsidiary	7,879	7,819
Total	$137,698	$164,084

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

F. Other payables-related parties (excluding accounts payable for equipment)

	As of December 31,	
	2023	2022
Parent company	$2,217	$2,816
Subsidiary	147	-
Other related parties	2,275	2,659
Total	$4,639	$5,475

G. Contract liabilities

	As of December 31,	
	2023	2022
Subsidiary	$3	$-
Other related parties	-	40
Total	$3	$40

H. Lease-related parties

Rental income

	For the years ended December 31,	
	2023	2022
Subsidiary	$951	$233
Other related parties	1,543	1,397
Total	$2,494	$1,630

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

I.Capital loan and interested party (non-provided collateral):

Other receivables	Maximum balance	Ending balance	Interest rate	Total interest for the year
2023				
Ritwin Corporation	$100,000	$-	1.675%～4.460%	$961
Welltech Energy Inc.	$100,000	$-	1.801%～4.460%	$2,140
2022				
Ritwin Corporation	$100,000	$100,601	1.675%	$601
Welltech Energy Inc.	$100,000	$95,430	4.460%	$1,375

J. Operating expense

		For the years ended December 31,	
Related parties	Nature	2023	2022
Parent company	Information system maintenance and other expense etc.	$4,402	$4,038
Subsidiary	Processing expense and other expense etc.	1,889	222
Other related parties	Manpower support and other expense etc.	1,269	1,061
Total		$7,560	$5,321

K. Other income

	For the years ended December 31,	
	2023	2022
Parent company	$16	$-
Subsidiary	4,433	1,156
Other related parties	215	168
Total	$4,664	$1,324

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

L.Transation of assets

(a)Details of property transation with related parties were as follows:

Related parties	Items	Purchase/sell price	Reference basis for price decision
2023			
Other related parties	Purchase of Machinery	$30,025	Bidding
Subsidiary	Sale of Machinery	$381	Bidding
2022			
Other related parties	Purchase of Machinery	$11,396	Bidding

(b) The balance of property transaction was as follows:

Accounts payable for equipment (included in other payables - related parties)

	As of December 31,	
	2023	2022
Other related parties	$30,112	$7,739

M.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	$20,195	$74,743
Post-employee benefits	2,160	702
Total	$22,355	$75,445

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8.ASSETS PLEDGED AS COLLATERAL

The following assets of the Company were pledged as collaterals:

Items	Carrying amount as of December 31, 2023	Carrying amount as of December 31, 2023	Secured liabilities
Property, plant and equipment-land	$471,901	$471,901	Long-term secured loans
Property, plant and equipment-depreciated assets	684,421	748,843	Long-term secured loans
Investment property	236,386	243,844	Long-term secured loans
Financial assets measured at amortized cost-non-current	3,010	3,010	Security deposit to custom authority and contract bond
Financial assets measured at amortized cost-non-current	2,086	5,185	Long-term secured loans
Total	$1,397,804	$1,472,783	

9.SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The Company signed royalty contracts for manufacturing products of OLED which were listed below:

Object	Item	Expiring date	Royalty calculation method
Company A	Organic light emitting diode (OLED)	2023.12	Certain proportion of product sales revenue

10.LOSSES DUE TO MAJOR DISASTERS

None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. SIGNIFICANT SUBSEQUENT EVENT

1. The Company plans to participate in the energy storage business in response to external industry changes, aiming to enhance its profitability. It is proposed to establish an energy storage cabinet factory with an investment of up to NT$3 billion to fulfill this plan. The relevant execution details of this proposal are authorized to be handled by the Chairman of the company with full authority.

2. The Company plans to address the funding requirements for establishing an energy storage facility. It is proposed at the board meeting on February 29, 2024, to conduct a cash capital increase by issuing 17,000 thousand common shares at the price of NT$30 per share. It is estimated that the total funds raised will amount to NT$510,000 thousand.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023	2022
Financial assets at fair value through profit or loss:		
Measured at fair value through profit or loss	$82,542	$89,142
Financial assets at fair value through OCI	61,681	49,574
Financial assets measured at amortized cost (Note 1)	776,041	843,957
Total	$920,264	$982,673

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial liabilities

	As of December 31,	
	2023	2022
Financial liabilities at fair value through profit or loss:		
Financial liability held for trading	$23,252	$15,229
Financial liabilities at amortized cost:		
Short-term loans	560,000	180,000
Accounts payable (related parties included)	248,205	383,136
Other payables (related parties included)	134,915	97,761
Bonds payable (including current portion with maturity less than 1 year)	483,665	541,330
Long-term loans (including current portion with maturity less than 1 year)	508,414	933,643
Subtotal	1,935,199	2,135,870
Total	$1,958,451	$2,151,099

Note:

1) Including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (related parties included) and other receivables (related parties included).

