Stock Code: 6167

Powertip Technology Corporation

2022 Annual Report

Access to the annual report:

http://mops.twse.com.tw/mops/web/index

Publication date: May 15, 2023

I. The Company’s Spokesperson

Spokesperson

Name: Liou, Shao-Ling
Title: Assistant Vice President, Financial Department
Telephone: (04)2355-8168 (switchboard)
Email: judy@powertip.com.tw

Deputy Spokesperson

Name: Tim Chen
Title: Chief Auditor
Telephone: (04)2355-8168 (switchboard)
Email: tim_chen@powertip.com.tw

II. Addresses and telephones of the head office, branches and factories

Head Office and the factory:
Address: No. 8, Gongyequ 6th Road, Xitun District, Taichung City (407)
Telephone: (04)2355-8168 (switchboard)
Branch: none

III. Share transfer service provider:

Name: Shareholders Services Department, SinoPac Securities Corporation
Address: 3F, No. 17, Boai Road, Zhongzheng Dist., Taipei City (100)
Telephone: (02) 2381-6288 (switchboard)
Website: http://www.sinotrade.com.tw

IV. Audited financial statements for the most recent year:

Accounting firm: KPMG Taiwan
CPA names: Wang Yi-Wen; Guo Guan-Ying
Address: 68F, No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City (110)
Telephone: (02) 8101-6666 (switchboard)
Website: http://www.kpmg.com.tw

V. Name of the exchange for listed overseas marketable securities and methods to inquire about the overseas marketable securities: none

VI. Company website：https://www.powertip.com.tw/

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One. Letter to shareholders

Dear shareholders,

Thank you for coming to the regular shareholders' meeting of PTC 2023.

In 2022, the Powertip group has made consolidated revenue at NT$2.154 billion, after-tax net profit at NT$249 million, and the earnings per share (EPS) at NT$1.54.

The Russia-Ukrainian war since the beginning of last year has shown no signs of abating up to the present day; the U.S.-China trade war is still ongoing; geopolitical issues have become more prominent; and although the COVID-19 pandemic outbreak has slowed down, the continuous mutation of the virus strain still poses a threat. In these tumultuous times, governments around the world are adopting quantitative easing (QE) policies in order to stabilize people's livelihoods in the hope of stimulating the economy and revitalizing trade. But the results of continued QE has brought about an unstoppable inflationary hike. The United States has leveraged aggressive interest rate hikes to suppress inflation at the same time to take care of the soft landing of the economy, causing a trade-off between the ups and downs of non-US currencies, affecting the global industry ecosystem and corporate profitability.

The world is changing rapidly and unpredictably, making it more difficult for companies to respond. The war of force, the war of economies and trade, the war of technology, the war of semi-conductors and the war of AI remind us all the time that we must always remain vigilant and competitive in the market. Whether it comes to the improvement of staff efficiency, internal cost control, and especially the advancement of R&D technology can quickly help the Company to lead the industry and contribute to revenue growth.

We have been investing our efforts into embedded HMI products and SBC boards for several years and as our technology has improved and our business has expanded we have been taking on co-development cases and mass production orders from customers for applications in the smart home, medical care, sports equipment and commercial/industrial fields. At the same time, energy saving and carbon reduction are common issues garnering increasing attention around the world. In terms of our business operations, in addition to the internal greenhouse gas inventory project and the plan to install solar panels outside the factory plant, on the market-side, EV in-vehicle related products are also the green energy industry applications that we regard as the main focus of R&D and sales.

In our outlook for 2023, we expect the challenges to be formidable. All employees of Powertip will be more open-minded and pro-active in facing the foreseeable and unforeseeable problems and will continue to operate steadily and strive to maximize profitability. !

I. Business Results for FY2022

(I) Implementation results of the Company's Business Plan:

II. Outline of the business plan 2023:

(I) Business Policy:

1. To implement the company's business philosophy: build up a global marketing team, create a high-tech R&D center, establish a professional and efficient plant,

promote international standards for environmental protection, and establish employee value and common beliefs. All these are aimed to improve cohesion and keep sustainable growth of PTC in 2023.

(1) Create value for customers and enhance PTC competitiveness.
(2) Improve the prudence and execution of group management.
(3) Promote green products and global environmental protection.
(4) Establish a good corporate culture to attract outstanding talents and enhance employee identification.
(5) Fairness, justice and benefit sharing.

2. Implement projects to achieve various operational goals and create product differentiation advantages. The 2023 business plans and objectives are:
(1) Build up a global marketing team to provide customers with excellent products, professional module design and fast after-sales service.
(2) Create a high-tech R&D center to develop market specific new products, create uniqueness, and strengthen niche .
(3) Listening to customer needs to optimize product design and material sharing.
(4) Build up a professional and efficient manufacturing plant and optimize production to maximize efficiency and benefits.
(5) Improve department performance to reduce costs and expenses.
(6) Enhance labor safety and health training to reduce the incidence of labor accidents.
(7) Improve employees' professional ability and cost concept, establish a reward and punishment system with incentive effects, establish employee value and common beliefs to improve company cohesion.

(II) Expected sales volume and assumptions:

1. Projection of sales in 2023:

Unit: thousand PCS

Product Type	Sales volume
LCD module	5,072
LCD panel	38
Total	5,110

2. These figures are estimated on the basis of supply and demand of the markets, overall industrial environment, business development, R&D capabilities, and manufacturing yield. PTC continues to optimize existing products, modularize new products, and diversify development to improve production efficiency, increase added value, and adapt to the ever-changing industrial environment.

(III) Important production and marketing policies:

To meet the needs of market and business growth and development, Powertip is centering its operation in Taichung, Taiwan and establishes production and marketing bases in important overseas strategic markets. The network of Powertip (Jiangsu) for production, Powertip (Dongguan) for service center, branches in the USA and other countries for marketing, and dealers in EU members for distribution is aimed to master market dynamics and service customers at the very first moment.

To pursue economic benefits of large-scale production and improve cost competitiveness, Powertip Taiwan and Powertip (Jiangsu) are working together to allocate the load of production according to destination of delivery and product portfolio to maximize total benefits and optimize customer service. The principles of division of labor and cooperation are:

1. Powertip Taiwan focuses on LCD front-end, display module (LCM) and human-machine interface products.
2. Powertip (Jiangsu) focuses on MONO STN, TFT module, Total solution and OEM.
3. Powertip (Dongguan) focuses on customer complaints and customer service.

PTC has been aligning sales strategy with trend of markets long time ago. In addition to focusing on display products for high-standard applications including industrial control, medical care, and energy control, it also provides comprehensive integrated solutions to fit customer product line upgrades. PTC is shifting from providing LCM modules to integrating Total Solution/ EMS/ Touch panel/ OCR/ Embedded solution (including the design and production of software and hardware) to raise margin of the entire product lines.

In terms of product sales, PTC is marketing its own brand and OEM products and implementing different marketing strategies to face requirements of different regions: 1. Asia Pacific: Expand new line of TFT Module and promote the application of MONOModule in industrial control and medical equipment. 2. EU and the United States: expand the market share of MONO / TFT Module in markets of industrial, medical and measuring equipment and consumer products, develop application markets of new products, including high-sensitivity capacitive industrial touch control modules, and promote the integration of LCD Module with inhouse developed MCU / MPU control PCBs to increase the added value and create maximum profits.

III. Future development strategy

Challenged by wide application range of small and medium-sized panel products and the fierce competition in the industry, PTC is not only focusing on traditional market but also expanding the channels of customized portable and multimedia devices (either especially self-owned brand or OEM) with small- and medium-size LCD modules.

PTC is to developing the following small- and medium-size LCDs in the future:

(I) Outdoor applications and portable electronic products.

(II) Strengthen the cooperative relationship with other panel suppliers.

(III) Expand the market share of industrial control, medical equipment and multimedia products of TFT LCD modules of size from 1.44” to 23”.

(IV) Develop the vehicle display market.

(V) Expand the market of high duty, high resolution, high contrast, low power consumption and customized traditional modules (e.g. electronic labeling device).

(VI) Promote the R&D and marketing of customized ODM and OEM LCD and control PCBs.

(VII) Integrate production and design for customers with a sound and flexible production and sales strategy (make and sell application control PCBs integrated LCD modules); establish a vertical integration model by comprehensive component integration design and partnership with upstream suppliers to ensure the reliable sources and competitiveness of prices.

(VIII) Diversified product development (including EMS, Total Solution, human-machine interface, and optical bonding products).

(IX) Introduction of new display module technology and its application market development (including: high brightness and high reliability outdoor application products and capacitive touch and electromagnetic touch device).

(X) Development and marketing of capacitive touch products (including: industrial control, security, medical care, home appliances and sports equipment…).

(XI) Human-machine interface (MCU / MPU) with display and mechanical design for industrial screen and industrial computer applications.

IV. Impact of external competition, regulations, and overall business environment

Today in 2023, although the impact of COVID-19 has largely abated, but the restarting of economic activities in various countries has been impacted by the shortage of raw materials, the war in Russia and Ukraine and a spike in consumer demand, which has exacerbated rising inflation rates. This has compelled the U.S. Federal Reserve to curb inflation through monetary policies, while the effect remains to be seen. Facing dynamic geopolitical shifts, it is imperative to expand customers in various regions, minimize operational risks, and adopt smart manufacturing to strengthen industrial advantages. The Taiwanese government is expected to relieve industry burdens, stabilize energy supply and maintain good economic environment with flexible regulations.

Powertip will do its best to prepare for and embrace international development trends, pursue the goal of sustainable development, address environmental, social and governance (ESG) issues, complete the Group's greenhouse gas certification ahead of schedule in 2024 to meet the needs of our international customers and to promote the participation of all employees as global citizens.

We shall also implement the corporate governance requirements of competent authorities, gradually formulate relevant regulations, enhance the functions of the Board of Directors and functional committees, disclose information timely and openly, adopt electronic voting at shareholder meetings to advance shareholder activism, improve the quality of shareholder meetings and enhance shareholders' rights and interests.

Thank you all and

my best wishes for each of you to have a prosperous 2023!

Chairman: Wang, Shyh-Yueh

Two. Company Profile

I. Establishment date: September 2, 1991

II. Company History:

(I) Mergers and acquisitions, transfer of investment in related companies, and restructuring & reorganization: None.

(II) Substantial transfer or replacement of directors, supervisors, or shareholders holding more than ten percent of the shares:

1. Substantial transfer: None.
2. Substantial replacement: None.

(III) Change in management rights: None.

(IV) Significant changes in operations or business scope and other significant events affecting shareholders' equity and their impact on the Company: None.

(V) Others:

September, 1991	The Company is formally established with a registered capital of NT$20,000,000.
January, 1992	Commenced mass production of text-type LCD modules.
June, 1994	Commenced mass production of graphic LCD modules.
December, 1994	Capital increase by NT$10,000,000 in cash and registered capital increased to NT$30,000,000.
December, 1995	Obtained the registration certificate of "POWERTIP" trademark from the Bureau of Standards, Metrology, and Inspection, Ministry of Economic Affairs, and marketed it as a self-owned brand.
February, 1996	Awarded ISO9002 certification by B.S.I., UK.
January, 1997	Established TAB production line.
December, 1997	Capital increase by NT$30,000,000 in cash to increase production capacity and purchase additional machinery and equipment. Registered capital changed to NT$60,000,000.
September, 1998	Capital increase by NT$135,000,000 in cash to expand operations and to overseas markets, and registered capital increased to NT$195,000,000. Invested in Hong Kong subsidiary "POWERTIP TECHNOLOGY LIMITED". Invested in U.S. subsidiary "POWERTIP TECHNOLOGY INC."
June, 1999	Approved by the Securities and Futures Commission of the Ministry of Finance for public offering of shares.
July, 1999	Capital increased by NT$68,000,000 in cash and NT$17,000,000 in surplus, resulting in a paid-in capital of NT$280,000,000.
November, 1999	Invested in a Hong Kong subsidiary "POWERTIP TECHNOLOGY LIMITED" and increased its registered capital to HK$12,500,000.
December, 1999	Capital increased by NT$49,500,000 in cash, and the paid-in capital was increased to NT$329,500,000.
March, 2000	Invested in "Jiuli Optoelectronics Co.,Ltd."
September, 2000	Capital increased by NT$48,930,000 in cash, NT$49,425,000 from surplus, NT$5,810,000 from employee bonus, and NT$42,835,000 through transfer of capital reserve. The paid-in capital was increased to NT$476,500,000.
April 2001	Introduced Enterprise Resource Planning (ERP) system.
July 2001	Capital increased by NT$14,295,000 from surplus, NT$7,280,000 from employee bonus, and NT$33,355,000 from capital reserve,

