Stock code：8104

RITEK GROUP

RiTdisplay Corporation

2022 ANNUAL REPORT

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F. FOR MORE INFORMATION ABOUT RitDisplay

http://www.ritdisplay.com

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I. Letter to Shareholders

1 2022 Overview

(1) Implementation results of the business plan.

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

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

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

(3) Financial income and profitability analysis

a **Profitability analysis:**

Net income for the period: NT$120,012 thousand
Net cash provided by operating activities for the year: NT$13,997 thousand
Net cash used in investing activities for the year: (NT$705,172) thousand
Net cash provided by financing activities for the year: (NT$556,652) thousand
Decrease in cash and cash equivalents for the period: NT$133,969thousand
Cash and cash equivalents at the end of the period: NT$553,811 thousand

b **Profitability analysis: Please refer to page 88 of this Annual Report for details.**

(4) Research and Development Status: Please refer to page 67 of this Annual Report for details.

2 Summary of Business Plan 2023

(1) Business Direction

a 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.

b The continuous development of advanced technologies such as Micro LED and Mini LED in cooperation with strategic partners, new product lines have been launched to apply OLED light sources to beauty-related products.

(2) Sales forecast: Non-Applicable

(3) 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. In addition to the battery industry layout that has contributed considerable revenue since 2023, the display business also considers diversification. Starting in the fourth quarter of 2023, sales of TFT LCD and AMOLED have increased with the goal of attracting existing PMOLED customers. The aim is to make it one of the main businesses by 2024 and continue to compete for other product lines.

3 Outlook

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

(2) Continuously expanding global brands and channels

(3) Develop new application products and expand customer base

(4) The application of PMOLED in the market is gradually narrowing, and the performance is gradually shrinking. The Japanese company that has worked with us for many years is also considering changes. In August 2023, it decided to stop its own production line and entrust the production of products to us. The general products will be fully agreed to be produced by The Company in 2023. Special purpose items such as car application will be targeted for 2024.

4 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, our 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, our 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.

In terms of overall operating environment, the biggest problem of 2022 is semiconductor shortage and the serious shrinking of demand for consumer electronics products that heavily used PMOLED in the past. Although the development of networking and home appliance applications is still expected to continue, new products must be developed to compete for new markets. Therefore, niche product development with higher resolution and larger size for industrial applications and small icon-type optical instruments, and offering customers integrated modules to win new customers are the main strategies to sustain PMOLED operations. 2022 is still affected by the COVID-19 pandemic, and the outbreak of the Russo-Ukrainian War has increased market uncertainties. Although the lifting of quarantine measures has begun in Europe and the United States in the second half of the year, the purchasing power has not rebounded as expected, but instead excess inventory has become an issue. During the pandemic, the entire supply chain was stretched out, and everyone doubled down on inventory to avoid shortages. After the quarantine was lifted, it was discovered that the market was unable to immediately absorb the excess inventory. Therefore, the demand in the second half of 2022 is not as expected.

II. Company Profile

2.1. Date of Incorporation: March 3th, 2000

2.2. Company Milestones

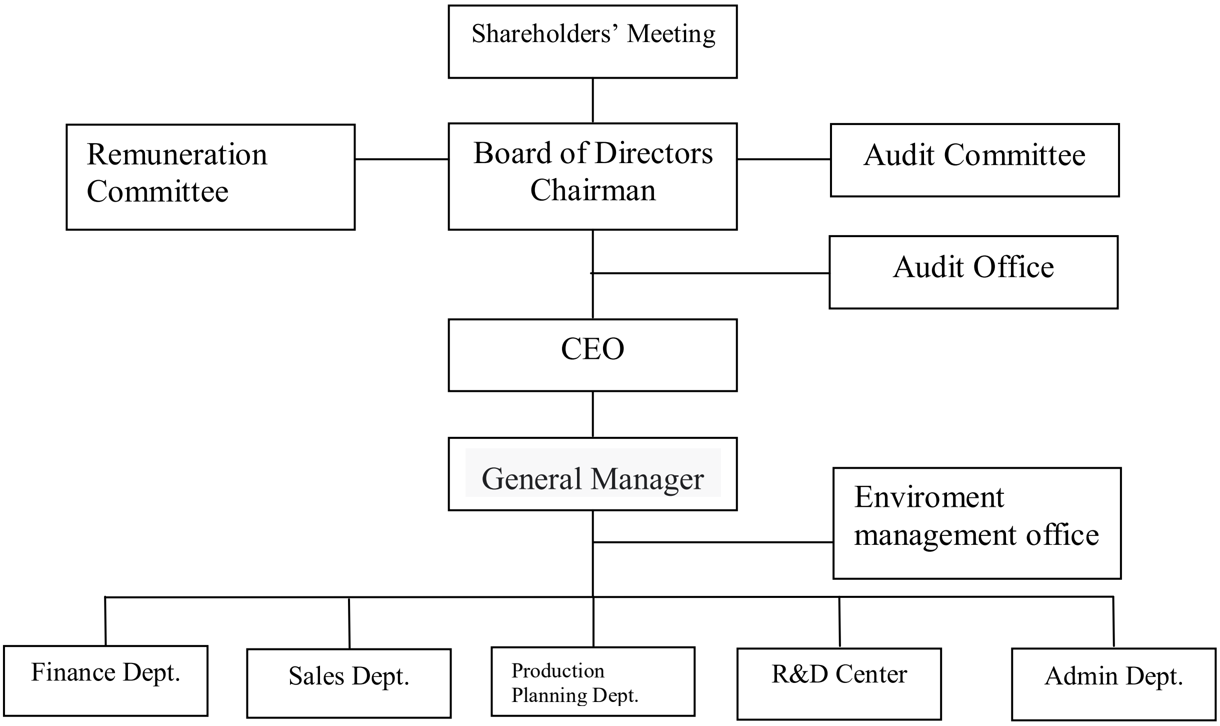
2000/03	The Ministry of Economic Affairs has approved the establishment and registration, officially starting pilot production of monochrome (blue-green) and multicolor OLED panels and modules
2000/05	Received OLED patent authorization from American company Kodak and Japanese company Sanyo.
2000/11	Intel 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 5^{th} Taiwan Mittelstand Award

III. Corporate Governance

3.1. Organization Structure

3.1.1 Organization Chart



3.1.1 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

3.2. Board of Directors and Management Team

3.2.1 Introduction of Board of Directors

As of 04/29/2023

Title	Nationality	Name	M/F	Age	Date Elected	T	Date 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	2000.3.7	343,840	0.51	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	2000.3.7	24,674,111	33.05	24,674,111	33.05	—	—	—	—	—	—	—	—	—
	R.O.C.	Yang, Wei-Feng	F	55~60			2000.3.7	217,934	0.32	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			2000.12.14	182,828	0.27	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			2016.5.6	82,857	0.12	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			2015.6.12	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			2019.6.21	—	—	—	—	—	—	—	—	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	T	Date 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	106.6.8	—	—	—	—	—	—	—	—	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	106.6.8	—	—	—	—	—	—	—	—			—	—	—
Independent Director	R.O.C.	Tung, Yun-Ling	F	60~65	2023.6.23	3	108.6.21	—	—	—	—	—	—	—	—			—	—	—

Note1: Also serves as the Corporate Chairman's Representative of the Company, Chairman and Chief Executive Officer 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., Corporate Chairman's Representative of Infinite Taiwan Co., Ltd., Corporate Director's Representative of Ritek Vietnam Corporation Ltd., Corporate Chairman's Representative and General Manager of Ritek Group Inc. (Cayman), Corporate Chairman's Representative and General Manager of ART Management Ltd. (B.V.I.), Corporate Chairman's Representative and General Manager of Affluence International Co., Led. (B.V.I.), 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., 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.

Note 2: Also serves as the Company's executive director, Director and Deputy Executive Officer of Riteck Corporation, 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 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 Chairman's Representative of ShokuRaku Corporation, Corporate Chairman's Representative of Ikari Coffee Co., Ltd., Corporate Director's Representative of RiTdisplay Corporation, Corporate Chairman of Hsin Pao 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 Director's Representative of Li Lai Optoelectronics Technology (Yang Zhou) Co., Ltd., Corporate Chairman's Representative of Formosa Sun Energy Corp., Corporate Director's Representative of Jingle Hot Pot 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. and Corporate Director's Representative of Shine Services

Inc.

Note 3: Also serves as the Company's executive director, Corporate Director's Representative of RITFAST Co. Ltd., Corporate Director's Representative of PVNEXT Co. Ltd., Corporate Director's Representative of RITEDIA Co. Ltd., Chairman of Cashido Co., Ltd., and Corporate Director's Representative of Xinpao Capital Co. Ltd.

Note 4:Also serves as the Company's Corporate Director's Representative, Assistant General Manager of Ritek Corporation, 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., Corporate Director's Representative of RiTdisplay Corporation, Corporate Director's Representative of Hsin Pao Asset Company Co., Ltd., Corporate Director's Representative of O-View Technology Co., Ltd., Independent Director of Yield Microelectronics Corporation, Supervisor of Hua Zhi Start-Up Investment Co., Ltd., 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 Zhong Fu Investment Co., Ltd., Corporate Director's Representative of Procrit Corporation, Supervisor of Ricare Corporation, Corporate Supervisor's Representative of Kunshan Ritek Trading Co., Ltd., Supervisor of PVNext Corporation, Corporate Director's Representative of Formosa Sun Energy Corp., Corporate Chairman's Representative of Hou Cheng Photoelectricity Co., Ltd., Corporate Director's Representative of Jhen Jhuan Co., Ltd., Supervisor of Ikari Coffee Co., Ltd., Supervisor of WellTech Energy Inc., Supervisor of RitWin Corporation, Supervisor of Infinity Taiwan Co., Ltd.

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 Ritek Vietnam Co., Ltd., Corporate Director's Representative of RIC Co. Ltd., (Vietnam) and Corporate Director's Representative of Prorit Corporation, Vietnam Ltd.(

3.2.1 Major Shareholders of the Institutional Shareholders

As of 04/29/2023

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	%
Ritek Corporation	Yeh, Chwei-Jing	1.53%
	Liao, Ying-Feng	1.36%
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.27%
	Yang, Wei-Fen	1.24%
	Lin, Ruei-Heng	1.20%
	Jpmorgan Chase Bank N.A., Taipei Branch In Custody For Vanguard Total International Stock Index Fund, A Series Of Vanguard Star Funds	1.13%
	Banque Pictet & Cie Sa	1.09%
	Emerging Markets Core Equity Portfolio Of Dfa Investment Dimensions Group Inc.	0.75%
	Lgt Bank (Singapore) Ltd.	0.74%
	Titan Multi-Asset Fund SPC	0.67%

3.2.2 Professional Qualifications and Independence Analysis of the Board Directors

3.2.2.1 Disclosure of Professional Qualifications of the Board Directors and Independence of Independent Directors：

Criteria / Name	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yeh, Chwei-Jing	Not been a person of any conditions defined in Article 30 of the Company Law.	–
Yang, Wei-Feng	Not been a person of any conditions defined in Article 30 of the Company Law.	–
Wang, Ting-Chang	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	–
Pan, Yen-Min	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	1

Criteria / Name	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Li, Min Shan	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	–
Tung, Pao-Cheng	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	–
Lin, Zu-Chia	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	1
Wu, Chih-Chih	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	–
Tung, Yun-Ling	Other conditions comply with the independence criteria specified in Article 3, paragraph 1, of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	1

3.2.3.1 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. Three members are in the age range of 55-60 years old, one member is in the age range of 60-65 years old and 3 members are in the age range of 65-70 years old while two independent directors have been serving in the Company for 6 years and one director for 4 years. The Company respects gender equality, the Board has two female directors out of seven members. The ratio for female director in the Board is 25%. Both of the 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

3.3.3.1 Management Team

As of April 29, 2023

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	—	—			—	—	—	—
General Manager	R.O.C	Chen, Kang	M	2000.08.01	35,549	0.05	—	—	—	—			—	—	—	—
Vice General Manager	R.O.C	Lin, Hsien-Chang	M	2000.08.01	8,878	0.01	—	—	—	—			—	—	—	—
Assistant General Manager	R.O.C	Chen, Hsing-Liang	M	2010.03.15	1,727	0.01	—	—	—	—			—	—	—	—
Assistant General Manager	R.O.C	Chen, Kuo-Yong	M	2000.08.01	5,324	0.01	—	—	—	—			—	—	—	—
Assistant General Manager	R.O.C	Lin, Hsing-Hong	M	2005.10.24	0	0.00	—	—	—	—			—	—	—	—
Assistant General Manager	R.O.C	Chiang, Ming-Hsien	M	2017.11.06	45,000	0.05	10,000	0.01	—	—			—	—	—	—
Manager	R.O.C	Hsu, Ming-Song	M	2000.08.01	3	0.00	—	—	—	—			—	—	—	—
Acct. Manager	R.O.C	Huang, Yu-Shiu	M	2016.03.22	36,481	0.05	—	—	—	—			—	—	—	—
Audit Officer	R.O.C	Chou, Yu-Lei	F	2022.11.01	—	—	—	—	—	—			—	—	—	—

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

3.3.1 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	3,868	3,868	—	—	421	421	40	40	4,329 (14.47%)	4,329 (8.78%)	—	—	—	—	—	—	—	—	4,329 (14.47%)	4,329 (8.78%)	2,482
Director	Ritek Corp.	—	—	—	—	334	334	—	—	334 (1.12%)	334 (0.68%)	—	—	—	—	—	—	—	—	334 (1.12%)	334 (0.68%)	—
	Ritek Corporation Represent: Yang, Wei-Fen	—	—	—	—	—	—	40	40	40 (0.13%)	40 (0.08%)	2,638	2,638	16	16	181	—	181	—	2,875 (9.61%) 1.38%	2,875 (5.83%)	4,926
	Wang, Ting-Chang	—	—	—	—	—	—	40	40	40 (0.13%)	40 (0.08%)	10,310	10,310	108	108	296		296	—	10,754 35.94%	10,754 (21.80%)	—
	Pan, Yen-Min	—	—	—	—	—	—	40	40	40 (0.13%)	40 (0.08%)	—	—	—	—	—	—	—	—	40 (0.13%)	40 (0.08%)	1,106
	Li, Min Shan	—	—	—	—	—	—	40	40	40 (0.13%)	40 (0.08%)	—	—	—	—	—	—	—	—	40 (0.13%)	40 (0.08%)	1,084
	Tung, Pao-Cheng	—	—	—	—	150	150	40	40	190 (0.64%)	190 (0.39%)	—	—	—	—	—	—	—	—	190 (0.64%)	190 (0.39%)	—
Independ Director	Lin, Zu-Chia	—	—	—	—	150	150	40	40	190 (0.64%)	190 (0.64%)	—	—	—	—	—	—	—	—	190 (0.64%)	190 (0.64%)	—
	Wu, Chih-Chih	—	—	—	—	150	150	40	40	190 (0.64%)	190 (0.64%)	—	—	—	—	—	—	—	—	190 (0.64%)	190 (0.64%)	—
	Tung, Yun-Ling	—	—	—	—	150	150	40	40	190 (0.64%)	190 (0.64%)	—	—	—	—	—	—	—	—	190 (0.64%)	190 (0.64%)	—

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.

3.3.2 Remuneration of Supervisor (The Company has established Audit Committee)

3.3.3 Remuneration of General Manager and Assistant General Manager

Unit: NT$ Thousands / Share

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			
CEO	Wang, Ting-Chang	16,236	16,236	324	324	2,910	2,910	446	—	446	—	19,916 66.57%	19,916 40.38%	無
General Manager	Chen, Kang													
Vice General Manager	Lin, Hsien-Chang													

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)	Lin, Hsien-Chang	Lin, Hsien-Chang
NT$2,000,000(Included) ~ NT$3,500,000(Excluded)	—	—
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	3	3

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 2022 fiscal year.

Note 4: Proposed figures

3.3.1 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	2,374	2,374	108	108	1,968	1,968	—	—	—	—	4,450 (14.87%)	4,450 (9.02%)	2,482
Director	Yang, Wei-Feng	138	138	108	108	2,500	2,500	181	—	181	—	2,927 (9.78%)	2,927 (5.93%)	4,926
CEO	Wang, Ting-Chang	8,270	8,270	108	108	2,040	2,040	296	—	296	—	10,714 (35.81%)	10,714 (21.72%)	
GM	Chen, Kang	6,938	6,938	108	108	870	870	150	—	150	—	8,066 (26.96%)	8,066 (16.35%)	
Vice GM	Lin, Hsien-Chang	1,027	1,027	54	54	—	—	—	—	—	—	1,081 (3.61%)	1,081 (2.19%)	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 2022 fiscal year.
Note 4: Proposed figures

3.3.5 The Distribution of the Remuneration:

Unit: NT$ Thousands

	Title	Name	Employee Compensation in Stock	Employee Compensation in Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	CEO	Wang, Ting-Chang	—	595	595	1.99%
	GM	Chen, Kang				
	Vice GM	Lin, Hsien-Chang				
	Assistant General Manager	Chen, Hsing-Liang				
	Assistant General Manager	Chen, Kuo-Yong				
	Assistant General Manager	Chiang, Ming-Hsien				
	Manager	Huang, Yu-Shiu				

3.3.6 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

Unit: NT$ Thousands

Title	2021		2022	
	Total Remuneration Paid	Ratio of Total Remuneration Paid to Net Income (%)	Total Remuneration Paid	Ratio of Total Remuneration Paid to Net Income (%)
Directors	12,724	6.62%	5,583	18.66%
Supervisors	—	—	—	—
President & Vice President	22,513	11.72%	21,796	72.85%

3.3.6.1 Remuneration for directors including director's remuneration of earnings distribution, income from professional practice. Transport expenses were paid in consideration of their board meeting attendance and the general pay levels in the industry. Director's remuneration of earnings distribution was paid pursuant to Article 32 of the Company's Articles of Incorporation, which stated that the remuneration shall not be more than 5% when there is profit. The Company shall also take into consideration of the evaluation of Board of Directors, the Company's business and financial performance, and the board member's contribution.

3.4. Implementation of Corporate Governance

3.4.1 Implementation of Corporate Governance

A total of 6 meetings of the Board of Directors were held in the most recent fiscal years. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Yeh, Chwei-Jing	6	0	100.00	
Director	Ritek Corporation Representative: Yang, Wei-Feng	5	0	83.00	
Director	Ritek Corporation Representative: Wang, Ting-Chang	5	0	83.00	
Director	Ritek Corporation Representative: Pan, Yen-Min	6	0	100.00	
Independent Director	Ritek Corporation Representative: Li, Min Shan	6	0	100.00	
Independent Director	Ritek Corporation Representative: Tung, Pao-Cheng	6	0	100.00	
Independent Director	Lin, Zu-Chia	6	0	100.00	

Other mentionable items:

A、 Matters referred to in Article 14-3 of the Securities and Exchange Act: Please refer to Appendix 1 for details.

B、 Recusal of Director to Avoid Conflict of Interest:

Name	Motion	Reason for Recusal	Resolution	Remarks
1.Yeh, Chwei-Jing 2. Wang, Ting-Chang 3.Yang, Wei-Fen	Distribution of remuneration 2022 and year-end bonus 2021 for directors and managerial officers	The motion relating to their year-end bonuses	Withdrawal from their seats during voting to avoid conflict of interest.	2022/1/18
All directors of the Board	Distribution of remuneration for directors	The motion relating to their remuneration distribution	Withdrawal from their seats during voting to avoid conflict of interest.	2022/8/9
1.Yeh, Chwei-Jing 2. Wang, Ting-Chang 3.Yang, Wei-Fen	Distribution of remuneration 2022 and year-end bonus 2021 for directors and managerial officers	The motion relating to their year-end bonuses	Withdrawal from their seats during voting to avoid conflict of interest.	2022/8/9

C、 Implementation Status of Board Evaluations:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Item
Once a year	2022.1.1~ 2022.12.31	Performance evaluation of the Board of Directors, individual directors and functional committees	Self-assessment by the Board and the individual directors	Performance evaluation of the Board: degree of involvement to company's operation, quality of the Board's decision, composition and structure of the Board, election of directors, continuous education and internal control. Performance evaluation of individual directors: handling of the Company's objectives and duties, recognition of the duties as a Board member, degree of involvement to the Company's operation, internal relationship management and communication, qualification and continuous education, and internal control. Performance evaluation of the functional committee: degree of involvement to the Company's operation, recognition of duties as a member of a functional committee, contribution to the decision making of the committee, composition and election of the committee's members and internal control.

Note: Measures taken to strengthen the functionality of the Board in the most recent fiscal year:

The Company established audit committee and remuneration committee. It's a common practice to invite senior management to attend the board meeting to report the latest performance of their departments. The directors would therefore get to know more about the financial status and operation performance of the Company. The Company has formulated "Standard Operation Procedures for Handling Directors' Request" to respond to directors' suggestion and advices.

3.4.2 Implementation Status of Audit Committee:

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

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Independent Director	Lin, Zu-Chia	5	0	100	
Independent Director	Wu, Chih-Chih	5	0	100	
Independent Director	Tung, Yun-Ling	5	0	100	

Other mentionable items:

1. 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:

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

Audit Committee Meeting	Content	Resolution	Board of Directors' Response to the Committee's Advice
2022/10/ 17st of 2nd Session	Business plan 2022	Passed unanimously	Passed unanimously
	Motion to approve financing from a finance institution.		
	Motion to increase cash capital to WTE Co., Ltd.		
2022/3/21 18st of 2nd Session	Distribution of remuneration to directors and compensation to employees 2021	Passed unanimously	Passed unanimously
	Business report and financial statements 2021		
	Earnings distribution 2021		
	Change of CPA for financial statements and evaluate the independence status of the CPA.		
	Motion to pass the effectiveness of the internal control examination and the declaration of the internal control for 2021		
	Amendment of "Articles of Incorporation".		
	Amendment of the Company's "Regulations Governing the Acquisition and Disposal of Assets".		
2022/5/10 19st of 2nd Session	Motion to pass the first quarter financial statements 2022	Passed unanimously	Passed unanimously
	Motion to approve financing from a finance institution.		
	Motion to approve the capital increase due to the CB.		
	Motion to increase cash capital to RitWin Co., Ltd.		
2022/8/9 1st of 3rd Session	Motion to pass the second quarter financial reports 2022	Passed unanimously	Passed unanimously
	Motion to approve the capital increase due to the CB.		
	Motion to pass the financing to subsidiary		
2022/11/8 2nd of 3rd Session	Motion to pass the third quarter financial statements 2022	Passed unanimously	Passed unanimously
	Motion to approve financing from a finance institution.		

		Formulate internal audit plan for 2023 Appointed the Audit officer.		

3.4.3 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).	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
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	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.	No Deviation
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(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
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?	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.	No Deviation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee	V		(2) The Company has not established any other functional committee. Other functional committee might be set up according to necessity.	No Deviation
(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?	V		(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.	No Deviation
(4) Does the company regularly evaluate the independence of CPAs?	V		(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

Evaluation Item	Implementation Status			Deviation from the Principles and Reasons
	Y	N	Abstract Illustration	
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 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?	V			No Deviation
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V			No Deviation
(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?				

3.4.5 Composition, Responsibilities and Operations of the Remuneration Committee:

3.4.4.1 Remuneration Committee comprised of all board members.

As of April 30, 2023

Title	Criteria / Name	Professional Qualification and Experience	Independence Status	No. of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	Lin, Zu-Chia	Please refer to page 8 to 9 for details	Please refer to page 8 to 9 for details	1
Independent Director	Wu, Chih-Chih			—
Independent Director	Tung, Yun-Ling			—

3.4.4.2 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 3 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	3	0	100.00	
Member	Wu, Chih-Chih	3	0	100.00	
Member	Tung, Yun-Ling	3	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.					

3.4.5 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?	✓		Responsible by general manager's office and finance department: sustainable development report produced regularly	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?	✓		Environmental Protection: The Company's factories fulfilled ISO14001, which is the strictest requirement in the world for environmental protection. The Company takes proactive approach to save energy, reduce CO2 emission and recycling water resources to protect the environment. Labor Relations: It's the Company's principle to accord priority to filling vacancies with adequate internal personal regardless of their race, religion, colour, nationality and gender and it is strictly prohibited to hire child labor. Anti-Corruption: The Company operates in accordance with "The Ethical Corporate Management Best Practice Principles" and "The Ethical Corporate Management Operational Procedures and Guidelines" and report to Board of Directors regarding the implementation status in the previous year. Compliance: The Company operates in compliance with relevant international regulations and local decrees and respects intellectual property. Moreover, the Company works in accordance with labor laws, human rights, business classification and information security.	No significant deviation
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the	✓		The Company has certified to: 1. Environment Management System（ISO 14001）2015 (2021/12/13~2024/12/13) 2. ISO 45001：2018 occupational health and safety management system certification (2021/12/13~2024/12/13) 3. Introduced Green Partner management procedure, obtained	No significant deviation

characteristics of their industries?			Sony's GP certification	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		Main raw materials used all complied with European Union's RoHS. The Company has taken the following measures to protect the environment: maximize production efficiency, reduce usage of energy and chemical, reuse and recycle materials, adopt renewable energy facilities (including solar panels), impose energy-saving policy, reduce waste volume 1% each year, recycle used water and install CO2 emission reduction devices for company vehicles.	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?	✓		To reduce the corporate operational risk, the Company focuses on green energy development and measures the effectiveness of environmental protection and carbon reduction management by checking the statistic in order to understand the implementation status. The Company performs risk evaluation and formulate implementation plan every year on environmental protection issues.	No significant deviation
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight 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?	✓		Greenhouse Gas: Emission volume in 2021 was 7,167.335 KgCO2e, emission volume in 2022 was 7,107.835 KgCO2e, reduced 0.8%. Electricity is the main energy consumed; the Company changed the electricity circuit, made use of LED bulbs and other energy saving facilities including variable-frequency devices to reduce greenhouse emission. The target of the Company is to annual emission increase rate within 5%. Water Source Management: Usage of Water was 37,887 tons and 32,890 tons in 2021 and 2022 respectively. The Company would save the water in tanks and reused for air-condition cooling and gardening. Its aim to reduce 3% water usage by 2026. Disposal Management: Disposed volume was 247 tons and 213 tons in 2021 and 2022 respectively. Recycle rate was 13.36% and 8%. The Company's policy is to recycle all reusable materials. Items that cannot be recycled will be handled by competent contractors.	No significant deviation
4. Social Issues: (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company has formulated working procedures in accordance with Labor Standards Act and other government decrees and takes no bias views in the events of recruiting, screening test, assessment, promotion etc.	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?	✓		The Company has formulated employee benefit measures according to Labor Standards Act and other related regulations and distributes bonus and earnings according to their performance appraisal.	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?	✓		The Company is certified to ISO 45001:2018 Occupational Health and Safety Management System, which facilitates the Company to build and operate the safety management system. The Company organizes safety hazard awareness seminars once every quarter, inspect fire extinguishing facilities and organizes drills regularly. Additionally, the Company holds health talks to encourage exercising and weight management.	No significant deviation
(4) Does the company provide its employees with career development and training sessions?	✓		Each department and human resources department would organize training according to vocational needs, staff's specialties and physical and mental health. Staff is encouraged to take continuous education in order to integrate the development of ethics, techniques and performance. The Company also strives to provide a friendly working place to the staff. The KPI of educational training, although affected by the pandemic, was 78% in 2022.	No significant deviation
(5) Do the company's products and services comply with relevant laws and international standards in relation to	✓		Management System: The Company respects client's privacy and intellectual property and signed confidential agreements in order to protect clients' classified information. Below are the protection measures: 1. External System: Personal Data Protection Act, Client	No significant deviation

customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			Contract (Confidential Clauses) 2. Internal System: "Clients' Intellectual Properties Protection Management Methods" and "Cyber Security Management Act". 3. Provide communication channel in Stakeholder Section.	
(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.	✓		The Company has formulated "Supplier Management and Assessment Methods", which regulates the usage of materials that are prohibited/restricted in "Environmental Protection Agreement". The "Human Resources Policy Agreement" also prohibited suppliers to hire child labor, ensure the protection of labor's rights and carry out social responsibilities.	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?	✓		Please refer to the Corporate Social Responsibilities Reports published in 2021 on the Company's website Please note the reports have not been obtained assurance from a third-party verification unit.	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: The Company has formulated "Corporate Social Responsibilities Best Practice Principle" to carry out its responsibilities. There was no significant deviation from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
7. Other useful information for explaining the status of corporate social responsibility practices: The Company organizes voluntary works from time to time to serve charity organizations and charity activities. In 2022, the Company sponsored Vox Nativa Association Taiwan 2,000 pieces of vinyl, supported indigenous Taiwanese to sustain their music, helped to develop self-confidence of children who live in the mountains, held a culture history exhibition, a vinyl history exhibition, sponsored venues for government activities, held a charity music concert, and sponsored Taipei City Government the Yangmingshan event venue.				

3.4.6 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?	✓		The Board of Directors passed the Company's "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines" on April 24, 2018. The Principles and Guidelines are disclosed on the Company's website. The board members and managerial officers uphold the philosophy of ethical operation. The implementation status of the ethical practices has been reported in board meeting on March 14, 2023.	Satisfied
(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?	✓		As stated in "Procedures for Ethical Management and Guidelines", bribery, offer and receive improper benefits, offer or agree influence peddling, offer illegal political donations, unfair competition practices, improper charity donation or sponsor are strictly prohibited. The Company has formulated prevention measures including educate new staff in orientation training and increase anti-corruption awareness to existing staff from time to time.	Satisfied
(3) Does the company provide clear operating	✓		The regulations on operation procedures, code of	Satisfied

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
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?			conduct, disciplinary actions, and appeal procedures are illustrated in "Procedures for Ethical Management and Guidelines". The implementation status was reported in board meeting on March 14, 2023.	
2. Fulfill Operations Integrity Policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company has formulated "Suppliers Management and Assessment Methods" and "Resell of Raw Materials Management Methods". Responsibilities and obligations of the Company and the business partners are stated in details in the contracts.	Satisfied
(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 management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		The Administration Department is appointed to implement the operations integrity policy and reported the implementation status in board meeting on March 14, 2023.	Satisfied
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		Excepting reporting to their direct department heads, staff could report directly to General Manager's Office. Board members would withdraw from the seats should there be any conflict-of-interest issues or motions raised in the board meeting.	Satisfied
(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?	✓		The Company has formulated effective systems for accounting system and internal control system. Internal auditors would perform regular inspections to review the internal control system to ensure the system is fully functional. Should there be any special events, the internal auditors are responsible to carry out investigation.	Satisfied
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		Operational integrity is a subject in the orientation training. The Company also holds educational programs from time to time to raise the awareness of it.	Satisfied
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? (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? (3) Does the company provide proper whistleblower protection?	✓ ✓ ✓		The Company has formulated "Reporting System" and "Ethical Corporate Management Best Practice Principles" and has provided reporting channels on internal and external websites. All complaints will be investigated by General Manager or appointed senior managerial officers. All evidence gathered during the investigation will be kept for further actions. All reports and the identity of the whistleblowers are handled in strict confidence to avoid the whistleblowers being treated unfairly. The Company has not received any report as of the end of fiscal year 2022.	Satisfied
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 has disclosed information such as organizational culture, operation direction etc. on its website. The Company has also dedicated departments to handle information collection and disclosure.	Satisfied
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: No significant difference				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). (1) The Company operates in compliance with Company Act, Securities and Exchange Act, Business Entity Accounting Act etc. as a solid foundation to ethical practice. (2) The Company's "Rules of Procedure for Board of Directors Meetings" stated that directors shall withdraw from the seat should there be any conflict-of-interest issues.				