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprises currency risk and interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. The information of the sensitivity analyses is as follows:

When NTD appreciates/depreciates against USD by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would increase/decrease by NT$787 thousand and decrease/increase by NT$1,569 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates, which are all categorized as bank borrowings and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and bank borrowing with variable interest rates. If interest rate increases/decreases by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT$844 thousand and NT$754 thousand, respectively.

Equity price risk

The fair value of the Company's unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Company's profit for the years ended December 31, 2023 and 2022 by NT$825 thousand and NT$891 thousand, respectively.

At the reporting date, a change of 1% in the price of the listed equity securities measured at fair value through other comprehensive income could have an impact on NT$617 thousand and NT$496 thousand of the equity attributable to the Company for the years ended December 31, 2023 and 2022, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g., prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers were accounted for 61% and 57% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
As of December 31, 2023							
Loans	$783,157	$207,256	$102,292	$-	$-	$-	$1,092,705
Payables	383,120	-	-	-	-	-	383,120
Bonds Payable	-	-	-	508,800	-	-	508,800
As of December 31, 2022							
Loans	$420,625	$231,042	$209,807	$205,884	$101,961	$-	$1,169,319
Payables	480,897	-	-	-	-	-	480,897
Bonds Payable	6,200	-	-	-	572,500	-	578,700

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Other non-current liability	Bonds payable	Total liabilities from financing activities
As of January 1, 2023	$180,000	$933,643	$32,065	$541,330	$1,687,038
Cash flows	380,000	(425,229)	-	(68,054)	(113,283)
Non-cash changes	-	-	-	10,389	10,389
As of December 31, 2023	$560,000	$508,414	$32,065	$483,665	$1,584,144

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Other non-current liability	Bonds payable	Total liabilities from financing activities
As of January 1, 2022	$274,800	$426,085	$40,477	$54,293	$795,655
Cash flows	(94,800)	507,558	(8,412)	559,846	964,192
Non-cash changes	-	-	-	(72,809)	(72,809)
As of December 31, 2022	$180,000	$933,643	$32,065	$541,330	$1,687,038

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value.

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

a. The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds).

c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the TPEx, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount as of December 31,	
	2023	2022
Financial liabilities		
Bonds payable	$483,665	$541,330

	Fair value as of December 31,	
	2023	2022
Financial liabilities		
Bonds payable	$480,307	$535,606

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

As of December 31, 2023 and 2022, information of undue derivative instruments that do not qualified as hedge accounting is summarized as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(14) and Note 6(15) for further information on this transaction.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$82,542	$-	$-	$82,542
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	793	-	60,888	61,681
Total	$83,335	$-	$60,888	$144,223
Liabilities measured at fair value:				
Measured at fair value through profit or loss-non-current				
Embedded derivatives	$-	$-	$23,252	$23,252

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$89,142	$-	$-	$89,142
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	3,686	-	45,888	49,574
Total	$92,828	$-	$45,888	$138,716
Liabilities measured at fair value:				
Measured at fair value through profit or loss-non-current				
Embedded derivatives	$-	$-	$15,229	$15,229

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2023	$15,229
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in profit or loss (presented in "other gains and losses")	8,023
As of December 31, 2023	$23,252

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Assets
	Derivatives at fair value through profit or loss
As of January 1, 2022	$169
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in “other gains and losses”)	(46)
Settlement and Conversion for the year ended December 31, 2022	(123)
As of December 31, 2022	$-

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2022	$-
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in profit or loss (presented in “other gains and losses”)	12,049
Acquisition for the year ended December 31, 2022	3,180
As of December 31, 2022	$15,229

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%	The higher the extent of lacking marketability, the lower the fair value of the stocks	Increase (decrease) in the extent for lack of marketability by 10% would result in (decrease) increase in the Company's equity by NT$6,089 thousand
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	24.58%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase(decrease) in the volatility would result in increase (decrease) in the Company's profit or loss by NT$509 thousand.