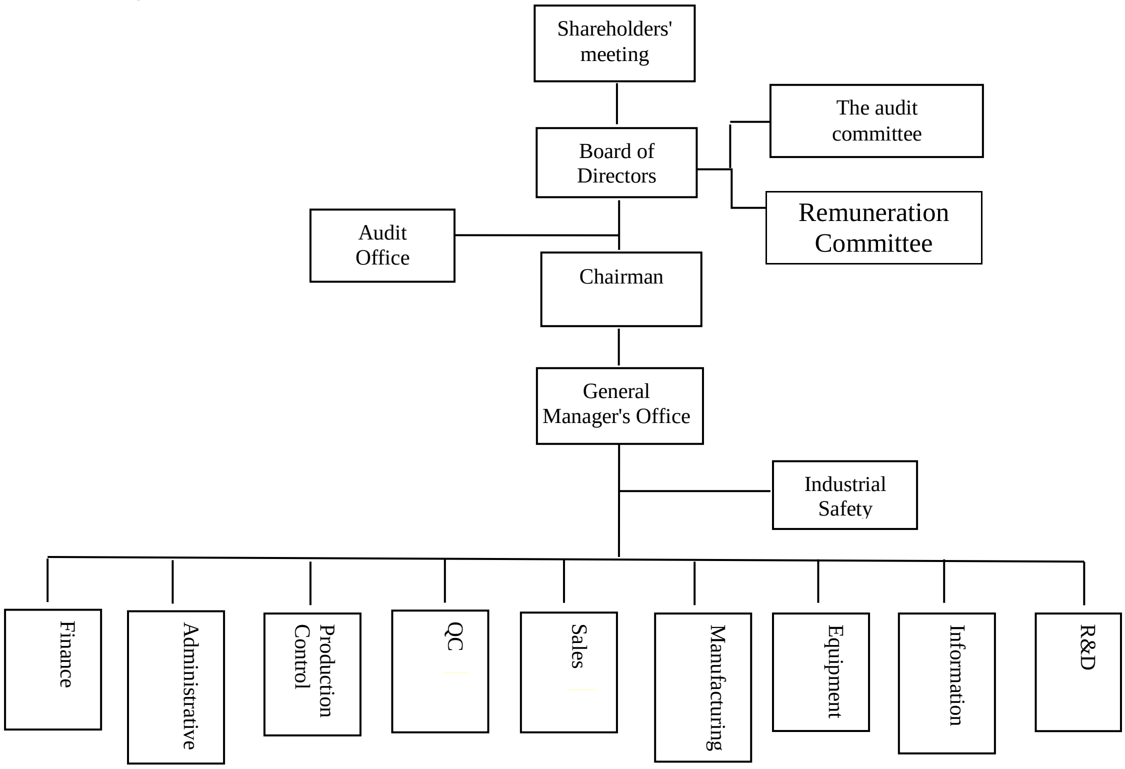
	resulting in a paid-in capital of NT$531,430,000.
August 2001	Moved the factory plant to No.8, Gongyequ 6th Rd., Xitun Dist., Taichung City
March 2002	Capital increased by NT$60,000,000 in cash, and the paid-in capital was increased to NT$591,430,000.
March 2002	The Company is officially listed on the Taipei Exchange (OTC).
August, 2002	Capital increase of NT$17,743,000 was converted from surplus, NT$5,566,000 from employee bonus, and NT$41,400,000 from capital “reserve”, resulting in a paid-in “capital” of NT$656,139,000.
February, 2003	Invested in America Technology Corp. (Samoa).
October, 2003	Invested in "Powertip Image Corp."
July, 2004	Capital increase of NT$31,307,000 from surplus, and the paid-in capital was NT$687,446,000 after the capital increase.
July, 2004	Issued the first domestic unsecured convertible bonds.
September, 2004	Merged "Jiuli Optoelectronics Co.,Ltd."Ltd. and increased the consolidated capital by NT$415,581,000. The paid-in capital was increased to NT$1,103,027,000.
December, 2004	Received certification from the Industrial Development Bureau of the Ministry of Economic Affairs for the operation of corporate headquarters.
January, 2005	Introduced the ROHS Directive to comply with the Green Product/Environmental Protection Declaration.
March, 2005	The Company's bonds were converted to NT$446,000 in cash and the paid-in capital was NT$1,103,473,000 after conversion.
October, 2005	Cancellation of treasury stock amounted to NT$42,360,000 and the paid-in capital was NT$1,061,113,000 after the capital reduction.
February, 2006	Cancellation of treasury stock amounted to NT$12,500,000, and the paid-in capital was NT$1,048,613,000 after the capital reduction.
March, 2006	Obtained ISO14001 certification from B.S.I., (UK.)
August, 2006	Powertip Technology Corp. (Dongguang), a materials processing plant of POWERTIP TECHNOLOGY LIMITED (Hong Kong), obtained ISO14001 certification from B.S.I.
September, 2006	Powertip Technology Corp. (Jiangsu) obtained ISO14001 certification from B.S.I., UK.
November, 2006	Capital increased by NT$300,000,000 in cash. The paid-in capital was increased to NT$1,348,613,000.
December, 2006	The company's bonds were converted to NT$18,084,000 and the paid-in capital after conversion was NT$1,366,697,000.
January to November, 2007	Converted NT$317,582,000 of corporate bonds, and the paid-in capital was increased to NT$1,684,279,000.
November, 2007	Cancellation of treasury stock amounting to NT$25,450,000 and the paid-in capital was NT$1,658,829,000 after the capital reduction.
February, 2008	Cancellation of treasury stock amounting to NT$29,680,000 and the paid-in capital was NT$1,629,149,000 after the capital reduction.
August, 2008	Capital increased by NT$32,583,000 converted from capital reserve, and the paid-in capital was NT$1,661,732,000 after the capital increase.

December 2008	Cancellation of treasury stock amounting to NT$40,000,000 and the paid-in capital was NT$1,621,732,000 after the capital reduction.
January, 2009	Obtained ISO 16949 certification from B.S.I., UK.
January, 2009	Powertip Technology Corp. (Jiangsu) obtained ISO16949 certification from B.S.I., UK.
April, 2013	Powertip Technology Corp. (Dongguang), the processing plant of POWERTIP TECHNOLOGY LIMITED (Hong Kong), was transformed into a wholly-owned enterprise "Dongguan Powertip Optoelectronics Co., Ltd., with a paid-in capital of HK$10,000,000.
October, 2014	Powertip Image Corp. was approved by the Financial Supervisory Commission to issue shares to the public in an initial public offering.
January 2015	The shares of Powertip Image Corp. were listed on the Taipei Exchange (OTC).
August 2018	Established the Embedded Product Development Department.

Three. Corporate governance report

I. Organization

(I) Organization of PTC



(II) Functions of major units

Main units	Functions
General Manager's Office	Make resolutions of the shareholders' meeting and the board of directors, formulate the company's operating goals, manage the execution of the company's business, and direct and supervise the subordinates to execute given functions. Organization of board meetings and shareholders' meetings; assistance to directors in onboarding and continuing education; data required for performing business and compliance.
Audit Office	Audit the company's internal controls and regulations and recommend improvements.
Industrial Safety	Take care of the company's factory safety related matters.
Information	Control and management of the Company's software, hardware, equipment and data and strengthening of information security management mechanisms
R&D	Take care of R&D and design of embedded products and new products, process design and improvement of existing products.
Equipment	Take care of the maintenance of the company's equipment.
Manufacturing	Take care of production scheduling, production capacity planning, production and sales coordination, standard production and operating procedures, and other production relevant jobs.
Sales	Take care of market development, maintaining and enhancing the penetration of existing market, and building up marketing network.
QC	Take care of quality policies and quality objectives, quality operation audits, ensure the stability and improvement of product quality.
Production Control	Take care of purchasing materials and components, scheduling production according to orders, and inventory management of raw materials and finished products.
Administrative	Take care of administrative matters.
Finance	Take care of accounting and fund scheduling.

II. Directors, supervisors, President, vice presidents, assistant vice presidents and department/branch heads

(I) Information on directors and supervisors (part 1) as of April 22, 2023

Title	Nationality or place of registration	Name	Gender Age	Elected (took office)	Term of office	Date of first elected	Shareholding upon elected		Number of shares held		Shares held by spouse, minor children		Shares held in name of others		Experiences and education	Concurrent positions occupied in PTC and company	Other supervisors, directors or supervisors with spouse or the second degree of kinship			Remarks
							Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage			Title	Name	Relation	
Chairman and General Manager	Republic of China	Wang, Shyh-Yueh	Male 60~65	2021.07.15	3 years	1992.01.03	2,409,043	1.49	2,409,043	1.49	1,260,575	0.78	–	–	MBA, University of California Department of Chemistry, Tamkang University	Chairman, Powertip Image Corp. (PTIC)	Equipment Manager	Wang Xiren	Younger brother	Note 1
Director	Republic of China	Bright LED Electronics Corp.. (BLEC) Liao, Tsung-Jen, Representative	Male 65~70	2021.07.15	3 years	2006.06.14	19,020,148	11.73	19,020,148	11.73	–	–	–	–	Department of Physics, Chung Yuan Christian University Chairman, BRIGHT LED ELECTRONICS CORP.	Chairman, BRIGHT LED ELECTRONICS CORP. Chairman, Wanxu Investment Co., Ltd. Director, Yirun Investment Co., Ltd. Director, Powertip Image Corp.	Director	Liao Hsin-Pei	Female	—
Director	Republic of China	Chen, Shu-Kuei	Female 70~75	2021.07.15	3 years	2002.06.07	698,060	0.43	698,060	0.43	369,781	0.23	–	–	National Taichung University of Education Secretary, County Executive Office, Taichung County Government Chairman, Taiyi Investment Co., Ltd.	Chairman, Taiyi Investment Co., Ltd.	Information Manager	Wang Qinqi	Son	—
Director	Republic of China	Wanxu Investment Co., Ltd. Representative: Liao Hsin-Pei	Female 30~35	2021.07.15	3 years	2018.06.26	1,772,494	1.09	1,772,494	1.09	–	–	–	–	Department of Finance, University of Alberta, Canada	Bright LED Electronics Corp.. (BLEC) Director, Operations Management Department Director, BRIGHT LED ELECTRONICS CORP. Supervisor, Yirun Investment Co., Ltd. Director, Powertip Image Corp.	Director	Liao, Tsung-Jen	Father	—
Director	Republic of China	Su, He-Yang	Male 50~55	2021.07.15	3 years	2021.07.15	4,300,000	2.65	5,970,000	3.68	–	–	–	–	National Defense Medical Center Ph.D. Department of Obstetrics, Tri-Services General Hospital Director	Chairman, Jiesheng Life Co., Ltd. Chairman, Yuhe Co., Ltd.	None	None	None	—
Independent director	Republic of China	Tsai, Wen-Chieh	Male 70~75	2021.07.15	3 years	2015.06.18	–	–	–	–	–	–	–	–	Department of International Trade, Feng Chia University General Manager, Feei Cherng Enterprise Co., Ltd.	Audit committee, PTC Remuneration Committee, PTC	None	None	None	—
Independent director	Republic of China	Tuan, Chia-Jui	Male 65~70	2021.07.15	3 years	2017.06.21	–	–	–	–	–	–	–	–	Ph.D., North Dakota State University Associate Director, ITRI	President, AOIEA Alliance Associate Director, ITRI Audit committee, PTC Remuneration Committee, PTC	None	None	None	—
Independent director	Republic of China	Feng, Chu-Chien	Male 70~75	2021.07.15	3 years	2021.07.15	–	–	–	–	–	–	–	–	EMBA, Chiao Tung University Department of Electronic Engineering, Chiao Tung University	Greatek Electronics Inc. Independent director AMPAK Technology, Inc. Independent director Audit committee, PTC Remuneration Committee, PTC	None	None	None	—

Note 1. Regarding the chairman and the general manager or the person with the equivalent position (the top managerial officer) being the same person, spouse or a blood relative within the first degree of kinship: explain the reasons, rationality, necessity and countermeasures: PTC has appointed the same person as the chairman and the general manager for better decision making and operation efficiency. The Company’s 2023 shareholders’ meeting will elect another independent director to comply with legal requirements.

Major shareholders of juristic-person shareholders

April 30, 2023

Name of juristic-person shareholders:	Major shareholders of juristic-person shareholders	Shareholding percentage
Bright LED Electronics Corp.. (BLEC)	1. Yirun Investment Co., Ltd.	18.39%
	2. Wanxu Investment Co., Ltd.	15.81%
	3. Liao, Tsung-Jen	12.16%
	4. Wang Shuzhen	3.33%
	5. Liao Hsin-Pei	1.93%
	6. Lin Boyuan	1.32%
	7. Liao Ru-Qing	1.29%
	8. Lin Chongyao	0.98%
	9. Liao Ruhao	0.81%
	10. Custodian account with Citigroup: DFA Emerging Markets Core Equity	0.33%
Yirun Investment Co., Ltd.	1. Wang Shuzhen	37.50%
	2. Liao, Tsung-Jen	44.33%
	3. Liao Hsin-Pei	7.17%
	4. Ceremony continued	6.25%
	5. Wang Congxian	4.75%
Wanxu Investment Co., Ltd.	1. Liao, Tsung-Jen	35.00%
	2. Wang Shuzhen	17.50%
	3. Liao Ruqing	18.50%
	4. Lin Chongyao	16.00%
	5. Liao Ruhao	8.00%
	6. Lin Chongjun	2.50%
	7. Lin Ruilan	2.50%

Major shareholders of shareholders with major shares held by juristic-person shareholders

April 30, 2023

Name of juristic-person	Major shareholder of juristic-person	Shareholding percentage
Yirun Investment Co., Ltd.	1. Wang Shuzhen	37.50%
	2. Liao, Tsung-Jen	44.33%
	3. Liao Hsin-Pei	7.17%
	4. Ceremony continued	6.25%
	5. Wang Congxian	4.75%
Wanxu Investment Co., Ltd.	1. Liao, Tsung-Jen	35.00%
	2. Wang Shuzhen	17.50%
	3. Liao Ruqing	18.50%
	4. Lin Chongyao	16.00%
	5. Liao Ruhao	8.00%
	6. Lin Chongjun	2.50%
	7. Lin Ruilan	2.50%

(II) Information of directors and supervisors (part 2)

(1-1) Professional qualifications of directors and independence of independent directors: as of April 30, 2023