3.4.7 Corporate Governance Guidelines and Regulations: Please refer to the Company's website.

3.4.8 Other Important Information Regarding Corporate Governance:

3.4.10 Implementation of Internal Control:

I. Statement on Internal Control

RitDisplay Corporation

Statement on Internal Control

The Company states the following with regard to its internal control system during fiscal year 2022, 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, 2022 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 March 13, 2023, 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

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

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.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings:

1. Shareholder's Meeting

日期	重要決議	執行情形
111/6/23	Passed the financial statements 2021 Passed the earnings distribution 2021 Passed to amend the "Articles of Incorporation" Passed to amend the "Regulations Governing the Acquisition and Disposal of Assets"	Implementation Status: The distribution had been done on 2022/8/10 (NT$ 2per share)

3.5. Information Regarding the Company's Audit Fee

3.5.1 The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services:

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 Chang, Chih-Ming	2022/1/1~2022/12/31	1,840	492	2,332	Note

Note：Non-audit fee was NT245 thousands for tax stamp, and NT247 thousands for utilities expenses.

3.5.2 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

3.5.3 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

3.6. Information on change in CPA:

3.7. 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

3.8. 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:

Change in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Share

Title	Name	2022		As of April 29, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Yeh, Chwei-Jing	2000	—	—	—
Major Shareholder	Ritek Corporation	(121,000)	—	—	—
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	(7,000)	—	—	—
Vice GM	Lin, Hsien-Chang (Resign:20220701)	(10,000)	—	Non Applicable	Non Applicable
Director	Chen, Hsing-Liang (Resign:20230228)	(2,000)	—	Non Applicable	Non Applicable
Director	Chen, Kuo-Yong	—	—	—	—
Director	Lin, Hsing-Hong	—	—	—	—
Director	Chiang, Ming-Hsien	14,000	—	—	—
Accounting Manager	Huang, Yu-Shiu	—	—	—	—

Stock Transaction

Name	Stock Transfer Reason	Transaction Date	Counterparty	Relationship between the Counterparty and the Company, its Directors, Supervisors, Managers and Major Shareholders who held 10% or above shareholding	Share	Transaction Price
None	None	None	None	N/A	N/A	N/A

Pledge of Stock Rights

Name	Reason for the Pledge of Stock Rights	Change Date	Counterparty	Relationship between the Counterparty and the Company, its Directors, Supervisors, Managers and Major Shareholders who held 10% or above shareholding	Share	Shareholding Percentage	Pledge Percentage	Loan（Redemption）Amount
None	None	None	None	N/A	N/A	N/A	N/A	N/A

3.9. Relationships among the Top Ten Shareholders:

Relationships Among the Top Ten Shareholders

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	—	—	—	—	—	—	—	—	—
HSBC (Taiwan) entruste to manage Hong Kong investment account of Bitbank	501,000	0.67	—	—	—	—	—	—	—
Citi Custody RBC Europe SE Investment Trust	435,883	0.58	—	—	—	—	—	—	—
Kuo, Kai-Jung	375,000	0.50	—	—	—	—	—	—	—
Yeh, Chwei-Jing	343,840	0.46	—	—	—	—	Ritek Corporation U-Tech Media Corporation AimCore Technology	Chairman	—
JPMorgan Securities (Asia Pacific) Limited Investment Trust, held by Citibank Custody	310,000	0.42	—	—	—	—	—	—	—

3.10.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

Consolidated Shareholding Percentage

Unit: Share ; % Dec 31, 2022

Investee Enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly		Total Investment	
	Shares	%	Shares	%	Shares	%
PVNEXT Corp.	3,600,000	4.31	47,648,000	56.99	51,248,000	61.30
Newrit Asset Co., Ltd.	78,030,000	96.33	—	—	—	—
WELLTECH ENERGY INC.	25,691,287	66.23	—	—	—	—
RITWIN Corp.	13,623,072	89.53	—	—	—	—

IV. Capital Overview

4.1 Capital and Shares

4.1.1 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	
2011.12	10	1,000,000,000	10,000,000,000	420,000,000	4,200,000,000	Capital Increase 600,000,000	None	
2012.11	10	1,000,000,000	10,000,000,000	440,000,000	4,400,000,000	Capital Increase 200,000,000	None	
2013.11	10	1,000,000,000	10,000,000,000	490,000,000	4,900,000,000	Capital Increase 500,000,000	None	
2015.06	10	1,000,000,000	10,000,000,000	13,000,000	130,000,000	Capital ecrease (4,770,000,000)	None	
2015.08	10	1,000,000,000	10,000,000,000	25,000,000	250,000,000	Capital Increase 120,000,000	None	
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	
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	
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	
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	
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	
2019.01	60	1,000,000,000	10,000,000,000	67,630,050	676,300,500	Capital Increase 75,200,000	None	
2021.01	10	1,000,000,000	10,000,000,000	67,632,034	676,320,340	Convertible Corporate Bond 19,840	None	
2021.05	10	1,000,000,000	10,000,000,000	67,891,951	678,919,510	Convertible Corporate Bond 2,599,170	None	
2021.08	10	1,000,000,000	10,000,000,000	68,009,012	680,090,120	Convertible Corporate Bond 1,170,610	None	
2022.02	10	1,000,000,000	10,000,000,000	73,798,180	737,981,800	Convertible Corporate Bond 57,891,680	None	
2023.05	10	1,000,000,000	10,000,000,000	74,630,601	746,306,010	Convertible Corporate Bond 8,324,210	None	
2024.09	10	1,000,000,000	10,000,000,000	74,651,675	746,516,750	Convertible Corporate Bond 210,740	None	

April 29, 2023

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

4.1.2 Status of Shareholders

April 29, 2023

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	5	88	23,388	33	23,515
Shareholding (shares)	136,063	163,852	36,583,983	35,138,841	2,628,936	74,651,675
Percentage	0.18	0.22	49.01	47.07	3.52	100.00

4.1.2 Status of Shareholders

April 29, 2023

Class of Shareholding (Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	15,851	633,096	0.85
1,000 ~ 5,000	6,416	12,278,507	16.45
5,001 ~ 10,000	692	5,395,681	7.23
10,001 ~ 15,000	221	2,800,162	3.75
15,001 ~ 20,000	100	1,850,735	2.48
20,001 ~ 30,000	81	2,068,179	2.77
30,001 ~ 40,000	43	1,552,869	2.08
40,001 ~ 50,000	31	1,447,375	1.94
50,001 ~ 100,000	35	2,559,025	3.43
100,001 ~ 200,000	23	3,269,868	4.38
200,001 ~ 400,000	14	3,638,500	4.87
400,001 ~ 600,000	2	936,883	1.26
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	23,515	74,651,675	100.00

4.1.4 List of Major Shareholders

List of Major Shareholders

April 29, 2023

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
HSBC (Taiwan) entrusted to manage Goldman Sachs International	501,000	0.67
Citi Custody RBC Europe SE Investment Trust	435,883	0.58
Kuo, Kai-Jung	375,000	0.50
Yeh, Chew-Jing	343,840	0.46
JPMorgan Securities (Asia Pacific) Limited Investment Trust, held by Citibank Custody	310,000	0.42

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share:

Item \ Year			2021	2022	As of April 30, 2023 (Note 1)
Market Price /Share	Highest Market Price		80.80	94	47.95
	Lowest Market Price		41.40	29.35	33.80
	Average Market Price		52.33	47.95	40.40
Net Worth / Share	Before Distribution		32.94	32.13	31.11
	After Distribution		31.89	(註 2)	—
Dividends / Share	Cash Dividends		67,210	73,585	73,652
	Earnings / Share	Before Adj	2.86	0.41	0.14
		After Aju	2.86	(註 2)	—
Dividends / Share	Cash Dividends		2.00	(註 2)	—
	Stock Dividends	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	P/E Ratio		18.30	116.95	—
	P/D Ratio		26.17	31.97	—
	Cash Dividend Yield Rate		3.82%	3.13%	—

4.1.6 Dividend Policy and Implementation Status

4.1.6.1 Dividend Policy:

If earnings are available for distribution at the end of a fiscal year, the Company shall withdraw 3% to 10% for compensation to employees. The Board shall decide the compensation to be given in the form of stock or cash to the employees who satisfied certain conditions while not more than 5% shall be withdrew for directors' remuneration. All of the distributions are subject to approve in shareholders' meeting. If there is accumulated loss, the Company shall first reserve the amount to cover the loss before distributing to employees and directors according to the order mentioned above.

The distribution shall be followed according to the following order:

1. Settle all tax payment
2. Cover accumulated loss
3. Reserve 10% to Legal Reserve from undistributed earnings (net profit after tax added items other than net profit after tax). However not restricted when the legal reserve amount has accumulated to the amount of the Company's paid-in capital.
4. Withdraw in accordance with the decrees or the competent authorities' regulations, or return to Special Reserve. With respect to the book net amount of other deductions from equity (for the cumulative balance of, for example, exchange differences resulting from translating the financial statements of foreign operations, unrealized gains or losses in the fair value of financial assets through other comprehensive income, gains or losses on hedges, revaluation increments) for the period in which it arises, an equivalent amount of special reserve shall be allocated from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period.
5. Allocate an amount of special reserve equal to the amount allocated to undistributed earnings for the preceding period. If there remains any insufficiency, allocate it from the amount of the after-tax net profit for the period, plus items other than after-tax net profit for the period, that are included in the undistributed earnings of the period. Furthermore, if this method is to be used, it shall be expressly provided in the dividend policy specified in the company's articles of incorporation.
6. The earnings remained shall be added to the undistributed accumulated earnings. The Board of Directors shall formulate a proposal to distribute them as issuing of new share and report to shareholders' meeting for approval.
7. The Company distributes all or part of dividends or statutory surplus reserves and capital reserve. If distribute in the form of cash, it shall be approved by half of the attended board members in a meeting which satisfied two-third of quorum and report to shareholders' meeting
8. The Company operates in a fast-changing industry. In consideration of the capital needs, long-term financial planning and the surplus growth rate, the distributable earnings in the form of cash would be 10% to 100% of the total of cash dividend while 0% to 90% for stock dividend distribution.

4.1.6.2 Dividend distribution issues resolved in shareholders' meeting: NT$1.5 per share. Total Amount: NT$110,478 Thousand

4.1.6.3 Specify shall there be material change of the dividend distribution policy: Not Applicable

4.1.7 Effect of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting on Business Performance and Earnings per Share:

Not applicable as no stock dividend was distributed.

4.1.8 Compensation to Employees, Directors and Supervisors:

4.1.8.1 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%

4.1.8.2 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.

4.1.8.3 Distribution of compensation passed by the Board of Directors:

Directors' remuneration: NT$ 3,163 thousand, Compensation to employees: NT$ 1,356 thousand. All paid in the form of cash and no discrepancy to the estimated amount.

4.1.8.4 Distribution of compensation to employees, directors and supervisors in the previous year:

Directors and Supervisors: NT$9,020, Employees: NT$ 3,866, the distribution is done and all paid in the form of cash.

4.19 Buy-back of Treasury Stock: None

4.2 Bonds: None

4.3 Preferred Stock Status: None

4.4 International Depository Receipt Status: None

4.5 Employee Stock Option Status: None

4.6 Restricted Stock Status: None

4.7 Issuance of New Shares in Connection with A Merger or Acquisition or with Acquisition of Shares of Any Other Company: None

4.8 Financing Plans and Implementation: None

V. Operation Highlights

5.1 Business Activities：

5.1.1 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

Year / Product	2021		2022	
	Net Sales	%	Net Sales	%
PMOLED Pack	1,180,867	53.05	790,250	29.12
PMOLED Glasses	266,966	11.99	95,652	3.52
The Battery Pack	520,430	23.38	1,690,011	62.28
Others	257,612	11.58	137,637	5.08
Total	2,225,875	100.00	2,713,550	100.00

(二) **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. Xinbao 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, tablet computers, and portable electronic products.

1.Industry Overview

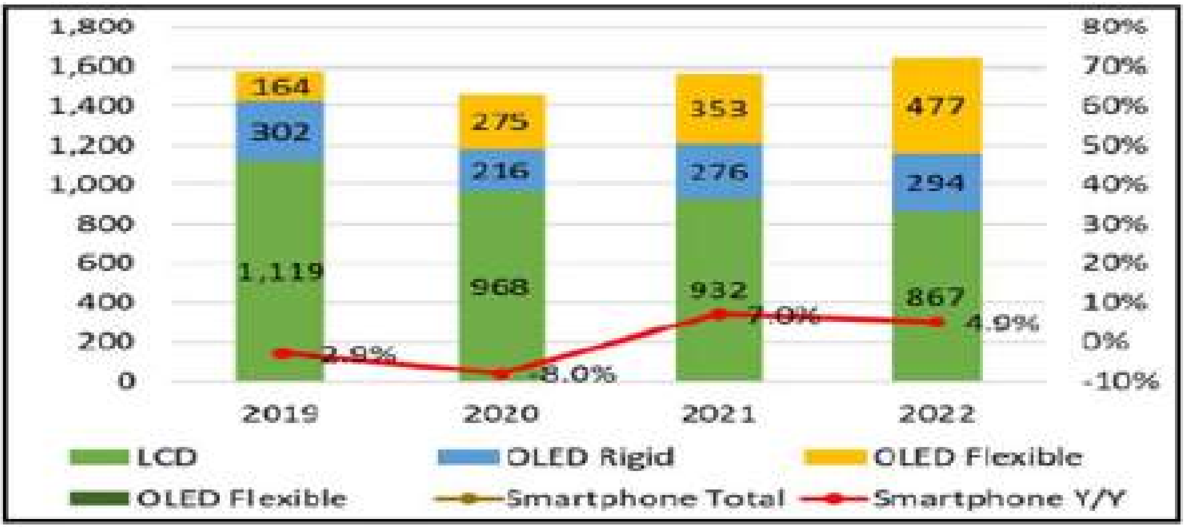
In recent years, the global supply chain has been continuously impacted by the COVID-19 pandemic and China's zero-COVID policy. This has disrupted the normal operations of the supply chain, leading to material shortages, delivery delays, and significant increases in transportation costs, exchange rate fluctuations, and significant impacts on labor supply. 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】

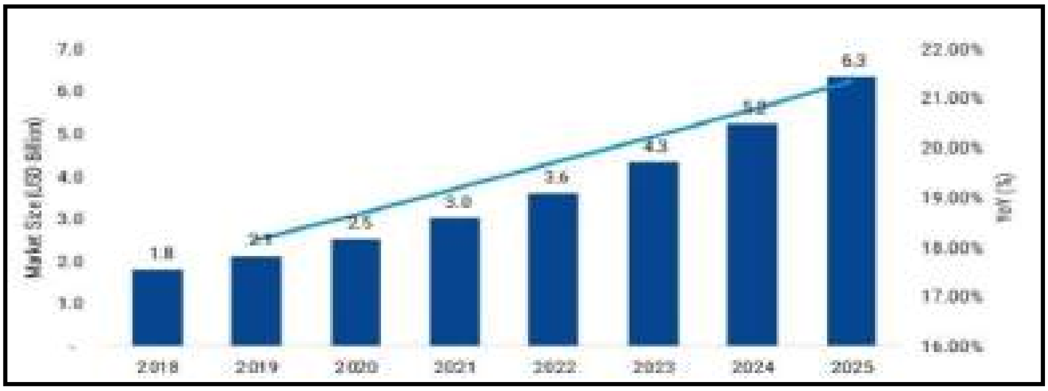


(1)PMOLED

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】

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	1,281.9	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

In the PMOLED industry, the two major PMOLED manufacturers in Taiwan, RiTdisplay and WiseChip Semiconductor, have adopted different operational strategies to expand their business capabilities. WiseChip Semiconductor, leveraging its own financial and technological resources, has collaborated with international clients and invested in the development of three new products: flexible, transparent, and touch-enabled displays. This further strengthens their presence in niche application markets, such as various displays for automotive interiors, navigation products, wearable devices, electronic cigarettes, STBs, banking, and healthcare. These markets are less affected by seasonal factors, resulting in stable production and pricing throughout the year and effectively driving the growth of output value."

Energy storage system

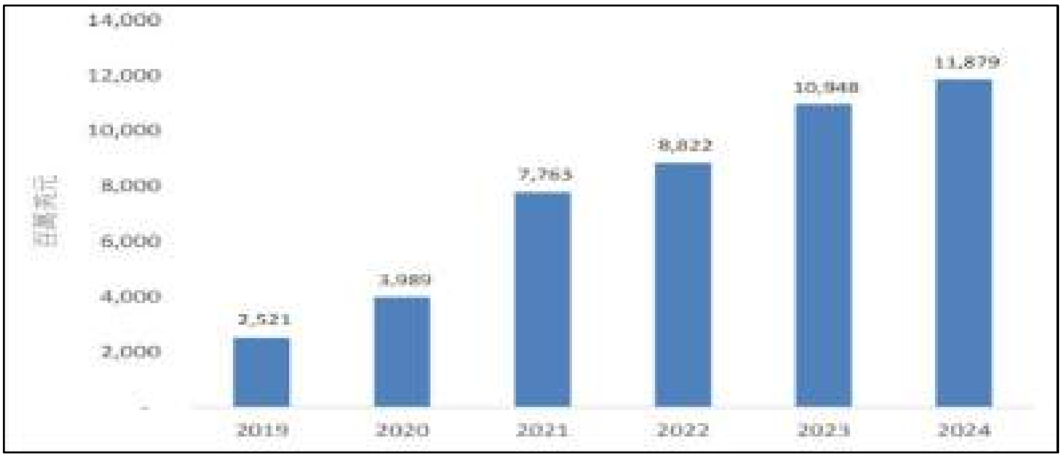
1. Industry

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】



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】

3. 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.

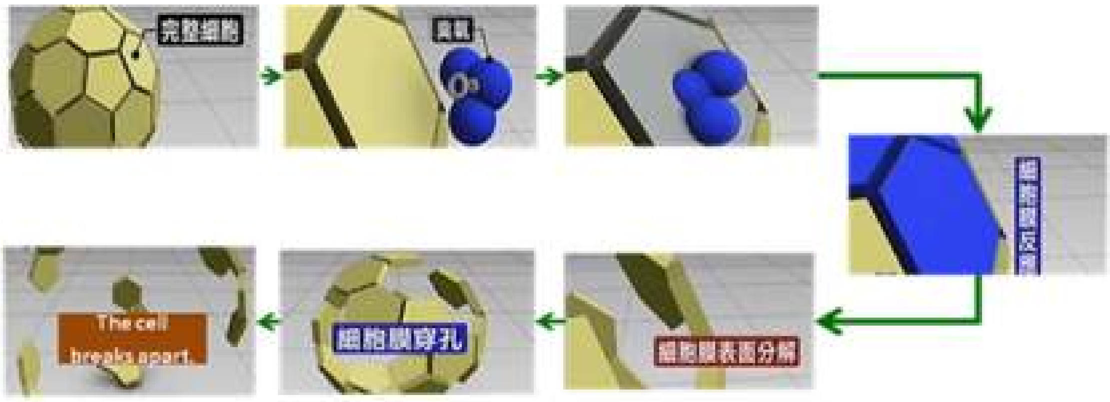
C. Filtration Mechanism: Bacteria are unable to pass through a dense porous filter material. Pros: Used for sterilization of gases, heat-unstable pharmaceutical solutions, or raw materials. Cons: Unable to remove viruses, cost of filter material.

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

臭氧水 v.s. 含氯消毒劑 v.s. 酒精類 效果大對比

類型	消毒用液體種類 / 病原體	臭氧水 不含「氯」 天然強氧化力	次氯酸水 氯濃度 30ppm以上 有效	漂白水 氯濃度 500ppm以上 高餘氯殘留 有致癌疑慮	碘酒 酒精溶液 刺激性強 用於皮膚傷口消毒 高殘留	酒精(75%) 刺激粘膜 對芽孢菌＆大多數病毒 無效	洗手乳 界面活性劑 去除油脂
細菌	大腸桿菌	0.2 - 2 ppm 低濃度即有效	30 ppm 中高濃度含氯有效	500-1000 ppm 高濃度含氯才有效	部分有效	部分有效	沖洗（去除油脂・殺菌消毒效果差）
	金黃葡萄球菌						
	沙門氏菌						
	克氏肺炎桿菌						
	創傷弧菌						
	綠膿桿菌						
	白色念珠菌						
	變形桿菌						
	不動桿菌						
	克雷氏菌						
病毒	腸病毒					無效果	
	諾羅病毒						
	腺病毒						
	人類乳突病毒						
	鼻病毒						
	克沙奇病毒						
	A型肝炎病毒						
真菌	皮屑芽孢菌					對孢子無效	
	黑麴黴菌						
	鏈球菌						

主要資料來源：SGS台灣檢驗科技、食品工業研究院、台灣農業科技研究院、TUV杜夫萊因實驗室

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°C, it condenses into a deep blue liquid, and at temperatures below -193°C, 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.

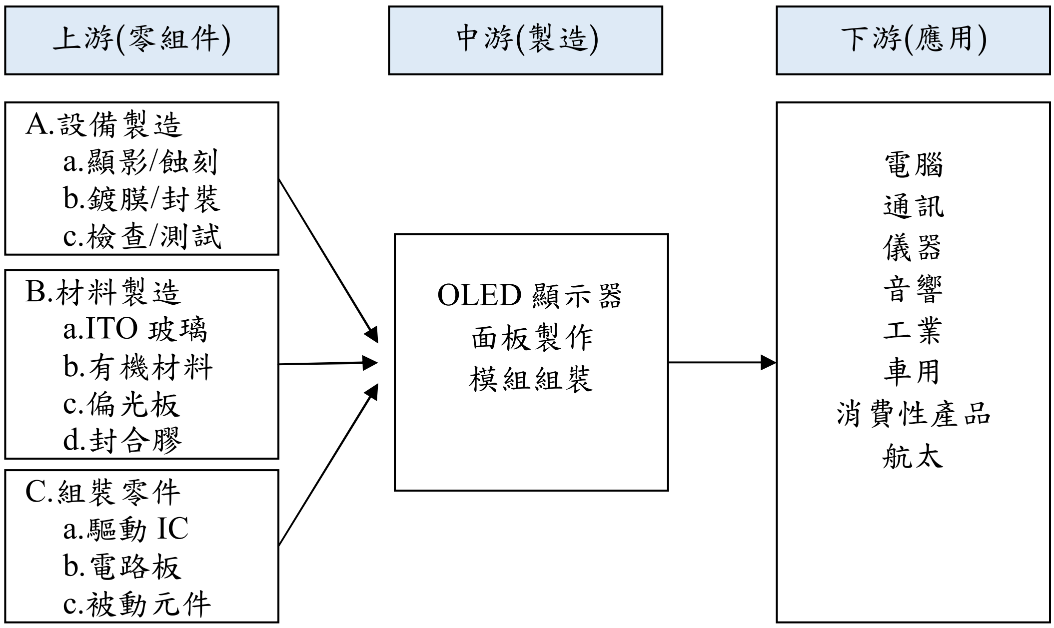
濃度(ppm)	影響
0.01~0.015	正常者的嗅覺程度值。
0.06~0.1	對於慢性肺部疾病患者的換氣能力沒有影響。
0.1~0.3	對於正常者而言，會感覺不快；對於大部分的人而言，會造成鼻、咽喉的刺激（勞動衛生的許可濃度）。
0.3~0.6	對於大部分的人而言，會造成鼻、咽喉的刺激及不適
0.6~0.8	胸痛、咳嗽、氣道抵抗增加、呼吸困難、肺的氣體交換能力減退。
0.5~1.0	呼吸障礙、氧消耗量減少、天竺鼠的壽命減短。
1~2	疲勞感、頭暈、頭痛、上部呼吸道乾燥。
5~10	呼吸困難、肺水腫、脈搏跳動次數增加、體痛、麻痺、昏睡。
50	1小時內危及生命。

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.

4. The interrelationships between the upstream, midstream, and downstream sectors of the industry

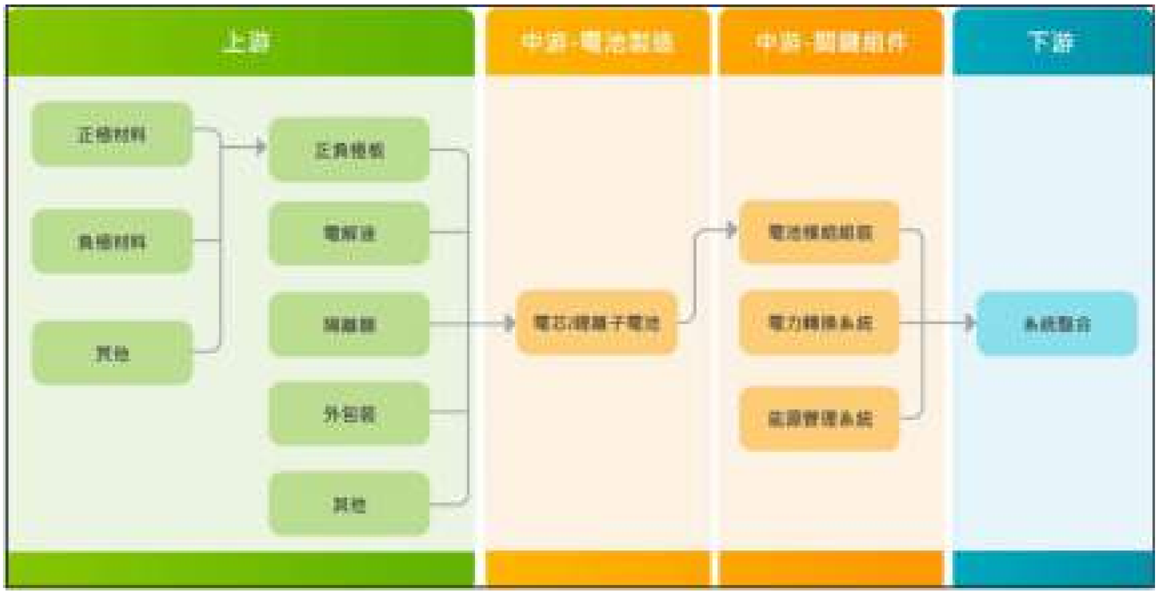
RiTdisplay has been deeply involved in the OLED industry for nearly twenty years, cultivating a strong research and engineering team. They possess profound expertise in maintaining and upgrading production equipment. They continuously innovate and develop products that are more efficient, have longer 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:



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.

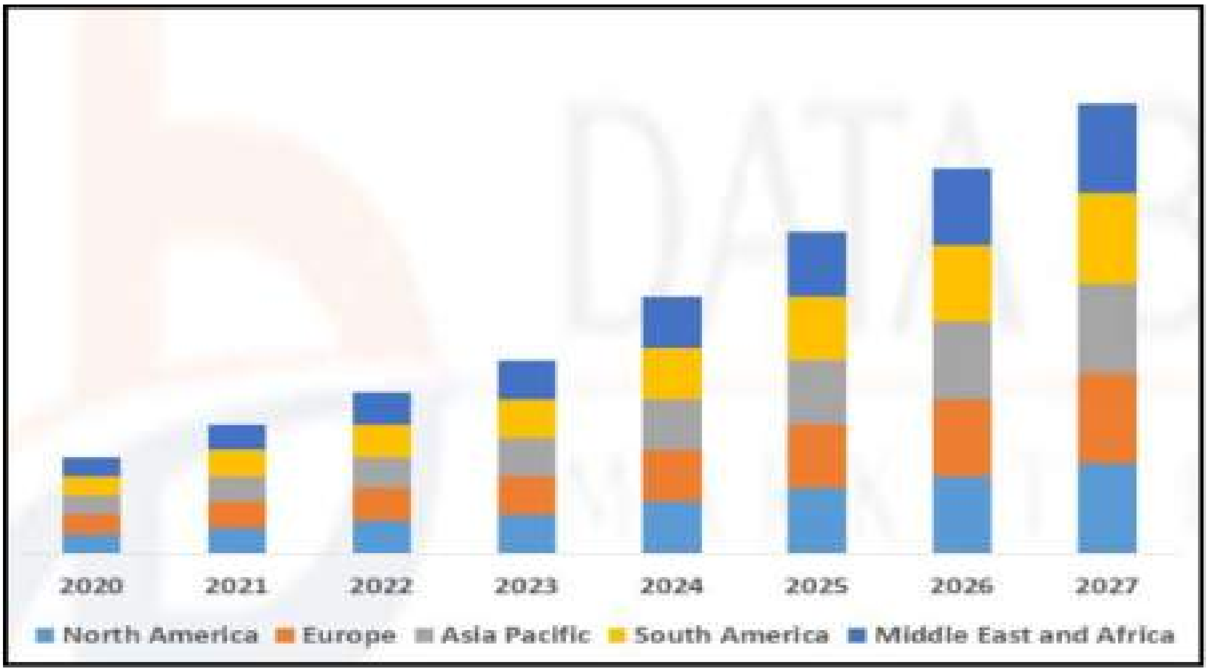
Our company and its subsidiaries belong to the midstream sector as specialized battery module manufacturers. We provide effective solutions based on the specific needs of downstream customers. This includes selecting appropriate battery cells, designing protective safety circuits, and assembling battery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



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.