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	20%	The higher the extent of lacking marketability, the lower the fair value of the stocks	Increase (decrease) in the extent for lack of marketability by 10% would result in (decrease) increase in the Company's equity by NT$4,589 thousand
Financial liabilities:					
At fair value through profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	50.18%	The higher the volatility, the higher the fair value of the embedded derivatives	1% increase(decrease) in the volatility would result in increase (decrease) in the Company's profit or loss by NT$115 thousand and NT$(286) thousand

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	$-	$-	$282,214	$282,214
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 12(7))	$-	$-	$480,307	$480,307

As of December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6(10))	$-	$-	$279,484	$279,484
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payable (please refer to Note 12(7))	$-	$-	$535,606	$535,606

(10) Significant assets and liabilities denominated in foreign currencies (in thousands dollars)

	As of December 31,					
	2023			2022		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$6,935	30.65	$212,575	$15,692	30.68	$481,379
Financial liabilities						
Monetary items:						
USD	9,473	30.75	291,318	10,538	30.79	324,496

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below:

Foreign currency resulting in exchange gain or loss	For the years ended December 31, 2023	2022
USD	$1,569	$9,405
Other	1,241	315
Total	$2,810	$9,720

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: Please refer to Attachment 1.

B. Endorsement/Guarantee provided to others: None.

C.Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 3.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): None.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 5.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China of Welltech Energy Inc.:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ Foreign currencies)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000) (Note 2)	Carrying Amount as of Dec. 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)						
Techcharm Electronics (Shanghai) Co., Ltd.	Investment holding	$153,540 (Note 4)	Note 1(2)	$46,062	$-	$-	$46,062	$5,458 (Note 4)	100%	$5,458 (Note 2(2)B and Note 4)	$16,810 (Note 2(2)B and Note 4)	$-
Changzhou Shangyang Photoelectricity Co., Ltd.	Electronics industry, manufacturing, battery manufacturing	$422,081 (Note 4)	Note 1(2)	$153,638	$-	$-	$153,638	$12,013 (Note 4)	100%	$12,013 (Note 2(2)B and Note 4)	$30,826 (Note 2(2)B and Note 4)	$-

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
$199,700	$199,700	$301,018

Note 1: The investment methods are divided into the following three types, just indicate the types:
(1) Go directly to the mainland for investment.
(2) Reinvest in mainland China through a third-region company.
(3) Other methods.

Note 2: Recognized in the column of share of profit or loss for the year ended December 31, 2023:
(1) If it is under preparation and there is no share of profit or loss, should be noted.
(2) The basis for recognition of share of profit or loss is divided into the following three types, should be noted:
A. Financial statements audited and certified by an international accounting firm that has a cooperative relationship with an accounting firm in the Republic of China.
B. Financial statements audited by certified public accountants of the parent company in Taiwan.
C. Other.

Note 3: Amounts shown in New Taiwan dollars.

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2023:
Please refer to attachment 5.

(b) Sale and balance of related accounts receivable as of December 31, 2023:
Please refer to attachment 5.

(c) Property transaction amounts and resulting gain or loss: None.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: None.

(4) Information on major shareholders

Shares / Major shareholders	Shares	%
Ritek Corporation	24,674,111	33.05%
U-tech Media Corporation	4,985,689	6.67%
Prorit Corporation	3,797,950	5.08%

14. SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 1: Financing provided to others (In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	value		
0	RiTdisplay Corporation	Ritwin Corporation	Other receivables -related parties	$100,000	$-	$-	1.675%～ 4.460%	Need for short term financing	$-	Business turnover	$-	-	$-	$187,188 (Note 2)	$748,752 (Note 2)
0	RiTdisplay Corporation	Welltech Energy Inc.	Other receivables -related parties	$100,000	$-	$- (Note 3)	1.801%～ 4.460%	Need for short term financing	$-	Business turnover	$-	-	$-	$187,188 (Note 2)	$748,752 (Note 2)

Note 1 : RiTdisplay Corporation is coded "0".

A subsidiary under the company's control is coded "1".

Note 2 : For the Company lending to other companies, the lending amount shall not exceed 40% of its net equity.

The amount for lending to a single enterprise shall not exceed 10% of lender's net equity.

Note 3 : Part of the actual amount is denominated in equivalent foreign currencies, and the foreign currency amount will be converted into NTD amounts based on the exchange rate of the balance sheet date that may result in the amount being greater than the New Taiwan Dollar amount resolved by the Board of Directors of the Company.