Condition / Name	Professional qualifications and experience (Note 1)	Any circumstances described in Article 30 of the Company Act .
Wang, Shyh-Yueh Chairman	Graduated from the Institute of Business Administration of the University of California, he is now the chairman and general manager of PTC as well as chairman of Powertip Image; he is rich in qualifications and experiences required by PTC in terms of business, finance, accounting and corporate business. With over three decades of experience in the optoelectronics industry, he steers Powertip Technology towards continued improvement and sustainable operation with leadership, management, decision-making, crisis management and international market perspectives.	Yes
Liao, Tsung-Jen Director	Graduated from the Department of Physics, Chung Yuan Christian University, he is now the chairman of BRIGHT LED ELECTRONICS CORP. as well as director of Powertip Image; he is rich in qualifications and experiences required by PTC in terms of business, finance, accounting and corporate business. With over four decades of experience in the optoelectronics industry, he possesses the key capabilities in management, leadership, decision-making, crisis management and international market perspective.	
Chen, Shu-Kuei Director	Graduated from National Taichung University of Education, she is now the director of PTC and the chairman of Taiyi Investment Co., Ltd. and rich in professional qualifications and experience in finance and accounting Key capabilities in commerce, business and international market outlook	
Liao Hsin-Pei Director	Graduated from Department of Finance, University of Alberta, Canada, she is currently Director of Operational Management and serves as a director of BLECand PTIC. She has the required and relevant qualifications and experiences in business, finance, accounting and corporate operation. With nearly seven years of experience in the optoelectronics industry, she has key capabilities in management and an international market outlook.	
Su, He-Yang Director	Mr. Su obtained Ph.D. degree from the National Defense Medical Center, he is now chairman of Jiesheng Life Co., Ltd. with business-related experience and business management and leadership, decision-making capabilities.	
Tsai, Wen-Chieh Independent director	Graduated from the Department of International Trade of Feng Chia University, he was general manager of Feei Cherng Enterprise Co., Ltd. and now independent director and member of PTC's audit and remuneration committee; he is rich in qualifications and experiences required by PTC in terms of business, finance, accounting and corporate business. Capabilities of management, leadership, decision-making, crisis management and international market perspective.	
Tuan, Chia-Jui Independent director	Ph.D., North Dakota State University, he is now working at ITRI, and now independent director and member of PTC's audit and remuneration committee; he is also independent director of Chroma ATE Inc.; he is rich in professional qualifications and experiences required by PTC. Capabilities of management, leadership, decision-making, crisis management and international market perspective.	
Feng, Chu-Chien Independent director	With an EMBA degree from National Chiao Tung University, he is currently an independent director and a member of PTC's Audit Committee and Remuneration Committee. He also serves as an independent director with Greatek Electronics Inc. and AMPAK Technology Inc. He has the required and relevant qualifications and experiences in business, finance, accounting and corporate operation. Capabilities of management, leadership, decision-making, crisis management and international market perspective.	

Note 1: Professional qualifications and experience: note professional qualifications and experience of individual directors and supervisors; those being member of the audit committee and have accounting or financial expertise, note their accounting or financial background and work experience; note there is no circumstances set in Article 30 of PTC Act in existence.

(1-2) Information on professional qualifications of directors and supervisors and independence of independent directors:

April 30, 2023

Condition / Name	Independence (Note 2)	Concurrent independent directors of other public companies
Wang, Shyh-Yueh Chairman	NA	None
Liao, Tsung-Jen Director		None
Chen, Shu-Kuei Director		None
Liao Hsin-Pei Director		None
Su, He-Yang Director		None
Tsai, Wen-Chieh Independent director	Independence compliant Including but not limited to: circumstance of he/she and his/her spouse, or relatives within the second degree of kinship being directors, supervisors or employees of PTC or its affiliated companies; no shares and portion of shares hold by he/she and his/her spouse, or relatives; being directors, supervisors, or employees of companies having specific relationship with PTC; providing business, legal, financial, accounting and other services to PTC or its affiliates in the last two years.	None
Tuan, Chia-Jui Independent director		1
Feng, Chu-Chien Independent director		2

Note 2: including but not limited to: circumstance of he/she and his/her spouse, or relatives within the second degree of kinship being directors, supervisors or employees of PTC or its affiliated companies; shares and portion of shares hold by he/she and his/her spouse, or relatives (or in name of others); being directors, supervisors, or employees of companies having specific relationship with PTC (see article 3-1-5 ~ 3-1-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies Establishment of Independent Directors and Matters to be Complied with in Public Offering Companies); the amount of remuneration received for providing business, legal, financial, accounting and other services to PTC or its affiliates in the last two years.

(2) Diversification and independence of the board of directors:

(2-1) Diversification of the Board of Directors:

The “Rules of Corporate Governance” approved by the Board of Directors of PTC has adopted the guidelines to diversify the Board; see below for some of its provisions:

Chapter III Enhance functions of the Board of Directors

Article 20

It’s better to have the board of directors diversified. On the one hand, PTC should keep portion of directors concurrently being managerial officers up to one third of the entire board, on the other, it should set up diversification policies, covering but not limited to the following two dimensions, based on operation, business type and development needs:

I. Basic conditions and values: gender, age, nationality and culture.

II. Professional knowledge and skills: professional background (including law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Directors shall have the knowledge, skills and qualities necessary to perform their duties. The board of directors shall have the following capabilities to achieve the ideal goals of corporate governance:

I. Operational judgment

II. Accounting and financial analysis

III. Operation management

IV. Crisis handling

V. Industrial knowledge

VI. Perspective of global markets

VII. Leadership

VIII. Decision making

Achievement of board diversity: Only 13% of directors are also employees. In terms of age distribution, 12% of directors are in the 30-35 age group, 12% in the 50-55 age group, 13% in the 60-65 age group, 25% in the 65-70 age group and 38% in the 70-75 age group. Female directors account for 25% of the board. As of December 31, 2022, all independent directors have served no more than three terms.

Directors of PTC are diversified in their professionalism and industrial experiences (63% of them are in the optoelectronic industry, 12% medical industry, and 25% others); this helps the board to execute its duties and corporate governance in diversified and collaborative manners.

(2-2) Independence of the board of directors: The board of directors of PTC consists of five directors and three independent directors; the latter account for 38% of the board. Two directors of the board are relatives within the first degree of kinship; none of the rest of them would be relative within the second degree of kinship; this complies with Article 26-3, Paragraph 3 of the Securities and Exchange Act. PTC has established an audit committee; no existence of spouse or relatives within the second degree of kinship among supervisors or supervisors and directors; this complies with the provisions of Article 26-3, Item 4 of the Securities and Exchange Act.

(II) Directors, supervisors, general managers, deputy general managers, associate managers, head of departments and branches

April 30, 2023

Title	Nationality	Name	Gender	Date of election (onboarding)	Number of shares held		Shares held by spouse, minor children		Shares held in name of others		Experiences and education	Concurrent positions occupied in other company	Other supervisors, directors or supervisors with spouse or the second degree of kinship			Remarks
					Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage			Title	Name	Relation	
Chairman and General Manager	Republic of China	Wang, Shyh-Yueh	Male	2000.06.07	2,409,043	1.49	1,260,575	0.78	-	-	MBA, University of California Department of Chemistry, Tamkang University	Chairman, Powertip Image Corp. (PTIC)	None	None	None	—
Deputy General Manager	Republic of China	Chen Jiahui	Male	2002.05.01	171,523	0.11	-	-	-	-	Department of Electronic Engineering, National Taiwan University of Science and Technology	None	None	None	None	—
Deputy General Manager	Republic of China	Lai Yurui	Male	2020.08.10	1,056	-	-	-	-	-	Department of Data Processing, Eastern Washington University	None	None	None	None	—
Deputy General Manager	Republic of China	Lin Qiuzhong	Male	2023.05.10	3,000	-	-	-	-	-	Department of Electrical Engineering, National United University	None	None	None	None	—
Assistant Vice President	Republic of China	Lu Shumian	Female	2012.02.09	-	-	-	-	-	-	Department of Business Administration, Providence University	None	None	None	None	—
Assistant Vice President	Republic of China	Liou, Shao-Ling	Female	2005.03.01	50,000	0.03	-	-	-	-	Department of Finance, National Taichung University of Science and Technology	Director, Powertip Image Corp.	None	None	None	—

Note 1. Regarding the general manager or the person with the equivalent position (the top managerial officer) being the same person, spouse or a blood relative within the first degree of kinship: explain the reasons, rationality, necessity and countermeasures:

PTC has appointed the same person as the chairman and the general manager for better decision making and operation efficiency. The Company’s 2023 shareholders’ meeting will elect another independent director to comply with legal requirements.

(III) Remuneration paid to directors, supervisors, general managers and deputy general managers in the most recent year

1. Remuneration of directors and independent directors

Unit: NT$1000; 1000 shares; 2022

Title	Name	Directors' compensation								The total amount of items A, B, C and D and their proportion to the net profit after tax		Remuneration paid to concurrent employees								The total amount of items A, B, C, D, E, F and G and their proportion to the net profit after tax		Remuneration paid to them by non-subsidiary reinvested business or parent company
		Remuneration (A)		Retirement pension (B)		Director's Remuneration (C)		Business service expenses (D)				Salary, bonus and special expenses (E)		Retirement pension (F)		Employee remuneration (G)						
																PTC		Companies contained in the financial report				
		PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	PTC	Companies contained in the financial report	
Chairman and General Manager	Wang, Shyh-Yueh	-	-	-	-	952	952	30	30	0.39%	0.39%	2,911	2,911	-	-	540	-	540	-	1.78%	1.78%	None
Director	Liao, Tsung-Jen, representative of BRIGHT LED ELECTRONICS CORP.	-	-	-	-	477	477	25	25	0.20%	0.20%	-	-	-	-	-	-	-	-	0.20%	0.20%	None
Director	Chen, Shu-Kuei	-	-	-	-	477	477	30	30	0.20%	0.20%	-	-	-	-	-	-	-	-	0.20%	0.20%	None
Director	Liao Hsin-Pei, representative of Wanxu Investment Co., LTD.	-	-	-	-	477	477	25	25	0.20%	0.20%	-	-	-	-	-	-	-	-	0.20%	0.20%	None
Director	Su, He-Yang	-	-	-	-	477	477	30	30	0.20%	0.20%	-	-	-	-	-	-	-	-	0.20%	0.20%	None
Independent director	Tsai, Wen-Chieh	-	-	-	-	-	-	195	195	0.08%	0.08%	-	-	-	-	-	-	-	-	0.08%	0.08%	None
Independent director	Tuan, Chia-Jui	-	-	-	-	-	-	190	190	0.08%	0.08%	-	-	-	-	-	-	-	-	0.08%	0.08%	None
Independent director	Feng, Chu-Chien	-	-	-	-	-	-	190	190	0.08%	0.08%	-	-	-	-	-	-	-	-	0.08%	0.08%	None

Note 1. Note the policy, system, standard and structure of remuneration to independent directors; note association between remuneration and responsibilities, risks, time spent, and other factors: the Board of Directors is authorized to determine the remuneration of directors and independent directors proportion to their functions, risks, and time spent, benchmark of peers, and scale and operation status of PTC.

Note 2. Remuneration to services rendered by directors for companies contained in the financial statements in the most recent year (e.g. non-employee consultant of the parent company, companies contained in the financial statements, and investees) other than those disclosed in the said table: None

2. Remuneration of President and Vice Presidents

Unit: NT$1000; 1000 shares; 2022

Title	Name	Salary (A)		Retirement pension (B) (Note 1)		Bonus and Special expenses (C)		Employee compensation amount (D)				The total amount of items A, B, C and D and their proportion to the net profit after tax (%)		Remuneration paid to them by non-subsidiary reinvested business or parent company
		PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC	Companies contained in the financial report	PTC		Companies contained in the financial report		PTC	Companies contained in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Wang, Shyh-Yueh	8,581	8,581	-	-	-	-	1,779	-	1,779	-	4.16%	4.16%	None
Deputy General Manager	Chen Jiahui													
Deputy General Manager	Lai Yurui													
Deputy General Manager	Lin Qiuzhong													

Remuneration bracket

Remuneration bracket of PTC general manager and deputy general manager	Name of general manager and deputy general manager	
	PTC	Companies contained in the financial report
Below NT$1,000,000	—	—
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	Wang Shih-Yueh, Chen Jia-Hui, Lai Yu-Rui and Lin Qiu-Zhong	Wang Shih-Yueh, Chen Jia-Hui, Lai Yu-Rui and Lin Qiu-Zhong
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	—	—
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	—	—
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	—	—
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	—	—
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—
NT$100,000,000 and more	—	—
Total	4 people	4 people

3. Names of managers who received employee remuneration and amounts paid

Unit: NT$ thousand; 2022

	Title	Name	Stock amount	Cash	Total	Proportion of total amount to net profit after tax (%)
Managerial officers	General manager	Wang, Shyh-Yueh	-	2,258	2,258	0.91%
	Deputy General Manager	Chen Jiahui				
	Deputy General Manager	Lai Yurui				
	Deputy General Manager	Lin Qiuzhong				
	Assistant President	Lu Shumian				
	Assistant President	Liou, Shao-Ling				

(IV) Comparison and analysis of remuneration paid to PTC's directors, supervisors, general managers and deputy general managers by all the companies in the consolidated financial statements as a percentage of net incomes during the last two years. Please describe the remuneration policy, standard and combination, procedure for remuneration decisions and correlation with business performance.

According to PTC's Articles of Incorporation, 5% and no more than 1% of the annual profits, if any, should be allocated as employee remuneration and director remuneration, respectively. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

In accordance with PTC's Remuneration Payments to Directors and Functional Committee Members, the Board of Directors shall propose a distribution plan and submit it to the shareholders' meeting for approval. The remunerations of directors for 2022 and 2021 were NT$2,860 thousand and NT$544 thousand, respectively, and equivalent to 1.15% and 0.67% of net incomes in the parent company only financial statements and 1.15% and 0.67% of net incomes in the consolidated financial statements for respective years.

Regarding general manager and deputy general manager of PTC are directors who serve as managerial officers or employees, PTC shall pay them salaries for operations exercised regardless profitability of PTC in accordance with PTC's articles of association. Salaries, bonuses, pensions and employee remuneration, etc., are determined according to the positions held and responsibilities undertaken, and with reference to the level of comparable positions in the same industry. Remuneration of PTC's managers is set by Remuneration Committee according to the remuneration distribution guidelines. The total amount of remuneration to the general manager and deputy general managers in 2022 and 2021 were equivalent to 4.16% and 10.38% of the net incomes in the parent company only financial statements and 4.16% and 10.38% of the net incomes in the consolidated financial report of respective years.