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. Our 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 our 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 年醫療顯示器市場規模情況及預測】



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】

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.

【2020~2024 年穿戴式裝置市場規模預估】

Worldwide Wearables Shipments, Market Share, and Five-Year CAGR, 2020 and 2024 (shipments in millions)

Product	2020 Shipments	2020 Market Share	2024 Shipments	2024 Market Share	2020-2024 CAGR
Hearables*	234.3	59.2%	396.6	62.8%	14.1%
Watch**	91.4	23.1%	156.0	24.7%	14.3%
Wrist Band	67.7	17.1%	74.4	11.8%	2.4%
Others	2.6	0.6%	4.8	0.8%	16.7%
Total	**396.0**	**100.0%**	**631.7**	**100.0%**	**12.4%**

Source: IDC Worldwide Quarterly Wearable Device Tracker, September 2020

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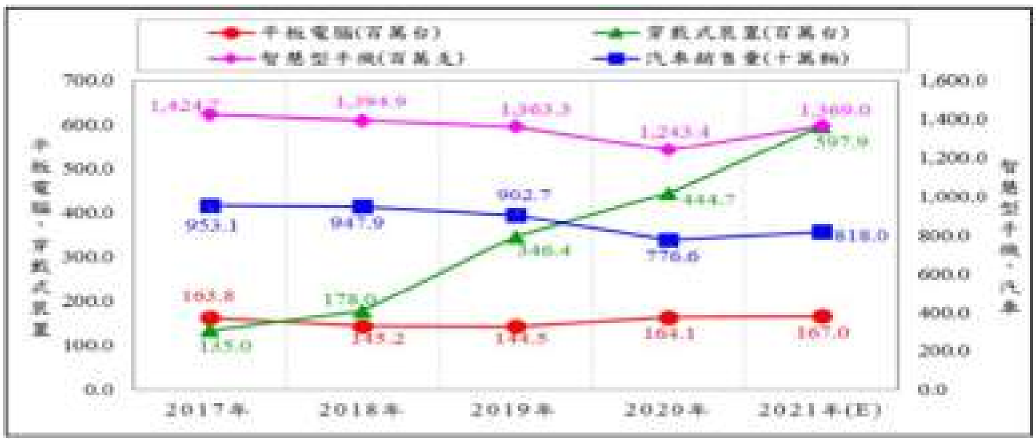
Since 2020, wearable devices have gained popularity due to their combined features of sports and health monitoring. Many companies, including Apple, Google (Fitbit), Amazon, ASUS, Xiaomi, and Samsung, have actively introduced various new models and continued to add new features such as blood oxygen detection. 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.

【全球觸控面板業之下游應用市場出貨量變化趨勢】



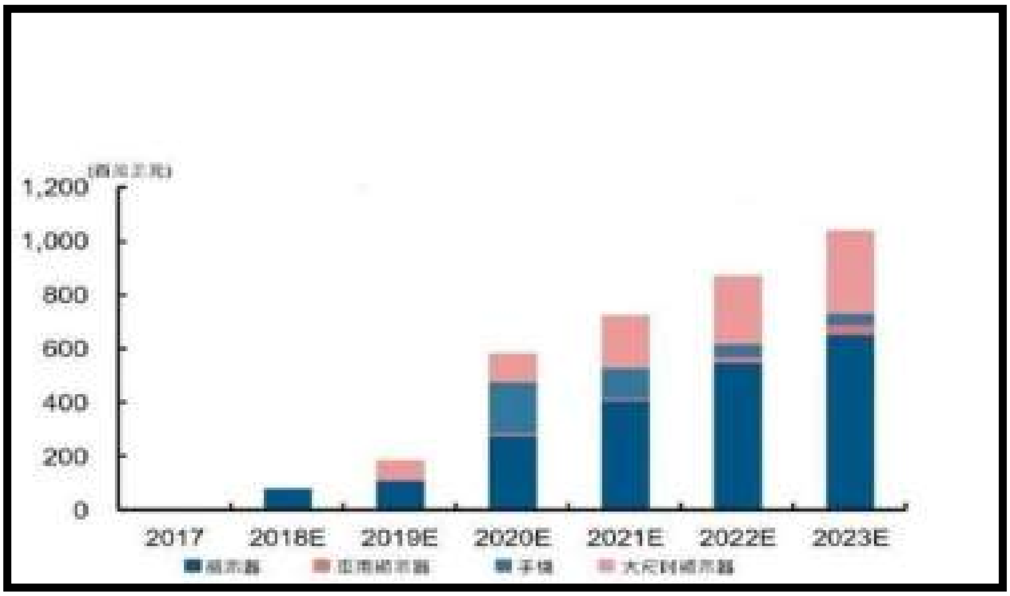
Mini LED 及 Micro LED

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.

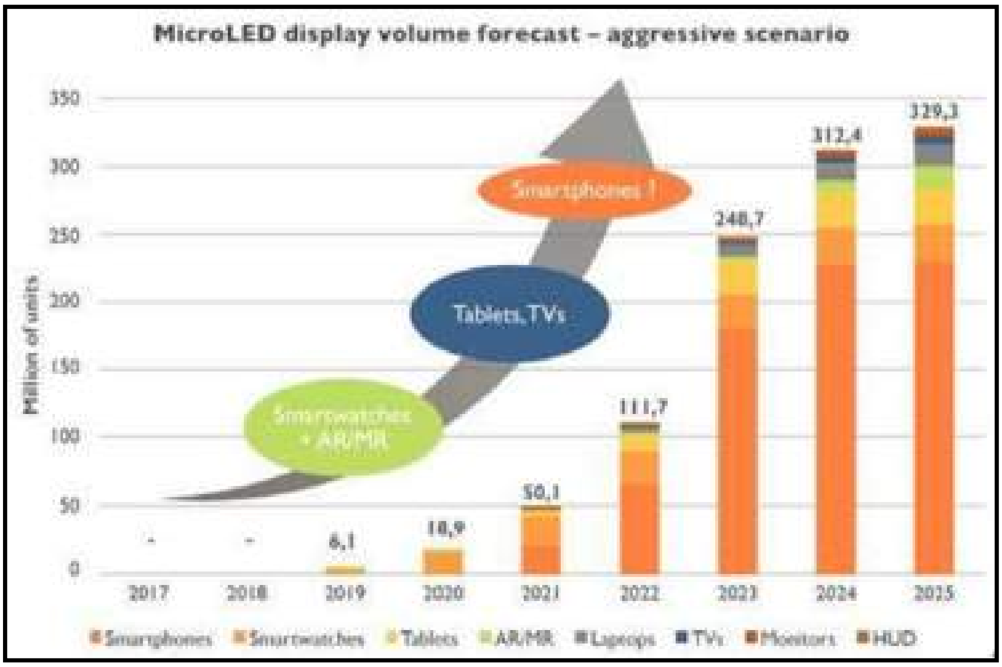
【2018-2023 Mini LED Market Share estimation】



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.

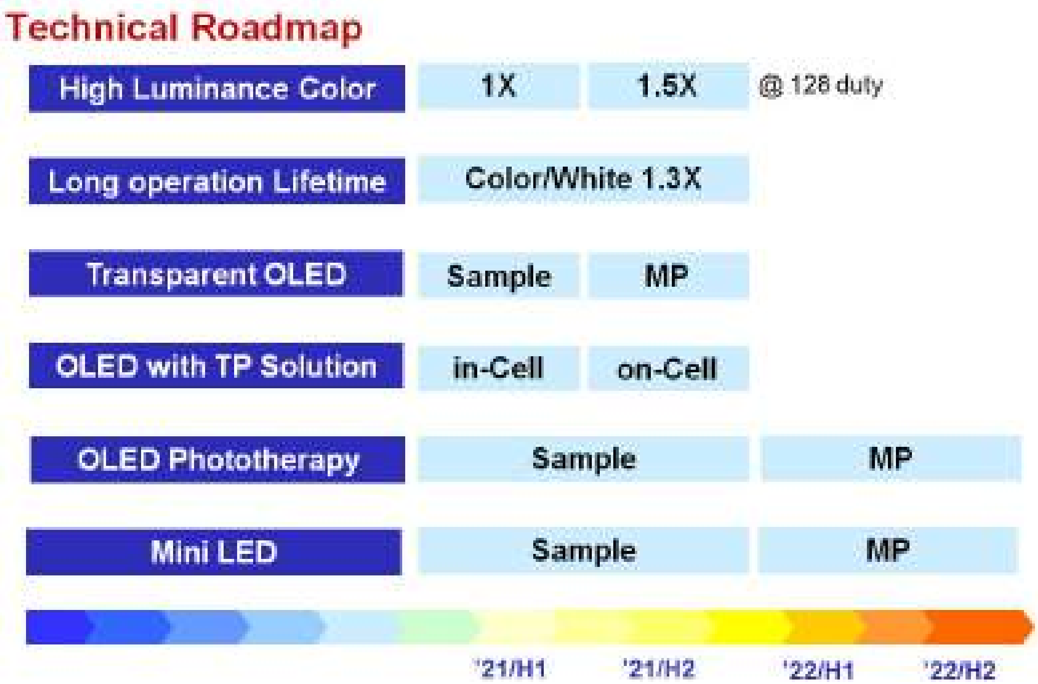
According to market research firm Research and Markets, the global Micro LED display market is projected to grow from $600 million in 2019 to $20.5 billion in 2025, with a compound annual growth rate of 80.1%. The applications of Micro LED primarily include smartwatches, mobile devices, televisions, 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 年 Micro LED 市場規模情況及預測】



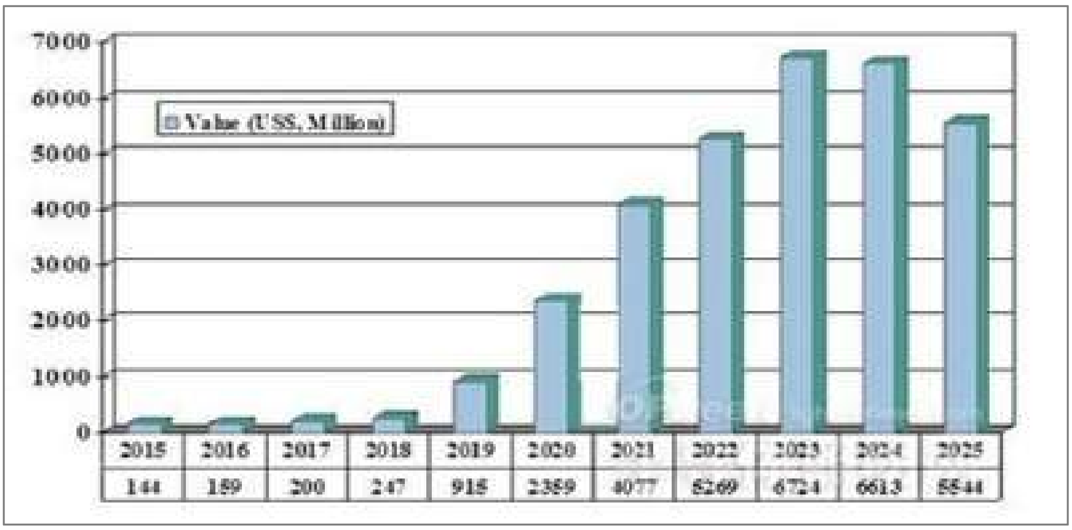
Considering the future applications of wearable devices, STBs, e-cigarettes, medical displays, as well as Mini LED and Micro LED, our company continues to invest in research and development of related product processes and technologies in order to seize business opportunities.

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, our 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 our 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



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, our 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. Our 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.

【全球定置型儲能應用趨勢預測】

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(2) Competitive situation

A. Display Product Competitive Landscape Currently, the main players in the display market are TFT LCD, OLED, and TN/STN. In addition, there are emerging technologies such as Mini LED (which has entered the mass production stage) and Micro LED (which is still in the development stage). Among these products, TFT LCD, AMOLED, Mini LED, and Micro LED are primarily used in medium to large-sized displays such as televisions, smartphones, and smartwatches. PMOLED and TN/STN are focused on small to medium-sized displays, with PMOLED mainly used in products smaller than 3 inches, including wearable devices, set-top boxes, and digital home appliances. PMOLED overlaps with TN/STN in terms of application, but PMOLED offers better display performance in terms of self-emission, power efficiency, viewing angles, contrast, resolution, and response time. PMOLED modules are also smaller in size compared to STN. PMOLED products are customized to meet individual customer requirements, and the technology can be adjusted in response to technological or industry changes. Therefore, technological and industry changes have not had a significant impact on the company's financial operations.

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, our 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.

Long/Short term development Plans

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, 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.

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.

5.2 Market and Sales Overview

5.2.1 Market analysis:

1、Sales regions of main products：

年度 / 區域別	2021		2022	
	Amount	%	Amount	%
US	93,843	4.22	78,793	2.90
TW	774,942	34.82	1,088,870	40.13
CN	1,290,012	57.96	1,504,377	55.44
Others	67,078	3.00	41,510	1.53
Total	2,225,875	100.00	2,713,550	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 and smart home products, among other 3C 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, TN/STN, 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】

單位：億美元；%

細項產品	2016年	2017年	2018年	2019年	2020年(e)
大尺寸TFT-LCD	739.22	812.64	613.99	570.38	539.58
中小尺寸TFT-LCD	284.20	287.05	287.12	288.27	261.17
OLED	101.58	153.46	172.03	181.66	187.46
其他	15.41	14.79	14.05	13.50	13.22
合計產值	1,140.41	1,267.94	1,087.19	1,053.81	1,001.43
合計產值年增率	2.45	11.18	-14.26	-3.07	-4.97

注：e為估計值。

(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、Competitive advantages and factors affecting future development, as well as corresponding strategies：

(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.

(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. Countermeasures 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.

d 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.

Response Strategy 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.

Response Strategy 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.

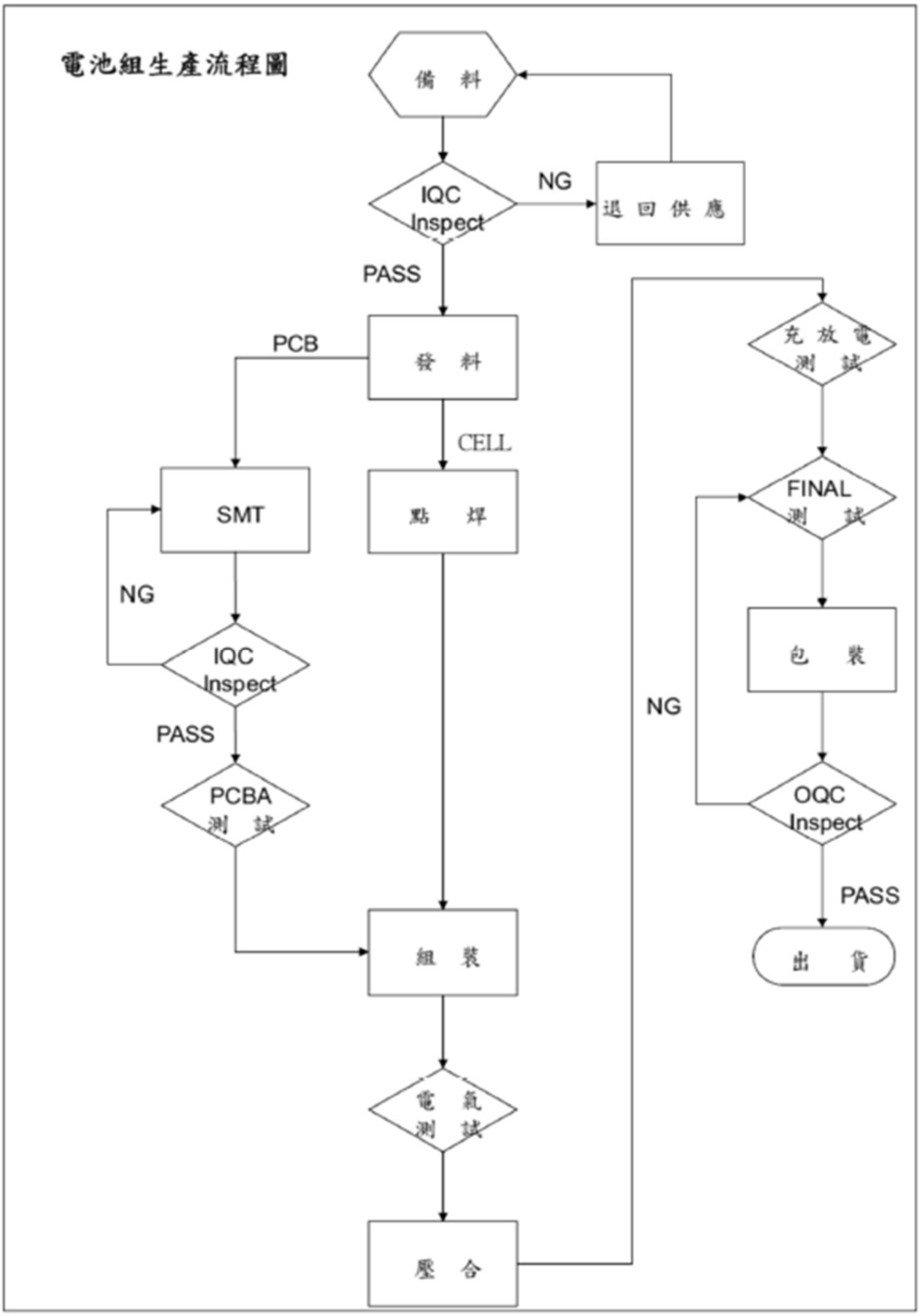
Response Strategy Compared to TN/STN panels, PMOLED panels have advantages such as visibility in sunlight (high brightness), high contrast, and wide viewing angles. In addition, our company continues to strengthen process technology and improve yield rates, reducing material costs to maintain flexibility 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.

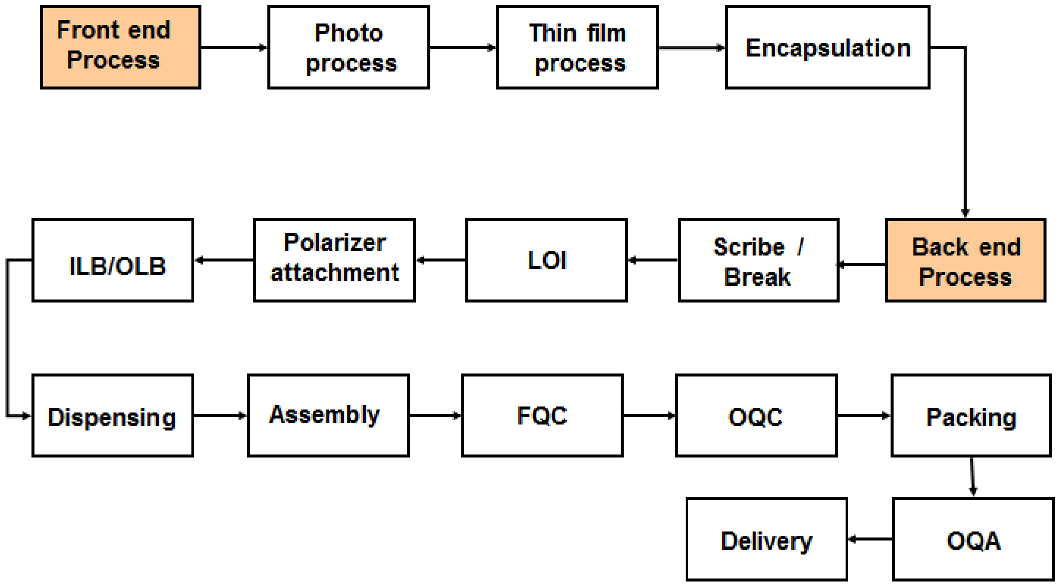
5.2.2 Major purpose and manufacturing process of main products：

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





5.2.5 Production volume and value in the most recent 2 fiscal years：

Unit：NT$ thousand，sheet

	2021			2022		
	Capacity	Volume	Amount	Capacity	Volume	Amount
PMOLED Glasses	288,000	154,643	690,410	288,000	83,931	372,920
Battery Storage	—	—	—	8,460,000	12,965,361	1,309,530

5.2.6 Sales volume and value in the most recent 2 fiscal years：

Unit：NT$ thousand，thousand pieces

	2021				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
PMOLED Pack	1,783	165,357	19,500	1,015,510	2,724	272,875	7,819	547,617
PMOLED Glasses	—	125	59	266,841	—	95	23	95,557
Others	—	609,460	—	168,582	—	815,900	—	981,506
Total	1,783	774,942	19,559	1,450,933	2,724	1,088,870	7,842	1,624,680

5.3 Human Resources：

Year		2021	2022	As of 30 April 112
Number of Employees	Management Personnel	31	38	37
	Direct Personnel	132	141	149
	Indirect Personnel	168	123	128
	Total	331	302	314
Average Age		41.46	42.49	42.6
Average Years of Service		10.05	10.53	9.91
Education	Ph.D.	0.60	0.33	0.32
	Masters	10.58	11.26	10.83
	Bachelor's Degree	41.69	41.06	42.36
	Senior High School	25.38	30.79	29.93
	Below Senior High School	21.75	16.56	16.56

5.4 Environmental Protection Expenditure：

Losses incurred due to environmental pollution in the current fiscal year and up to the date of the annual report printing：No

5.5 Labor Relations：

Employee Welfare Measures, Retirement System, and Implementation Status, and Social Responsibility Fulfillment

5.5.1 Employee welfare measures

(1) Social insurance and physical and mental safety maintenance

In compliance with the Labor Standards Act, Labor Insurance regulations, Employee Welfare and related regulations, employees are entitled to labor insurance, national health insurance, and group insurance from the date of employment. Every two years, a comprehensive health examination is conducted for all employees, and employee health tracking and promotion of employee self-management activities are implemented.

(2) Employee care benefits

Implement various measures to take care of our employees, such as providing assistance for marriage, funeral, and emergencies, distributing holiday gift vouchers, operating an employee cafeteria and parking lot, having a resident professional doctor, organizing family days and year-end banquet events. The company also offers special benefits for elderly family members, such as discounted day care services. Additionally, we have a dedicated Employee Welfare Committee to handle related welfare matters, including birthday and childbirth congratulatory cash gifts, hospital visitations, employee trips, and partnering with numerous contracted stores to provide shopping discounts.

(3) Employee Stock Options System

To let all employees in the company's operations and growth, through the Employee Stock Option System, employees have the opportunity to enjoy stock options, enabling them to participate actively and share in the profits.

(4) Profit sharing for all employees

Based on annual earnings, the company distributes year-end bonuses and provides departmental performance bonuses based on operational achievements. The company also plans for annual salary adjustments accordingly.

(5) Employee education and training

The company has established a comprehensive training system for talent development and regularly reviews education and training plans to adapt to organizational growth and external environmental changes. The company conducts various educational and training programs, including pre-employment training, safety and health, on-the-job training for professional skills, production technology, management knowledge, as well as self-development training. These programs integrate organizational development, career planning, lifelong learning, and work-life balance, contributing to the robust development of our human resources

To encourage continuous learning among colleagues, the company has established a policy for on-the-job education subsidies, providing support for language learning, language proficiency incentives, and other forms of professional and career enhancement.

In recent years, the company has also emphasized the importance of employee well-being and actively organized health and leisure courses. We encourage employees to combine career planning with self-development training, lifelong learning, and maintaining a healthy work-life balance. In 2022, the achievement rate for employee training and development reached 79%.

5.5.2 Retirement system and implementation status

(1) In order to care the employees' post-retirement career planning, the company sets the retirement reserves annually in accordance with legal requirements. Actuary is engaged each year to ensure the adequacy of retirement benefit liabilities.

(2) In compliance with the Labor Pension Regulation, employees are entitled to a retirement pension contribution of 6% of their salary from their date of employment. These contributions are deposited into their individual accounts with the Bureau of Labor Insurance.

(3) Implementation status：Good

5.5.3 Agreement between labor and management

Regular hold the labor-management meetings to ensure smooth communication channels between both parties. The interaction between labor and management is positive.

5.5.4 Labor disputes

In the past five years, the company has not incurred any losses due to labor disputes.

5.5.5Fulfilling social responsibilities

The company has established a social responsibility policy and developed an employee manual, a code of conduct, and relevant management guidelines as behavioral standards for employees in their work.

(1) In addition to complying with the law, the company adheres to international labor rights standards, prohibiting all forms of employment discrimination. The company has never discriminated against employees based on race, ideology, religion, political affiliation, birthplace, gender, sexual orientation, marital status, appearance, or disabilities in terms of rewards, punishments, promotions, or any other considerations. We also ensure the freedom of association for the employees and encourage their participation in or establishment of lawful organizations and associations. As a result, the company has had no complaints or incidents of gender-related issues, human rights violations, or discrimination that could affect our business operations over the years.

(2) To pursue excellent business performance and maintain a culture of integrity, the company has established a code of conduct that all employees must adhere to while engaging in their respective duties.

(3) In order to uphold gender equality in the workplace and provide employees with a work environment free from sexual harassment, the company has implemented measures to prevent and address sexual harassment, including a formal complaint and disciplinary procedure, which all employees are required to follow.

(4) Support for female employees：the company provides maternity benefits, regardless of gender or number of pregnancies, which are granted as a lump sum upon application. The company also offers flexible working hours, maternity check-up leave, paternity/parental leave, pregnancy-related leave, maternity leave, family care leave, and childcare leave to ensure equal compensation conditions and equal opportunities for promotion for employees of all genders. Female employees account for an average of 45.9% of workforce, while female managers account for an average of 37%.

(5) Computers are essential tools for the employees. To regulate the use of electronic devices by employees, the company has established cyber security and network security management measures that all employees must follow.

(6) We have mailboxes and a dedicated email section for employee feedback and suggestions within the company, providing a platform for employees to express their concerns and opinions.

5.6 Cyber Security Management：

5.6.1 There is a dedicated Chief Cyber Security Officer and Information Unit responsible for coordinating the formulation, implementation, risk management, and compliance audit of information security and protection policies.

5.6.2 Establish cyber security policies and internal audits, accountant information audits, and external ISO audits are conducted regularly to ensure the confidentiality, integrity, availability, and legality of information assets.

5.6.3 The company adopts a multi-layered network structure and deploys various security systems to prevent external cyber security threats and safeguard against hacker and virus invasions.

5.6.4 Regular cyber security awareness campaigns are conducted annually to enhance the knowledge of employees regarding cyber security.

5.6.5 As of the date of printing of the annual report, there have been no significant cyber and communication technology incidents.

5.7 Important Contracts：

Contract	Parties	Contract start and end date	Main content	Limited clauses
Loan contract	Taiwan Cooperative Bank	111/1/14~116/2/15	Loan	Financial Ratio
Technology licensing agreement	Company A	89/5/15~112/12/31	Licensing agreement	Confidential
Technology licensing agreement	Company B	112/4/1~113/4/1	Licensing agreement	Confidential

VI、Financial Information

6.1 Five-Year Financial Summary

6.1.1 Concise Balance Sheet and Statements of Comprehensive Income

6.1.1.1 Concise Balance Sheet (Consolidated)

Unit：NT$ thousand

Item \ Year		Financial Information for Most Recent 5 Fiscal Year						As of Mar.31, 2023 (Note1)
		2018	2019	2020	2018 After restatement	2021	2022	
Current assets			1,132,658	1,462,186	1,521,881	1,654,600	2,453,550	2,261,730
Property, plant and equipment			1,712,296	1,581,951	1,588,929	1,485,580	2,210,178	2,176,005
Intangible assets			47,893	28,397	28,397	8,939	99,695	99,393
Other assets			629,332	571,411	573,126	821,168	527,887	558,918
Total assets			3,522,179	3,643,945	3,712,333	3,970,287	5,291,310	5,096,046
Current liabilities	Before distribution		892,881	901,405	976,980	1,381,915	1,589,070	1,610,858
	After distribution		916,551	1,102,081	1,177,656	1,529,610	1,699,548	Undistributed
Non-current liabilities			790,249	748,550	748,550	297,394	1,303,956	1,193,712
Total liabilities	Before distribution		1,683,130	1,649,955	1,725,530	1,679,309	2,893,026	2,804,570
	After distribution		1,706,800	1,850,631	1,926,206	1,827,004	3,003.504	Undistributed
Equity attributable to owners of the parent company			1,826,135	1,964,927	1,964,927	2,240,050	2,199,290	2,099,129
Share capital			676,301	676,320	676,320	737,982	746,517	746,517
Capital surplus			552,990	570,011	570,011	790,422	859,145	859,124
Retained earnings	Before distribution		599,698	775,788	775,788	769,082	650,485	549.930
	After distribution		576,028	575,112	575,112	621,387	540,007	Undistributed
Other equity			(2,854)	(5,706)	(5,706)	(5,950)	(5,371)	(4,956)
Treasury share			—	(51,486)	(51,486)	(51,486)	(51,486)	(51,486)
Non-controlling interests			12,914	29,063	21,876	50,928	198,994	192,347
Total equity	Before distribution		1,839,049	1,993,990	1,986,803	2,290,978	2,398,284	2,291,476
	After distribution		1,815,379	1,793,314	1,786,127	2,143,283	2,287,806	Undistributed

Note 1：Except for the financial data audited by CPA as of March 31, 2023, the remaining financial data has been reviewed and certified by CPA.

6.1.1.2 Concise Balance Sheet (Individual)

Unit：NT$ thousand

Item \ Year		Financial Information for Most Recent 5 Fiscal Year				
		2018	2019	2020	2021	2022
Current assets		1,172,202	971,719	1,318,819	1,066,837	1,156,885
Property, plant and equipment		1,746,270	1,709,790	1,576,496	1,471,358	1,383,245
Intangible assets		65,318	46,200	27,083	7,966	—
Other assets		665,034	708,071	662,140	982,135	1,852,365
Total assets		3,648,824	3,435,780	3,584,538	3,528,296	4,392,495
Current liabilities	Before distribution	1,110,204	819,396	873,052	992,853	897,404
	After distribution	1,313,094	843,066	1,073,728	1,140,548	1,007,882
Non-current liabilities		1,069,345	790,249	746,559	295,393	1,295,801
Total liabilities	Before distribution	2,179,549	1,609,645	1,619,611	1,288,246	2,193,205
	After distribution	2,382,439	1,633,315	1,820,287	1,435,941	2,303,683
Equity attributable to owners of the parent company		1,469,275	1,826,135	1,964,927	2,240,050	2,199,290
Share capital		601,101	676,301	676,320	737,982	746,517
Capital surplus		98,424	552,990	570,011	790,422	859,145
Retained earnings	Before distribution	771,219	599,698	775,788	769,082	650,485
	After distribution	568,329	576,028	575,112	621,387	540,007
Other equity		(1,469)	(2,854)	(5,706)	(5,950)	(5,371)
Treasury share		—	—	(51,486)	(51,486)	(51,486)
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	1,469,275	1,826,135	1,964,927	2,240,050	2,199,290
	After distribution	1,266,385	1,802,465	1,764,251	2,092,355	2,088,812

Note 1：Above financial data has been reviewed and certified by CPA.