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 2: Marketable securities held as of December 31, 2023 (In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note1)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023 Shares / Units	Carrying Amount	Shareholding %	Fair Value	Note
RiTdisplay Corporation	Kaimei Electronic Corporation	None	Financial assets at fair value through profit or loss - current	179,000	$12,619	0.16%	$12,619	
	Evergreen Marine Corporation	〃	〃	31,400	4,506	-%	4,506	
	Shin Kong Financial Holding Co.,Ltd. - Preferred Shares B	〃	〃	1,087,000	31,143	0.01%	31,143	
	Foxsemicon Integrated Technology Corporation	〃	〃	100,000	21,050	0.12%	21,050	
	Hannstar Display Corporation	〃	〃	193,000	2,287	0.01%	2,287	
	Analog Integrations Corporation	〃	〃	4,000	862	0.01%	862	
	Formosa Petrochemical Corporation	〃	〃	76,000	6,133	-%	6,133	
	Powerchip Semiconductor Manufacturing Corporation	〃	〃	67,000	1,973	-%	1,973	
	Caliway Biopharmaceuticals Co., Ltd.	〃	〃	2,000	765	-%	765	
	Atw Technology Inc.	〃	〃	5,000	312	0.01%	312	
	Foxtron Vehicle Technologies Co., Ltd.	〃	〃	20,000	892	-%	892	
	Total				$82,542		$82,542	
RiTdisplay Corporation	Pancolour Ink Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	45,700	$793	0.14%	$793	
	Sg Biomedical Co., Ltd.	〃	〃	1,434,000	45,888	10.03%	45,888	
	Han-Win Technology Co., Ltd.	The ultimate parent company of the Group's associate is the corporate director of this company.	〃	600,000	15,000	2.82%	15,000	
	Total				$61,681		$61,681	

Note 1 : The marketable securities mentioned in attachment refer to stock, bonds, beneficiary certificates and securities derived from abovementioned item within in the scope of IFRS 9 Financial Instruments.

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 3: Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20% of the paid-in capital (In Thousands of New Taiwan Dollars)

Company Name	Marketable securities name (Note 1)	Financial statement account	Counterparty (Note 2)	Relationship (Note 2)	Beginning balance		Acquisition (Note 3)		Disposal (Note 3)				Ending balance	
					Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Amount	Carrying Amount	Gain (loss) on Disposal	Shares/Unit	Amount (Note 5 and Note 6)
RiTdisplay Corporation	Ritwin Corporation	Investment accounted for under equity method	-	Subsidiaries	13,623,072	$233,717	4,208,083	$210,404	-	$-	$-	$-	17,831,155	$372,297
RiTdisplay Corporation	Welltech Energy Inc.	Investment accounted for under equity method	Ritwin Corporation	Subsidiaries	25,691,287	$404,833	-	$-	17,871,000	$393,162	$297,154	$94,874	7,820,287	$130,034

Note 1 : Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities of the above items.

Note 2 : Investors who use the equity method in their securities accounts are required to fill in these two fields.

Note 3 : The cumulative purchase and sale amount should be calculated separately according to the market price, whether it reaches 300 million yuan or 20% of the paid-up capital.

Note 4 : The amount of paid-up capital refers to the paid-up capital of the parent company. If the stock has no par value or the denomination per share is not NT$10,
the transaction amount of 20% of the paid-up capital is required to be calculated in 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 5 : It is composed of NT14,778 thousand in a share of profit of associates and joint venture accounted for using equity method, NT$(2,783) thousand in cash dividends received,
NT$(23) thousand in a share of profit or losses of subsidiaries, and NT$(83,796) thousand in an adjustment of the balance of the capital reserve due to the change of the shareholding ratio.

Note 6 : It is composed of NT39,998 thousand in a share of profit of associates and joint venture accounted for using equity method, NT$(16,425) thousand in cash dividends received,
NT$(911) thousand in a share of profit or losses of subsidiaries, NT$(81) thousand in accumulated gain or losses due to the change of the shareholding ratio
and NT$(226) thousand in an adjustment of the balance of the capital reserve due to the change of the shareholding ratio.