III. Implementation of corporate governance:

(I) Functionality of the board of directors

1. The Board of Directors held five meetings during the most recent year. The attendance by directors and supervisors is shown below:

Title	Name	Actual presence	Proxy presence	Percentage of actual presence (%)	Remarks
Chairman and General Manager	Wang, Shyh-Yueh	4	1	80%	—
Director	Chen, Shu-Kuei	5	-	100%	—
Director	Bright LED Electronics Corp.. (BLEC) Liao, Tsung-Jen, Representative	5	-	100%	—
Director	Wanxu Investment Co., Ltd. Representative: Liao Hsin-Pei	5	-	100%	—
Director	Su, He-Yang	5		100%	—
Independent director	Tsai, Wen-Chieh	5	-	100%	—
Independent director	Tuan, Chia-Jui	5	-	100%	—
Independent director	Feng, Chu-Chien	5	-	100%	—

2. Other matters to be recorded:

(1) For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:

A. Matters listed in Article 14-3 of the Securities and Exchange Act: None.

B. In addition to the above-mentioned, any resolutions by the board meeting with objections or reservations raised by independent directors documented or stated in writing:

Meeting type	Date	Important proposals	Director's opinion
Board of Directors (5th meeting of the 12th board)	2022.04.22	1. Submitted for resolution: PTC intends to nominate the following candidates as its representative to PTIC's 2022 annual shareholders' meeting for the election of directors.	Mr. Tuan, Chia-Jui, independent director, raised his hand to dissent.
		2. Submitted for resolution: PTC intends to attend PTIC's 2022 annual shareholders' meeting for discussion and voting of proposals, elections and other relevant matters.	Mr. Tuan, Chia-Jui, independent director, waived his power verbally.

(2) Recusal by directors due to conflicts of interests: Please provide the names of the directors, proposal details, reasons for the required recusal, and participation in voting:

Meeting type	Date	Important proposals	Reason for required recusal	Participation in voting
Board of Directors (5th meeting of the 12th board)	2022.04.22	1. Submitted for resolution: PTC intends to nominate the following candidates as its representative to PTIC's 2022 annual shareholders' meeting for the election of directors.	Chairman Wang Shi-Yue was nominated as the legal-person representative.	The voting of this proposal was via a show of hands after the discussion by the other seven directors. The resolution was reached with 4 votes for and three votes against this proposal.
		2. Submitted for resolution: PTC intends to attend PTIC's 2022 annual shareholders' meeting for discussion and voting of proposals, elections and other relevant matters.	Chairman Wang Shi-Yue was nominated as the legal-person representative.	The voting of this proposal was via a show of hands after the discussion by the other seven directors. The resolution was reached with 4 votes for, 2 votes against and 1 abstention from this proposal.

(3) The company should disclose the assessment cycle, period, scopes, methods, and contents of self-assessments conducted by the Board of Directors.

Appraisal cycle	Annual
Appraisal period	111.01.01~111.12.31
Appraisal scope	Performance appraisal of the board, individual board members, and functional committees
Appraisal method	Including self-appraisal by board and functional committees, self-appraisal by directors or professional third-parties (institution or specialist) or other appropriate methods.
Appraisal items	The KPIs of the Board of Directors shall come in at least the following five dimensions I. Level of participation in the operation of PTC. II. Improve the decision-making quality of the board of directors. III. Composition and organization of the board of directors. IV. Election and continuing education of directors. V. Internal control The KPIs of directors shall come in at least the following six dimensions: I. Mastering of PTC's goals and tasks. II. Awareness of directors' responsibilities. III. Level of participation in the operation of PTC. IV. Internal relationship management and communication. V. The director's professionalism and continuing education. VI. Internal control. The KPIs of functional committees shall come in at least the following five dimensions: I. Level of participation in the operation of PTC. II. Awareness of functional committees' responsibilities. III. Improve the decision-making quality of functional committees. IV. Composition of functional committees and their members’ selection. V. Internal control

(4) Assess the objectives of strengthening the functionality of the Board (e.g. establish an audit committee, enhance information transparency) and execution status in the current year and the recent years:

A. The board of directors of PTC is responsible for guiding PTC's strategy, supervising the management level, implement and arrange the corporate governance system; it is reporting to PTC and regular shareholders’ meeting and exercising their duties according to regulations, articles of association, and the resolutions by the shareholders' meeting.

B. PTC has established Remuneration Committee to regularly assess and determine the remuneration of directors and managers and review the policies, systems, standards and structures of performance appraisal and remuneration of directors and managers. Please refer to Page 27 of this annual report for the functioning of Remuneration Committee.

C. PTC has established Audit Committee to replace supervisors in the exercise of the functions and powers under the Securities and Exchange Act, the Company Act, and other regulations. Please refer to Page 19 of this annual report for the functioning of Audit Committee.

D. PTC has established Corporate Governance Officer to assist in and enhance corporate governance matters.

(II) Functioning of Audit Committee:

1. Operation of the audit committee:

Audit Committee held four meetings during the most recent year. The attendance by independent directors is shown below:

Title	Name	Actual presence	Proxy presence	Actual presence rate (%)	Remarks
Independent director	Cai Wenjie	4	-	100%	—
Independent director	Tuan, Chia-Jui	4	-	100%	—
Independent director	Feng, Chu-Chie	4	-	100%	—

	n				

Other matters to be recorded:

(1) For audit committee meetings that meet any of the following criteria, note the date, session, the discussed agenda, independent directors' opinions, objections, qualified opinions, or major recommendations, resolution concluded, and PTC's responses to the said opinions of individual meeting.

A. Matters listed in Article 14-5 of the Securities and Exchange Act as shown the table below.

B. Except for the aforementioned matters, other matters that have not been approved by the audit committee yet approved by more than two-thirds of all directors: None.

(2) For the implementation and state of independent directors' recusal for conflicts of interests, the independent directors' name, topic discussed, reasons for the required recusal, and participation in the voting process: None.

(3) Communication between the independent directors and internal auditing officers and CPAs:

(3-1) The head of PTC's internal audit office regularly review progress of the audit report with the audit committee, and makes an internal audit business report at the quarterly audit committee meeting. In case of any special circumstances, it will immediately report to the audit committee. The audit committee of PTC has good communication with the head of internal audit office.

(3-2) PTC's attesting CPAs will report the audit or review results over the financial statements and other relevant legal requirements in the audit committee meeting semi-annually and annually. In case of any special circumstances, it will immediately report to the audit committee. The audit committee of PTC has good communication with the attesting CPAs.

Audit Committee resolutions for matters listed in Article 14-5 of the Securities and Exchange Act:

Date	Proposal	Resolution
March 18, 2022	1. To review the internal audit business report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's 2021 business report and financial statements.	
	3. Submitted for review: PTC's 2021 earnings distribution proposal.	
	4. Submitted for discussion: PTC's 2021 statement for its internal control system.	
	5. Submitted for discussion: amendment to PTC's "Procedures for Asset Acquisitions or Disposals" to be in alignment with laws and regulations.	
	6. Submitted for discussion: change of CPAs due to position adjustment of the accounting firm.	
May 6, 2022	1. To review the internal audit business report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's consolidated financial statements for Q1 2022.	
August 5, 2022	1. Submitted for review: the internal audit report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's consolidated financial statements for Q2 2022.	
November 4, 2022	1. Submitted for review: the internal audit report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's consolidated financial statements for Q3 2022.	
	3. Submitted for review: PTC's 2023 audit fees to CPAs.	
	4. Submitted for review: PTC's 2023 audit plan.	
	5. Submitted for review: amendment to PTC's "Procedures for Handing Material Internal Information", to be in alignment with laws and regulations.	
March 21, 2023	1. Submitted for review: the internal audit report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's 2022 business report and financial statements.	
	3. Submitted for review: PTC's 2022 earnings distribution proposal.	
	4. Submitted for review: PTC's 2022 statement for its internal control system.	
May 10, 2023	1. Submitted for review: the internal audit report.	The report passed without objections by all present members.
	2. Submitted for review: PTC's consolidated financial statements for Q1 2023.	

(III) Corporate governance execution status and deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation item	Implementation status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Whether PTC establishes and discloses its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		PTC has passed the "Rules of Corporate Governance" according to the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" by the board of directors and publicized them on PTC's website and TWSE MOPS.	Comply with the provisions of the Corporate Governance Best-Practice Principles.
II. Equity structure and shareholders' equity (I) Does PTC set up internal procedures to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (II) Does PTC set up and implement the risk control and firewall mechanisms with the related parties? (III) Does PTC establish and implement a risk control and firewall mechanism with affiliated companies? (IV) Does PTC set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V V V V		(I) PTC has a system of spokespersons, acting spokespersons and interested parties, and entrusts a professional stock agency to handle stock related affairs. (II) PTC learn about and master main shareholders based on list of shareholders provided by the stock agency and changes in the shareholdings of directors and managerial officers regularly reported by internal person. (III) PTC has set up internal control measures including "Guidelines for transaction with specific companies, group companies and interested parties" and "Interested party's transaction management guidelines" to separate management responsibility with affiliated enterprises; inter-group transactions also abide by PTC's internal control system. (IV) PTC has established the "Code of Ethics and Conduct for Directors and Managerial Officers" and "Guidelines for dealing with significant internal information" for directors, managerial officers, and employees of PTC; PTC is updating relevant information and promote the two guidelines from time to time.	Comply with the provisions of the Corporate Governance Best-Practice Principles.
III. The Composition of the Board of Directors and Their Duties (I) Does the board of directors formulate policies and specific management objectives for diversification and implement them accordingly? (II) Apart from the Remuneration Committee and Audit		V V	(I) PTC has set to diversify board of directors according to Article 20 of PTC's "Corporate Governance Best-Practice Principles"; members of the board of directors possess knowledge, skills and qualities to perform their duties; PTC will set up diversification policy to set up and instruct management objectives. The board of directors currently has two female directors, see Note 1 for implementation of the diversification policy. (II) PTC has established audit committee and remuneration	Comply with the provisions of the Corporate Governance Best-Practice Principles.

Evaluation item	Implementation status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
Committee, has the company assembled other functional committees at its own discretion? (III) Does the company set up performance assessment guidelines and measures for the Board of Directors and assess the latter annually as well as submit the assessment to the Board of Directors and use the results to determine individual directors' remuneration and nomination for next term? (IV) Does the company review independence of attesting CPAs regularly?	 V V		committee accordance with the law and will set up other functional committees as required in the future. (III) The Board of Directors of PTC has established a comprehensive performance evaluation system according to the "Measures for Performance Evaluation of the Board of Directors and Functional Committees" to improve the efficiency of the operation of the Board of Directors and functional committees. The 2022 performance evaluation of the Board of Directors and functional committees has been completed. (IV)The company regularly evaluates the independence of the attesting CPAs by itself every year, and reports the results to the board of directors. According to the review report submitted to the Board of Directors in November 2022, CPA Wang Yi-Wen and CPA Guo Guan-Ying with KPMG Taiwan conform to PTC's independent evaluation standards (Note 2) and are qualified to serve as PTC's attesting CPAs.	
IV. Does PTC designate appropriate number of personnel specialized in corporate governance affairs and appoint head of governance affairs to take care relevant affairs (including but not limited to providing directors/supervisors with the information needed and assist directors and supervisors in complying with the laws and regulations to perform their duties, convention of board meetings and shareholders meetings, preparation of board meeting and shareholders meeting minutes, etc.)?	V		PTC has appointed Corporate Governance Officer, responsible for relevant matters, data preparation and provision. Their jobs are: provide information required by the directors to execute their business, assist the directors in complying with regulations, deal with matters related to the meetings of the board of directors and shareholders' meetings according to law, deal with company registration and change registration, take minutes of the board of directors and shareholders' meetings, and assist the board of directors to strengthen its functions, and maintain interest parties 'rights and equal treatment of shareholders.	Comply with the provisions of the Corporate Governance Best-Practice Principles.
V. Does PTC establish mechanisms for communicating with stakeholders (including but not limited to stockholders, employees, customers and suppliers), and a stakeholder site on the company website to appropriately respond to material CSR topics they concern about?	V		(I) PTC maintains smooth communication with stakeholders including banks and other creditors, customers, suppliers, employees and communities, and respects and safeguards their due rights and interests. (II) PTC has established a special area for stakeholders on PTC's website at address http://www.powertip.com.tw/investor_3.php.	Comply with the provisions of the Corporate Governance Best-Practice Principles.
VI. Does PTC appoint a professional shareholders service agent to process the affairs related to shareholders' meetings?	V		PTC has appointed Stock Agency Department of SinoPac Securities Corporation to handle stock related affairs.	Comply with the provisions of the Corporate Governance Best-Practice Principles.

Evaluation item	Implementation status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
VII. Information disclosure (I) Does PTC have a website setup and the financial business and corporate governance information disclosed? (II) Has PTC adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website)? (III) Does PTC publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters, as well as its operating status for each month before the specified deadline.	V V	 V	(I)PTC's website is maintained and updated by designated personnel in real time, disclosing relevant information of PTC by linking to the MOPS, and setting up area for financial business, investor services, interested parties, shareholders and corporate governance relevant information for shareholders and the general public. (II) PTC's website: http://www.powertip.com.tw/investor.php; the site is staffed to collect and disclose company information and set to implement the spokesperson system. (III) PTC's annual financial reports, first, second and third quarter financial reports, and monthly operating conditions are announced in advance of the specified deadline.	Comply with the provisions of the Corporate Governance Best-Practice Principles.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		(I) Employee rights and employee care: provide a healthy, safe and gender-equal working environment; the administrative department is responsible for handling and safeguarding employee rights and interests, implementing the pension system in accordance with the law, and establishing an employee welfare committee to care for the needs of employees; all these are functioning as required. (II) Investor relations: Set up communication channels including spokespersons, acting spokespersons, and interested parties areas to respond to relevant questions raised by shareholders. (III) Supplier relations: maintain good relationship with suppliers, and drive suppliers to respond to corporate social responsibilities including green environmental protection, integrity commitments, and quality issues to create a win-win situation. (IV) Rights of interested parties: PTC respects and safeguards the legitimate rights and interests of interested parties, maintains good communication with customers, employees, suppliers, and	Comply with the provisions of the Corporate Governance Best-Practice Principles.