6.1.1.3 Concise Statement of Comprehensive Income (Consolidated)

Unit：NT$ thousand

Item \ Year	Financial Information for Most Recent 5 Fiscal Year						As of Mar.31, 2023 (Note1)
	2018	2019	2020	2018 After restatement	2021	2022	
Sales		1,672,591	1,638,051	1,656,926	2,225,875	2,713,550	650,619
Gross Profit		268,143	420,618	421,340	420,105	421,723	99,261
Operating income		10,493	191,449	174,119	149,051	91,440	11,765
Non-operating income and expenses		68,225	70,358	70,592	101,288	28,572	21,673
Profit before income tax		78,718	261,807	244,711	250,339	120,012	33,438
Net income for the period from continuing operations		53,235	207,781	190,685	193,678	49,325	18,579
Loss from discontinued operations		—	—	—	—	—	—
Net income (loss) for the period		53,235	207,781	190,685	193,678	49,325	18,579
Other comprehensive income (loss) for the period (net of income tax)		(20,942)	(9,646)	(9,646)	1,566	9,840	425
Total comprehensive income for the period		32,293	198,135	181,039	195,244	59,165	19,004
Net income attributable to owners of parent		50,926	206,554	206,554	192,160	29,919	10,240
Net income (loss) attributable to non-controlling interests		2,309	1,227	(15,869)	1,518	19,406	8,339
Total comprehensive income attributable to owners of parent		29,984	196,908	196,908	193,726	40,400	10,590
Total comprehensive income, attributable to non-controlling interests		2,309	1,227	(15,869)	1,518	18,765	8,414
Earnings per share		0.76	3.06	3.06	2.86	0.41	0.14

Note 1：Except for the financial data reviewed by CPA as of March 31, 2023, the rest of the financial information has been audited and certified by CPA.

6.1.1.4 Concise Statement of Comprehensive Income (Individual)

Unit：NT$ thousand

Year / Item	Financial information for the Most Recent 5 Years				
	2018	2019	2020	2021	2022
Sales	2,519,944	1,569,642	1,542,428	1,611,613	977,046
Gross Profit	520,503	245,118	396,904	358,373	184,461
Operating income	280,863	1,352	185,995	131,044	11,564
Non-operating income and expenses	71,909	74,995	74,285	113,788	74,788
Profit before income tax	352,772	76,347	260,280	244,832	86,352
Net income for the period from continuing operations	340,445	50,926	206,554	192,160	29,919
Loss from discontinued operations	—	—	—	—	—
Net income (loss) for the period	340,445	50,926	206,554	192,160	29,919
Other comprehensive income (loss) for the period (net of income tax)	(13,368)	(20,942)	(9,646)	1,566	10,481
Total comprehensive income for the period	327,077	29,984	196,908	193,726	40,400
Net income attributable to owners of parent	340,445	50,926	206,554	192,160	29,919
Net income (loss) attributable to non-controlling interests	—	—	—	—	—
Total comprehensive income attributable to owners of parent	327,077	29,984	196,908	193,726	40,400
Total comprehensive income, attributable to non-controlling interests	—	—	—	—	—
Earnings per share	5.66	0.76	3.06	2.86	0.41

Source：Above financial information has been audited and certified by CPA.

6.1.2 Accountant's name and audit opinions for the past five year

Year	CPAs	Name of accountant	Audit opinion
2018	EY Taiwan	Hong, Mo-YI Cheng,Chin-biao	Unqualified opinions
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

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis (Consolidated)

Item		Financial information for the Most Recent 5 Years						As of Mar.31, 2023
	Year	2018	2019	2020	2020 After restatement	2021	2022	
Financial structure (%)	Debt to assets ratio		47.78	45.27	46.48	42.29	54.67	55.03
	Ratio of long-term capital to property, plant and equipment		150.09	148.82	147.72	166.92	140.77	133.01
Solvency%	Current ratio		126.85	162.21	155.77	119.73	154.40	140.40
	Quick ratio		114.85	151.30	140.40	98.90	100.70	87.96
	Times interest earned		4.24	14.04	13.19	14.84	4.04	4.51
Operating performance	Accounts receivable turnover (times)		4.42	5.96	6.02	5.90	4.22	3.45
	Average collection days		82	61	60	61	86	109
	Inventory turnover (times)		14.21	17.15	15.98	17.61	5.17	3.02
	Accounts payable turnover (times)		3.56	3.26	3.23	4.10	4.18	3.56
	Average days in sales		25	21	22	20	71	121
	Property, plant and equipment turnover (times)		0.96	0.99	1.00	1.44	1.46	1.18
	Total asset turnover (times)		0.46	0.45	0.45	0.57	0.58	0.50
Profitability	Return on total assets(％)		2.02	6.24	5.70	5.41	1.74	2.01
	Return on equity（%）		3.21	10.84	9.94	9.05	2.10	3.16
	Ratio of income to paid-in capital（%）		11.63	38.71	36.18	36.80	16.07	17.91
	Net profit margin (%)		3.18	12.68	11.50	8.70	1.81	2.85
	Earnings per share (NT$)		0.76	3.06	3.06	2.86	0.41	0.14
Cash flow	Cash flow ratio (%)		28.92	41.09	38.49	0.77	0.88	27.46
	Cash flow adequacy ratio (%)		113.63	110.84	110.57	56.16	32.32	51.96
	Cash reinvestment ratio (%)		0.57	4.12	4.19	(2.28)	(1.52)	4.73
Leverage	Operating leverage		13.66	1.68	1.75	1.87	2.59	4.11
	Financial leverage		(0.75)	1.11	1.13	1.13	1.76	5.27

6.2.1 Financial Analysis (Individual)

Item		Financial information for the Most Recent 5 Years				
Year		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	59.73	46.84	45.18	36.51	49.93
	Ratio of long-term capital to property, plant and equipment	142.84	149.55	147.37	164.95	210.55
Solvency%	Current ratio	105.58	118.58	151.05	107.45	128.91
	Quick ratio	92.83	107.43	140.77	98.83	112.62
	Times interest earned	14.14	4.16	14.04	15.05	3.85
Operating performance	Accounts receivable turnover (times)	6.43	4.39	6.32	6.48	3.90
	Average collection days	57	83	58	56	94
	Inventory turnover (times)	17.51	14.37	18.67	23.31	8.12
	Accounts payable turnover (times)	4.01	3.58	3.34	3.21	2.08
	Average days in sales	21	25	19	15	45
	Property, plant and equipment turnover (times)	1.50	0.90	0.93	1.05	0.68
	Total asset turnover (times)	0.69	0.44	0.43	0.45	0.24
Profitability	Return on total assets（%）	9.91	1.98	6.33	5.79	1.36
	Return on equity（%）	25.78	3.09	10.89	9.13	1.34
	Ratio of income to paid-in capital（%）	58.68	11.28	38.48	35.99	11.56
	Net profit margin (%)	13.51	3.24	13.39	11.92	3.06
	Earnings per share (NT$)	5.66	0.76	3.06	2.86	0.41
Cash flow	Cash flow ratio (%)	4.01	37.04	42.80	31.56	14.03
	Cash flow adequacy ratio (%)	136.33	110.71	108.76	77.38	52.95
	Cash reinvestment ratio (%)	0.15	1.04	4.16	1.35	(0.23)
Leverage	Operating leverage	1.21	98.31	1.69	1.96	11.00
	Financial leverage	1.10	(0.05)	1.12	1.15	(0.61)

Note 2：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)

6.3 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 2022, prepared by the Board of Directors of the Company, have been audited by the certified accountants, Chen, Kuo-Shuai and Chang, Chih-Ming from EY Taiwan. They have expressed their opinion that the financial statements fairly present the financial position, operating results and cash flows of the Company. The Audit Committee has reviewed the financial statements and found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the above report for your reference.

Sincerely

2023 Shareholder's meeting of the Company

RitDisplay Corporation

Audit Committee Convener：Tung, Yun-Ling

Date: Mar.13, 2023 佟韻玲

6.4 Latest Financial Report：Please refer page 79 to page 232

6.5 Latest Individual Financial Report Undergone Certification by Accountants：Please refer page 233 to page 376

6.6 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

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of RiTdisplay Corporation as of December 31, 2022 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
March 13, 2023

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
RiTdisplay Corporation

Opinion

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

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

Basis for Opinion

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

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Key Audit Matters

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

Revenue Recognition

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

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

Market valuation on Inventory

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

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

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Others

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

Chen, Kuo-Shuai 陳國帥

Chang, Chih-Ming 張志銘

Ernst & Young, Taiwan, R.O.C.
March 13, 2023

<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, 2022 and December 31, 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

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

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

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

Liabilities and Equity			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(15), 8	$500,000	10	$531,700	13
2130	Contract liabilities	4, 6(23), 7	33,019	1	20,397	1
2170	Accounts payable		485,645	9	283,717	7
2180	Accounts payable-related parties	7	159,211	3	168,384	4
2200	Other payables		144,489	3	113,221	3
2220	Other payables-related parties	7	16,111	-	12,145	1
2230	Current income tax liabilities	4, 6(29)	7,954	-	5,074	-
2300	Other current liabilities	7	16,022	-	8,002	-
2321	Current portion or exercise to sell of bonds payable	4, 6(17)	6,127	-	-	-
2320	Current portion of long-term loans	6(18), 8	220,487	4	239,245	6
21xx	Total current liabilities		1,589,070	30	1,381,915	35
	Non-current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(16)	15,229	-	-	-
2530	Bonds payable	4, 6(17)	535,203	10	54,293	1
2540	Long-term loans	6(18), 8	713,156	14	188,832	5
2550	Non-current provision	4, 6(20)	7,194	-	-	-
2570	Deferred tax liabilities	4, 6(29)	175	-	-	-
2670	Other non-current liabilities	4, 6(19)	32,999	1	54,269	1
25xx	Total non-current liabilities		1,303,956	25	297,394	7
2xxx	Total liabilities		2,893,026	55	1,679,309	42
31xx	Equity attributable to shareholders of parent	6(21)				
3100	Capital					
3110	Common stock		746,512	14	650,090	17
3140	Bond conversion entitlement certificates		-	-	57,892	1
3200	Capital surplus	6(21)	859,145	16	790,422	20
3300	Retained earnings	6(21)				
3310	Legal reserve		161,489	3	142,092	4
3320	Special reserve		5,950	-	5,786	-
3350	Unappropriated retained earnings		483,046	9	621,284	16
3400	Other components of equity		(5,371)	-	(5,950)	-
3500	Treasury stock	4, 6(21)	(51,486)	(1)	(51,486)	(1)
36xx	Non-controlling interests	6(21), 6(31)	198,994	4	50,928	1
3xxx	Total equity		2,398,284	45	2,290,978	58
3x2x	Total liabilities and equity		$5,291,310	100	$3,970,287	100

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

English Translation of Financial Statements Originally Issued in Chinese
[illegible]
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, [illegible] and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022 Amount	%	2021 Amount	%
4000	Operating revenue	4, 6(27), 7	$2,713,550	100	$3,225,835	100
5000	Operating costs	6, 7	(2,351,827)	(87)	(2,605,716)	(81)
5900	Gross profit		361,723	13	620,119	19
6000	Operating expenses	6, 7				
6100	Selling		(250,114)	(9)	(246,680)	(8)
6200	General and administrative		(152,290)	(6)	(97,656)	(3)
6300	Research and development		(121,325)	(5)	(129,954)	(4)
6450	Expected credit losses	4, 6(20)	3,320	-	(5,721)	-
	Operating expenses total		([illegible])	(19)	([illegible])	(15)
6900	Operating income		([illegible])	(6)	[illegible]	4
7000	Non-operating income and expenses					
7100	Interest income	6(27), 7	[illegible]		2,255	
7010	Other income	6(27), 7	[illegible]	4	[illegible]	3
7020	Other gains and losses	6(27)	([illegible])	(2)	[illegible]	-
7050	Finance costs	6(27), 7	([illegible])	(1)	(18,045)	(1)
7055	Expected credit losses	4, 6(20)	[illegible]	-	-	-
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	4, 6(9)	[illegible]	-	7,135	-
	Non-operating income and expenses total		[illegible]	1	[illegible]	1
7900	Income before income tax		[illegible]	4	[illegible]	4
7950	Income tax expense	4, 6(29)	([illegible])	(2)	[illegible]	(1)
8200	Net income		[illegible]	2	[illegible]	4
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		[illegible]	-	[illegible]	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		([illegible])	-	([illegible])	-
8326	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income of associates and joint ventures accounted for using equity method		[illegible]	-	[illegible]	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation		[illegible]	-	-	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures accounted for using equity method		[illegible]	-	[illegible]	-
	Total other comprehensive income, net of tax		[illegible]		[illegible]	-
8500	Total comprehensive income (loss)		$[illegible]	2	$[illegible]	4
8600	Net income attributable to:					
8610	Stockholders of parent		$[illegible]	1	$[illegible]	4
8615	Former owner of business combination under common control		-		[illegible]	-
8620	Non-controlling interests		[illegible]	1	[illegible]	-
			$[illegible]	2	$[illegible]	4
8700	Total comprehensive income (loss) attributable to:					
8710	Stockholders of parent		$[illegible]	1	$[illegible]	4
8715	Former owner of business combination under common control		-	-	[illegible]	-
8720	Non-controlling interests		[illegible]	1	[illegible]	-
			$[illegible]	2	$[illegible]	4
	Earnings per share (NTD)	6(30)				
9750	Earnings per share - basic (in NTD)		$0.41		$2.06	
9850	Earnings per share - diluted (in NTD)		$0.41		$2.05	

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

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	-	-	-	-	-	-	-	-	-	-	[illegible]	[illegible]	-	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]														
[illegible]	[illegible]				19,976		[illegible]								-
[illegible]	[illegible]					2,853	[illegible]				-				-
[illegible]	[illegible]						[illegible]				[illegible]				[illegible]
[illegible]	[illegible]						[illegible]				[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]						[illegible]	(89)	[illegible]		[illegible]				[illegible]
[illegible]	[illegible]	-	-	-	-	-	[illegible]	(89)	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]											[illegible]	[illegible]	[illegible]	-
[illegible]	[illegible]		[illegible]	[illegible]							283,729				[illegible]
[illegible]	[illegible]	[illegible]	[illegible]								-				-
[illegible]	[illegible]			[illegible]							(1,656)			[illegible]	[illegible]
[illegible]	[illegible]						(1,016)		1,016		-				-
	[illegible]														
[illegible]	[illegible]											[illegible]	[illegible]		[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	[illegible]														
[illegible]	[illegible]				[illegible]		[illegible]				-				-
[illegible]	[illegible]					244	[illegible]				-				-
[illegible]	[illegible]						[illegible]				[illegible]				[illegible]
[illegible]	[illegible]			[illegible]							[illegible]				[illegible]
[illegible]	[illegible]						[illegible]				[illegible]			[illegible]	[illegible]
[illegible]	[illegible]						[illegible]	[illegible]	[illegible]		[illegible]			[illegible]	[illegible]
[illegible]	[illegible]						[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		-	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	[illegible]							[illegible]				[illegible]
[illegible]	[illegible]	[illegible]	[illegible]								-				-
[illegible]	[illegible]			[illegible]			(10,723)				(21,101)			[illegible]	[illegible]
	[illegible]														
[illegible]	[illegible]			[illegible]							9,065			[illegible]	[illegible]
[illegible]	[illegible]										-			[illegible]	[illegible]
[illegible]	[illegible]						(2,896)		2,896		-				-
	[illegible]														
[illegible]	[illegible]			[illegible]							[illegible]				(395)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

English Translation of Financial Statements Originally Issued in Chinese

[illegible] and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022	2021
AAAA	Cash flows from operating activities		
[illegible]	Net income before tax	[illegible]	[illegible]
[illegible]	Adjustments		
[illegible]	Profit or loss not affecting cash flows		
[illegible]	Depreciation expenses and other items	[illegible]	[illegible]
[illegible]	Amortization	[illegible]	[illegible]
[illegible]	Expected credit losses	[illegible]	[illegible]
[illegible]	Net loss (gain) on financial assets at fair value through profit or loss	[illegible]	[illegible]
[illegible]	Interest expense	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	-
[illegible]	Interest income	[illegible]	[illegible]
[illegible]	Dividend income	[illegible]	[illegible]
[illegible]	Share of profit of associates and joint ventures	[illegible]	[illegible]
[illegible]	Loss (gain) on disposal of property, plant and equipment	[illegible]	[illegible]
[illegible]	Loss on disposal of intangible assets	[illegible]	
[illegible]	Gain on disposal of investments	[illegible]	[illegible]
[illegible]	Impairment loss on non-financial assets	[illegible]	-
[illegible]	Other adjustments - [illegible]	[illegible]	-
[illegible]	Changes in operating assets and liabilities		
[illegible]	Decrease (increase) in financial assets at fair value through profit or loss	[illegible]	[illegible]
[illegible]	Decrease (increase) in notes receivable	[illegible]	[illegible]
[illegible]	Decrease (increase) in notes receivable - related parties	[illegible]	[illegible]
[illegible]	Decrease (increase) in accounts receivable	[illegible]	[illegible]
[illegible]	Decrease (increase) in accounts receivable - related parties	[illegible]	[illegible]
[illegible]	Decrease (increase) in inventories	[illegible]	[illegible]
[illegible]	Decrease (increase) in prepayments	[illegible]	[illegible]
[illegible]	Adjustments for decrease (increase) in other current assets	[illegible]	[illegible]
[illegible]	Adjustments for decrease (increase) in other non-current assets	[illegible]	-
[illegible]	Increase (decrease) in contract liabilities	[illegible]	[illegible]
[illegible]	Increase (decrease) in accounts payable	[illegible]	[illegible]
[illegible]	Increase (decrease) in accounts payable - related parties	[illegible]	[illegible]
[illegible]	Increase (decrease) in other payable	[illegible]	[illegible]
[illegible]	Increase (decrease) in other payable - related parties	[illegible]	[illegible]
[illegible]	Adjustments for increase (decrease) in other current liabilities	[illegible]	[illegible]
[illegible]	Decrease in net defined benefit liabilities	[illegible]	[illegible]
[illegible]	Increase (decrease) in other non-current liabilities	[illegible]	-
[illegible]	Cash generated from operations	[illegible]	[illegible]
[illegible]	Interest received	[illegible]	[illegible]
[illegible]	Dividends received	[illegible]	[illegible]
[illegible]	Interest paid	[illegible]	[illegible]
[illegible]	Income tax paid	[illegible]	[illegible]
AAAA	Net cash provided by (used in) operating activities	[illegible]	[illegible]

Code	Item	2022	2021
BBBB	Cash flows from investing activities		
[illegible]	Acquisition of financial assets at fair value through other comprehensive income	-	[illegible]
[illegible]	Proceeds from disposal of financial assets at fair value through other comprehensive income	[illegible]	[illegible]
[illegible]	Acquisition of financial assets measured at amortized cost	-	[illegible]
[illegible]	Proceeds from disposal of financial assets measured at amortized cost	[illegible]	-
[illegible]	Acquisition of investments accounted for using equity method		[illegible]
[illegible]	Net cash flow on acquisition of subsidiaries	[illegible]	
[illegible]	Acquisition of property, plant and equipment	[illegible]	[illegible]
[illegible]	Proceeds from disposal of property, plant and equipment	[illegible]	-
[illegible]	Increase in refundable deposits	[illegible]	[illegible]
[illegible]	Acquisition of intangible assets	[illegible]	-
[illegible]	Decrease in other receivables - related parties	[illegible]	[illegible]
BBBB	Net cash provided by (used in) investing activities	[illegible]	[illegible]
CCCC	Cash flows from financing activities		
[illegible]	(Repayments of) proceeds from short-term loans	[illegible]	[illegible]
[illegible]	Proceeds from long-term loans	[illegible]	-
[illegible]	Repayments of long-term loans	[illegible]	-
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Repayments of lease liabilities	[illegible]	[illegible]
[illegible]	Proceeds from exercise of [illegible]	[illegible]	-
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Cash dividends paid	[illegible]	[illegible]
[illegible]	Changes in non-controlling interests	[illegible]	[illegible]
CCCC	Net cash provided by (used in) financing activities	[illegible]	[illegible]
DDDD	Effect of exchange rate changes on cash and cash equivalents	[illegible]	
EEEE	Net increase (decrease) in cash and cash equivalents	[illegible]	[illegible]
[illegible]	Cash and cash equivalents at beginning of period	[illegible]	[illegible]
[illegible]	Cash and cash equivalents at end of period	[illegible]	[illegible]

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 have been approved on 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 March 13, 2023.

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, 2022. 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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, 2023. The Group assesses all standards and interpretations have no material impact on the Group

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

(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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non – current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(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) 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.

(d) 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

(e) 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.

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 SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 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.

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

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.

The consolidated entities are listed as follows.

			Percentage of Ownership (%) As of December 31,		
Investor	Subsidiary	Main business	2022	2021	Note
The Company	Newrit Asset Co., Ltd.	Leasing business	96.33%	64.94%	Note 1
The Company	Cashido Corporation	Manufacturing and sales of micro bubble systems	-%	78.66%	Note 2 Note 3
The Company	Ritwin Corporation	Electronic components manufacturing industry	89.53%	94.12%	Note 4 Note 5 Note 6
The Company	Welltech Energy Inc.	Manufacturing and sales of battery, electronic components	66.23%	20.89%	Note 7 Note 8 Note 9 Note 10
Welltech Energy Inc.	Newrit Asset Co., Ltd.	Leasing business	1.83%	-%	Note 9
Welltech Energy Inc.	Saintop Group Co., Ltd.	Investment activities	100%	-%	Note 9

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

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31, 2022	2021	Note
Welltech Energy Inc.	Formosa Fortune Holding Limited	Investment activities	100%	-%	Note 9
Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co., Ltd.	Designing and assembling of lithium battery, manufacturing and selling of battery module- component	18.19%	-%	Note 9
Saintop Group Co., Ltd.	Hi-Tech Eenergy Limited	Investment activities	100%	-%	Note 9
Hi-Tech Eenergy Limited	Techcharm Electronics (Shanghai) Co., Ltd.	Investment activities	100%	-%	Note 9
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%	-%	Note 9
Formosa Fortune Holding Limited	Global Resources Channel Co., Ltd	Investment activities	100%	-%	Note 9
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%	-%	Note 9

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

			Percentage of Ownership (%), As of December 31,		
Investor	Subsidiary	Main business	2022	2021	Note
Ritwin Corporation	Cashido Corporation	Manufacturing and sales of micro bubble systems	100%	-%	Note 6

Note 1: In May 2021 and January 2022, Newrit Asset Co., Ltd., a subsidiary of the Company, decided to issue new shares. The Company only participated in the cash capital increase of Newrit Asset Co., Ltd. in January 2022. The ownership interest was 96.33% and 64.94% as of December 31 2022 and 2021, respectively.

Note 2: The Company reinvested Cashido Corporation NT$8,775 thousand for 726 thousand shares between August to October, 2022. The ownership interest increased form 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 Enterprise Mergers and Acquisitions Law" 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: Because of the intra-group reorganization, the Company participated in the capital increase of Ritwin Corporation in July 2021 and obtained 9,412 thousand shares with an ownership interest of 94.12%, which was reorganization under commom control. In compliance with the "Comment on IFRS" and Interpretation 100-301 issued by the Accounting Research and Development Foundation, the Company restated the comparative period's consolidated financial statement as if the entity had always been consolidated since the beginning.

Note 5: On July 22, 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 6: On July 5, 2023, 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 Enterprise Mergers and Acquisitions Law". 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 7: In March 2021, the Company reinvested Welltech Energy Inc. with NT$99,994 thousand, obtained 8,104 thousand shares in total and the ownership interest was increased form 5.86% to 21.39%. The recognized method of the investment to Welltech Energy Inc. has been changed from at fair value through profit or loss into investment recognized uder equity method, in the meanwhile, the Company wasb recognized gain on disposal of investments NT$7,777 thousand.

Note 8: The ownership interest of the Company decreased to 20.89%, because Welltech Energy Inc., a subsidiary of the Company, executed employee stock option on March 31, 2021.

Note 9: 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 form 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 10: 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%.

(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 comprises 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 represents 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 affects 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 asset's residual values, useful lives and methods of depreciation 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, maximising 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 carring 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 thefuture salary etc. Please refer to Note 6 for more details.

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 at December 31, 2022

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

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash on hand	$913	$1,606
Demand/Checking deposits	322,127	495,174
Time deposits	230,771	141,000
Investments in bonds with resale agreements	-	50,000
Total	$553,811	$687,780

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

	As of December 31,	
	2022	2021
Measured at fair value through profit or loss:		
Listed companies stocks	$120,343	$116,947
Valuation adjustment	(31,201)	(640)
Subtotal	89,142	116,307
Embedded derivatives-Non-current	-	169
Total	$89,142	$116,476
Current	$89,142	$116,307
Non-current	-	169
Total	$89,142	$116,476

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

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

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

	As of December 31,	
	2022	2021
Equity instruments investments measured at fair value through other comprehensive income-Current:		
Unlisted company stocks	$53,588	$59,325
Valuation adjustment	(4,014)	(5,251)
Total	$49,574	$54,074
Current	$49,574	$54,074
Non-current	-	-
Total	$49,574	$54,074

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follow:

	For the year ended December 31,	
	2022	2021
Related to investments held at the end of the reporting period	$-	$363
Related to investments derecognized during the period	-	47
Dividends recognized during the period	$-	$410

(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, 2022 and 2021 are as follow:

	For the year ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	$2,841	$3,324
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$(2,896)	$(1,016)

(4) Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Restricted demand deposits	$8,526	$8,057
Time deposits over 3 months	42,532	28,581
Restricted time deposits	12,646	25,664
Total	$63,704	$62,302
Current	$55,005	$28,581
Non-current	8,699	33,721
Total	$63,704	$62,302

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,	
	2022	2021
Accounts receivable	$761,141	$305,490
Less: loss allowance	(14,135)	(11,260)
Subtotal	747,006	294,230
Accounts receivable-related parties	20,079	170,904
Less: loss allowance	-	-
Subtotal	20,079	170,904
Total	$767,085	$465,134

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of December 31, 2022 and 2021 are NT$781,220 thousand and NT$476,394 thousand, respectively. Please refer to Note 6(24) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. 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-related parties, net

In December 31, 2022 and 2021, the Group leased machinery and equipment through financial leasing, the adjustments are listed below:

	As of December 31,			
	2022		2021	
	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	$2,664	$2,497	$2,664	$2,458
More than one year but less than five years	9,324	9,061	11,988	11,559
More than five years	-	-	-	-
Total	11,988	$11,558	14,652	$14,017
Less: Unearned finance income	(430)		(635)	
Present value of receivable on minimum lease payments	$11,558		$14,017	

	2022	2021
Current	$2,497	$2,458
Non-current	9,061	11,559
Total	$11,558	$14,017

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, 2022 and 2021. 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,	
	2022	2021
Merchandise inventory	$25,560	$95
Finished goods	173,041	20,077
Semi-finished goods and Work in process	71,324	22,615
Raw materials	431,110	85,132
Total	$701,035	$127,919

For the years ended December 31, 2022 and 2021, the Group recognized NT$2,274,955 thousand and NT$1,801,494 thousand under the caption of costs of sale, respectively. The following items were also included in cost.

	For the year ended December 31,	
	2022	2021
Loss (gain) from inventory market decline	$(5,726)	$1,766
Loss from inventory write-off obselencense	2,715	2,589
Loss (gain) from physical	64	(6)
Total	$(2,947)	$4,349

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,	
	2022	2021
Luminit Automotive Technology Corporation	$35,665	$-

In October 2022, the Group authorized the chairman of the company to dispose 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)

(9) Investments accounted for under equity method

	As of December 31,			
	2022		2021	
Investee Companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
Pynext Corporation	$3,447	4.31%	$3,447	4.31%
Luminit Automotive Technology Corporation	-	-%	27,966	31.03%
Welltech Energy Inc.	-	-%	$144,093	20.89%
Accumulated impairment	(3,447)		(3,447)	
Total	$-		$172,059	

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 year ended December 31,	
	2022	2021
Profit (loss) in current period	$13,704	$7,135
Other comprehensive income (net of tax)	85	(85)
Total comprehensive income	$13,789	$7,050

The Group's investments accounted for under equity method were based on audited financial statements.

In October 2022, the Group authorized the chairman of the company to dispose Luminit Automotive Technology Corporation share project, as a result, it was classified as non-current assets to be sold.

The Group reinvested NT$99,994 thousand in Welltech Energy Inc. in March 2021 and acquired 8,104 thousand shares in total. The interest ownership increased from 5.86% to 21.39%. The investment of the company was reclassified from financial assets measured at fair value through profit or loss to investments accounted for under the equity method. Gain on disposal of investments of NT$7,777 thousand was recognized.

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

On March 31, 2021, Welltech Energy Inc. executed the conversion of employee stock options, and the Group's interest ownership was decreased to 20.89%.

In March 2022, the Group reinvested the Welltech Energy Inc 4,164 thousand shares with NT$62,465 thousand and the ownership interest was increased form 20.89% to 31.63%. On April 1, 2022, the Company obtained 7,172 thousand shares with NT$107,580 thousand and the ownership interest was increased from 31.63% to 50.12%. Because of the aforementioned, the Company was indirectly holding the subsidiaries and the second-tier subsidiaries of Welltech Energy Inc. as well as acquiring more than half of board seats. As a result, the Company obtained the control of the Welltech Energy Inc. and regarded it as a consolidated entity since the day. In the meanwhile, the Group recognized gain on disposal of investments NT$ 538 thousand.

The associated had no contingent liabilities or capital commitments and were not pledged as collateral as of December 31, 2022 and 2021, respectively.