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 4: Investees over whom the Company exercise significant influence or control (excluding investees in mainland china) as of December 31, 2023

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
RiTtdisplay Corporation	Pvnext Corporation	Taiwan	Electronics industry	$-	$90,000	-	-%	$-	$-	$-	(Note1)
RiTdisplay Corporation	Welltech Energy Inc.	Taiwan	Electronics industry	119,871	393,801	7,820,287	20.00%	130,034	60,415	39,998	Subsidiary (Note2 and Note3)
RiTdisplay Corporation	Newrit Asset Co., Ltd.	Taiwan	Leasing business	810,594	780,300	81,000,000	100.00%	806,461	(5,294)	(5,340)	Subsidiary (Note4)
RiTdisplay Corporation	Ritwin Corporation	Taiwan	Electronic components manufacturing, batteries manufacturing	410,424	200,020	17,831,155	88.20%	372,297	16,614	14,778	Subsidiary (Note5)
Welltech Energy Inc.	Saintop Group Co., Ltd.	British Virgin Islands	Investment holding	73,067	73,067	2,000,000	100.00%	17,013	5,458	5,458	Second-tier subsidiary
Welltech Energy Inc.	Formosa Fortune Holding Limited	British Virgin Islands	Investment holding	151,455	151,455	5,023,205	100.00%	43,386	4,370	6,086	Second-tier subsidiary (Note6)
Welltech Energy Inc.	Newrit Asset Co., Ltd.	Taiwan	Leasing business	-	14,999	-	-%	-	(5,294)	24	Subsidiary (Note7)
Saintop Group Co., Ltd.	Hi-Tech Energy Limited	Hong Kong	Investment holding	53,192	53,192	5,050,000	100.00%	16,934	5,458	5,458	Third-tier subsidiary
Formosa Fortune Holding Limited	Global Resources Channel Co., Ltd	British Virgin Islands	Investment holding	164,612	164,612	5,011,945	100.00%	11,314	4,370	4,370	Third-tier subsidiary
Ritwin Corporation	Cashido Corporation	Taiwan	Electronics industry	66,479	66,479	5,500,000	100.00%	37,854	(4,118)	(4,118)	Second-tier subsidiary
Ritwin Corporation	Welltech Energy Inc.	Taiwan	Electronics industry	409,814	-	18,627,929	47.64%	306,865	60,415	(5,117)	Subsidiary (Note8 and Note9)

Note 1: The Company sold all of its shares in Pvnext Corporation during 2023.

Note 2: In August 2023, the Company's ownership percentage in Welltech Energy Inc. decreased from 66.23% to 65.70% due to the issuance of new shares for employee compensation.

Note 3: In December 2023, the subsidiary of the Company, Ritwin Corporation, purchased 17,871,000 shares of Welltech Energy Inc. from the Company for a total of NT$393,162 thousand, reducing the Company's ownership from 65.70% to 20%.

Note 4: In March 2023 , the Company reinvested a total of NT$30,294 thousand in Newrit Asset Co., Ltd., and obtained 2,970,000 shares, increasing its shareholding ratio from 96.33% to 100%.

Note 5: In August 2023, due to the cash capital increase conducted by Ritwin Corporation, the Company did not subscribe in proportion to its ownership percentage, resulting in a decrease in the ownership percentage from 89.53% to 88.20%.

Note 6: Including recognition of investment loss of NT$4,370 thousand and realized gross profit on sales of NT$1,716 thousand from upstream transactions.

Note 7: In March 2023, the subsidiary of the Company, Welltech Energy Inc., sold 1,485,000 shares of Newrit Asset Co., Ltd. to the Company, resulting in its ownership percentage of Newrit Asset Co., Ltd. decreasing from 1.83% to 0%.

Note 8: In September 2023 , the subsidiary of the Company, Ritwin Corporation, invested a total of NT$16,653 thousand in Welltech Energy Inc., and obtained 756,929 shares. Its shareholding amounted to 1.94%.

Note 9: In December 2023, the subsidiary of the Company, Ritwin Corporation, purchased 17,871,000 shares of Welltech Energy Inc. from the Company for a total of NT$393,162 thousand, resulting in its ownership percentage of Welltech Energy Inc. increasing from 1.94% to 47.64%.

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 5: Related party trasactions with purchase or sale amount of at least NT$100 million or 20% of the paid-in capital for the year ended December 31, 2023 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction details				Details of non-arm's length transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co., Ltd.	Subsidiary	Purchase	$1,147,390 (Note1)	61.77%	60 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonablely compared.	60 days after monthly closing	$-	-%	
Changzhou Shangyang Photoelectricity Co., Ltd.	Welltech Energy Inc.	Parent company	Sale	$1,147,390 (Note1)	(98.96)%	60 days after monthly closing	Would mark the average cost up within 1~5%	60 days after monthly closing	$-	-%	