Evaluation item	Implementation status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
			announces relevant information in accordance with the regulations of the competent authority timely. (V) Advanced education for directors: All directors have relevant practical experience and professional ability; no specific education system available now. PTC is reviewing and inviting qualified third parties to conduct professional development courses for directors. (VI) Implementation of risk management policies and risk measurement standards: PTC’s major operational policies, investment projects, endorsements/guarantees, capital loans, bank financing and other major proposals have been evaluated and analyzed by appropriate units and executed in accordance with resolutions concluded by the audit committee and the board of directors; the audit office shapes up annual audit plan based on the risk appraisal results and implements it to implement the supervision mechanism and control various risks. (VII) Implementation of customer policies: The company has a dedicated customer service department to implement customer policies; the policy is now under good execution. (VIII) PTC has purchased liability insurance for directors (currently covering the year 2023), and will report the amount insured, coverage and premium rates to the board meeting on November 4 2022. This is to avoid damage to the rights of PTC and its shareholders due to directors’ negligence.	
IX. Please note progress of improvements made and propose remedy measures against those pending for improvements based on the corporate governance assessment report issued by the Corporate Governance Center of the TWSE:	V		(I) Matters improved: 1. Establishment of Corporate Governance Officer (II) Prioritized improvements in future: 1. More than half of the directors (including at least one independent director) and Audit Committee convener attended the annual shareholders’ meeting in person. 2. Keep one half or more independent directors up to three consecutive terms in office. 3. Information Security Officer has been appointed, to deploy the risk management framework for information and communications security, establish information and communications security policies and manage the resources invested on information and communications security. 4. All directors have completed the required hours of training in	Comply with the provisions of the Corporate Governance Best-Practice Principles.

<table>
<tr><td rowspan="2">Evaluation item</td><td colspan="3">Implementation status</td><td rowspan="2">Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary</td></tr>
<tr><td></td><td></td><td></td><td>accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEx Listed Companies”.</td><td></td></tr>
</table>

Note 1: Implementation of board member diversification:

Diversification item / Director name	Gender	Operational judgment	Accounting and financial analysis	Operation management	Crisis management	Industry knowledge	International market perspective	Leadership and decision making
Wang, Shyh-Yueh, Chairman	Male	V	V	V	V	V	V	V
Liao, Tsung-Jen, Director	Male	V	V	V	V	V	V	V
Chen, Shu-Kuei, Director	Female			V		V		V
Liao Hsin-Pei, Director	Female		V			V		V
Su, He-Yang, Director	Male			V		V		V
Tsai, Wen-Chieh, Independent Director	Male		V	V	V	V	V	V
Tuan, Chia-Jui, Independent Director	Male				V	V	V	V
Feng, Chu-Chien, Independent Director	Male		V	V	V	V	V	V

Note 2: Criteria for assessing the independence of CPAs

Evaluation item	Assessment result	Compliance of independence
1. Does the CPA have direct or significant indirect financial interests in PTC?	No	Yes
2. Does the CPA have any financing or guarantee practices with PTC or the directors of PTC?	No	Yes
3. Does the CPA have a close business relationship and potential employment relationship with PTC?	No	Yes
4. Do the CPAs and their audit team members currently or in the last two years hold positions as directors, managerial officers, or have significant influence on the audit work in PTC?	No	Yes
5. Does the CPA provide PTC with non-audit services that may directly affect the audit work?	No	Yes
6. Does the CPA broker stocks or other securities issued by PTC?	No	Yes
7. Has the CPA acted as PTC's defender or represented PTC in coordinating conflicts with other third parties?	No	Yes
8. Does the CPA have any kinship with PTC's directors, managerial officers, or persons who have a significant impact on the audit case?	No	Yes

(IV) Composition, responsibilities and operation of the remuneration committee:

1. Information on Remuneration Committee members as of April 30, 2023

Identity	Condition / Name	Professional qualifications and experience (Note 2)	Independence situation (Note 3)	Number of public listed companies he/she serving their remuneration committee concurrently
Convener (independent director)	Tsai, Wen-Chieh	See page 10~11 of this annual report, Disclosure of professional qualifications of directors and supervisors and independence of independent directors		0
Independent director	Tuan, Chia-Jui			1
Independent director	Feng, Chu-Chien			2

2. Operation of the remuneration committee
   (1) PTC's remuneration committee has 3 members.
   (2) Term of current members: August 6, 2021 to July 14, 2024
   (3) Attendance: Remuneration Committee convened four meetings (A) during the most recent year. All members attended in person, at 100% attendance rate. Member qualifications and attendances

Title	Name	Actual presence (B)	Proxy presence	Actual presence rate (%) (B/A)	Remarks
Convener (Independent director)	Tsai, Wen-Chieh	4	-	100%	—
Independent director	Tuan, Chia-Jui	4	-	100%	—
Independent director	Feng, Chu-Chien	4	-	100%	—

3. Remuneration Committee's responsibility

The Committee exercises the duty of care as a good managers by faithfully performing the following duties and submitting suggestions to the Board of Directors for discussion.

(1) Establishment and regular review of the policy, system, standard and structure of performance evaluation and remuneration of directors and managers

(2) Periodical assessment and determination of remuneration for directors and managers

Other matters to be recorded:

I. If the board of directors defy or amend the recommendations by the remuneration committee, note down date of the meeting, term of the board, the content of the proposal, the resolution of the board of directors, and measures taken by PTC against the recommendations made; none.

II. If with respect to any resolution of the remuneration committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the opinion shall be stated in the meeting minutes, including meeting date, term of the committee, the content of the proposal, the measures taken by PTC for the said members and their recommendation: none

III. In the most recent year and as of the publication of the annual report, discussion and the resolution of the remuneration committee:

Date	Discussions	Resolution	PTC's handling of Remuneration Committee's opinions
March 8, 2022	1. To review the scope of applicable managerial officers' remuneration to be pre-reviewed by remuneration committee 2022.	Approved unanimously by all attending members	Approved by all the attending directors
	2. To add PTC's "Guidelines for vehicle to pay employees' remuneration".		
April 25, 2022	1. Submitted for review: 2021 employee remuneration to be distributed to managers	Approved unanimously by all attending members	Approved by all the attending directors
	2. Submitted for review: 2021 director and supervisor remuneration to be		

Date	Discussions	Resolution	PTC's handling of Remuneration Committee's opinions
	distributed		
May 6, 2022	1. Submitted for review: salary adjustments in 2022	Approved unanimously by all attending members	Approved by all the attending directors
December 8, 2022	1. Submitted for review: 2023 salary adjustment for managers 2. Submitted for review: 2023 bonuses to be distributed to managers 3. Submitted for review: PTC's "Remuneration Payments to Directors and Functional Committee Members" 4. Submitted for review: PTC's regulations governing salaries and remuneration of managers 5. Discussion of Remuneration Committee's 2023 workplan	Approved unanimously by all attending members	Approved by all the attending directors
March 21, 2023	1. Review of Remuneration Committee's scope of preview for manager remuneration in 2023	Approved unanimously by all attending members	Approved by all the attending directors
May 5, 2023	1. Review of Remuneration Committee's scope of preview for manager remuneration in 2023 . 2. Submitted for review: 2022 employee remuneration to be distributed to managers 3. Submitted for review: 2022 director remuneration to be distributed 4. Submitted for review: 2023 salary adjustment for managers	Approved unanimously by all attending members	Approved by all the attending directors

(V) Progress in practicing sustainable development; status of and causes to deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Item	Progress			Status of and causes to deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
I. Does PTC establish a governance structure to promote sustainable development, and set up a dedicated (or acting) unit to promote sustainable development, authorize the senior management to act accordingly, and status of supervision by the board of directors?		V	PTC has not established a governance structure to promote sustainable development nor a full-time (concurrent) unit to promote sustainable development. It will set up such a unit according to actual needs and the schedule set by the competent authority in the future. Even so, PTC has implemented corporate governance and safeguarded social welfare with practical actions, always paid attention to information related to sustainable development at home and abroad, and improve PTC's system to practice sustainable development.	Comply with the provisions of the Code of Practice for Sustainable Development.
II. Does PTC assess risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?		V	PTC's top risk management unit is the general manager's office, which coordinates PTC's sustainable development and goals. PTC will continue, in a positive and effective manner, assessing the threats on its sustainable growth by global major economic, social and environmental issues to implement risk management.	Comply with the provisions of the Code of Practice for Sustainable Development.
III. Environmental issues (I) Does PTC have an appropriate environmental management system established in accordance with its industrial character?	V		(I) Obtaining the ISO14001 environmental management system certification (November 16, 2019 to November 5, 2025) and improvement at the source with internal reviews on the characteristics of raw materials and manufacturing processes: raw materials in adherence to international environmental protection requirements (e.g., RoHS); use of less polluting and less volatile solvents instead of highly volatile substances in the manufacturing process; and volume reduction of chemical liquids and solvents. Operate and maintain the environment management system by dedicated units, and regularly assigns responsible personnel to receive professional training on environmental protection.	Comply with the provisions of the Code of Practice for Sustainable Development.
(II) Is PTC committed to improve energy efficiency and employ recycled materials with low impact on the environment?	V		(II) PTC is committed to reducing and controlling the air pollution, water pollution and waste generated in the production process; establishing a recycle system for chemical liquids to improve the efficiency of energy use, to reduce potential hazards and impacts on human body and the environment by these substances from production process, disposal, landfilling to incineration; implement environment protection by obtaining the ISO14001 environmental management system certification (November 6, 2019 to November 5, 2025).	
(III) Does PTC assess the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to	V		(III) PTC recognizes that climate change has a huge impact on its operation and endeavors to comply with relevant international agreements to meet the needs of multinational customers by completing	

Item	Progress			Status of and causes to deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
climate issues? (IV) Does PTC count the greenhouse gas emissions, water consumption, and total weight of waste, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	 V		GHG inventory inspections for the whole group in 2024, ahead of schedule. We encourage employees to participate in environmental protection activities to minimize the impact of the external environment on PTC. (IV) PTC is reporting water consumption to the Industrial Zone Management Center semiannually, manage the total weight of wastes, and report to EPA for each waste removal and transportation transaction; please visit PTC's official website at https://www.powertip.com.tw/investor_2_4.php for figure details. Abide by regulations with respect to energy conservation and carbon reduction, greenhouse gas reduction, water reduction, and other waste management guidelines; relevant management policies are pending now. Quarterly reports have been submitted to the Board of Directors since the second quarter of 2022. PTC will establish GHG Inventory Inspection Committee and strive to complete GHG inventory inspection for the whole group in 2024 by following the guidelines and relevant regulations issued by the competent authority (i.e., inventory inspection completed by 2026 and verification by 2028).	
IV. Social issues (I) Does PTC formulate the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights? (II) Has PTC established and implemented reasonable measures for employee benefits (including: remuneration, holidays and other benefits), and appropriately reflect the business performance or achievements in the employee remuneration? (III) Does PTC provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	 V V V		 (I) PTC is establishing management guidelines according to relevant regulations and committed to complying with international social responsibility regulations to protect the rights and interests of employees. (II) See page 56 of this annual report for PTC's employee welfare measures; employee salary and remuneration has been combined with the employee performance appraisal system along with incentive programs. (III) PTC is providing employees with regular physical exam and regular work environment inspections in accordance with the law; set up PTC exclusive occupational medication and medical care and in-plant medication system; provide continuous employee training based on principle of regulation compliance, environment improvement, life respect, safety first, and zero disasters and accidents to encourage employees' participation in improvements and caring the environment; all these are aimed to shape up a healthy and dynamic	Comply with the provisions of the Code of Practice for Sustainable Development.

Item	Progress			Status of and causes to deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
			enterprise with an autonomous, safe, and health management system.	
(IV) Does PTC establish effective training programs for employee's career development?	V		(IV) PTC is reviewing employees' specialty according to organization, unit, and personal requirements from time to time to plan for capability enhancements and talent development specific continuous programs; encourage employees to take government-subsidized labor on-the-job training courses with partial subsidies by PTC once completed the program successfully; employees may take programs by profit making third parties on public leave.	
(V) Does PTC comply with relevant laws and international standards regarding customer health and safety with respect to its product and service, customer privacy, marketing and labeling; formulate relevant policies and complaint procedures for consumer or customer rights protection?	V		(V) PTC's marketing and labeling of products and services abides by relevant regulations and international standards. PTC is setting up guidelines for service management, customer return/complaint management, confidential information protection and other protection over customer rights and privacy and complaint to ensure rights and interests of customers throughout aspects of research and development, procurement, production, operation and service.	
(VI) Has PTC established supplier management policies demanding compliance with relevant regulations and their execution status regarding issues such as environmental, occupational safety, and health or labor rights?	V		(VI) PTC is assessing suppliers' compliance with environment protect, occupational safety and health, and labor rights before conducting business transactions with them; this is to ensure PTC from trading with those who violate corporate social responsibility.	
V. Does PTC prepare sustainability reports according to internationally accepted report preparation guidelines to disclose non-financial information of PTC? Does the said report blessed by insurance or assurance opinion by third-party verification units?		V	PTC is not preparing sustainability report; corporate social responsibilities relevant information can be found in PTC's annual report but not its official website and MOPS.	Comply with the provisions of the Code of Practice for Sustainable Development.
VI. If the company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please note their implementation and differences between the two: In spite of valuing environmental, social and corporate governance (ESG) related issues, PTC does not issue sustainability report; this is something PTC will work on to meet the goal of sustainable development.				
VII. Other important information helpful to understand the implementation of sustainable development: 1. Environmental protection: garbage and resource recycling, including second-hand paper, PET bottles, iron and aluminum cans. 2. Community participation, contribution, service and public welfare: participate in public welfare activities organized by industrial zones and other non-governmental organizations, including blood donation, fight against Covid-19, and support for medical care personnel and resources donation. 3. Consumer rights: adhering to sustainable development and collaborating with customers to promote green manufacturing and products, PTC is striving not only to comply with international green product standards but also to fulfill the basic obligations and duties of corporate citizens; PTC is attaching importance to product and process R&D and quality development, pursuing innovation, integrating new product process, and developing high value-added products to provide complete manufacturing services for more customer value. 4. Safeguard employee human rights and implement safety and health: see page 56 "Labor-Management Relations" of this annual report.				