(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, 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
As of Jan. 1, 2021	$471,901	$2,052,773	$4,842,555	$181,013	$7,548,242
Additions	-	-	6,654	1,880	8,534
Transfers	-	(40,673)	-	-	(40,673)
As of Dec. 31, 2021	$471,901	$2,012,100	$4,849,209	$182,893	$7,516,103

(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, 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
As of Jan. 1, 2021	$-	$1,537,492	$4,243,902	$177,919	$5,959,313
Depreciation	-	18,736	80,556	2,303	101,595
Transfers	-	(30,385)	-	-	(30,385)
As of Dec. 31, 2021	$-	$1,525,843	$4,324,458	$180,222	$6,030,523
Net carrying amount:					
As of Dec. 31, 2022	$867,901	$801,823	$516,350	$24,104	$2,210,178
As of Dec. 31, 2021	$471,901	$486,257	$524,751	$2,671	$1,485,580

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, 2022	$963,597
Transfers from property, plant and equipment	77,405
As of December 31, 2022	$1,041,002
As of January 1, 2021	$922,924
Transfers from property, plant and equipment	40,673
As of December 31, 2021	$963,597
Depreciation and impairment:	
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
As of January 1, 2021	$689,465
Depreciation	9,017
Transfers from property, plant and equipment	30,385
As of December 31, 2021	$728,867
Net carrying amount:	
As of December 31, 2022	$243,844
As of December 31, 2021	$234,730

	For the year ended December 31,	
	2022	2021
Rental income from investment property	$78,062	$67,605
Less: Direct operating expenses from investment property generating rental income	(9,510)	(9,017)
Total	$68,552	$58,588

Please refer to Note 8 for more details on investment property under pledge.

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

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 both NT$279,484 thousand as of December 31, 2022 and 2021, 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, 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
Jan. 1, ~ Dec. 31, 2021	$501,091	$835	$-	$-	$501,926
Amortization and Impairment:					
As of Jan. 1, 2022	$492,493	$494	$-	$-	$492,987
Amortization	8,118	89	-	897	9,104
Acquisition through business combination	-	-	-	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

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

	Patents	Trademark rights	Goodwill	Computer	Total
As of Jan. 1, 2021	$473,209	$320	$-	$-	$473,529
Amortization	19,284	174	-	-	19,458
As of Dec. 31, 2021	$492,493	$494	$-	$-	$492,987
Net carrying amount					
As of Dec. 31, 2022	$480	$252	$97,590	$1,373	$99,695
As of Dec. 31, 2021	$8,598	$341	$-	$-	$8,939

Amounts of amortization recognized for intangible assets are as follow:

	For the year ended December 31,	
	2022	2021
Operating costs	$162	$-
Operating expenses	8,942	19,458
Total	$9,104	$19,458

(13) Other non-current assets

	As of December 31,	
	2022	2021
Prepayment in equipment	$13,829	$18,545
Prepayment in land	-	121,200
Refundable deposits	2,120	1,055
Total	$15,949	$140,800

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

(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,	
	2022	2021
Subsidiary-Welltech Energy Inc.	$97,590	$-

(a) On December 31, 2022, the recoverable amount of cash generating units of the Welltech Energy Inc. was NT$694,991 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 extrapolated 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.

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

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.

(15) Short-term loans

	As of December 31,	
	2022	2021
Bank loans	$500,000	$531,700
Interest rate range (%)	0.90%~4.86%	0.90% ~ 2.45%

As of December 31, 2022 and 2021, the lines of unused short-term loans credit for the Group amounted to NT$970,000 thousand and NT$280,800 thousand, respectively.

Assets were not pledged for the short-term loans.

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

(16) Financial liabilities at fair value through profit or loss

	As of December 31,	
	2022	2021
Financial liabilities at fair value through profit or loss		
Embedded derivatives-Non-current	$15,229	$-

The Group's embedded derivatives (issuer redeemable and holder sellable options) related to bonds payable which amounted to NT$(15,229) thousand and NT$169 thousand and were recognized as non-current financial liabilities at fair value through profit or loss and non-current financial assets at fair value through profit or loss as of December 31, 2022 and 2021, respectively.

(17) Bonds payable

A. Details of bonds payable:

	As of December 31,	
	2022	2021
Liability component:		
Principal amount	$578,700	$56,200
Discounts on bonds payable	(37,370)	(1,907)
Subtotal	541,330	54,293
Less: current portion	(6,127)	-
Net	$535,203	$54,293
Embedded derivative financial instruments	$(15,229)	$169
Equity component-conversion rights	$38,392	$2,709

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

(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

(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.

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.

In addition, the conversion amount of the Company's first unsecured convertible bonds was amounted to NT$334,200 thousand and NT$293,700 thousand, respectively.

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

(18) Long term loans

	As of December 31, 2022	As of December 31, 2021
Syndicated loans	$900,000	$260,000
Bank loans	37,154	168,628
Subtotal	937,154	428,628
Less: arrangement fee	(3,511)	(551)
Less: current portion	(220,487)	(239,245)
Net	$713,156	$188,832
Interest Rate (%)	1.425%~2.151%	1.450%~1.930%

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 financial reports of the year (half year) audited (reviewed) by the independent auditors. The financial ratio as of December 31, 2021 was satisfactory to the regulations of syndicated loan contract granted by preceding united banking group.

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 maintain 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 financial ratio as of December 31, 2022, was satisfactory to the regulations of syndicated loan contract granted by preceding united banking group.

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, 2022 and 2021 were NT$14,410 thousand and NT$11,207 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT$3,396 thousand and NT$3,611 thousand for the years ended December 31, 2022, and 2021, respectively.

Reversal of pension expenses recognized for the executives commissioned by the Group amounted to NT$(12,897) thousand and NT$0 thousand for the years ended December 31, 2022, and 2021, 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.

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, 2022.

As of December 31, 2022 and 2021, the maturities of the Company's defined benefit plan were both expected in 2032 and 2031, respectively.

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Pension costs recognized in profit or loss was as follows:

	For the year ended December 31,	
	2022	2021
Current period service costs	$331	$214
Net interest expense (income)	(247)	(149)
Total	$84	$65

Reconciliation in the defined benefit obligation and fair value of plan assets were as follows:

	As of December 31,	
	2022	2021
Defined benefit obligation	$44,814	$54,218
Plan assets at fair value	(44,680)	(40,576)
Other non-current liabilities – net defined benefit liability	$134	$13,642

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, 2021	$56,275	$(39,078)	$17,197
Current period service costs	214	-	214
Net interest expense (income)	-	(149)	(149)
Subtotal	214	(149)	65
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	176	-	176
Actuarial gains and losses arising from changes in financial assumptions	(1,761)	-	(1,761)
Experience adjustments	(686)	-	(686)
Re-measurement on defined benefit assets	-	(555)	(555)

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Subtotal	(2,271)	(555)	(2,826)
Payment from the plan	-	(794)	(794)
As of December 31, 2021	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

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.39%	0.61%
Expected rate of salary increases	3.00%	3.00%

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Sensitivity analysis:

	For the year ended December 31,			
	2022		2021	
	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%	$-	$(2,609)	$-	$(3,583)
Discount rate decreased 0.5%	2,863	-	3,951	-
Expected salary increased 0.5%	2,802	-	3,836	-
Expected salary decreased 0.5%	-	(2,582)	-	(3,520)

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, 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
Current	$-
Non-Current	7,194
Total	$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, 2022 and 2021, the Company's authorized capital were NT$10,000,000 thousand, and paid-in capital were NT$746,517 thousand and NT$680,090 thousand, each share at par value of NT$10, divided into 74,652 thousand and 68,009 thousand shares. Each share except treasury stock has one voting right and a right to receive dividends.

For the year ended December 31, 2021, the unsecured convertible bonds in amount of NT$293,700 thousand was applied to convert into common stock NT$61,662 thousand, divided into 6,166 thousand shares, each share at par value of NT$10. However, 5,789 thousand shares of convertible bonds which did not convert into common shares yet, were recognized as bond conversion entitlement certificates as of December 31, 2021

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.

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B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	$814,399	$781,940
Treasury stock trade	1,617	-
Share of changes in net assets of associates and joint ventures accounted for using equity method	-	1,311
Expired employee stock option	4,737	4,462
Conversion right	38,392	2,709
Total	$859,145	$790,422

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, 2022 and 2021.

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

The movement schedule of treasury stock for the year ended December 31, 2021 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2021				
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.

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 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 2022 and 2021 were approved through the Board of Directors' meetings and shareholders' meetings held on March 13, 2023 and June 23, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2022	2021	2022	2021
Legal reserve	$2,910	$19,397		
Special reserve	(579)	244		
Cash dividend	110,478	147,695	$1.5000	$2.0053

Please refer to Note 6(26) for details on employees' compensation and remuneration to directors and supervisors.

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E. Non-controlling interests

	For the year ended December 31,	
	2022	2021
Beginning balance	$50,928	$29,063
Net gain attributable to NCIs	19,406	1,140
Acquisiton of shares issued by subsidiaries	(81,439)	-
Failure to subscribe for new shares issued by the subsidiary with capital increase in proportion to shareholding	15,667	14,952
Increase in non-controlling interests-reorganization	-	5,773
Change in non-controlling interests-obtained the control of the Welltech Energy Inc.	222,116	-
Change in non-controlling interests	(14,847)	-
Cash dividend by subsidiaries	(12,196)	-
Other comprehensive income in non-controlling interests:		
Exchange differences on translation	(641)	-
Total	$198,994	$50,928

(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.

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

(B) The following table contains further details on the aforementioned share-based payment plan:

	2022		2021	
	Number of share options outstanding	Weighted average exercise price of share options (NT$)	Number of share options outstanding	Weighted average exercise price of share options (NT$)
Outsanding at beginning of period	1,422	$10	1,445	$10
Grand	-	-	876	10
Exercised	-	-	(899)	10
Forfeited	(1,127)	10	-	-
Outstanding at end of period	295	$10	1,422	$10
Exercisable at end of period	295		546	
Weighted average fair value of the share option given in the period		$-		$10

(C) The information of the outstanding share options of the aforementioned share-based payment plan as of December 31, 2022 and 2021 was listed in the table below :

	Range of exercise price	Weighted average remaining contractual life (Year)
2022.12.31		
Given on July 7, 2020	NT$10	2 years
Given on March 22, 2021	NT$10	2 years
2021.12.31		
Given on July 7, 2020	NT$10	3 years
Given on March 22, 2021	NT$10	3 years

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

(D) The expense recognized for employee services received during the years ended December 31, 2022 and 2021, is shown in the following table:

	2022	2021
Total expense arising from equity-settled share-based payment transactions	(Note)	(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 ontaining control. Therefore, the expenses incurred before gaining control would not disclose.

(23) Operating revenue

	For the year ended December 31,	
	2022	2021
Revenue from customer contracts		
Sales of goods	$2,703,687	$2,216,647
Other operating revenue	9,863	9,228
Total	$2,713,550	$2,225,875

Analysis of revenue from contracts with customers during the year ended December 31, 2022 and 2021 is as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
	Single department	Single department
Sales of goods	$2,703,687	$2,216,647
Others	9,863	9,228
Total	$2,713,550	$2,225,875
The timing for revenue recognition:		
At a point of time	$2,713,550	$2,225,875

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

B. Contract balances

(a) Contract liabilities – current

	As of December 31,	
	2022	2021
Sales of goods	$33,019	$20,397

The changes in the Group's balances of contract liabilities for the years ended December 31, 2022 and 2021 were as follows:

	For the year ended December 31,	
	2022	2021
The opening balance transferred to revenue	$(20,397)	$(59,137)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	33,019	20,397

C. Assets recognized from costs to fulfill a contract

None.

(24) Expected credit losses/(gains)

	For the year ended December 31,	
	2022	2021
Operating expenses – Expected credit losses		
Accounts receivable	$2,626	$5,721
Other receivables	600	-
Subtotal	3,226	$5,721
Non-operating revenue and expense – Expected credit losses		
Other current assets	4,166	-
Subtotal	4,166	-
Total	$7,392	$5,721

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

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, 2022 and 2021 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, 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

As of December 31, 2021

		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	$444,324	$25,814	$7,886	$52	$2,276	$-	$10,059	$490,411
Loss ratio	-%	-%	11%	100%	13%	-%	100%	
Lifetime expected credit losses	-	-	(856)	(52)	(293)	-	(10,059)	(11,260)
Carrying amount of accounts receivable	$444,324	$25,814	$7,030	$-	$1,983	$-	$-	$479,151

Note: The Group's financing lease payments receivable were not overdue.

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

B. The movement in the provision for impairment of account receivable and financing lease payments receivable during the years ended December 31, 2021 and 2020 were as follows:

	Accounts receivable	Financing lease payments receivable	Other receivables
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
Beginning balance as of January 1, 2021	$5,539	$-	$-
Addition for the current period	5,721	-	-
Ending balance as of December 31, 2021	$11,260	$-	$-

(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.

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

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,	
	2022	2021
Land	$43,488	$-

The right-of-use asset of the Group increased NT$46,831 thousand and NT$0 on December 31, 2022 and 2021, respectively.

ii.Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	$-	$-
Current	$-	$-
Non-current	$-	$-

Please refer to Note 6.27(4) financial expenses for detailed information on interest expenses related to lease liabilities of the Group on December 31, 2022 and 2021.

(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 year ended December 31,	
	2022	2021
Land	$1,014	$-
Buildings	939	-
Total	$1,953	$-

(c) Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expense relating to short-term leases	$3,252	$4,469

(d) Cash outflow relating to leasing activities

	For the year ended December 31,	
	2022	2021
Cash outflow for leases	$4,198	$4,469

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 year ended December 31,	
	2022	2021
Lease income recognized under operating leases		
Income relating to fixed lease payments	$86,167	$79,885
Lease income recognized under finance leases		
Finance income on the net investment in the lease	572	245
Total	$86,739	$80,130

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, 2022 and 2021 were as follows:

	As of December 31,	
	2022	2021
Less than one year	$77,495	$66,707
More than one year but less than five years	223,237	197,918
More than five years	29,047	65,606
Total	$329,779	$330,231

For finance leases entered by the Group, the undiscounted lease payments to be received and a total amount for the remaining years as of December 31, 2022 and 2021, please refer to Note 6(6).

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

(26) Summary statement of employee benefits, depreciation and amortization by function:

Function / Nature	For the year ended December 31,					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit						
Salaries & wages	$112,932	$157,470	$270,402	$137,207	$119,644	$256,851
Labor and health insurance	14,068	10,627	24,695	15,443	7,318	22,761
Pension	8,583	9,307	17,890	7,391	7,492	14,883
Other employee benefit	6,722	5,148	11,870	5,484	3,214	8,698
Depreciation(Note)	115,097	21,092	136,189	95,756	14,856	110,612
Amortization	162	8,942	9,104	-	19,458	19,458

Note: Including recognized as other gains and losses.

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.

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. And employees' compensation and remuneration to directors for the year ended December 31, 2021 amounted to NT$9,020 thousand (3.50%) and NT$3,866 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' remuneration, 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.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT$9,020 thousand and NT$3,866 thousand, respectively, in a meeting held on March 21, 2022. 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, 2021.

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 year ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$4,980	$2,005
Interest on financial lease	572	245
Rental income	86,167	79,885
Other income	24,564	26,597
Dividend income	4,984	3,046
Total	$121,267	$111,778

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

B. Other gains and losses

	For the year ended December 31,	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	$(5,233)	$2,533
Loss on disposal of intangible assets	(67)	-
Gain on disposal of investments	4,822	16,877
Foreign exchange gain (loss), net	30,527	(9,330)
Impairment loss－property, plant and equipment	(6,541)	-
Net gain (loss) on financial assets/liabilities at fair value through profit or loss	(42,656)	2,526
Gain on lease modification	3	-
Net loss arising from derecognition of financial liabilities measured at amortised cost	(188)	-
Other losses	(43,358)	(12,144)
Total	$(62,691)	$462

C. Finance costs

	For the year ended December 31,	
	2022	2021
Interest on bank loans	$30,209	$10,680
Interest on bonds payable	9,174	7,263
Interest on lease liabilities	3	-
Imputed interest on deposit	156	144
Total	$39,542	$18,087

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

(28) Components of other comprehensive income

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)
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

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

For the year ended December 31, 2021

	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	$2,826	$-	$2,826	$-	$2,826
Unrealized gain (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,175)	-	(1,175)	-	(1,175)
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:					
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	(89)	-	(89)	-	(89)
Total	$1,566	$-	$1,566	$-	$1,566

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

(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 year ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax expense	$10,062	$5,074
Adjustments in respect of current income tax of prior periods	881	(698)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	13,441	(3,074)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	9,345	79,514
Deferred tax expense arising from write-down or reversal of deferred tax assets	36,958	(24,155)
Total income tax expense	$70,687	$56,661

(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 year ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$120,012	$250,339
Tax payable at the enacted tax rates	$24,003	$52,953
Tax effect of expenses not deductible for tax purposes	8,320	183
Tax effect of deferred tax assets/liabilities	36,958	11,627
Surtax on undistributed earnings	2,248	12
Adjustment in respect of current income tax of prior periods	881	(698)
Other adjustments according to the Tax Law	(1,723)	(7,416)
Total income tax recognized in profit or loss	$70,687	$56,661

(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, 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					
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
Portionate loss of subsidiaries under equity method	-	18,699	2,837	-	21,536
Unrealized intragroup profits and losses	-	708	685	-	1,393
Provision	-	94	-	-	94
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)

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

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized exchange loss (gain)	$(493)	$1,225	$-	$732
Unrealiized loss on inventory valuation	2,920	520	-	3,440
Expected credit losses	350	1,144	-	1,494
Unrealized intragroup profits and losses	507	(507)	-	-
Unrealized loss on disposal of investments	2,033	-	-	2,033
Impairment loss on property, plant and equipment	2,035	(199)	-	1,836
Net defined benefit asset	5,368	692	-	6,060
Unused tax losses	267,695	(55,160)	-	212,535
Deferred tax(expense)/ income		$(52,285)	$-	
Net deferred tax assets/(liabilities)	$280,415			$228,130
Reflected in balance sheet as follows:				
Deferred tax assets	$280,908			$228,130
Deferred tax liabilities	$(493)			$-

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

Unused tax loss information of the Group was summarized as below:

Occurrence year	Accumulated net operating losses	Unused balance As of December 31, 2022	Unused balance As of December 31, 2021	Expiration Year
2012	$253,106	$-	$245,887	2022
2013	585,684	519,724	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	61	2031
2022(Expected)	29,596	29,596	-	2032
Total	$1,446,294	$1,025,868	$1,208,189	

Unrecognized deferred income tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amounted to NT$63,297 thousand and NT$30,548 thousand, respectively.

B. The assessment of income tax returns

As of December 31, 2022, 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 2020
Subsidiary-Cashido Corporation	Assessed and approved up to 2020
Subsidiary-Newrit Asset Co.,Ltd	Assessed and approved up to 2020
Subsidiary-Ritwin Corporation	Assessed and approved up to 2019
Subsidiary-Welltech Energy Inc	Assessed and approved up to 2020

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

(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 year ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Parent	$29,919	$192,160
Weighted average number of common stocks outstanding (in thousand shares)	73,585	67,210
Basic earnings per share (in NT$)	$0.41	$2.86

B.Diluted earnings per share

	For the year ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Parent	$29,919	$192,160
Interest expense on convertible bonds	(Note)	7,263
Valuation adjustment of financial liabilities at fair value through profit or loss	(Note)	(174)
Net income attributable to common shareholders of the Parent after dilution	$29,919	$199,249

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

	For the year ended December 31,	
	2022	2021
Weighted average number of common stocks outstanding for basic earnings per share (in thousand shares)	73,585	67,210
Effect of dilution:		
Employees' compensation - stock (in thousand shares)	118	144
Convertible bonds (in thousand shares)	(Note)	6,773
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,703	74,127
Diluted earnings per share (NT$)	$0.41	$2.69

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, 2022	As of December 31, 2021
Cashido Corporation	Taiwan	-%	21.34%
Newrri Asset Co., Ltd.	Taiwan	1.84%	35.06%
Ritwin Corporation	Taiwan	10.47%	5.88%
Welltech Energy Inc.	Taiwan	33.77%	-%

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

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2022	2021
Cashido Corporation	$-	$14,186
Newrit Asset Co., Ltd.	15,038	30,095
Ritwin Corporation	27,327	6,647
Welltech Energy Inc.	156,629	-
Total	$198,994	$50,928

Profit (loss) allocated to material non-controlling interest:

	For the year ended December 31,	
	2022	2021
Cashido Corporation	$(2,937)	$32
Newrit Asset Co., Ltd.	213	236
Ritwin Corporation	1,573	872
Welltech Energy Inc.	20,557	-
Total	$19,406	$1,140

The summarized financial information of the subsidiaries was provided below. This information was based on amounts before inter-company eliminations.

Summarized Cashido Corporation information of profit or loss was as follows:

	For the year ended December 31,	
	2022	2021
Operating revenue	$41,835	$94,798
Profit (loss) from continuing operation	(24,505)	147
Total comprehensive income for the period	(24,505)	147

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

Summarized Newrit Asset Co., Ltd. information of profit or loss was as follows:

	For the year ended December 31,	
	2022	2021
Operating revenue	$28,129	$764
Profit from continuing operation	6,150	719
Total comprehensive income for the period	6,150	719

Summarized Ritwin Corporation information of profit or loss was as follows:

	For the year ended December 31,	
	2022	2021
Operating revenue	$766,897	$520,430
Profit from continuing operation	23,810	15,224
Total comprehensive income for the period	23,810	15,224

Summarized Welltech Energy Inc. information of profit or loss was as follows:

	From April 1, 2022 to December 31, 2022	For the year ended December 31, 2021
Operating revenue	$915,995	N/A
Profit from continuing operation	43,256	N/A
Total comprehensive income for the period	42,023	N/A

Summarized Cashido Corporation information of financial position was as follows:

	As of December 31,	
	2022	2021
Current assets	$43,120	$78,138
Non-current assets	6,914	6,272
Current liabilities	8,062	17,933

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

Summarized Newrit Asset Co., Ltd. information of financial position was as follows:

	As of December 31,	
	2022	2021
Current assets	$67,073	$55,646
Non-current assets	864,988	168,444
Current liabilities	114,625	16,400
Non-current liabilities	146	1,851

Summarized Ritwin Corporation information of financial position was as follows:

	As of December 31,	
	2022	2021
Current assets	$664,710	$466,709
Non-current assets	55,400	13,937
Current liabilities	458,250	367,459
Non-current liabilities	816	150

Summarized Welltech Energy Inc. information of financial position was as follows:

	As of December 31,	
	2022	2021
Current assets	$794,881	N/A
Non-current assets	120,919	N/A
Current liabilities	444,735	N/A
Non-current liabilities	7,194	N/A

Summarized Cashido Corporation cash flows information was as follows:

	For the year ended December 31,	
	2022	2021
Operating activities	$(24,840)	$(4,912)
Investing activities	5,895	(2,975)
Financing activities	-	-
Net decrease in cash and cash equivalents	(18,945)	(7,887)

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

Summarized Newrit Asset Co., Ltd. cash flows information was as follows:

	For the year ended December 31,	
	2022	2021
Operating activities	$(1,653)	$2,362
Investing activities	(618,863)	(144,288)
Financing activities	603,309	134,858
Net decrease in cash and cash equivalents	(17,207)	(7,068)

Summarized Ritwin Corporation cash flows information was as follows:

	For the year ended December 31,	
	2022	2021
Operating activities	$(104,301)	$(307,618)
Investing activities	(5,611)	(14,033)
Financing activities	98,100	361,900
Net increase (decrease) in cash and cash equivalents	(11,812)	40,249

Summarized Wellitech Energy Inc. cash flows information was as follows:

	For the year ended December 31,	
	2022	2021
Operating activities	$27,136	N/A
Investing activities	69,034	N/A
Financing activities	(52,862)	N/A
Net increase in cash and cash equivalents	43,308	N/A

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

(32) Reorganization

Because of the intra-group reorganization, the Company participated in the capital increase of Ritwin Corporation in July 2021 and obtained 9,412 thousand shares with an ownership interest of 94.12%, which was reorganization under common control. The transaction was accounted for using the book value method, and the difference between the acquisition cost and the net equity of Ritwin Corporation was adjusted in capital surplus as below:

Book value for acquired ownership interest of 94.12%	$92,417
Acquisition cost	(94,120)
Difference was accounted for in the capital surplus	$(1,703)

Before acquiring an ownership interest of 94.12%, the balance of equity attributable to the former owner of business combination under common control amounting to $3,436 thousand has been eliminated upon completing the transactions above.

(33) 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.

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

(2) The fair value of identifiable assets and liabilities of the Welltech Energy Inc at the acquisition date were as follows:

	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

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

	Fair value at the acquisition date
Goodwill of the Welltech Energy Inc was as follow:	
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

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.

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

(34) 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 shreholders	$(8,775)
Increase (decrease) in non-controlling equity	7,644
Difference recognized in additional paid-in capital (or retain earning)	$(1,131)

(2) In September 2022, the Group acquired 6.07% voting shares of Wellteeh 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 Wellteeh Energy Inc. (original acquisition cost, excluding goodwill) was NT$448,049 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 shreholders	$(35,335)
Increase (decrease) in non-controlling equity	27,211
Difference recognized in additional paid-in capital (or retain earning)	$(8,124)

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(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)

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 receivement of the Group	$-
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 an decrease of its ownership to 89.14%. The net assets of Ritwin Corporation (original acquisition cost, excluding goodwill) was NT$123,206 thousand. The aforementioned transaction including a decrease in non-controlling interests was as follows.

Cash receivement of the Group	$24,732
Increase (decrease) in non-controlling equity	15,920
Difference recognized in additional paid-in capital (or retain earning)	$8,812

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) was NT$215,762 thousand and the related equity increase of Ritwin Corporation included a decrease in non-controlling interests was as follows:

Cash receivement of the Group	$-
Increase (decrease) in non-controlling equity	171
Difference recognized in additional paid-in capital (or retain earning)	$(171)

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 Kunlai Trade Co., Ltd.	Ultimate parent company's associate
Ricare Corporation	Ultimate parent company's associate
Ritek Foundation	The director of the Company was same
Luminit Automotive Technology Corporation	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

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

Related parties	Relationship
Profit Corporation	Ultimate parent company's associate
Conrexx Technology B.V.	Ultimate parent company's associate
Han-win Technology Co., Ltd.	The legal director of the Company was ultimate parent company's associate
Taiwan Truewin Technology Co., Ltd	Ultimate parent company's associate(Lost control in September, 2021)
Zhejiang Truewin Renewables Technology Co., Limited	Ultimate parent company's associate(Lost control in September, 2021)
Kunshan Proteck Corporation	Ultimate parent company's associate
Dollars Cultural & Creative Company Limited	Ultimate parent company's associate
Branch of U-tech Media Corporation	Ultimate parent company's associate
Ikari Coffee Co., Ltd.	Ultimate parent company's associate
JHEN JHUAN CO., LTD.	Ultimate parent company's associate
WELLDONE COMPANY	The legal director of Welltech Energy Inc.
Taiwan Digi-Com. (Note1)	Material related party of Welltech Energy Inc.

Note1. Taiwan Digi-Com. had renamed itself LifeLink Co., LTD since September 8, 2022.

Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2022	2021
Parent company	$10,784	$463,382
Other related parties	8,040	11,098
Associate	31	-
Total	$18,855	$474,480

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.

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

B. Purchases

	For the year ended December 31,	
	2022	2021
Parent company	$82	$69
Kunshan Hutek Co., Ltd.	218,358	279,352
Kunshan Kunlai Trade Co., Ltd.	541,864	350,027
Other related parties	14,164	43,275
Total	$774,468	$672,723

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,	
	2022	2021
Parent company	$11,565	$165,125
Other related parties	8,514	5,779
Total	20,079	170,904
Less: loss allowance	-	-
Total	$20,079	$170,904

D. Financing lease payments receivable-related parties (Current and Non-current)

	As of December 31,	
	2022	2021
Parent company	$11,988	$14,652
Less: unearned finance income	(430)	(635)
Total	$11,558	$14,017
Current	$2,497	$2,458
Non-current	$9,061	$11,559

(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. Other receivables-related parties

	As of December 31,	
	2022	2021
Parent company	$136	$101
Other related parties	2,324	-
Associate	26	-
Total	$2,486	$101

F. Accounts payable-related parties

	As of December 31,	
	2022	2021
Parent company	$60	$6
Kunshan Hatek Co., Ltd.	156,412	161,371
Other related parties	2,739	7,007
Total	$159,211	$168,384

G. Other payables-related parties

	As of December 31,	
	2022	2021
Parent company	$5,480	$10,616
Other related parties	10,631	1,529
Total	$16,111	$12,145

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

H. Prepayments-related parties

	As of December 31,	
	2022	2021
Kunshan Kunlai Trade Co., Ltd.	$35,518	$105,833
Other related parties	18,586	-
Total	$54,104	$105,833

I. Contract liabilities

	As of December 31,	
	2022	2021
Parent company	$8	$11,168
Other related parties	51	14
Total	$59	$11,182

J. Lease-related parties

Rental expense

	For the year ended December 31,	
	2022	2021
Parent company	$3	$3
Aimcore Technology Co., Ltd.	1,067	-
Other related parties	115	126
Total	$1,185	$129

Rental income

	For the year ended December 31,	
	2022	2021
Other related parties	$1,397	$3,009

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

Interest expenses

	For the year ended December 31,	
	2022	2021
Other related parties	$3	$-

Interest income

	For the year ended December 31,	
	2022	2021
Parent company	$208	$3
Other related parties	366	-
Total	$574	$3

K. Operating expense

		For the year ended December 31,	
Related parties	Nature	2022	2021
Parent company	Information system maintenance and other expense etc.	$9,709	$13,366
Other related parties	Manpower support and other expense etc	2,748	5,395
Total		$12,457	$18,761

L. Other income

	For the year ended December 31,	
	2022	2021
Parent company	$713	$342
Associate	-	45
Other related parties	168	219
Total	$881	$606

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

M. 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
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	
2021				
Other related parties	Purchase of Machinery	$101	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:

Prepaid equipment-Non-Current assets

	As of December 31,	
	2022	2021
Parent company	$-	$13,316
Other related parties	-	1,053
Total	$-	$14,369

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

Prepaid land-Non-Current assets

	As of December 31,	
	2022	2021
Parent company	$-	$120,000
Other related parties	-	1,200
Total	$-	$121,200

N. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	$91,161	$37,579
Post-employee benefits	1,107	432
Total	$92,268	$38,011

8. ASSETS PLEDGED AS COLLATERAL

The following assets of the Group were pledged as collaterals:

	Carrying amount as of December 31,		
Items	2022	2021	Secured liabilities
Property, plant and equipment-land	$471,901	$471,901	Long-term secured loans
Property, plant and equipment-depreciated assets	748,843	832,117	Long-term secured loans
Investment property	243,844	234,730	Long-term secured loans
Financial assets measured at amortized cost-current	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	3,514	8,674	Security deposit to custom authority and contract bond
Financial assets measured at amortized cost-non-current	5,185	5,047	Long-term secured loans
Total	$1,485,760	$1,552,469	

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.