(VI) Status of performing honest business operations and the status of and causes to deviations from Honest Business Operations Best Practice Principles for TWSE/TPEx Listed Companies:

Evaluation items	Implementation status			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Ethical business policies and action plans				No difference in existence.
(I) Has PTC established an ethical business policy that has been passed by its Board of Directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) The company abides by the Company Act, Securities and Exchange Act, Business Entity Accounting Act and other TWSE/TPEx listed companies specific regulations as well as guidelines approved by the board of directors including "Ethical Business Code", "Employee Job Code", "Integrity Policy Fair Mailbox" and the "Code of Ethics and Conduct for Directors and Managerial officers" to implement the commitments by the Board of Directors and the executive's management policies as the basis for ethical business.	
(II) Has PTC established a risk assessment mechanism against unethical behavior, analyzed and assessed business activities within their business scope on a regular basis which are at a higher risk of being involved in unethical behavior, and established prevention programs at least covering the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) PTC is establishing effective accounting system and internal control system, having internal auditors regularly check the compliance with them to prevent business activities with high risk of unethical behavior and ensure the implementation of ethical business. Formulate the "Ethical Business Code" to prevent the occurrence of acts set in Paragraph 2 of Article 7 of the "Ethical Business Code of TWSE/TPEx Listed Companies".	
(III) Has PTC specified operational procedures, behavioral guidelines, disciplines of violations, as well as an appeal system in the program against unethical behavior, and implemented such programs, and reviewed and revised the previous program on a regular basis?	V		(III) The Employee Job Code" of PTC mandates employees "DO NOT use your position to accept gifts and invitations from others" and "DO NOT exercise works under PTC's name unless otherwise authorized"; establish "Fair Mailbox" according to the integrity policy to prevent employees from imposing excessive charges or involved in illegal activities; set guidelines for ethical behavior of directors and managerial officers in "Directors and Managerial officers Code of Ethical Conduct" and "Ethical Business Code". The aforementioned management guidelines are subjected to regular review by designated units for bettering from time to time.	
II. Implement ethical business				No difference in existence.
(I) Does PTC evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?		V	(I) PTC has established a "fair mailbox" in accordance with the integrity policy. Business activities are mandated to comply with legal requirements and social ethics; management representatives	

Evaluation items	Implementation status			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
			and employees must comply with the requirements of the integrity policy to prevent employees from imposing excessive charges or involved in illegal activities	
(II) Has PTC set up a dedicated responsible unit to promote corporate ethical management under the Board of Directors, and has such unit reported its execution in terms of ethical management policy and preventive programs against unethical behaviors and the supervision status to the Board of Directors on a regular basis (at least once a year)?		V	(II) The general manager office host set up “Ethical Business Code” to improve Ethical Business management; the audit office is assigned to monitor its implementation and report to the board of directors as required.	
(III) Does PTC have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	V		(III) PTC’s "Ethical Business Code ", "Rules of Procedure for the Board of Directors Meeting" and "Code of Ethics and Conduct for Directors and Managerial officers" clearly mandates directors and managerial officers to recuse themselves from matters with conflicting interests; in case of proposals concerning the personal interest of or the interest of the juristic person which is likely to prejudice the interest of the company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse him or herself from the discussion or the voting, and may not exercise voting rights as a proxy for another director.	
(IV) Has PTC established an effective accounting system and internal control system in order to implement ethical management, and propose relevant audit plans according to the assessment results of the risks of unethical behaviors, and review the compliance status of the prevention of unethical behaviors, or entrust an account to carry out the review?	V		(IV) PTC is establishing effective accounting system and internal control system, having internal auditors regularly check the compliance with them to prevent unethical business activities.	
(V) Does PTC organize internal or external training on a regular basis to maintain business integrity?	V		(V) PTC regularly promotes the importance of ethical business in employee training or meetings.	
III. Whistleblowing system				No difference in existence.
(I) Does PTC have a specific whistleblowing and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?	V		(I) The audit unit shall check matters reported and identify their unethicalness; the administrative unit then penalizes those involved according to the reward and punishment measures.	
(II) Has PTC implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?		V	(II), (III) In spite of lacking clear investigation guidelines and relevant confidentiality mechanism, be prudent when accepting reports and proceeding with investigation and verification.	

Evaluation items	Implementation status			Nonconformity to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof
	Yes	No	Summary	
(III) Has PTC taken appropriate measures to protect the whistle-blower from suffering any consequences of reporting an incident?	V			
IV. Better information disclosure (I) Does PTC have the contents of ethical corporate management and its implementation disclosed on the website and MOPS?	V		The "Ethical Business Code" has been disclosed on PTC's official website and MOPS.	No difference in existence.
V. Regarding companies with "Ethical Business CODE" established according to the "Ethical Business Code of TWSE/TPEx Listed Companies": note its operation status and difference from the latter: PTC's "Ethical Business Code" is formulated in accordance with the "Ethical Business Code of TWSE/TPEx Listed Companies" and is exercising it accordingly.				
VI. Other material information that helps to understand the practice of ethical management of the company: None.				

(VII) Companies with corporate governance code and related regulations in existence shall provide ways to access them: PTC has formulated the "Procedure Rules of the Board of Directors", "Procedure Rules of the Shareholders' Meeting", "Scope of Duties of Independent Directors", "Audit Committee Organization Regulations", "Measures for the Performance Evaluation of the Board of Directors and Functional Committees", "Measures for Election of Directors", "Processing Procedures for Acquiring or Disposing of Assets", "Operating Procedures for Fund Loans and Endorsements", "Processing Financial Derivative Transactions", "Code of Ethics and Conduct for Directors and Managerial officers", "Ethical Business Code", "Corporate Governance Practice Guidelines", and "Standard Operating Procedures for Handling Directors' Requests" as well as "Employee Service Guidelines" and "Personnel Management Measures" to standardize the conduct and ethics of employees.

(VIII) Other important information capable of revealing more about corporate governance: prepare relevant financial statements in accordance with regulations set by the competent authority, and publish financial, business information, and corporate governance related guidelines on the MOPS and PTC's official website (at address http://www.powertip.com. tw/investor.php) to make PTC's operations transparent.

(IX) The progress of the internal control system implementation

1. Statement on Internal Control System

Powertip Technology Corporation

Statement on the Company's Internal Control System

Date of Issue: March 21, 2023

Based on the results of our self-assessment, we declare that our internal control system for the year ended December 31, 2022 is as follows.

1. The Company recognizes that it is the responsibility of the Board of Directors and the Company's officers to establish, implement and maintain an internal control system, and that the Company has established such a system. The purpose of the system is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and assurance of the safety of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and relevant laws and regulations.

2. Internal control mechanisms have inherent limitations. No matter how well designed, an effective internal control system can only provide reasonable assurance that the above three objectives will be achieved; moreover, due to changes in circumstances and conditions, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism and once deficiencies are identified, the Company shall take promptly take corrective actions.

3. The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the determination items of the effectiveness of the internal control system stipulated in the " Regulations Governing Establishment of Internal Control Systems by Public Companies " (hereinafter referred to as the "Guidelines"). The judgment items of the internal control system adopted in the "Guidelines" are categorized into five major components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component includes several items. Please refer to the "Guidelines" for information on the aforementioned items.

4. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the results of the preceding evaluation, the Company believes that the design and implementation of the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, including the understanding of the extent to which operational effectiveness and efficiency objectives are achieved, reliability of the reporting of such internal control items, timeliness, transparency and compliance with relevant laws and regulations is effective and can reasonably ensure the achievement of the above objectives.

6. This statement will become the main content of the Company's annual report and public statement and will be publicly disclosed. If any of the above contents are disclosed in a false or is deliberately concealed, the Company will be subject to legal liability under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

7. This statement was approved by the Board of Directors at its meeting held on March 21, 2023. Of the 8 Directors present, 0 held a opposed views; all others agree to the contents of this statement.

Powertip Technology Corporation

Chairman and General Manager: Wang, Shyh-Yueh

Signed by Wang, Shyh-Yueh

2. Those who entrust CPAs to review the internal control system should disclose the CPA's review report: none.

(IX) In the most recent year and as of the publication date of the annual report, PTC and its employees sentenced by the court, PTC's punishment on its employees for violating the provisions of the internal control system, major deficiencies and improvements: none.

(X) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and as of the publication date of the annual report:

Meeting type	Date	Important proposals	Important resolutions and implementation status
Board of Directors	March 18, 2022	1. Submit for resolution: Employees and directors and supervisors remuneration distribution for 2021.	Approved and presented to 2022 annual shareholders' meeting
		2. Submit for resolution: business report and financial statements 2021.	Approved and submitted to 2022 annual shareholders' meeting for ratification
		3. Submit for resolution: surplus earnings distribution 2021.	
		4. Submit for resolution: Proposals for the 1st and 2nd meeting by the 5th remuneration committees to be held on 2021.12.17 and 2022.03.08.	Approved
		5. Submit for resolution: update "Employee remuneration payment method".	Approved
		6. Submit for discussion: The internal control system statement 2021.	Approved and announced on MOPS
		7. Submit for discussion: change of CPAs due to position adjustment of the accounting firm.	
		8. Submit for discussion: revision to articles of association.	Approved, submitted to 2022 annual shareholders' meeting and ratified
		9. Submit for discussion: revision to "Acquisition or Disposal of Assets Handling Procedures".	
		10. Resolution approved, submit to the 2022 regular shareholders' meeting for discussion.	Approved
		11. Submit for discussion: 2022 operation plan.	Approved
Board of Directors	April 22, 2022	1. Submit for resolution: list of legal person director nominee for to be recommended for POWERTIP IMAGE CORP. (Powertip Image) for its director election in the 2022 regular shareholders' meeting.	Approved
		2. Submit for resolution: to attend Powertip Image's 2022 regular shareholders' meeting for discussion and voting of individual proposals and elections.	Approved
Board of Directors	May 6, 2022	1. Submit for resolution: consolidated financial report for Q1 2022.	Approved and announced on MOPS
		2. Submit for resolution: Proposals for the 3rd and 4th meeting by the 5th remuneration committees to be held on 2022.04.25 and 2022.05.06.	Approved
Regular shareholders meeting	June 8, 2022	1. The Board of Directors of the Company proposes to approve the 2021 Business Report and Financial Statements.	Approved
		2. Subject: Ratification of 2022 Earnings Distribution Proposal	Approved with the record date set on August 29, 2022 and the distribution completion scheduled for September 15, 2022 (Cash dividends at NT$0.19 per share)
		3. Amendments to the Articles of Incorporation	Approved, with registration for change on June 24, 2022 under permission from the Ministry of Economic Affairs
		4. Amendments to the "Procedures for Asset Acquisitions or Disposals"	Approved, with announcement on June 13, 2022 via MOPS and processing according to modified procedures
Board of Directors	August 5, 2022	1. Submitted for review: PTC's consolidated financial statements for Q2 2022.	Approved and announced on MOPS
		2. Submitted for discussion: determination of the record date and relevant matters for distribution of 2021 cash dividends	Approved with the record date set on August 29, 2022 and the distribution completion scheduled for September 15, 2022 (Cash dividends at NT$0.19 per share)
Board of Directors	November 4, 2022	1. Submitted for resolution: consolidated financial report for Q3 2022.	Approved and announced on MOPS
		2. . Submitted for resolution: 2023 annual audit plan	Approved
		3. Submitted for resolution: PTC's 2023 audit fees to CPAs.	Approved
		4. Submitted for resolution: amendment to PTC's "Procedures for Handing Material Internal Information", to be in alignment with laws and regulations.	Approved, with processing in accordance with modified procedures
Board of Directors	March 21, 2023	1. Submitted for resolution: Distribution of employee and director remuneration for 2022.	Approved and to be reported to the 2023 annual shareholders' meeting
		2. Submitted for resolution: 2022 business report and financial statements	Approved and to be submit to the 2023 annual shareholders' meeting for ratification.
		3. Submitted for resolution: 2022 earnings distribution plan.	

Meeting type	Date	Important proposals	Important resolutions and implementation status
		4. Submitted for discussion: PTC's 2022 statement for its internal control system.	Approved and announced on MOPS
		5. Submitted for discussion: nomination and review of the candidate list for by-election of the 12th board of independent directors	Approved and to be submit to the 2023 annual shareholders' meeting for ratification.
		6. Submitted for discussion: convening of the 2023 annual shareholders' meeting	Approved
		7. Submitted for resolution: Agendas for the fifth and sixth meetings by the 5th Remuneration Committees on December 8, 2022 and March 21, 2023, respectively	Approved
		8. Submitted for discussion: 2023 business plan.	Approved
Board of Directors	May 10, 2023	1. Submitted for resolution: consolidated financial report for Q1 2023.	Approved and announced on MOPS
		2. Submitted for discussion: amendment to the "Rule of Procedures for Board Meetings", to be in alignment with laws and regulations	Approved
		3. Submitted for resolution: Agenda for the seventh meeting by the 5th Remuneration Committees on May 5, 2023	
		4. Submitted for resolution: Appointment and dismissal of Corporate Governance Officer	Approved and announced on MOPS

(XI) Where there are directors or supervisors have dissenting opinion that is on record or stated in a written statement on the important resolutions passed by the board of directors in the most recent year and up to the date of printing the annual report:

Meeting type	Date	Important proposals	Director's opinion
Board of Directors	April 22, 2022	1. Submit for resolution: list of legal person director nominee for to be recommended for POWERTIP IMAGE CORP. (Powertip Image) for its director election in the 2022 regular shareholders' meeting.	Mr. Tuan, Chia-Jui, independent director, raised his hand to dissent.
		2. Submit for resolution: to attend Powertip Image's 2022 regular shareholders' meeting for discussion and voting of individual proposals and elections.	Mr. Tuan, Chia-Jui, independent director, waived his power verbally.
Board of Directors	March 21, 2023	1. Submitted for resolution: 2022 earnings distribution plan	(Summary) Director Liao, Tsung-Jen and Director Liao Hsin-Pei suggested cash dividends at least NT$0.9 per share.
		2. Submitted for discussion: nomination and review of the candidate list for by-election of the 12th board of independent directors	(Summary) 1. Director Liao Hsin-Pei raised questions on the qualification of the candidates for independent directorship. 2. Independent Director Duan Jia-Rui verbally abstained from the nominated candidates for independent directorship.

(XII) A summary of the resignation and dismissal of persons related to financial reports (including the chairman, general manager, accounting supervisor and internal audit supervisor) in the most recent year and up to the date of publication of the annual report: None.

IV. CPAs’ fees

Unit: NT$ thousand

Firm name	CPA name	Examination period	Audit fees	Non-audit fees	Total	Remarks
KPMG Taiwan	Wang Yi-Wen, Guo Guan-Ying	January 1, 2022 to December 31, 2022	2,964	Tax visa NT$650 Business registration NT$261	3,875	—

Note: Regarding replacing CPA or CPA firm in current year: note examination period, note reason of replacement in the remark field; list audit fees and non-audit fees paid in sequence. It is not an audit public expense and should be annotated to explain its service content.

(I) Replace CPA firm with auditing fees of the year after replacement lower than that of the year before: none.

(II) Audit fees down more than 10% from the year before: None

V. Change of CPAs: due to internal adjustments of the accounting firm in 2022.

VI. Whether the Company's Chairman, President, or any accounting or finance manager who has held a position in the accounting firm where CPAs work or in its affiliated enterprise: None.

VII. Any transfer of equity interests and change of pledged equity interests owned by directors, supervisors, managers or shareholder with a stake of more than 10% during the most recent year and as of the publication date of this annual report:

Title	Name	2022		As of April 30 this year	
		Shares up (down)	Shares pledged	Shares up (down)	Shares pledged
Chairman and General Manager	Wang, Shyh-Yueh	-	-	-	-
Director	Bright LED Electronics Corp.. (BLEC) Liao, Tsung-Jen, Representative	-	-	-	-
Director	Chen, Shu-Kuei	-	-	-	-
Director	Wanxu Investment Co., Ltd. Representative: Liao Hsin-Pei	-	-	-	-
Director	Su, He-Yang	538,000 shares	-	373,000 shares	-
Independent director	Tsai, Wen-Chieh	-	-	-	-
Independent director	Tuan, Chia-Jui	-	-	-	-
Independent director	Feng, Chu-Chien	-	-	-	-

VIII. Top 10 shareholders who are related parties, spouses, or within second-degree of kinship to each other:

Unit: Shares/% April 22, 2023

Name	In Own Name		Shares held by spouse, minor children		Shares held under another person's name		Names and relationship of top 10 shareholders who are related parties, spouses or within second-degree of kinship to each other		Remarks
	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Name	Relationship	
Bright LED Electronics Corp.. (BLEC)	19,020,148	11.73%	-	-	-	-	Liao, Tsung-Jen Yirun Investment Co., Ltd.	He is the chairman of PTC The chairman of PTC is the same person	None
Su, He-Yang	5,970,000	3.68%	-	-	-	-	None	None	None
Okaya Electric Industries Co., Ltd.	5,214,702	3.22%	-	-	-	-	None	None	None
Wang Yuqi	3,985,212	2.46%	-	-	-	-	None	None	None
Zheng Zhongzheng	3,663,000	2.26%	-	-	-	-	None	None	None
Chang Ching-Chuan	3,629,000	2.24%	-	-	-	-	None	None	None
Liao, Tsung-Jen	3,430,723	2.12%	-	-	-	-	Bright LED Electronics Corp.. (BLEC) Yirun Investment Co., Ltd.	He is the chairman of PTC He is director of PTC	None
Wang Chen Lirong	2,957,920	1.82%	1,677,372	1.03%	-	-	None	None	None
Wang, Shyh-Yueh	2,409,043	1.49%	1,260,575	0.78%	-	-	None	None	None
Yirun Investment Co., Ltd.	1,782,188	1.10%	-	-	-	-	Liao, Tsung-Jen Bright LED Electronics Corp.. (BLEC)	He is director of PTC The chairman of PTC is the same person	None

IX. Number of shares held and shareholding percentage of the Company, the Company's directors, supervisors, managers and directly or indirectly controlled entities in the same investee:

April 30, 2023: Unit: thousand shares/%

Invested business (Investment using equity method)	PTC's investment		Investment of directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Combined investment	
	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage	Shareholding	Shareholding percentage
Powertip HK	39,500	100.00%	-	-	39,500	100.00%
Powertip USA	155	100.00%	-	-	155	100.00%
Powertip Samoa	23,711	100.00%	-	-	23,711	100.00%
Powertip Image Corp. (PTIC)	9,575	23.55%	13,207	32.48%	22,782	56.03%
Ta Cheng International Investing Co., Ltd. (TCII)	2,454	100.00%	-	-	2,454	100.00%
Ta Ho International Investing Co., Ltd. (THII)	2,454	100.00%	-	-	2,454	100.00%
Ta Yang International Investing Co., Ltd (TYII)	2,010	100.00%	-	-	2,010	100.00%

Four. Funding status

I. Capital and shares

(I) Source of capital

Year/Month	Issue price	Authorized capital		Paid-up capital		Remarks					
		number of shares	Amount	number of shares	Amount	Source of	capital paid in properties other than cash	Effective	Document number	Amount (in NT$)	Others
Sep. 1991	10	2,000,000	20,000,000	2,000,000	20,000,000	Own funds	None	NA	Original establish capital	20,000,000	None
Jul. 2001	10	60,000,000	600,000,000	53,143,000	531,430,000	Surplus capital increase	None	2001.07.02	(90) Tai-Cai-Zhen-(I) No. 141962	54,930,000	None
Mar. 2002	10	60,000,000	600,000,000	59,143,000	591,430,000	Cash capital increase	None	2002.01.04	(90) Tai-Cai-Zhen-(I) No. 178251	60,000,000	None
Aug. 2002	10	82,000,000	820,000,000	65,613,940	656,139,400	Turnover of surplus, employee bonus and capital reserve into capital increase	None	2002.07.01	(91) Tai-Cai-Zhen-(I) No. 0910135698	64,709,400	None
Jul. 2004	10	200,000,000	2,000,000,000	68,744,637	687,446,370	Surplus capital increase	None	2004.06.28	(93) Tai-Cai-Zhen-(I) No. 0930128395	31,306,970	None
Sep. 2004	10	200,000,000	2,000,000,000	110,302,745	1,103,027,450	Consolidated capital increase	None	2004.08.23	(93) Jin-Guang-Zhen (I) No. 0930136262	415,581,080	None
Mar. 2005	10	200,000,000	2,000,000,000	110,347,328	1,103,473,280	Corporate bond conversion	None	2005.05.23	Jin-Shou-Shan-Zi No. 09401090670	445,830	None
Oct. 2005	10	200,000,000	2,000,000,000	106,111,328	1,061,113,280	Capital reduction of treasury shares	None	2005.11.04	Jin-Shou-Shan-Zi No. 09401217230	42,360,000	None
Feb. 2006	10	200,000,000	2,000,000,000	104,861,328	1,048,613,280	Capital reduction of treasury shares	None	2006.03.01	Jin-Shou-Shan-Zi No. 09501035370	12,500,000	None
Nov. 2006	10	200,000,000	2,000,000,000	134,861,328	1,348,613,280	Cash capital increase	None	2006.08.25	Jin-Guang-Zhen (I) No. 0950136728	300,000,000	None
Dec. 2006	10	200,000,000	2,000,000,000	136,669,743	1,366,697,430	Corporate bond conversion	None	2007.01.15	Jin-Shou-Shan-Zi No. 09601008320	18,084,150	None
Mar. 2007	10	200,000,000	2,000,000,000	137,348,795	1,373,487,950	Corporate bond conversion	None	2007.06.28	Jin-Shou-Shan-Zi No. 09601144440	6,790,520	None
Jun. 2007	10	200,000,000	2,000,000,000	166,455,127	1,664,551,270	Corporate bond conversion	None	2007.09.10	Jin-Shou-Shan-Zi No. 09601221660	291,063,320	None

Year/Month	Issue price	Authorized capital		Paid-up capital		Remarks					
		number of shares	Amount	number of shares	Amount	Source of	capital paid in properties other than cash	Effective	Document number	Amount (in NT$)	Others
Nov. 2007	10	200,000,000	2,000,000,000	165,582,711	1,655,827,110	Corporate bond conversion Cancellation of treasury shares	None	2007.12.11	Jin-Shou-Shan-Zi No. 09601300780	16,725,840 25,450,000	None
Feb. 2008	10	200,000,000	2,000,000,000	162,914,923	1,629,149,230	Corporate bond conversion Cancellation of treasury shares	None	2008.03.04	Jin-Shou-Shan-Zi No. 09701052240	3,002,120 29,680,000	None
Aug. 2008	10	220,000,000	2,200,000,000	166,173,221	1,661,732,210	Converting capital reserve to capital increase	None	2008.07.15	Jin-Guang-Zhen (I) No. 0970035473	32,582,980	None
Dec. 2008	10	220,000,000	2,200,000,000	162,173,221	1,621,732,210	Cancellation of treasury shares	None	2008.12.24	Jin-Shou-Shan-Zi No. 09701322390	40,000,000	None

April 30, 2023

Share type	Authorized capital			Remark
	Outstanding shares (OTC)	Unissued shares	Total	
Common stock	162,173,221	57,826,779	220,000,000	None

(II) Shareholder structure

April 22, 2023

Shareholder structure / Count	Government agencies	Financial institutions	Other legal persons	Individual	Foreign institution and foreigners	Total
Number of persons	-	3	209	33,450	35	33,697
Number of shares held	-	377,000	25,716,274	126,740,837	9,339,110	162,173,221
Shareholding ratio	-	0.23%	15.86%	78.15%	5.76%	100%

(III) Diversity of ownership

April 22, 2023

Shareholding bracket			Shareholders	Number of shares held	Shareholding ratio
1		999	24,100	329,943	0.20%
1,000	to	5,000	6,670	14,468,451	8.92%
5,001	to	10,000	1,366	11,123,114	6.86%
10,001	to	15,000	478	5,971,492	3.68%
15,001	to	20,000	278	5,216,328	3.22%
20,001	to	30,000	272	6,857,979	4.23%
30,001	to	40,000	123	4,321,035	2.66%
40,001	to	50,000	95	4,488,912	2.77%
50,001	to	100,000	156	11,163,658	6.88%
100,001	to	200,000	78	10,670,000	6.58%
200,001	to	400,000	45	12,136,356	7.48%
400,001	to	600,000	7	3,371,000	2.08%
600,001	to	800,000	7	4,725,060	2.92%
800,001	to	1,000,000	3	2,808,961	1.73%
1,000,001 or more			19	64,520,932	39.79%
Total			33,697	162,173,221	100.00%

(IV) Major shareholders

April 22, 2023

Name of major shareholder / Shares	Number of shares held	Shareholding ratio
Bright LED Electronics Corp. (BLEC)	19,020,148	11.73%
Su, He-Yang	5,970,000	3.68%
Okaya Electric Industries Co., Ltd.	5,214,702	3.22%
Wang Yuqi	3,985,212	2.46%
Zheng Zhongzheng	3,663,000	2.26%
Chang Ching-Chuan	3,629,000	2.24%
Liao, Tsung-Jen	3,430,723	2.12%
Wang Chen Lirong	2,957,920	1.82%
Wang, Shyh-Yueh	2,409,043	1.49%
Yirun Investment Co., Ltd.	1,782,188	1.10%

(V) Market price, net worth, earnings, dividends and related information of each share in the last two years

Unit: thousand shares; NT$

Item		Year	2021	2022	As of March 31, 2023
Price per share	Highest		17.45	16.80	14.25
	Lowest		7.30	10.05	11.50
	Average		9.39	12.96	12.95
Net worth per share	Before distribution		9.58	11.04	11.22
	After distribution		9.39	11.04	10.52
Earnings per share	Weighted average shares		162,173	162,173	162,173
	Earnings per share (before adjustments)		0.50	1.54	0.16
	Earnings per share (adjusted)		0.50	1.52	0.16
Dividend	cash dividend		0.19	0.70 (Note 4)	NA
	Bonus share	Retained share distribution	None	None	NA
		Stock dividends from capital surplus	None	None	NA
	Cumulative unpaid dividends		None	None	NA
Return on investment	P/E ratio (Note 1)		18.78	8.42	NA
	Price / dividend ratio (Note 2)		49.42	18.51	NA
	Cash dividend yield (Note 3)		2.02%	5.40%	NA

Note 1: P/E ratio = average closing price per share for the year/earnings per share.

Note 2: Price / dividend ratio = average closing price per share for the year/cash dividend per share.

Note 3: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 4: Resolution adopted by the Board of Directors on March 21, 2023.