11.SIGNIFICANT SUBSEQUENT EVENT

None.

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

12.OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through profit or loss:		
Measured at fair value through profit or loss	$89,142	$116,476
Financial assets at fair value through OCI	49,574	54,074
Financial assets measured at amortized cost:		
Cash and cash equivalents (Cash on hand not included)	552,898	686,174
Financial assets measured at amortized cost	63,704	62,302
Accounts receivable, net (related parties included)	767,085	465,134
Other receivables (related parties included)	38,925	11,551
Financing lease payments receivable-related parties	11,558	14,017
Subtotal	1,434,170	1,239,178
Total	$1,572,886	$1,409,728

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

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at fair value through profit or loss:		
Financial liability held for trading	$15,229	$-
Financial liabilities at amortized cost:		
Short-term loans	500,000	531,700
Accounts payable (related parties included)	805,456	577,497
Bonds payable (including current portion with maturity less than 1 year)	541,330	54,293
Long-term loans (including current portion with maturity less than 1 year)	933,643	428,077
Subtotal	2,780,429	1,591,567
Total	$2,795,658	$1,591,567

(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, 2021 and 2020 would decrease/increase by NT$3,418 thousand and NT$121 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, 2022 and 2021 would decrease /increase by NT$817 thousand and NT$211 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, 2022 and 2021 by NT$891 thousand and NT$1,163 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$496 thousand and NT$541 thousand of the equity attributable to the Group for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, receivables from the top ten customers were accounted for 80% and 56% 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, 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
As of December 31, 2021							
Loans	$779,672	$141,900	$27,706	$2,408	$20,712	$-	$972,398
Payables	577,497	-	-	-	-	-	577,497
Bonds Payable	-	56,200	-	-	-	-	56,200

(6) Reconciliation of liabilities arising from financing activities

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

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Bonds payable	Other non-current liability	Total liabilities from financing activities
As of January 1, 2021	$142,153	$576,115	$330,379	$56,878	$1,105,525
Cash flows	389,547	(148,038)	-	3,479	244,988
Non-cash changes	-	-	(276,086)	(6,088)	(282,174)
As of December 31, 2021	$531,700	$428,077	$54,293	$54,269	$1,068,339

(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.)

(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 Group's financial assets and liabilities measured at amortized cost approximate their fair value:

	Carrying amount as of Dec. 31,	
	2022	2021
Financial liabilities		
Bonds payable	$541,330	$54,293

	Fair value as of Dec. 31,	
	2022	2021
Financial liabilities		
Bonds payable	$525,606	$54,587

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, 2022 and 2021, 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, 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				
Total	$-	$-	$15,229	$15,229

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$116,307	$-	$-	$116,307
Embedded derivatives	-	-	169	169
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	8,186	-	45,888	54,074
Total	$124,493	$-	$46,057	$170,550

(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, 2022 and 2021, 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:

	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

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

	Assets	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Stock	Stock
As of January 1, 2021	$29,997	$-
Total gains and losses recognized for the year ended December 31, 2021:		
Amount recognized in profit or loss (presented in "other gains and losses")	7,777	-
Acquisition of the year ended December 31, 2021	-	45,888
Disposals of the year ended December 31, 2021	(37,774)	-
As of December 31, 2021	$-	$45,888

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2021	$385
Total gains and losses recognized for the year ended December 31, 2021:	
Amount recognized in profit or loss (presented in "other gains and losses")	(174)
Disposals of the year ended December 31, 2021	(380)
As of December 31, 2021	$(169)

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, 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$280 thousand

As of December 31, 2021

	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 profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	45.29%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in the Group's profit or loss by increasing NT$67 thousand and decreasing NT$51 thousand
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

(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, 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

As of December 31, 2021

	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))	$-	$-	$54,587	$54,587

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

(10) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

	As of Dec. 31,					
	2022			2021		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$27,094	30.70	$831,899	$12,868	27.63	$355,515
Financial liabilities						
Monetary items:						
USD	$16,061	30.51	$490,084	12,347	27.81	343,392

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, 2022	For the year ended December 31, 2021
USD	$(12,836)	$(7,290)
Other	43,363	(2,040)
Total	$30,527	$(9,330)

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.

(12) Impact of the Covid-19 pandemic on the Group

The Covid-19 outbreak took place in January 2020 and had no significant impact on the Group.

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, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to attachment 4.

H.Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: None.

I.Derivative instrument transactions: None.

J.Intercompany relationships and significant intercompany transactions for the year ended December 31, 2022: Please refer to attachment 7.

(2) Information on investees

A.Investees over whom the Company exercises significant influence or control (excluding invetsees in Mainland China): Please refer to attachment 5.

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 4 and attachment 7.

(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$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000) (Note 2)	Carrying Amount as of Dec. 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (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	$3,855 (Note 4)	100%	$3,855 (Note 2(2)B, Note 4 and Note 5)	$11,643 (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	$(8,486) (Note 4)	100%	$(8,486) (Note 2(2)B, Note 4 and Note 5)	$11,643 (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, 2022 (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	$278,323

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, 2022:
(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 6.

3. End-of-period balances of related accounts receivable and the sales amounts and percentages: Please refer to attachment 6.

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 7.

8. The above transaction items have been offset in the preparation of the consolidated financial statements. Please refer to attachment 7.

(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%
Protil Corporation	3,797,950	5.08%

14.SEGMENT INFORMATION

(1) In 2021, the Group's main business was manufacturing, processing, and sales of organic electroluminescent displays. Therefore, the Group was aggregated into a single segment

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

(2) For management purposes, in 2022, the Group had divided its operations into two reporting operating segments by considering the difference in products and services. The information was as follows:

(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, 2022

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Revenue						
Revenue from exteral 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's assets and liabilities of the Group as of December 31, 2022 and 2021 was as follows:

Assets of operating segment

	OLED Product segment	Energy Product segment	Total segment should report	Other segment	Adjustment and elimination	Total
Assets	$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	$2,185,386	$886,706	$3,072,092	$16,965	$(196,031)	$2,893,026

(3) Geographical information:

A.Revenues from external customers

	For the year ended December 31,	
	2022	2021
America	$78,793	$93,843
Taiwan	1,088,870	774,942
China	1,504,377	1,290,012
Other countries	41,510	67,078
Total	$2,713,550	$2,225,875

Note: The revenue information above is based on the location of the customers.

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

B.Non-current assets

	As of December 31,	
	2022	2021
Taiwan	$2,532,769	$1,868,994

C.Information about major customers

	For the year ended December 31,	
	2022	2021
A Customer	$757,368	Note 1
B Customer	386,388	Note 1
C Customer	362,608	Note 1
D Customer	283,769	Note 1
E Customer	Note 1	230,232
Total	$1,790,133	$230,232

Note 1: The customer's sales accounted less than 10% of consolidated net sales would not be disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Notes to Consolidated 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 statement 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	Ritek Corporation	Other receivables - related parties	$100,000	$100,000	$100,000 (Note 4)	[illegible]	Need for short-term financing	$-	Business turnover	$-	-	$-	$219,929 (Note 2)	$879,716 (Note 2)
0	RiTdisplay Corporation	Wattech Energy Inc.	Other receivables - related parties	$100,000	[illegible]	[illegible] and (Note 4)	[illegible]	Need for short-term financing	$-	Business turnover	$-	-	$-	$219,929 (Note 2)	$879,716 (Note 2)

Note 1 : RiTdisplay Corporation is coded '0'.

A subsidiary under the company should be 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 amounts 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.

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Notes to Consolidated Financial Statements of [illegible] Corporation (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 2: Marketable securities held as of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
[illegible] Display Corporation	Financial assets at fair value through profit or loss - current							
	Stock							
	Hannstar Display Corporation	-	Financial assets at fair value through profit or loss - current	170,000	52,036	0.00145%	51,449	
	[illegible] Corporation	-	Financial assets at fair value through profit or loss - current	162,000	19,152	0.14915%	9,477	
	[illegible] Integrated Technology Corporation	-	Financial assets at fair value through profit or loss - current	64,000	17,877	0.07745%	11,424	
	Shin Kong Financial Holding Co., Ltd. - Preferred Shares B	-	Financial assets at fair value through profit or loss - current	1,101,000	19,542	0.0070%	15,530	
	Global Brands Manufacture Ltd	-	Financial assets at fair value through profit or loss - current	520	22	0.00002%	14	
	Powerchip Semiconductor Manufacturing Corporation	-	Financial assets at fair value through profit or loss - current	61,000	2,877	0.0015%	1,914	
	Formosa Petrochemical Corporation	-	Financial assets at fair value through profit or loss - current	20,000	[illegible]	0.0005%	[illegible]	
	Ardentec Corporation	-	Financial assets at fair value through profit or loss - current	16,000	516	0.0022%	146	
	[illegible] Corporation	-	Financial assets at fair value through profit or loss - current	46,000	[illegible]	0.0107%	5,540	
	[illegible] Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	58,000	1,958	0.0002%	1,221	
	[illegible] Co., Ltd.	-	Financial assets at fair value through profit or loss - current	[illegible]	[illegible]	0.0025%	1,765	
	Yageo Corporation	-	Financial assets at fair value through profit or loss - current	[illegible]	[illegible]	0.0027%	4,598	
	[illegible] Motor Corporation	-	Financial assets at fair value through profit or loss - current	28,402	[illegible]	0.0017%	4,627	
	[illegible] Co., Ltd.	-	Financial assets at fair value through profit or loss - current	16,002	1,052	0.0007%	1,229	
	Less: Valuation adjustments of financial assets at fair value through profit or loss				(31,250)			
					$58,112		$49,112	
[illegible] Corporation	Financial assets at fair value through other comprehensive income - current							
	[illegible] Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	228,000	17,756	0.6473%	51,488	
	[illegible] Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	1,474,000	42,868	10.5305%	42,888	
	Less: Valuation adjustments of financial assets at fair value through other comprehensive income				[illegible]			
	Total				$45,274		$49,371	

Note 1: The marketable securities mentioned in attachment refer to stock, bonds, beneficiary certificates and securities derived from above-mentioned items within the scope of IFRS 9 "Financial Instruments".

Notes to Consolidated 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)
RiTdisplay Corporation	[illegible]	Investment accounted for under equity method	-	Subsidiary	[illegible]	$[illegible]	[illegible]	$[illegible]	-	$-	$-	$	[illegible]	$[illegible]

Note 1: Marketable securities in the table refer to stocks, 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-in capital refers to the paid-in 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-in 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 NT$[illegible] thousand in share of profit of associates and joint ventures accounted for using equity method, NT$[illegible] thousand in disposal of the investment due to the acquisition of control,

NT$[illegible] thousand in cash dividends received, NT$[illegible] thousand in share of profit or losses of subsidiaries, associates and joint ventures accounted for using equity method, NT$[illegible] thousand in unrealized gains or losses on financial assets measured at fair value

through other comprehensive income, NT$[illegible] thousand in accumulated gain or losses due to the change of the shareholding ratio and NT$[illegible] thousand in adjustment of the balance of the capital reserve due to the change in the shareholding ratio.

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Notes to Consolidated Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 4: Related party transactions with purchases or sales amount at least of NT$100 million dollars or 20 percent of the paid-in capital

(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	
RiTdisplay Corporation	KunShan Hutek Co., Ltd	Other related parties	Purchase	$215,177	54.79%	100% prepaid before shipment	Specs of goods purchased are different from others. Cannot be reasonably compared	100% prepaid before shipment	Accounts payable $155,251	40.79%	

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Notes to Consolidated Financial Statements of BriTapex Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Information on investees over which the Company exercises significant influence or control (excluding investees in mainland China) as of December 31, 2023

(In Thousands of New Taiwan Dollars)

Investor	Investee	Registered Location	Main Business and Product	Original Investment Amount: As of December 31, 2023	Original Investment Amount: As of December 31, 2022	Balance as of December 31, 2023: Shares	Balance as of December 31, 2023: %	Balance as of December 31, 2023: Carrying Value	Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
[illegible] Corporation	[illegible]	Taiwan	Electronics industry	[illegible]	[illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]	$ [illegible]	
[illegible] Corporation	[illegible] Automotive Technology Corporation	Taiwan	Electronics industry	-	[illegible]	-	-%		[illegible]	[illegible]	(Note 6)
[illegible] Corporation	Weltech Energy Inc.	Taiwan	Electronics industry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] (Note 1 and Note 4)
[illegible] Corporation	[illegible] Asset Co., Ltd.	Taiwan	Leasing business	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] (Note 2 and Note 4)
[illegible] Corporation	[illegible] Corporation	Taiwan	Electronic components manufacturing [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] (Note 3 and Note 4)
[illegible] Corporation	Cadiate Corporation	Taiwan	Electronics industry	-	40,996	-	-%	-	[illegible]	[illegible]	[illegible] subsidiary (Note 3 and Note 4)
Weltech Energy Inc.	[illegible] Group Co., Ltd.	British Virgin Islands	Investment holding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Second-tier subsidiary (Note 7)
Weltech Energy Inc.	[illegible] Hong Kong Limited	British Virgin Islands	Investment holding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Second-tier subsidiary (Note 5 and Note 7)
Weltech Energy Inc.	[illegible] Asset Co., Ltd.	Taiwan	Leasing business	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Subsidiary (Note 7)
[illegible] Group Co., Ltd.	[illegible] Energy Limited	Hong Kong	Investment holding	[illegible]	[illegible]	[illegible]	100.00%	[illegible]	[illegible]	[illegible]	[illegible] (Note 7)
[illegible] Holding Limited	[illegible] (Shanghai) Co., Ltd.	British Virgin Islands	Investment holding	[illegible]	[illegible]	[illegible]	100.00%	[illegible]	[illegible]	[illegible]	[illegible] (Note 7)
[illegible] Corporation	Cadiate Corporation	Taiwan	Electronics industry	[illegible]	-	[illegible]	100.00%	[illegible]	[illegible]	[illegible]	Second-tier subsidiary (Note 3 and Note 7)

Note 1: [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Note 2: [illegible]

Note 3: [illegible]

[illegible]

[illegible]

[illegible]

Note 4: [illegible]

[illegible]

Note 5: [illegible]

Note 6: [illegible]

Note 7: [illegible]

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Notes to Consolidated Financial Statements of RiTdisplay Corporation (Continued)

(Amount expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 6: Related-party transactions with purchase or sale amount of at least NT$100 million or 20% of the paid-in capital for the year ended December 31, 2022

(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	
RiTdisplay Corporation	Kunshan Kunlai Trade Co., Ltd	Other related parties	Purchase	$517,854	72.64%	100% prepaid before shipment	Specs of goods purchased are different from others. Cannot be reasonably compared	100% prepaid before shipment	$-	-%	
Wellitech Energy Inc.	Changzhou Shengyang Photoelectricity Co., Ltd.	Subsidiary	Purchase	$813,392 (Note1 and Note2)	40.48%	90 days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared	90 days after monthly closing	$-	-%	
Changzhou Shengyang Photoelectricity Co., Ltd.	Wellitech Energy Inc.	Parent company	Sale	$(813,392) (Note1 and Note2)	(97.59)%	90 days after monthly closing	Would mark the average cost up within 1.25%	60 days after monthly closing	$-	-%	

Note 1: The Company obtained control of Wellitech Energy Inc. and incorporated it into the consolidated entity since April 1, 2022.

The transactions related to Wellitech Energy Inc. would be disclosed in consolidated financial statements.

Note 2: Has been written off when the consolidated financial statements are prepared.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Notes to Consolidated Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 7 : Intercompany relationships and significant intercompany transactions for the year ended December 31, 2022 (In Thousands of New Taiwan Dollars)

No (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Intercompany Transaction: Amount	Intercompany Transaction: Terms	Intercompany Transaction: Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	RiTdisplay Corporation	Newrit Asset Co., Ltd.	1	Other receivable	$21,671	Offset the credit-debt	0.41%
0	RiTdisplay Corporation	Newrit Asset Co., Ltd.	1	Other income	$1,156	Offset the credit-debt	0.04%
0	RiTdisplay Corporation	Cashido Corporation	1	Accounts payables	$7,819	Offset the credit-debt	0.15%
0	RiTdisplay Corporation	Cashido Corporation	1	Operating revenue	$2,494	Offset the credit-debt	0.09%
0	RiTdisplay Corporation	Ritwin Corporation	1	Other receivable	$100,736	Offset the credit-debt	1.90%
0	RiTdisplay Corporation	Welltech Energy Inc.	1	Other receivable	$98,328	Offset the credit-debt	1.86%
0	RiTdisplay Corporation	Welltech Energy Inc.	1	Interest income	$1,375	Offset the credit-debt	0.05%
1	Newrit Asset Co., Ltd.	Ritwin Corporation	3	Prepayments for business facilities	$87,438	Offset the credit-debt	1.65%
1	Newrit Asset Co., Ltd.	Ritwin Corporation	3	Payable on machinery and equipment	$81,810	Offset the credit-debt	1.55%
1	Newrit Asset Co., Ltd.	Ritwin Corporation	3	Rental revenue	$5,817	Offset the credit-debt	0.21%
1	Newrit Asset Co., Ltd.	Welltech Energy Inc.	3	Rental revenue	$1,260	Offset the credit-debt	0.05%
2	Cashido Corporation	RiTdisplay Corporation	2	Operating revenue	$2,399	Offset the credit-debt	0.09%
2	Cashido Corporation	RiTdisplay Corporation	2	Other operating revenue	$6,702	Offset the credit-debt	0.25%
3	Ritwin Corporation	Newrit Asset Co., Ltd.	3	Prepayments to suppliers	$18,490	Offset the credit-debt	0.35%
4	Welltech Energy Inc.	Newrit Asset Co., Ltd.	3	Other payable	$1,597	Offset the credit-debt	0.03%
4	Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co.,Ltd	3	Other receivable	$285,725	60 days after monthly closing	5.40%
5	Changzhou Shangyang Photoelectricity Co.,Ltd.	Welltech Energy Inc	3	Operating revenue	$838,582	60 days after monthly closing	30.90%

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 NT$1,000 thousands.

All of the transactions have been written off when the consolidated financial statements are prepared.

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

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
RiTdisplay Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

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

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

Market valuation on Inventory

We determined the market valuation on inventory is also one of the key audit matters. The Company's net inventory amounting to NT$123,359 thousand as of December 31, 2022, which is significant to the Company's financial statements.The application market of the Company's main products, OLED, has been developing and changing rapidly by display technology and demand of communication market. The management therefore has to closely monitor the status of new products development and market demand for evaluating any 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 observation on the Company's inventory physical taking, and looking into the status of inventory utilization. We have also evaluated the appropriateness of the related disclosure in Note 5 and Note 6 to the financial statements.

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

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Chen, Kuo-Shuai 陳國帥

Chang, Chih-Ming 張志銘

Ernst & Young, Taiwan, R.O.C.
March 13, 2023

Notice to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices 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
Ri[illegible]ration
Parent-Company-Only Balance Sheets
As of December 31, 2022 and 2021
(Amounts Expressed in Thousands of New Taiwan Dollars)

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

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

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

Liabilities and Equity			2022.12.31		2021.12.31	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(13)	$180,000	4	$274,800	8
2130	Contract liabilities	4, 6(19), 7	6,689	-	891	-
2170	Accounts payable		219,052	5	218,487	6
2180	Accounts payable-related parties	7	164,084	4	161,371	4
2200	Other payables		84,547	2	91,425	3
2220	Other payables-related parties	7	13,214	-	3,451	-
2230	Current income tax liabilities	4, 6(25)	1,403	-	910	-
2300	Other current liabilities		1,840	-	2,414	-
2321	Current portion or enforce to sell of bonds payable	4,6(15)	6,127	-	-	-
2320	Current portion of long-term loans	6(15), 8	220,487	5	239,104	7
21xx	Total current liabilities		897,404	20	992,853	28
	Non current liabilities					
2500	Financial liabilities at fair value through profit or loss	4, 6(14)	15,229	-	-	-
2530	Bonds payable	4, 6(15)	535,203	12	54,293	2
2540	Long-term loans	6(16), 8	713,156	17	186,981	5
2570	Deferred tax liabilities	4, 6(25)	34	-	-	-
2670	Other non-current liabilities	4, 6(17)	32,199	1	54,119	2
25xx	Total non-current liabilities		1,295,801	30	295,393	9
2xxx	Total liabilities		2,193,205	50	1,288,246	37
31xx	Equity	6(18)				
3100	Capital					
3110	Common stock		746,517	17	680,090	19
3130	Bond conversion entitlement certificates		-		57,892	2
3200	Capital surplus	6(18)	859,145	19	790,422	22
3300	Retained earnings	6(18)				
3310	Legal reserve		161,489	4	142,092	4
3320	Special reserve		5,950	-	5,706	-
3350	Unappropriated retained earnings		483,046	11	621,284	18
3400	Other components of equity		(5,371)	-	(5,950)	-
3500	Treasury stock	4, 6(18)	(51,486)	(1)	(51,486)	(2)
3xxx	Total equity		2,199,290	50	2,240,050	63
	Total liabilities and equity		$4,392,495	100	$3,528,296	100

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

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

[illegible] Corporation

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

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

Code	Accounts	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues	4, 6(19), 7	$977,046	100	$1,611,615	100
5000	Operating costs	6, 7	(792,585)	(81)	(1,253,240)	(78)
5900	Gross profit		184,461	19	358,375	22
6000	Operating expenses	6, 7				
6100	Selling		(26,729)	(3)	(30,647)	(2)
6200	General and administrative		(55,302)	(6)	(56,020)	(4)
6300	Research and development		(87,164)	(9)	(88,952)	(6)
6450	Expected credit losses	4, 6(20)	(3,702)	-	(5,721)	-
	Operating expenses total		(172,897)	(18)	(227,329)	(14)
6900	Operating income		11,564	1	131,044	8
7000	Non-operating income and expenses					
7100	Interest income	6(23), 7	5,594	-	1,756	-
7010	Other income	6(23), 7	105,276	11	124,281	7
7020	Other gains and losses	6(23)	(46,692)	(5)	3,485	-
7050	Finance costs	6(23)	(30,288)	(3)	(17,421)	(1)
7055	Expected credit losses (gains)	4, 6(20)	(4,166)	-	-	-
7060	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	4, 6(8)	45,104	5	21,797	1
	Total non-operating income and expenses		74,788	8	113,788	7
7900	Income before income tax		86,352	9	244,832	15
7950	Income tax expense	4, 6(25)	(56,433)	(6)	(52,672)	(3)
8200	Net income		29,919	3	192,160	12
8300	Other comprehensive income (loss)	6(24)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans		12,798	1	7,826	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(1,659)	-	(1,175)	-
8336	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, subsidiaries, associates and joint ventures accounted for using equity method		(4)	-	4	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		(654)	-	(89)	-
	Total other comprehensive income, net of tax		10,481	1	6,566	-
8500	Total comprehensive income (loss)		$40,400	4	$198,726	12
	Earnings per share	6(26)				
9750	Earnings per share - basic (in NTD)		$0.41		$2.63	
9850	Earnings per share - diluted (in NTD)		$0.41		$2.60	

(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

Parent-Company-Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars)

Code	Items	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	3140	3200	3310	3320	3350	3410	3420	3500	3XXX
A1	Balance as of January 1, 2021	$656,301	$17	$570,011	$122,116	$2,853	$690,419	$[illegible]	$(5,982)	$(51,496)	$[illegible]
	Appropriation and distribution of 2020 earnings										
B1	Legal reserve				19,976		(19,976)				-
B3	Special reserve					3,453	(3,453)				-
B5	Cash dividends - common shares						(200,676)				(200,676)
D1	Net income for 2021						192,160				192,160
D3	Other comprehensive income (loss) for 2021						2,826	549	(1,171)		2,[illegible]
D5	Total comprehensive income (loss)	-	-	-	-	-	194,986	(89)	(1,171)		193,726
I1	Conversion of convertible bonds		61,662	222,067							283,729
I3	Conversion of certificates of bonds to share	5,330	(5,382)								
M7	Changes in subsidiaries ownership			(1,656)							(1,656)
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(1,016)		1,016		
Z1	Balance as of December 31, 2021	661,631	52,392	785,427	142,092	6,306	621,284	(603)	(5,235)	(51,496)	2,240,059
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve				19,397		(19,397)				-
B3	Special reserve					244	(244)				
B5	Cash dividends - common shares						(143,695)				(143,695)
C5	Due to recognition of equity component of convertible bonds issued			39,925							39,925
D1	Net income for 2022						275,419				275,419
D3	Other comprehensive income (loss) for 2022						12,298	(457)	(1,657)		10,181
D5	Total comprehensive income (loss)					-	287,717	(474)	(1,657)	-	40,586
I1	Conversion of convertible bonds		8,535	50,308							58,843
I3	Conversion of certificates of bonds to share	66,427	(66,427)								-
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed			(16,378)			(10,723)				(27,101)
M7	Changes in subsidiaries ownership			9,065							9,065
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income						(2,805)		2,805		-
T1	Other - cash repurchase convertible bonds			(305)							(305)
Z1	Balance as of December 31, 2022	$740,317	$-	$892,1[illegible]	$161,489	$6,550	$583,346	$(1,077)	$(4,014)	$(51,496)	$[illegible]

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

English Translation of Financial Statements Originally Issued in Chinese

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$90,352	$211,832
A20010	Adjustments:		
A20100	The profit or loss items which did not affect cash flows:		
A20100	Depreciation of property, plant and equipment	97,616	98,732
A20200	Amortization	7,916	10,117
A20300	Expected credit losses	7,855	5,701
A20400	Net loss (gain) of financial assets/ liabilities at fair value through profit or loss	17,686	12,540
A20900	Interest expense	40,998	17,821
A21200	Net loss arising from derecognition of financial assets measured at amortized cost	158	-
A21300	Interest income	(5,534)	(1,254)
A22300	Dividend income	(6,944)	(7,064)
A22500	Share of profit or loss of subsidiaries, associates and joint ventures	45,125	(21,731)
A23100	Gain on disposal of property, plant and equipment	-	(2,575)
A23100	Gain on disposal of investments	(5,822)	(16,877)
A30000	Changes in operating assets and liabilities:		
A31115	Decrease (increase) in financial assets at fair value through profit or loss	591	(12,086)
A31150	Decrease (increase) in accounts receivable	18,076	26,431
A31160	Decrease (increase) in accounts receivable-related parties	(1,170)	-
A31180	Decrease (increase) in other receivables	14,579	5,718
A31190	Decrease (increase) in other receivables-related parties	(12,299)	(1,479)
A31200	Decrease (increase) in inventories	(74,562)	5,526
A31230	Decrease (increase) in prepayment	13,945	(5,195)
A31240	Decrease (increase) in other current assets	(4,650)	145
A32125	Increase (decrease) in contract liabilities	5,594	(2,296)
A32130	Increase (decrease) in notes payable	95	(26,778)
A32160	Increase (decrease) in accounts payable-related parties	5,315	7,385
A32180	Increase (decrease) in other payables	17,708	(13,507)
A32190	Increase (decrease) in other payables-related parties	2,724	(1,579)
A32230	Increase (decrease) in other current liabilities	(4,417)	1,351
A32240	Decrease in net defined benefit liability	(740)	(579)
A33000	Cash generated from operations	116,443	343,530
A33100	Interest received	5,557	1,176
A33200	Dividend received	25,241	7,040
A33300	Interest paid	(15,921)	(11,178)
A33500	Income tax paid	(3,165)	(925)
AAAA	Net cash provided by operating activities	[illegible]	[illegible]

Code	Items	2022	2021
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(45,104)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	2,811	3,221
B00040	Acquisition of financial assets measured at amortized cost	(2,758)	-
B00050	Proceeds from disposal of financial assets measured at amortized cost	-	1,172
B01800	Acquisition of investments accounted for under equity method	(915,322)	(154,116)
B01900	Advance payments for investments	-	(127,975)
B02700	Acquisition of property, plant and equipment	(16,561)	(26,615)
B03700	Increase of other receivables	(195,271)	-
BBBB	Net cash provided by (used in) investing activities	(1,130,149)	(358,914)
CCCC	Cash flows from financing activities:		
C00200	(Repayments of) increase in short-term loans	(91,000)	[illegible]
C01200	Issuance of convertible bonds	493,201	-
C01300	Repayments of convertible bonds	(135,154)	-
C01600	Proceeds of long-term loans	1,025,790	76,611
C01700	Repayments of long-term loans	(515,012)	(271,130)
C03000	Increase in other non-current liabilities		3,572
C03100	Decrease in other non-current liabilities	(8,112)	-
C04500	Cash dividends paid	(185,995)	(270,673)
CCCC	Net cash used in financing activities	573,197	(352,918)
EEEE	Net increase (decrease) in cash and cash equivalents	[illegible]	[illegible]
E00100	Cash and cash equivalents at beginning of period	[illegible]	[illegible]
E00200	Cash and cash equivalents at end of period	[illegible]	[illegible]

(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, 2022 and 2021
(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 have been approved on 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 March 13, 2023.

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, 2022. 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

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

(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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non – current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(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) 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.

(d) 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.

(e) 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.

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 SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 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 comprises 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 represents 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 receivables 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. 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.

(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 affects 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 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 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 asset's residual values, useful lives and methods of depreciation 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 Company 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 statements 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 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 Company 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.

(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 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 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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

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 and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 at December 31, 2022.

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2022	2021
Cash and petty cash	$176	$679
Checkings and demands	98,413	392,264
Time deposits	222,602	118,900
Investments in bonds with resale agreements	-	50,000
Total	$321,191	$561,843

(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,	
	2022	2021
Measured at fair value through profit or loss:		
Listed companies stocks	$120,343	$116,947
Valuation adjustment	(31,201)	(640)
Subtotal	89,142	116,307
Embedded derivatives-Non-current	-	169
Total	$89,142	$116,476
Current	$89,142	$116,307
Non-current	-	169
Total	$89,142	$116,467

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,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income-Current:		
Unlisted company stocks	$53,588	$59,325
Valuation adjustment	(4,014)	(5,251)
Total	$49,574	$54,074
Current	$49,574	$54,074
Non-current	-	-
Total	$49,574	$54,074

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)

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2022 and 2021 are as follow:

	For the year ended December 31,	
	2022	2021
Related to investments held at the end of the reporting period	$-	$363
Related to investments derecognized during the period	-	47
Dividends recognized during the period	$-	$410

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, 2022 and 2021 are as follow:

	For the year ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	$2,843	$3,324
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$(2,896)	$(1,016)

(4)Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Restricted deposits	$8,195	$8,057
Time deposit (unpledged)	30,000	-
Total	$38,195	$8,057
Current	$30,000	$-
Non-current	8,195	8,057
Total	$38,195	$8,057

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

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

(5)Accounts receivable and accounts receivable – related parties, net

	As of December 31,	
	2022	2021
Accounts receivable	$256,506	$242,268
Less: loss allowance	(12,694)	(10,163)
Subtotal	243,812	232,105
Accounts receivable- related parties	1,170	-
Less: loss allowance	-	-
Subtotal	1,170	-
Total	$244,982	$232,105

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The total carrying amount as of December 31, 2022 and 2021 are NT$257,676 thousand and NT$242,268 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(6)Inventory

	As of December 31,	
	2022	2021
Merchandise inventory	$25,559	$-
Finished goods	22,876	2,293
Semi-finished goods and Work in process	31,119	4,520
Raw materials	43,805	42,183
Total	$123,359	$48,996

For the years ended December 31, 2022 and 2021, the Company recognized NT$787,966 thousand and NT$1,248,964 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 year ended December 31,	
	2022	2021
Loss (gain) from inventory market decline (recovery)	$(10,000)	$1,800

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,	
	2022	2021
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 assets to be sold.

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

(8)Investments accounted for under equity method

	As of December 31,			
	2022		2021	
Investee Companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
Welltech Energy Inc.	$-	-%	$144,093	20.89%
Pynext Corporation	3,477	4.31%	3,447	4.31%
Luminit Automotive Technology Corporation	-	-%	27,966	31.03%
Accumulated impairment	(3,447)		(3,447)	
Subtotal	-		172,059	
Investments in subsidiaries:				
Newrit Asset Co., Ltd.	787,295	96.33%	55,744	64.94%
Cashido Corporation	-	-%	52,291	78.66%
Ritwin Corporation	233,717	89.53%	106,391	94.12%
Welltech Energy Inc.	404,833	66.23%	-	-%
Subtotal	1,425,845		214,426	
Total	$1,425,845		$386,485	

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 year ended December 31,	
	2022	2021
Profit (loss) in current period	$13,704	$7,135
Other comprehensive income (net of tax)	85	(85)
Total comprehensive income	$13,789	$7,050

The Company's investments accounted for under equity method were based on audited financial statements.

In October, 2022, the Company authorized the Chairman of the Company to dispose of the shares of Luminit Automotive Technology Corporation; as a result, the Company classified it as a non-current assets to be sold.

In May 2021, the Company did not participate in issuing of shares of Newrit Asset Co., Ltd., therefore the Company's interest ownership decreased from 78.74% to 64.94%. In meanwhile, the Company recognized the capital surplus NT$47 thousand due to the variance of shareholding ratio.

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.

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%.

The Company participated in issuing of shares of Ritwin Corporation and NT$94,120 thousand for interest ownership of 94.12% was increased in July 2021. On July 22, 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 reinvested NT$99,994 thousand in Welltech Energy Inc. in March 2021 and acquired 8,104 thousand shares in total. The interest ownership was increased from 5.86% to 21.39%. The investment of the company was reclassified from financial assets measured at fair value through profit or loss to investments accounted for under the equity method. In meanwhile, gain on disposal of investments of NT$7,777 thousand was recognized.

On March 31, 2021, Welltech Energy Inc. executed employee stock options conversion, and the Company's interest ownership was decreased to 20.89%.

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.

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

In 2022, the Company received cash dividend of Welltech Energy Inc. NT$21,076 thousand and decreased the investment accounted for under 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, 2022 and 2021, respectively.

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
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
As of Jan. 1, 2021	$471,901	$2,052,773	$4,832,211	$176,322	$7,533,207
Addition	-	-	2,906	-	2,906
Transfer	-	(40,673)	-	-	(40,673)
As of Dec. 31, 2021	$471,901	$2,012,100	$4,835,117	$176,322	$7,495,440
Depreciation and impairment:					
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
As of Jan. 1, 2021	$-	$1,537,492	$4,243,129	$176,090	$5,956,711
Depreciation	-	18,736	78,791	229	97,756
Transfer	-	(30,385)	-	-	(30,385)
As of Dec. 31, 2021	$-	$1,525,843	$4,321,920	$176,319	$6,024,082

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

	Land	Buildings	Machinery and equipment	Other equipment	Total
Net carrying amount:					
As of Dec. 31, 2022	$471,901	$451,728	$459,616	$-	$1,383,245
As of Dec. 31, 2021	$471,901	$486,257	$513,197	$3	$1,471,358

A.Please refer to Note 8 for more details on property, plant and equipment under pledge.

B.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, 2022	$963,597
Transfers from property, plant and equipment	77,405
As of December 31, 2022	$1,041,002
As of January 1, 2021	$922,924
Transfers from property, plant and equipment	40,673
As of December 31, 2021	$963,597
Depreciation and impairment:	
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
As of January 1, 2021	$689,465
Depreciation	9,017
Transfers from property, plant and equipment	30,385
As of December 31, 2021	$728,867

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

	Buildings
Net carrying amount:	
As of December 31, 2022	$243,844
As of December 31, 2021	$234,730

	For the year ended December 31,	
	2022	2021
Rental income from investment property	$78,062	$67,605
Less: Direct operating expenses from investment property generating rental income	(9,510)	(9,017)
Total	$68,552	$58,588

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 both NT$279,484 thousand as of December 31, 2022 and 2021, 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:	
As of January 1, 2022	$500,000
Disposals	(500,000)
As of December 31, 2022	$-
As of December 31, 2021	$500,000
Amortization and impairment:	
As of January 1, 2022	$492,034
Amortization	7,966
Disposals	(500,000)
As of December 31, 2022	$-
As of January 1, 2021	$472,917
Amortization	19,117
As of December 31, 2021	$492,034
Net carrying amount:	
As of December 31, 2022	$-
As of December 31, 2021	$7,966

Amortization amount recognized for intangible assets are as follows:

	For the year ended December 31,	
	2022	2021
Operating costs	$-	$-
Operating expenses	7,966	19,117
Total	$7,966	$19,117

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

(12) Other non-current assets

	As of December 31,	
	2022	2021
Prepayment in equipment	$-	$4,730
Advance payments in investment	-	120,000
Total	$-	$124,730

(13) Short-term loans

	As of December 31,	
	2022	2021
Bank loans	$180,000	$274,800
Interest Rate (%)	0.90% ~ 2.00%	0.90%~1.30%

As of December 31, 2022 and 2021, the lines of unused short-term loans credit for the Company amounted to NT$970,000 thousand and NT$$225,200 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,	
	2022	2021
Financial liabilities at fair value through profit or loss		
Embedded derivatives-Non-current	$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$(15,229) thousand and NT$169 thousand were recognized as non-current financial liabilities and assets at fair vlave through profit or loss as of December 31, 2022 and 2021, respectively.

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

(15)Bonds payable

(A)Details of bonds payable:

	As of December 31,	
	2022	2021
Liability component:		
Principal amount	$578,700	$56,200
Discounts on bonds payable	(37,370)	(1,907)
Subtotal	541,330	54,293
Less: current portion	(6,127)	-
Net amount	$535,203	$54,293
Embedded derivative financial instruments	$(15,229)	$169
Equity component - conversion rights	$38,392	$2,709

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

(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

(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.

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.

The Company's first unsecured convertible bonds has converted of NT$334,200 thousand and NT$293,700 thousand on December 31, 2022 and 2021, respectively.

(16) Long-term loans

	As of December 31,	
	2022	2021
Syndicated loans	$900,000	$260,000
Bank loans	37,154	166,636
Subtotal	937,154	426,636
Less: arrangement fee	(3,511)	(551)
Less: current portion	(220,487)	(239,104)
Non-current portion	$713,156	$186,981
Interest rate (%)	1.425%~2.151%	1.450%~1.930%

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 maintain 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 financial ratio as of December 31, 2021 was satisfactory to the regulations of syndicated loan contract granted by preceding united banking group.

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 maintain 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 financial ratio as of December 31, 2022 was satisfactory to the regulations of syndicated loan contract granted by preceding united banking group.

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, 2022 and 2021 were NT$7,219 thousand and NT$8,619 thousand, respectively.

Additional pension expenses recognized for the executives commisioned by the Company amounted to NT$2,596 thousand and NT$3,461 thousand for the years ended December 31, 2022 and 2021, respectively

Reversal of pension expenses recognized for the executives commisioned by the Company amounted to NT$(12,897) thousand and NT$0 for the years ended December 31, 2022 and 2021, 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.

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, 2022.

As of December 31, 2022 and 2021, the maturities of the Company's defined benefit plan were expected in 2032 and 2031, respectively.

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

Pension costs recognized in profit or loss was as follows:

	For the year ended December 31,	
	2022	2021
Current period service costs	$331	$214
Net interest expense (income)	(247)	(149)
Total	$84	$65

Reconciliation in the defined benefit obligation and fair value of plan assets were as follows:

	As of December 31,	
	2022	2021
Defined benefit obligation	$44,814	$54,218
Plan assets at fair value	(44,680)	(40,576)
Other non-current liabilities – net defined benefit liability	$134	$13,642

(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, 2021	$56,275	$(39,078)	$17,197
Current period service costs	214	-	214
Net interest expense (income)	-	(149)	(149)
Subtotal	214	(149)	65
Remeasurement on net defined benefit liability/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	176	-	176
Actuarial gains and losses arising from changes in financial assumptions	(1,761)	-	(1,761)
Experience adjustments	(686)	-	(686)
Re-measurement on defined benefit assets	-	(555)	(555)
Subtotal	(2,271)	(555)	(2,826)
Payment from the plan	-	(794)	(794)
As of December 31, 2021	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

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

The following significant acturial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.39%	0.61%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the year ended December 31,			
	2022		2021	
	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%	$-	$(2,609)	$-	$(3,583)
Discount rate decreased 0.5%	2,863	-	3,951	-
Expected salary increased 0.5%	2,802	-	3,856	-
Expected salary decreased 0.5%	-	(2,582)	-	(3,520)

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.

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

(18) Equity

A. Common stock

As of December 31, 2022 and 2021, the Company's authorized capital were NT$10,000,000 thousand, and paid-in capital were NT$746,517 thousand and NT$680,090 thousand, respectively, each share at par value of NT$10, divided into 74,652 thousand and 68,009 thousand shares, respectively. Each share except treasury stock has one voting right and a right to receive dividends.

For the year ended December 31, 2021, the unsecured convertible bonds in amount of NT$293,700 thousand was applied to convert into common stock NT$61,662 thousand, divided into 6,166 thousand shares, each share at par value of NT$10. However, 5,789 thousand shares of convertible bonds which did not convert into common shares yet, were recognized as bond conversion entitlement certificates as of December 31, 2021.

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,	
	2022	2021
Additional paid-in capital	$814,399	$781,940
Treasury stock trade	1,617	-
Share of changes in net assets of associates and joint ventures accounted for using equity method	-	1,311
Expired employee stock option	4,737	4,462
Conversion right	38,392	2,709
Total	$859,145	$790,422

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

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, 2022 and 2021.

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

The movement schedule of treasury stock for the year ended December 31, 2021 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the year ended December 31, 2021				
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.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-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 proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of the T-IFRS.

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

The appropriations of earnings for the years 2022 and 2021 were approved through the Board of Directors' meetings and shareholders' meetings held on March 13, 2023 and June 23, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2022	2021	2022	2021
Legal reserve	$2,910	$19,397		
Special reserve	(579)	244		
Cash dividend	110,478	147,695	$1.5000	$2.0053

Please refer to Note 6(22) for details on employees' compensation and remuneration to directors and supervisors.

(19) Operating revenue

	For the year ended December 31,	
	2022	2021
Revenue from customer contracts		
Sales of goods	$970,411	$1,602,904
Other operating revenue	6,635	8,709
Total	$977,046	$1,611,613

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

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the year ended December 31,	
	2022	2021
	Single department	Single department
Sales of goods	$970,411	$1,602,904
Others	6,635	8,709
Total	$977,046	$1,611,613
The timing for revenue recognition:		
At a point of time	$977,046	$1,611,613

B. Contract balances

(a) Contract liabilities – current

	As of December 31,	
	2022	2021
Sales of goods	$6,689	$891

The changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31,	
	2022	2021
The opening balance transferred to revenue	$(891)	$(3,189)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	6,689	891

(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 year ended December 31,	
	2022	2021
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$3,102	$5,721
Other receivables	600	-
Subtotal	3,702	5,721
Non-operating income and expenses – Expected credit losses/(gains)		
Other current assets	4,166	-
Subtotal	4,166	-
Total	$7,868	$5,721

Please refer to Note 12 for more details on credit risk.

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

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, 2022 and 2021 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, 2022

	Not yet due	Overdue <=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

As of December 31, 2021

	Not yet due	Overdue <=30 days	31-60 days	61-90 days	91-120 days	121-150 days	>=150 days	Total
Gross carrying amount	$199,470	$24,348	$6,303	$-	$2,262	$-	$9,885	$242,268
Loss ratio	-%	-%	-%	-%	12%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(278)	-	(9,885)	(10,163)
Carrying amount of accounts receivable	$199,470	$24,348	$6,303	$-	$1,984	$-	$-	$232,105

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

B. The movement in the provision for impairment of accounts receivable during the years ended December 31, 2022 and 2021 were as follows:

	Accounts receivable	Other receivables
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
Beginning balance as of January 1, 2021	$4,442	$-
Addition for the current period	5,721	-
Ending balance as of December 31, 2021	$10,163	$-

(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.

	For the year ended December 31,	
	2022	2021
Lease income recognized under operating lease		
Income relating to fixed lease payments	$86,400	$79,885

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

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, 2022 and 2021 are as follows:

	For the year ended December 31,	
	2022	2021
Less than one year	$77,495	$66,707
More than one year but less than five years	223,237	197,918
More than five years	29,047	65,606
Total	$329,779	$330,231

(22) Summary statement of employee benefits, depreciation and amortization by function:

Function / Nature	For the year ended December 31,					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit						
Salaries & wages	$70,933	$83,078	$154,011	$95,992	$86,892	$182,884
Labor and health insurance	8,983	6,732	15,715	11,729	5,621	17,350
Pension	4,003	5,896	9,899	5,769	6,376	12,145
Directors' remuneration	-	5,836	5,836	-	12,724	12,724
Other employee benefit	2,968	2,645	5,613	3,750	2,703	6,453
Depreciation(Note 1)	93,019	14,647	107,666	92,859	13,914	106,773
Amortization	-	7,966	7,966	-	19,117	19,117

Note 1 : Including recognized as other gains and losses.

Note 2 : The average headcounts per month of the Company amounted to 216 and 232 for the years ended December 31, 2022 and 2021, 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 2022 and 2021 are NT$886 thousand and NT$973 thousand respectively.
(2) Average salaries of 2022 and 2021 are NT$737 thousand and NT$813 thousand respectively.
(3) Changes in average salaries are 9%.
(4) In accordance with the regulations, the Company has established an audit committee to replace the superviser, 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.

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. And employees' compensation and remuneration to directors for the year ended December 31, 2021 amounted to NT$9,020 thousand (3.50%) and NT$3,866 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' remuneration, 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.

The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT$9,020 thousand and NT$3,866 thousand, respectively, in a meeting held on March 21, 2022. 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, 2021

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 year ended December 31,	
	2022	2021
Interest income		
Financial assets measured at amortized cost	$5,554	$1,756
Rental income	86,400	79,885
Other income	13,892	21,350
Dividend income	4,984	3,046
Total	$110,830	$106,037

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

B. Other gains and losses

	For the year ended December 31,	
	2022	2021
Gain on disposal of property, plant and equipment	$-	$2,533
Gain on disposal of investments	4,822	16,877
Foreign exchange loss, net	9,720	(6,675)
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	(42,656)	2,526
Other losses	(18,390)	(11,796)
Total	$(46,692)	$3,465

C. Finance costs

	For the year ended December 31,	
	2022	2021
Interest on bank loans	$20,958	$10,014
Interest on bonds payable	9,174	7,263
Imputed interest on deposit	156	144
Total	$30,288	$17,421

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

(24) Components of other comprehensive income

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

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

For the year ended December 31, 2021

	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	$2,826	$-	$2,826	$-	$2,826
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,175)	-	(1,175)	-	(1,175)
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	(89)	-	(89)	-	(89)
Total	$1,566	$-	$1,566	$-	$1,566

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

(25) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax expense	$1,403	$910
Adjustments in respect of current income tax of prior periods	1,533	(689)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	4,373	(2,908)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	9,345	79,149
Deferred tax expense arising from write-down or reversal of deferred tax assets	39,779	(23,790)
Total income tax expense	$56,433	$52,672

(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 is as follows:

	For the year ended December 31,	
	2022	2021
Accounting profit before tax from continuing operations	$86,352	$244,832
Tax payable at the enacted tax rates	$17,270	$48,967
Tax effect of expenses not deductible for tax purposes	7,263	183
Tax effect of deferred tax assets/liabilities	39,779	11,627
Surtax on undistributed earnings	1,332	-
Adjustment in respect of current income tax of prior periods	1,533	(689)
Other adjustments according to the Tax Law	(10,744)	(7,416)
Total income tax recognized in profit or loss	$56,433	$52,672

(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, 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				
Unrealized exchange loss (gain)	$726	$(740)	$-	$(14)
Unrealized 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)

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

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized exchange loss (gain)	$(493)	$1,219	$-	$726
Unrealiized loss on inventory valuation	2,920	360	-	3,280
Expected credit losses	350	1,144	-	1,494
Unrealized loss on disposal of investment	2,033	-	-	2,030
Unrealized intragroup profits and losses	507	(507)	-	-
Net defined benefit asset	5,368	692	-	6,060
Impairment of real estate, plant and equipment	2,035	(199)	-	1,836
Unused tax losses	267,695	(55,160)	-	212,535
Deferred tax(expense)/ income		$(52,451)	$-	
Net deferred tax assets/(liabilities)	$280,415			$227,964
Reflected in balance sheet as follows:				
Deferred tax assets	$280,908			$227,964
Deferred tax liabilities	$(493)			$-

Unused tax loss information of the Company is summarized as below:

Occurrence year	Accumulated net operating losses	Unused balance As of December 31, 2022	2021	Expiration Year
2012	$245,887	$-	245,887	2022
2013	513,187	513,187	513,187	2023
2014	303,602	303,602	303,602	2024
Total	$1,062,676	$816,789	$1,062,676	

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

Unrecognized deferred income tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized both amounted to NT$0 thousand.

B. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company have been approved up to the year of 2020.

(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.

A.Basic earnings per share

	For the year ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	$29,919	$192,160
Weighted average number of common stocks outstanding (in thousand shares)	73,585	67,210
Basic earnings per share (in NT$)	$0.41	$2.86

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

B.Diluted earnings per share

	For the year ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	$29,919	$192,160
Interest expense on convertible bonds	(Note)	7,263
Valuation adjustment of financial assets liabilities at fair value through profit or loss	(Note)	(174)
Net income attributable to common shareholders of the Company after dilution	$29,919	$199,249
Weighted average number of common stocks outstanding for basic earnings per share (in thousand shares)	73,585	67,210
Effect of dilution:		
Employees' compensation - stock (in thousand shares)	118	144
Convertible bonds (in thousand shares)	(Note)	6,773
Weighted average number of common stocks outstanding after dilution (in thousand shares)	73,703	74,127
Diluted earnings per share (NT$)	$0.41	$2.69

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
Ritek Foundation	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
U-Tech Technology Inc. -American Army Club	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 year ended December 31,	
	2022	2021
Subsidiary	$2,494	$-
Other related parties	7	-
Total	$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 year ended December 31,	
	2022	2021
Kunshan Hutek Co., Ltd.	$218,171	$279,352
Parent company	82	-
Subsidiary	7,960	-
Other related parties	1,150	-
Total	$227,363	$279,352

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.

C. Accounts receivable-related parties

	As of December 31,	
	2022	2021
Subsidiary	$1,129	$-
Other related parties	41	-
Total	$1,170	$-

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

D.Other receivables-related parties (excluding loans)

	As of December 31,	
	2022	2021
Newrit Asset Co., Ltd.	$21,671	$-
Welltech Energy Inc.	2,898	-
Parent company	-	6
Subsidiary	510	12,351
Associate	27	-
Total	$25,106	$12,357

E.Accounts payable-related parties

	As of December 31,	
	2022	2021
Kunshan Hotek Co., Ltd.	$156,231	$161,371
Parent company	34	-
Subsidiary	7,819	-
Total	$164,084	$161,371

F.Other payables-related parties

	As of December 31,	
	2022	2021
Parent company	$2,816	$2,578
Subsidiary	-	250
Other related parties	10,398	623
Total	$13,214	$3,451

G.Contract liabilities

	As of December 31,	
	2022	2021
Other related parties	$40	$-

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

H.Lease-related parties

Rental income

	For the year ended December 31,	
	2022	2021
Subsidiary	$233	$-
Other related parties	1,397	3,009
Total	$1,630	$3,009

I.Capital loan and interested party (non-provided collateral):

Other receivables	Maximum balance	Ending balance	Interest rate	Total interest for the year
2022				
Ritwin Corporation	$100,000	$100,601	1.675%	$601
Welltech Energy Inc.	$100,000	$95,430	4.460%	$1,375

2021

None

J.Operating expense

Related parties	Nature	For the year ended December 31, 2022	2021
Parent company	Information system maintenance and other expense etc.	$4,038	$5,044
Subsidiary	Processing expense and other expense etc.	222	638
Other related parties	Manpower support and other expense etc.	1,061	3,930
Total		$5,321	$9,612

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

K.Other income

	For the year ended December 31,	
	2022	2021
Parent company	$-	$6
Subsidiary	1,156	12,039
Other related parties	168	219
Associate	-	45
Total	$1,324	$12,309

L.Transation of assets

Details of property transation with related parties were as follows :

Related parties	Items	Purchase/sell price	Reference basis for price decision
2022			
Other related parties	Purchase of Machinery	$11,396	Bidding

2021
None

M.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	$74,743	$34,223
Post-employee benefits	702	324
Total	$75,445	$34,547

(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, 2022	Carrying amount as of December 31, 2021	Secured liabilities
Property, plant and equipment-land	$471,901	$471,901	Long-term secured loans
Property, plant and equipment-depreciated assets	748,843	829,753	Long-term secured loans
Investment property	243,844	234,730	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	5,185	5,047	Long-term secured loans
Total	$1,472,783	$1,544,441	

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.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

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

12.OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022	2021
Financial assets at fair value through profit or loss:		
Measured at fair value through profit or loss	$89,142	$116,476
Financial assets at fair value through OCI	49,574	54,074
Financial assets measured at amortized cost (Note 1)	843,957	818,905
Total	$982,673	$989,455

Financial liabilities

	As of December 31,	
	2022	2021
Financial liabilities at fair value through profit or loss:		
Financial liability held for trading	$15,229	$-
Financial liabilities at amortized cost:		
Short-term loans	180,000	274,800
Accounts payable (related parties included)	383,136	379,858
Bonds payable (including current portion with maturity less than 1 year)	541,330	54,293
Other payables (related parties included)	97,761	94,876
Long-term loans (including current portion with maturity less than 1 year)	933,643	426,085
Subtotal	2,135,870	1,229,912
Total	$2,151,099	$1,229,912

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, 2022 and 2021 would decrease/increase by NT$1,569 thousand and increase/decrease by NT$81 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, 2022 and 2021 would decrease/increase by NT$754 thousand and NT$132 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, 2022 and 2021 by NT$891 thousand and NT$1,163 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$496 thousand and NT$541 thousand of the equity attributable to the Company for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, receivables from the top ten customers were accounted for 57% and 46% 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.

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

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.

(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, 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
As of December 31, 2021							
Loans	$520,497	$141,725	$27,533	$2,238	$19,284	$-	$711,277
Payables	474,734	-	-	-	-	-	474,734
Bonds Payable	-	56,200	-	-	-	-	56,200

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

(6) Reconciliation of liabilities arising from financing activities

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

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Other non-current liability	Bonds payable	Total liabilities from financing activities
As of January 1, 2021	$142,153	$573,983	$37,148	$330,379	$1,083,663
Cash flows	132,647	(147,898)	3,329	-	(11,922)
Non-cash changes	-	-	-	(276,086)	(276,086)
As of December 31, 2021	$274,800	$426,085	$40,477	$54,293	$795,655

(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,	
	2022	2021
Financial liabilities		
Bonds payable	$541,330	$54,293

	Fair value as of December 31,	
	2022	2021
Financial liabilities		
Bonds payable	$535,606	$54,587

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, 2022 and 2021, 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(2), Note 6(14) and Note 6(15) 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 Company 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 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, 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

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Asset measured at fair value:				
Measured at fair value through profit or loss				
Stock	$116,307	$-	$-	$116,307
Embedded derivatives	-	-	169	169
Measured at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	8,186	-	45,888	54,074
Total	$124,493	$-	$46,057	$170,550

(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, 2022 and 2021, 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:

	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

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

	Assets	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Stock	Stock
As of January 1, 2021	$29,997	$-
Total gains and losses recognized for the year ended December 31, 2021:		
Amount recognized in profit or loss (presented in "other gains and losses")	7,777	-
Acquisition for the year ended December 31, 2021	-	45,888
Disposal for the year ended December 31, 2021	(37,774)	-
As of December 31, 2021	$-	$45,888

	Liabilities
	Derivatives at fair value through profit or loss
As of January 1, 2021	$385
Total gains and losses recognized for the year ended December 31, 2021:	
Amount recognized in profit or loss (presented in "other gains and losses")	(174)
Disposal for the year ended December 31, 2021	(380)
As of December 31, 2021	$(169)

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, 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 profit or loss					
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) on the Company's profit or loss by NT$115 thousand and NT$(286) thousand

As of December 31, 2021

	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 profit or loss					
Embedded derivatives	A binomial-tree model for convertible bond pricing	Volatility	45.29%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase(decrease) in the volatility would result in increase (decrease) in the Company's profit or loss by NT$67 thousand and NT$(51) thousand
At fair value through profit or loss					
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

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

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, 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

As of December 31, 2021

	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))	$-	$-	$54,587	$54,587

(10) Significant assets and liabilities denominated in foreign currencies (in thousands dollars)

	As of December 31,					
	2022			2021		
	Foreign Currencies	Exchange Rate	NTD	Foreign Currencies	Exchange Rate	NTD
Financial assets						
Monetary items:						
USD	$15,692	30.68	$481,379	$12,062	27.63	$333,217
Financial liabilities						
Monetary items:						
USD	10,538	30.79	324,496	12,272	27.81	341,285

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, 2022	2021
USD	$9,405	$(5,300)
Other	315	(1,375)
Total	$9,720	$(6,675)

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.

(12) Impact of the Covid-19 pandemic on the Company

The Covid-19 outbreak took place in January 2020 and had no significant impact on the Company.

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, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: 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 5.

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, 2022 (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, 2022: 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, 2022: 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, 2022: 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, 2022: Please refer to attachment 6.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: 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$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000) (Note 2)	Carrying Amount as of Dec. 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)						
Techcham Electronics (Shanghai) Co., Ltd	Investment holding	$155,540 (Note 4)	Note 1(2)	$46,062	$-	$-	$46,062	$3,855 (Note 4)	100%	$3,855 (Note 2(2)B and Note 4)	$11,641 (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	$(8,486) (Note 4)	100%	$(8,486) (Note 2(2)B and Note 4)	$11,643 (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, 2022 (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	$278,323

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, 2022:

(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, 2022:

	Purchase		Accounts Payable	
	Amount	% to Total	Amount	% to Total
Welltech Energy Inc. Purchase from Changzhou Shangyang Photoelectricity Co., Ltd.	$838,582	46.48%	$-	-%

As the specifications of merchandise purchased between subsidiaries are different from third parties, the purchasing prices cannot be reasonablely compared. Payment terms for related parties were 60 days after monthly closing while 30~90 days after monthly closing for third parties.

(b) Sale and balance of related accounts receivable as of December 31, 2022:

	Sale		Accounts Receivable	
	Amount	% to Total	Amount	% to Total
Changzhou Shangyang Photoelectricity Co., Ltd. sale to Welltech Energy Inc.	$838,582	99.58%	$-	-%

The sales price to subsidiaries was determined based on the average cost markup about 1~5%. The collection terms for related parties were 60 days after monthly closing while 30~90 days after monthly closing for third parties.

(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	Ritron Corporation	Other receivables - related parties	$100,000	$100,000	$100,000	1.425%	Need for short-term financing	$-	Business turnover	$-	-	$-	$219,829 (Note 2)	$879,316 (Note 2)
0	RiTdisplay Corporation	Wellbach Energy Inc.	Other receivables - related parties	$100,000	$100,000	$95,093 (Note 3)	1.467%	Need for short-term financing	$-	Business turnover	$-	-	$-	$219,829 (Note 2)	$879,316 (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.

Notes to Parent-Company-Only Financial Statements of [illegible] Display Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 2: Marketable securities held as of December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities (Note 1)	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
[illegible] Display Corporation	Financial assets at fair value through profit or loss - current							
	Stock							
	Hannstar Display Corporation	-	Financial assets at fair value through profit or loss - current	150,500	52,[illegible]	0.00[illegible]%	51,[illegible]	
	[illegible] Electronic Corporation	-	Financial assets at fair value through profit or loss - current	162,000	9,152	0.1[illegible]%	8,0[illegible]	
	[illegible] Integrated Technology Corporation	-	Financial assets at fair value through profit or loss - current	[illegible]	13,[illegible]	0.0[illegible]%	11,[illegible]	
	Shin Kong Financial Holding Co., Ltd. - Preferred Shares B	-	Financial assets at fair value through profit or loss - current	3,101,000	40,[illegible]	0.0[illegible]%	[illegible]	
	Global Brands Manufacture Ltd.	-	Financial assets at fair value through profit or loss - current	910	27	0.00[illegible]%	27	
	Powerchip Semiconductor Manufacturing Corporation	-	Financial assets at fair value through profit or loss - current	[illegible]	2,[illegible]	0.00[illegible]%	1,[illegible]	
	Formosa Petrochemical Corporation	-	Financial assets at fair value through profit or loss - current	[illegible]	7,712	0.00[illegible]%	6,[illegible]	
	[illegible] Corporation	-	Financial assets at fair value through profit or loss - current	10,000	5[illegible]	0.00[illegible]%	4[illegible]	
	Radiant Opto-Electronics Corporation	-	Financial assets at fair value through profit or loss - current	16,000	5,371	0.0[illegible]%	5,0[illegible]	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	[illegible]	1,[illegible]	0.00[illegible]%	1,[illegible]	
	Cheng Shin Rubber Ind. Co., Ltd.	-	Financial assets at fair value through profit or loss - current	91,000	[illegible]	0.00[illegible]%	7,0[illegible]	
	Yageo Corporation	-	Financial assets at fair value through profit or loss - current	[illegible]	5,[illegible]	0.00[illegible]%	1,[illegible]	
	[illegible] Corporation	-	Financial assets at fair value through profit or loss - current	28,[illegible]	[illegible]	0.00[illegible]%	4,[illegible]	
	[illegible] Co., Ltd.	-	Financial assets at fair value through profit or loss - current	[illegible]	1,[illegible]	0.00[illegible]%	1,[illegible]	
	Less: Valuation adjustment of financial assets at fair value through profit or loss				([illegible])			
					[illegible]		[illegible]	
[illegible] Display Corporation	Financial assets at fair value through other comprehensive income - non-current							
	[illegible] Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	200,000	57,[illegible]	0.[illegible]%	57,[illegible]	
	[illegible] Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	1,4[illegible]	4[illegible]	[illegible]%	45,[illegible]	
	Less: Valuation adjustments of financial assets at fair value through other comprehensive income				([illegible])			
	Total				[illegible]		[illegible]	

Note 1: The marketable securities mentioned in attachment refer to stocks, bonds, beneficiary certificates and securities derived from above-mentioned items within the scope of IFRS 9 Financial Instruments.

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 5: Marketable 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 to the (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)
[illegible]	[illegible]	Investment accounted for under equity method	-	Subsidiary	8,100,000	$110,09[illegible]	[illegible]	$260,800	-	$-	$-	$-	25,691,287	$404,835

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-in 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 as 10% of the equity attributable to the owners of the parent company in the balance sheet.

Note 5: It is composed of NT$28,484 thousand in share of profit of associates and joint ventures accounted for using equity method, NT$578 thousand in disposition of the investment due to the acquisition of control,

NT$(11,061) thousand in cash dividends received, NT$(651) thousand in share of profit or losses of subsidiaries, associates and joint ventures accounted for using equity method, NT$(11) thousand in unrealized gains or losses of financial assets measured at fair value

through other comprehensive income, NT$(16,723) thousand in accumulated gain or losses due to the change of the shareholding ratio and NT$(9,247) 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)

(Amounts Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 4: Related party transactions with purchases or sales amounts at least of NT$100 million dollars or 20 percent of the paid-in capital

(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	
RiTdisplay Corporation	Kunshan Ritek Co.,Ltd	Other related parties	Purchase	$218,171	38.79%	100% prepaid before shipment	Specs of goods purchased are different from others. Cannot be reasonably compared	100% prepaid before shipment	Accounts payable $156,221	10.38%	

[illegible]

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

[illegible] December 31, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investor	Note
				As of December 31, 2022	As of December 31, 2021	Shares	%	Carrying Value			
[illegible] Corporation	[illegible] Corporation	Taiwan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible] Corporation	[illegible] Technology Corporation	Taiwan	[illegible]	-	[illegible]	-	-%	-	[illegible]	[illegible]	[illegible]
[illegible] Corporation	[illegible] Inc.	Taiwan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Subsidiary [illegible]
[illegible] Corporation	[illegible] Co., Ltd.	Taiwan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Subsidiary [illegible]
[illegible] Corporation	[illegible] Corporation	Taiwan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Subsidiary [illegible]
[illegible] Corporation	[illegible] Corporation	Taiwan	[illegible]	-	40,996	-	-%	-	[illegible]	[illegible]	[illegible]
[illegible] Inc.	[illegible] Co., Ltd.	[illegible]	Investment holding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Inc.	[illegible] Holdings Limited	[illegible]	Investment holding	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Inc.	[illegible] Co., Ltd.	Taiwan	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Co., Ltd.	[illegible] Limited	Hong Kong	Investment holding	[illegible]	[illegible]	[illegible]	100.00%	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Limited	[illegible] Co., Ltd.	British Virgin Islands	Investment holding	[illegible]	[illegible]	[illegible]	100.00%	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Corporation	[illegible] Corporation	Taiwan	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Note 1: [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Note 2: [illegible]

Note 3: [illegible]

[illegible]

[illegible]

[illegible]

Note 4: [illegible]

[illegible]

Note 5: [illegible]

Note 6: [illegible]

Notes to Parent-Company-Only Financial Statements of RiTdisplay Corporation (Continued)

(Amount Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

Attachment 6: Related party transactions with purchase or sale amounts of at least NT$100 million or 20% of the paid-in capital for the year ended December 31, 2022

(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	
RiTdisplay Corporation	Shenzhen Kaidar Trade Co., Ltd.	Other related party	Purchase	$549,894	72.6l%	100% prepaid before shipment	Specs of goods purchased are different from others. Cannot be reasonably compared	100% prepaid before shipment	$-	-%	
Welltech Energy Inc.	Changzhou Shangyang Photoelectricity Co., Ltd.	Subsidiary	Purchase	$833,552	46.44%	[illegible] days after monthly closing	Specs of goods purchased are different from others. Cannot be reasonably compared	65 days after monthly closing	$-	-%	
Changzhou Shangyang Photoelectricity Co., Ltd.	Welltech Energy Inc.	Parent company	Sale	$(833,552)	(99.58)%	65 days after monthly closing	Would mark up average cost up to about 1-5%	[illegible] days after monthly closing	$-	-%	

Note 1: The Company obtained control of Welltech Energy Inc. and incorporated it into the consolidated entity since April 1, 2022.

RiTdisplay Corporation

1. Statement of Cash and Cash Equivalents

As of December 31, 2022

(In Thousands of New Taiwan Dollars/Foreign Currency)

Item	Description		Amount	Note
Cash on hand			$3,176	1.Exchange Rate as of December 31, 2022
				NTD : USD=1 : 30.675
Cash in banks:				NTD : JPY=1 : 0.2303
Checking deposits			297	NTD : EUR=1 : 32.490
Demand deposits			57,663	NTD : GBP=1 : 36.800
Foreign currency deposit				
USD			39,645	2.Cash and Cash equivalents
JPY			692	were not pledged.
EUR			114	
GBP			2	
Subtotal			98,413	
Time deposits:	Period	Interest rate		
Chang Hwa Bank	2022/11/07-2023/01/07	0.85%	28,000	
Chang Hwa Bank	2022/12/17-2023/02/17	0.85%	50,000	
SinoPac Bank	2022/11/03-2023/01/03	4.10%	46,442	USD 1,514
Panhsin Bank	2022/11/16-2023/01/16	4.70%	61,350	USD 2,000
Panhsin Bank	2022/12/13-2023/02/13	4.75%	36,810	USD 1,200
Subtotal			222,602	
Total			$324,191	

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

RiTdisplay Corporation

2. Statement of Financial Assets at Fair Value through Profit or Loss - current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Financial Instruments	Shares/Unit	Par value(NTD)	Amount	Interest Rates	Acquisition costs	Fair Value		Note
						Unit price(NTD)	Amount	
Stock :								
Hannstar Display Corporation	130,000	$10.00	$2,096	-	$2,096	$11.45	$1,489	Financial Assets at Fair Value through
Kaimei electronic Corporation	162,000	10.00	19,152	-	19,152	53.50	8,667	Profit or Loss were not pledged
Foxsemicon Integrated Technology Corporation	64,000	10.00	13,832	-	13,832	178.50	11,424	
Shin Kong Financial Holding Co.,Ltd. - Preferred Shares B	1,101,000	10.00	49,342	-	49,342	35.90	39,526	
Global Brands Manufacture Ltd	840	10.00	23	-	23	27.55	23	
Powerchip Semiconductor Manufacturing Corporation	61,000	10.00	2,873	-	2,873	31.85	1,943	
Formosa Petrochemical Corporation	76,000	10.00	7,712	-	7,712	80.30	6,103	
Ardentec Corporation	10,000	10.00	510	-	510	49.60	496	
Radiant Opto-Electronics Corporation	48,000	10.00	5,471	-	5,471	105.00	5,040	
Yuanta Financial Holding Co.,Ltd	56,260	10.00	1,304	-	1,304	21.70	1,221	
Cheng shin rubber ind. Co.,Ltd	91,000	10.00	3,346	-	3,346	33.90	3,085	
Yageo Corporation	9,551	10.00	5,737	-	5,737	451.00	4,308	
Evergreen Marine Corporation	28,400	10.00	7,583	-	7,583	163.00	4,629	
Caliway Biopharmaceuticals Co., Ltd	10,000	10.00	1,262	-	1,262	122.80	1,228	
Less: Valuation adjustments of financial					(31,061)			
assets at fair value through profit or loss								
Total					$89,182		$89,182	

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

RiTdisplay Corporation

3. Statement of Financial Assets at Fair Value through Other Comprehensive Income - current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Financial Instruments	Shares/Unit	Par value(NTD)	Amount	Interest Rates	Acquisition costs	Fair Value		Note
						Unit price(NTD)	Amount	
Financial assets at fair value through other comprehensive income - current								
Pancolour Ink Co., Ltd.	208,000	$10.00	$2,080	-	$7,703	$17.72	$3,686	Financial Assets at Fair Value through Other Comprehensive Income were not pledged.
Sg Biomedical Co., Ltd.	1,434,000	10.00	14,340		45,885	32.00	45,888	
Less: Valuation adjustments of financial assets at fair value through other comprehensive income					(4,014)			
Total					$49,574		$49,574	

RiTdisplay Corporation

4. Statement of Financial Assets Measured at Amortized Cost

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Current:			
Time deposits	Shanghai commercial and savings bank	$30,000	
Non Current:			
Demand deposits	Long-term secured loans for Bank of Taiwan.	$5,185	Financial Assets measured at amortized cost were provided as security or pledge, please refer to Note 8
Demand deposits	Security deposit to custom authority and contract bond.	3,010	
Total		$8,195	

RFIdisplay Corporation

5. Statement of Accounts Receivable, net

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	$77,504	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	40,428	
Client C	35,722	
Client D	19,380	2.The account receivable in the left column were due to operation and were not pledged.
Client E	15,924	
Client F	14,739	3.The accounts receivable in the left column were not from related parties.
Others	52,809	
Subtotal	256,506	
Less: loss allowance	(12,694)	
Net	$243,812	

RiTdisplay Corporation

6. Statement of Other Receivables

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Income tax refund receivable	$2,000	
Others	17,052	
Less:Allowance for loss	(600)	
Total	$18,452	

RiTdisplay Corporation

7. Statement of Inventories

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Finished goods	$23,659	$24,521	1.Inventories are valued at lower of cost or net realizable value item by item.
Work in progress	33,850	31,823	
Raw and supplies materials	45,915	46,446	
Merchandises	26,335	25,600	2.Inventories were not provided as security or pledge
Subtotal	$129,759	$128,390	
Less: allowance for inventory valuation losses	(6,400)		
Net	$123,359		

RiTdisplay Corporation

8. Statement of Prepayments

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepayment for purchases	$12,577	
Other prepayments		
Prepaid expenses	6,656	
Prepaid insurance	1,523	
Subtotal	8,179	
Others	2,098	
Net	$22,854	

RiTdisplay Corporation

9. Statement of Changes in Investment Accounted for Under Equity Method

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2022			Additions		Decrease		As of December 31, 2022			Fair Value/Net assets value		Collateral	Note
	Shares (in thousand)	%	Amount	Shares	Amount	Shares	Amount	Shares (in thousand)	%	Amount	Unit price (NTD)	Total amount		
[illegible] Automotive Technology Corporation	1,350	31.02%	$27,956	-	$7,699 (Note1)	(1,350)	$(35,655) (Note2)	-	-%	$-	-	$-	None	
[illegible] Asset Co., Ltd.	5,500	64.94%	55,744	-	231,551 (Note3)	-	-	78,050	96.11%	287,295	10.09	287,295	None	
Cathida Corporation	4,320	74.95%	52,291	328	8,778 (Note4)	(5,642)	(61,069) (Note5)	-	-%	-	-	-	None	
Welltech Energy Co.	8,100	20.89%	144,095	17,557	296,032 (Note6)	-	(32,292) (Note7)	25,691	66.23%	407,835	11.96	307,243	None	
[illegible] Corporation	9,413	94.12%	106,391	4,211	127,326 (Note8)	-	-	13,622	89.50%	233,717	17.16	233,717	None	
[illegible] Corporation	3,600	4.31%	3,447	-	-	-	-	3,600	4.31%	3,447	-	-	None	
Less: Accumulated impairment			(3,447)							(3,447)				
Total			$386,486		$[illegible]		$(129,020)			$1,425,845				

Note1. Including share of profit of subsidiaries, associates and joint ventures accounted for using equity method NT$7,699 thousand.

Note2. In October, 2022, the Company authorized the Chairman of the Company to dispose of the shares of [illegible] Automotive Technology Corporation, and as of December 31, 2022, classified it as non-current assets to be sold.

Note3. Including investment of NT$225,300 thousand, share of profit of subsidiaries, associates and joint ventures accounted for using equity method NT$5,827 thousand, and adjustment of the capital surplus due to the variance of shareholding ratio NT$424 thousand during the period.

Note4. Investment of NT$8,778 thousand was increased.

Note5. Including share of profit of subsidiaries, associates and joint ventures NT$(19,[illegible]) thousand, disposal of investments due to share conversion NT$(40,632) thousand, and adjustment of the capital surplus due to the variance of shareholding ratio NT$(1,151) thousand.

Note6. Including investment of NT$203,810 thousand, share of profit of subsidiaries, associates and joint ventures accounted for using equity method NT$91,684 thousand, and gain on disposal of investment NT$538 thousand.

Note7. Including cash dividends received NT$(31,654) thousand, share of profit of subsidiaries, associates and joint ventures accounted for using equity method NT$(654) thousand, unrealized gain or losses on financial assets measured at fair value through other comprehensive income NT$[illegible] thousand, and adjustment of retained earning NT$(10,225) thousand and capital surplus NT$(9,247) thousand due to the variance of shareholding ratio.

Note8. Including investment of NT$63,268 thousand, acquisition of investments due to share conversion NT$40,732 thousand, share of profit of subsidiaries, associates and joint ventures NT$22,797 thousand, cash dividends received NT$(9,410) thousand, and adjustment of the capital surplus due to the variance of shareholding ratio NT$4,041 thousand.

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

RiTdisplay Corporation

10. Statement of Accounts Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Vendor G	Payment for goods	$64,383	1. The amount of individual item included in "others" does not exceed 5% of the account balance.
Vendor A	Payment for goods	42,046	
Vendor H	Payment for goods	40,484	
Vendor C	Payment for goods	35,586	
Others	Payment for goods (Note 1)	36,553	
Total		$219,052	

RiTdisplay Corporation

11. Statement of Other Payables

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Accrued salaries and bonus		$34,355	1. The amount of individual item included in "others" does not exceed 5% of the account balance.
Accrued remuneration to employee and directors		4,021	
Accrued administration expense		6,737	
Others	Note 1	39,434	
Total		$84,547	

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

RiTdisplay Corporation

12. Statement of Changes in Current Income Tax Liablities

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2022	$910	
Add: Income tax expense for the year ended December 31, 2022	71	
Add: Undistributed earning income tax expense for the year ended December 31, 2021	1,332	
Less: Adjustments in respect of current income tax of prior periods	1,533	
Less: Pay enterprise income tax for the year ended December 31, 2021	(1,810)	
Less: Pay enterprise income tax for the year ended December 31, 2019	(633)	
As of December 31, 2022	$1,403	

RiTdisplay Corporation

13.Statement of Financial Liabilities at Fair Value Through Profit or Loss - Non-Current

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	As of January 1, 2022		Additions		Decrease		As of December 31, 2022		Provision of guarantees or pledges	Note
	Shares (in thousand)	book value	Shares (in thousand)	amount	Shares (in thousand)	amount	Shares (in thousand)	book value		
Redemption option of the issuer and put option of embedded derivatives		$(169)		$15,398 Note1		$ -		$15,229	None	

Note1 : Including redemption option and put option of conversion bonds NT$3,180 thousand, the bond evaluation adjustment NT$12,095 thousand and the conversion bond evaluation adjustment NT$123 thousand.

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

[illegible] Corporation

14. Statement of Bonds Payable

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Description	Trustee	Issue Date	Interest Payment Date	Interest Rates	Amount			Repayment Method	Collateral	Note
					Book Amount	Converted or Redeemed Amount	As of December 31, 2022			
First Unsecured Convertible Bonds Payable	Grand Fortune Securities Co., Ltd.	[illegible]	-	0%	$350,000	$340,800	$9,200	According to the terms of	None	
Second Unsecured Convertible Bonds Payable	Grand Fortune Securities Co., Ltd.	2021.01.11	-	0%	400,000	127,700	572,300	conversion, please refer to		
Less: Discounts on bonds payable							(77,370)	Note 6(13)		
Subtotal							541,180			
Less: Exercises within one year							(6,127)			
Net							$535,203			

RiTdisplay Corporation

15. Statement of Other Non-Current Liabilities

As of December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued pension expense for management	$20,000	
Defined benefit plan	134	
Guarantee deposits	12,065	
Total	$32,199	

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

RiTdisplay Corporation

16. Statement of Operating Revenues

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Operating revenues	Its main business activities include the manufacture	$963,549	
Less: Sales return and allowance	of OLED and sales of the related product	(951)	
Others	Electricity selling revenue	14,448	
Net operating revenues		$977,046	

RiTdisplay Corporation

17. Statement of Operating Costs

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Subtotal	Total	Note
Direct and supplies materials			
Add: Beginning balance	$43,710		
Raw materials purchased	354,803		
Other transfer	842		
Less: Sales	(197,000)		
Department consumed	(21,952)		
Ending balance	(45,915)		
Direct and supplies materials used		$134,488	
Direct labor		55,311	
Manufacturing overhead		232,212	
Manufacturing cost		422,011	
Add: Work in process, beginning balance	18,049		
Work in process purchased	101,536		
Other transfer	710		
Less: Transfer to finished goods	(205,053)		
Department consumed	(389)		
Work in process, ending balance	(33,850)	(118,997)	
Cost of finished goods		303,014	
Add: Finished goods, beginning balance	3,637		
Finished goods purchased	111,161		
Work in process transfered in	205,053		
Less: Department consumed	(1,244)		
Finished goods, ending balance	(23,659)	294,948	
Cost of finished goods		597,962	
Cost of merchandise inventory sold			
Add: Merchandise inventory beginning balance	-		
Merchandise inventory purchased	29,697		
Less: Department consumed	(358)		
Merchandise inventory ending balance	(26,335)	3,004	
Cost of merchandise inventory sold		3,004	
Cost of direct and supplies materials sold		197,000	
Gain from inventory valuation		(10,000)	
Other costs		4,619	
Total		$792,585	

RiTdisplay Corporation

18. Statement of Manufacting Overhead

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries	Note 1	$29,156	1.It includes pension and food stipend expense.
Utilities		58,343	2.The amount of individual item included
Depreciation		89,654	in "others" does not exceed 5% of the
Indirect material		24,535	account balance.
Others	Note 2	50,524	
Total		$252,212	

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

RiTdisplay Corporation

19. Statement of Selling Expenses

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries	Note 1	$9,138	1.It includes pension and food stipend expense.
Travelling expenses		1,378	2. The amount of individual item included in "others" does not exceed 5% of the account balance.
Shipping expenses		4,854	
Royalties		8,380	
Depreciation		220	
Others	Note 2	2,759	
Total		$26,729	

RiTdisplay Corporation

20. Statement of General and Administrative Expenses

For the Year ended December 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries	Note 1	$22,074	1.It includes pension and food stipend expense
Employee bonus and director's remuneration		4,021	2.The amount of individual item included in "others" does not exceed 5% of the account balance.
Insurance		2,915	
Taxes		4,762	
Depreciation		671	
Professional service fees		10,042	
Others	Note 2	10,817	
Total		$55,302	

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

RiTdisplay Corporation

21. Statement of Research and Development Expenses

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries	Note 1	$43,000	1.It includes pension and fixed stipend expense.
Repair and maintenance expense		10,067	2.The amount of individual item included
Utilities		6,511	in "others" does not exceed 5% of the
Depreciation		4,246	account balance.
Amortizations		7,966	
Materials Utilized for Testing		5,283	
Others	Note 2	10,091	
Total		$87,164	

VII、Review and Analysis of Financial Status and Business Results and Risk Issues

7.1 Analysis of Financial Status：

Unit：NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	Amount
Current assets	2,453,550	1,654,600	798,950	48.29
Property, plant and equipment	2,210,178	1,485,580	724,598	48.78
Intangible assets	99,695	8,939	90,756	1015.28
Other noncurrent assets	527,887	821,168	(293,281)	(35.72)
Total assets	5,291,310	3,970,287	1,321,023	33.27
Current liabilities	1,589,070	1,381,915	207,155	14.99
Noncurrent liabilities	1,303,956	297,394	1,006,562	338.46
Total liabilities	2,893,026	1,679,309	1,213,717	72.27
Capital	746,517	737,982	8,535	1.16
Capital reserve	859,145	790,422	68,723	8.69
Retained earnings	650,485	769,082	(118,597)	(15.42)
Others	(5,371)	(5,950)	579	(9.73)
Treasury Stock	(51,486)	(51,486)	-	-
Non-controlling interests	198,994	50,928	148,066	290.74
Total equity	2,398,284	2,290,978	107,306	4.68

7.2 Analysis of Financial Performance：

Unit：NT$ thousand

Item \ Year	2022	2021	Difference	
			Amount	%
Sales	2,713,550	2,225,875	487,675	21.91
COGS	2,291,827	1,805,770	486,057	26.92
Gross Profit	421,723	420,105	1,618	0.39
Operating expense	330,283	271,054	59,229	21.85
Operating profit (loss)	91,440	149,051	(57,611)	(38.65)
Non-operating income and expenses	28,572	101,288	(72,716)	(71.79)
Net profit (loss) before tax	120,012	250,339	(130,327)	(52.06)
Income Tax	70,687	56,661	14,026	24.75
Net profit (loss)	49,325	193,678	(144,353)	(74.53)
Comprehensive Income	9,840	1,566	8,274	528.35
Total Comprehensive Net Income	$59,165	195,244	(136,079)	(69.70)

7.3 Analysis of Cash Flow：

7.3.1 Analysis and Explanation of Recent Year Cash Flow Changes, Improvement Plan for Insufficient Liquidity, and Future Year Cash Flow Analysis：

Unit：NT$ thousand

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
687,780	13,997	(705,172)	556,652	554	553,811	-	-

7.3.2 Future one-year cash flow liquidity analysis:

Unit：NT$ thousand

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
553,811	351,847	3,128	14,318	923,104	-	-

7.4 Major Capital Expenditure Items and Source of Capital：None

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

7.5.1 Reinvestment policy in the past year：

Our 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.

7.5.2 The main reason and improvement plan for profit or loss in this year：

7.5.3 Future one-year investment plan：

The company will continue to carefully evaluate reinvestment plans in accordance with the business strategy.

7.6 Analysis of Risk Management：

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

1. **Interest Rates：Non Significant Impact**
2. **Exchange Rates：Non Significant Impact**
3. **Inflation：**

   Although central banks around the world have been increasing the circulation of money through monetary and interest rate policies to stimulate inflation and economic growth, the observed impact on inflation has been limited. Additionally, recent inflation rates have not had a significant impact on our company. In the future, we will continue to closely monitor changes in the consumer price index and global inflation rates, while maintaining good interaction with our suppliers and customers, in order to mitigate the inflationary pressures faced by our company.

7.6.2 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 did not engage in high-risk, high-leverage investments, lending funds to others, or endorsement and guarantees in the recent years. The endorsement and guarantee operations are conducted in accordance with the "Endorsement and Guarantee Operation Procedures" approved by the shareholders' meeting. The company's derivative transactions primarily focus on hedging anticipated transaction risks and managing risks associated with existing assets or liabilities. All operations evaluation, execution, risk control, and information disclosure are carried out in accordance with the "Regulations Governing the Acquisition and Disposal of Assets" that establish operational guidelines for engaging in derivative transactions. In the future, the company will continue to monitor the latest developments in the financial market and maintain close communication with professional financial institutions to enhance the effectiveness of the hedging strategies.

7.6.3 Future research and development plans and expected R&D expenses：

Our 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.

7.6.4 The impact of significant domestic and international policy and legal changes on the company's financial operations and corresponding measures：None

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

Our company pays 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 our financial operations.

7.6.6 The impact of corporate image change on crisis management and corresponding measure：

Since its establishment, our company has 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 annual report, there have been no incidents that have affected our crisis management due to changes in the company's image.

7.6.7 Expected benefits, potential risks, and response measures of mergers and acquisitions：Not applicable

7.6.8 Expected benefits, potential risks, and response measures of expanding the factory：Not applicable

7.6.9 Risks and response measures related to concentrated procurement or sales：

7.6.10 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：

According to Article 26 of the Securities and Exchange Act, for companies that publicly raise funds and issue securities, the total shareholding of registered shares held by all directors and supervisors must not be less than a certain percentage of the company's total issued shares. Therefore, significant transfers or changes in ownership of shares by directors, supervisors, or major shareholders holding more than 10% of the company's equity can pose operational risks. However, the company's solid management team, along with steadfast strategic alliances, has consistently maintained strong operational performance.

7.6.11 Impact, risks, and response measures regarding changes in management rights：Not applicable

7.6.12 Significant litigation or non-litigation events involving the company, directors, supervisors, general manager, substantial controlling shareholders holding more than 10% of the shares, and subsidiary companies that have been finally adjudicated or are still pending, and whose outcome may have a significant impact on shareholder equity or securities prices should disclose the disputed facts, amount in dispute, commencement date of litigation, key parties involved, and the status of the proceedings as of the date of the annual report：None

7.6.13 Other important risks and response measures：None

7.7 Other Important Matters：None

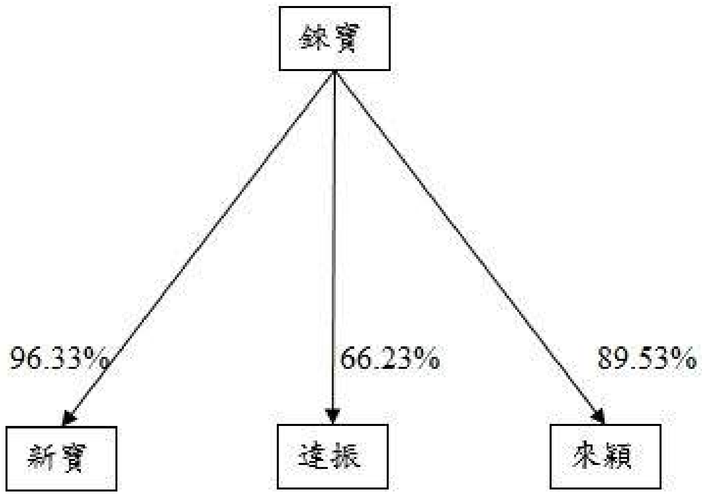
VIII、Special Disclosure

8.1 Summary of Affiliated Companies：

8.1.1 Consolidated business report about the company's affiliates：

8.1.1.1 Overview of the company's affiliates

(1) Organization chart of the company's affiliates：



(2) Information of the company's affiliates：

Company	Date of establishment	Pain-in capital（NT thousand）	Main business
Hsin-Bo	108.04.25	810,000	Rental
RitWin	108.08.27	152,160	Battery Manufacturing
WTE	97.04.16	387,883	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：Disc manufacturing, cultural and creative industry, and renewable energy.

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

Unit：Share；%

Name of company	Job title	Name or representative	Shareholding	
			Shares	Shares
Hsin-Bo	Chairman	RitDisplay Corporation Rep：Yang, Wei- Fen	78,030,000	96.33%
	Director	RitDisplay Corporation Rep：Wang, Ting-Chang	—	—
	Director	RitDisplay Corporation Rep：Pan, Yen-Ming	—	—
	Supervisor	Chiang, Ming-Hsien	—	—
RitWin	Chairman	RitDisplay Corporation Rep：Yang, Wei- Fen	13,623,072	89.53%
	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	—	—
	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	—	—

	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	—	—
	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	150,000	0.01%
	Supervisor	Pan, Yen-Ming	—	—
WTE	Chairman	RitDisplay Corporation Rep：Yang, Wei- Fen	25,691,287	66.23%
	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	—	—
	Director	RitDisplay Corporation Rep：Yang, Wei- Fen	—	—
	Director	Welldone Company Rep：Yang, Sheng-Quan	11,626,929	29.98%
	Director	Welldone Company Rep：Lin, Zeng-Sheng	—	—
	Supervisor	Pan, Yen-Ming	—	—

8.1.1.2 Operation overview of each related companies：

Unit：NT$ thousand

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	932,061	114,771	817,290	28,129	4,871	6,150	0.08
RitWin	152,160	720,110	459,066	261,044	766,897	35,039	23,810	1.56
WTE	387,883	915,800	451,929	463,871	1,161,903	68,135	62,223	1.60

8.1.2 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, 2022, 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.

8.1.3 Related report of related companies：Not applicable

8.2 Private Placement Securities in the Most Recent Years：None

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

8.4 Other Necessary Supplementary：None

IX、Have a Substantial Impact on Owner’s Equity as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Law：No this situation