(VI) PTC's dividend policy and its exercise

1. PTC's dividend policy:

Amid ever changing industrial environment and major investments required by business expansion plans in the future, the board of directors is to allot more than 70% of distributable earnings subject to balanced capital needs and long-term financial planning and stable dividends. Cash dividend shall account for at least 20% of the planned dividends. In case the funds required can be raised in other ways or PTC has sufficient funds to satisfy the needs of investment, PTC may increase the ratio of cash dividends up to 100%.

2. Dividend distribution proposal for the regular shareholders' meeting:

On March 21, 2023, the Board of Directors approved the distribution of 2022 earnings: a total of NT$113,521,255 in cash dividend, or NT$0.70 per share. This will be reported to the 2023 annual shareholders' meeting.

(VII) Impact of the bonus shares to be reviewed by this shareholders' meeting on PTC's operating performance and earnings per share: not applicable, as PTC does not provide 2023 financial forecasts.

(VIII) Remuneration for employees and directors and supervisors

1. Ratio or scope of remuneration for employees and directors and supervisors set by the Articles of Incorporation:

The audit committee by independent directors replaced the functions of supervisors after new directors elected by regular shareholders' meeting on 2021.07.15; the Articles of Incorporation revised accordingly.

According to PTC's Articles of Incorporation, 5% and no more than 1% of the annual profits, if any, should be allocated as employee remuneration and director remuneration, respectively. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

2. The basis for estimates of remuneration to employees, directors and supervisors for the period, the calculation of number of shares for dividends distributed to employees as remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount:

   PTC estimates the possible amount to be issued as remuneration to employees and directors according to the Articles of Incorporation. Any difference between the actual distributed amount and the estimated amount will be treated as change to accounting estimates and charged to profits and losses of the next year.

3. Distribution of remuneration adopted by the board of directors:

   Approved by the Board of Directors on March 21, 2023

   (1) Employee remuneration at NT$14,300,476 and director remuneration at NT$2,860,095 distributed in cash

   (2) The ratio of the amount of employee compensation distributed in stock versus the sum of net profit after tax and total employee compensation for the current period:
   NA.

4. Actual distribution of remuneration to employees, directors and supervisors during the previous year; any difference from the amount recognized as remuneration for employees, directors and supervisors; reason for such a difference and treatment of this difference: no difference

(IX) Repurchase PTC shares: None.

II. Handling of corporate bonds: None.

III. Handling of preferred stocks: None.

IV. Handling of global depositary receipts: None.

V. Handling of employee stock option: None.

VI. Restricted stock for employees: None.

VII. New shares issued for merging or acquiring other companies: None.

VIII. Progress on planned use of capital: NA.

Five. Operation overview

I. Business overview

(I) Scope of business

1. The main businesses of the company

(1) Data storage and processing equipment manufacturing.
(2) Electronics Components Manufacturing.
(3) General instrument manufacturing.
(4) Optical Instruments Manufacturing.
(5) Mold and Die Manufacturing.
(6) International trade.
(7) Manufacturing export.
(8) Product Designing.
(9) Intellectual property rights.
(10) All business items that are not prohibited or restricted by law, except those that are subject to licensing business.

2. Proportion of businesses operated in NT$ thousand; %

Main products	2021		2022	
	Amount	%	Amount	%
LCD module	1,844,586	98.21	2,116,757	98.28
Others	33,624	1.79	36,996	1.72
Total	1,878,210	100.00	2,153,753	100.00

3. Existing products (services)

(1) Design, manufacturing, and application of LCD modules.
(2) Design, manufacturing, and application of LCD panels.
(3) Design, manufacturing, and application of bonding touch control cover and LCD module with optical adhesive.
(4) Design, manufacturing, and application of HDMI, LVDS, MIPI, and eDP signals and RGB boards and driver boards.
(5) Development of medium and large size Touch Monitor / Open Frame.
(6) Customized embedded system and development of complete machine with enclosure.
(7) Customized integration of the above items.

4. New products (services) to be developed

(1) Optimize the high reliability and high contrast LCD modules for vehicle and scooter dashboards.
(2) Development of touch-panel modules for medium and large sized integrated black panels (IBP) and laminated displays
(3) LCD module with product control signal conversion.
(4) Research and develop industrial high-end 64Bit MPU embedded SBC.
(5) Development of GUI (graphical user interface) for MCUs/MPUs
(6) R&D of display related technologies
(7) Development of the capacitive touch pen controllers to support active pens
(8) R&D of man-machine interaction algorithms and use cases
(9) Development of touch monitor/panel PCs
(10) Development of machine vision/AI integration and systems

(II) Industry Overview

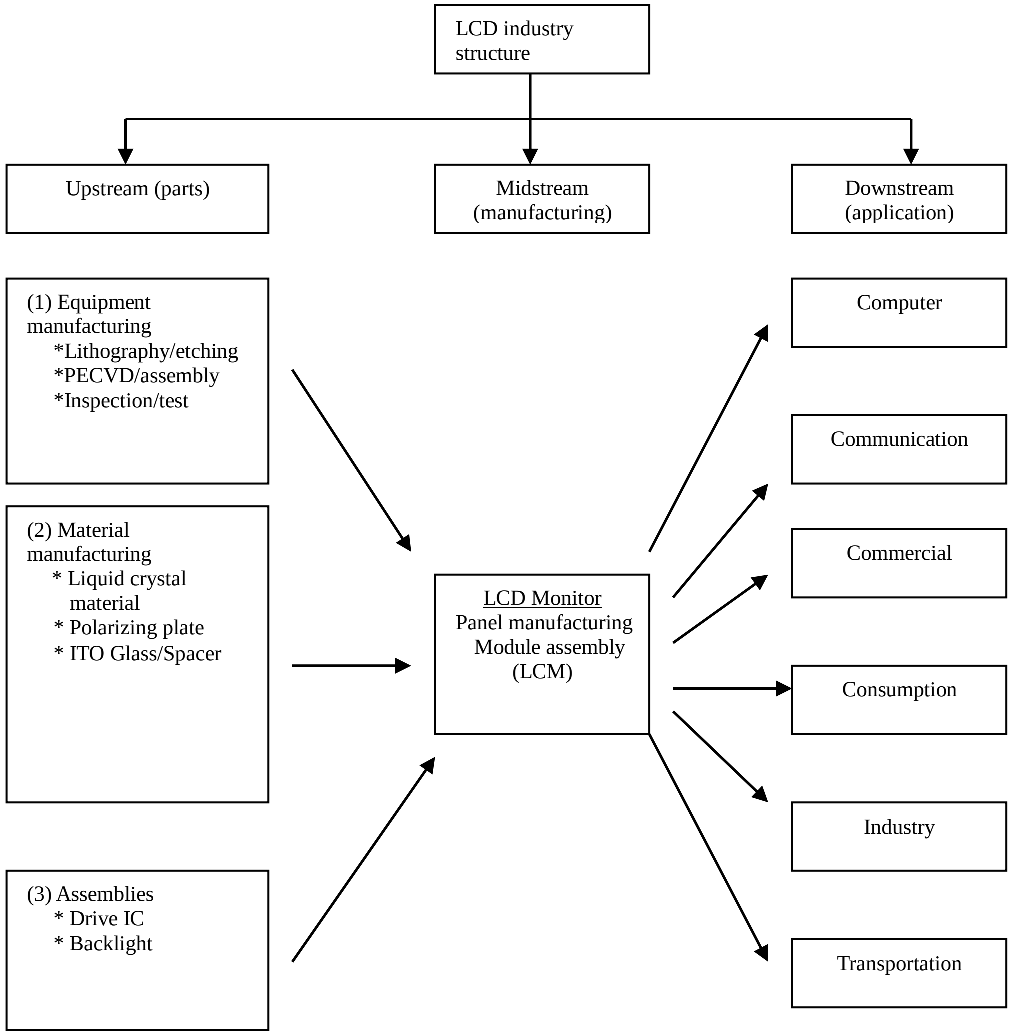
1. Current status and development of the industry

LCD (liquid crystal display) technology has been around for more than half a century. Given its lightweight and thinness, LCD is widely adopted as man-machine interface in products such as industrial control, medicare, smart homes, security and surveillance, in-vehicle devices and electric vehicle charging piles. Thanks to rising demands for message display and better visibility, the new applications of TN/STN product in the industrial control markets is shifting toward color and demanding more in size, brightness, and resolution. In spite of modest growth, the TN, STN, and FSTN markets remain a good niche. PTC is providing customers with tailor-made and high resolution, high contrast, high brightness, high reliability products for application requiring long-term supply and demanding operation conditions based on its inhouse module design and assembly line as well as advanced technology in LCD, polarizer, and backlight.

Development in AI, IoT, and big data technology is pushing demands of products featuring various display interface. This, in turn, is booming the markets of small- and medium-sized TFT-LCD display module. Working with TFT panel manufacturers, PTC is providing customers with tailor-made module to meet their application product design requirements with its design and manufacturing capabilities. PTC is enjoying continuously growing output value atop 50% turnover.

Global technology is moving from personal computers and smartphones to the era of AIoT. The latter is an integrated service and solution of 5G communication technology, artificial intelligence and the Internet of Things. Addressing this technology trend, PTC is beginning to develop embedded systems by providing MCU and MPU at different levels of computing and I/O PCBs in varying dimension and specifications to meet customer's design requirements. This is set to bring us into the next booming growth.

2. Relationship between upstream, midstream and downstream of the industry



3. Various product development trends and competition

(1) LCD panels:

Focusing on the development of high-resolution, color, wide-angle, power-saving products, most industry leaders now are manufacturers in Taiwan and Mainland China.

(2) Liquid crystal display module:

The competition focuses on integrating IC design and providing customers with complete services. The development of products is mainly based on thin, power-saving, high-brightness, high-resolution and high-reliability specifications, and is used in mid-to-high-end products with touch panels. Most industry leaders now are manufacturers in Taiwan, Mainland China, Hong Kong, and Malaysia.

(3) Embedded SBC:

Provide total HMI solution with high technology and functionality for customers to shorten their product development cycle. Most industry leaders now are manufacturers in Taiwan and Mainland China.

4. Leading manufacturers of STN small- and medium-sized display in Taiwan.

Manufacturer name	Source of LCD panel	Production of color modules
Powertip Tech Corp. (PTC)	Inhouse production	Mass production
United Radiant Technology Corp.	Inhouse production	Mass production
Emerging Display Technologies	Inhouse production	Mass production
Ampire Co., Ltd.	Outsourcing	Mass production

(III) Technology and R&D overview

1. R&D expenses in the most recent year and up to the date of printing the annual report

Unit: NT$ thousand

Year	2022	Q1 2023	2023 (projection)
Research and development expenses	51,674	13,125	57,365

2. Successfully developed technologies or products

(1) High reliability and high contrast LCD modules for vehicle and scooter dashboard.

(2) Touch control LCD modules for smart home appliances and home security applications.

(3) Touch control LCD module featuring green energy saving and environment protection.

(4) LCD module with touch control cover by fully bonding OCR.

(5) Embedded SBC with various I/O interfaces.

(6) Medium- and large-size LCD module with touch control cover by fully bonding OCR.

(7) Customization, development and integration of system hardware and software

(8) System development and integration (Linux, Android, Ubuntu, Debian, Yocto, RTOS, etc.)

(IV) Long-term and short-term business development plans

1. Short-term business development plan:

(1) Continue to expand the business of high value-added HMI products at home and abroad.

(2) Improve product quality and create added value for products and services.

(3) Segment the competitive market filled with standard and low profit commodities with differentiated products and services to win customer loyalty and beat rivals with tailor-made solutions to create added-values for them.

(4) Cut production costs by local purchase from and capacity optimization among existing factories.

(5) Shorten L/T and adjust MOQ to meet customer needs and adapt to the ever-changing industry.

2. Long-term business development plan:

(1) Provide customers with comprehensive technical and product specification solutions.

(2) Provide customers with total solutions containing not only display modules made by PTC but also peripheral components design and production integration mechanism; for example: providing remote controllers with display modules, integrated circuit design and making of key pad. This helps customers in minimizing footprint of their finished goods and maximizing their market competitiveness.

(3) Strengthen cooperation with other technical panel suppliers.

(4) Provide a complete HMI solutions with high technology and functionality, including hardware and software, for customers to shorten their product development cycle.

(5) Development of products for extended temperatures, with high reliability and optical bonding, given the wider adoption of the man-machine interface for.outdoor devices.

(6) Continually expansion and establishment of global presence, with enhanced marketing channels, to increase market share.

II. Overview of the market and production and sales

(I) Market analysis

PTC has been selling own-brand products since its establishment. With comprehensive marketing plan and worldwide dealership, it has created good product image among leading brand owners around the world and won their loyalty with good product quality. PTC is now one of the leading suppliers of LCDs. Changing production pattern is moving OEM and manufacturing business into Southeast Asia and Eastern Europe areas now. PTC is not only controlling orders transferred from western buyers but also accessing American and EU brands and OEMs in Asia to keep abreast with the markets.

1. Consolidated revenues in 2022 and 2021 for main products (services) and by region: (net sales)

Unit: NT$ thousand

Area	2021	Percentage	2022	Percentage
Taiwan	$335,306	17.85%	$ 231,913	10.77%
USA	270,195	14.39%	380,704	17.68%
Germany	486,848	25.92%	616,521	28.62%
Other countries	785,861	41.84%	924,615	42.93%
Total	$ 1,878,210	100.00%	$ 2,153,753	100.00%

2. Supply and demand, growth potential, and competitive niche of markets in future

Demands for LCDs are growing due to the following factors: advances in network technology and mobile communication, booming markets of information, appliances, and communications, and last but not least, requirements of user interface on end products.

Amid increasingly faster life cycle of small- and medium-sized LCDs, fierce competition and new launch in the end product markets, it’s clear to PTC that the only way to dominate the market is to advance and invest in design speed, technology, and talents, focus on reducing costs, and build up technology independence by resources integration and innovation.

PTC has been focusing on the expansion of LCD modules since its foundation. In addition to ramping up dealer networks around the world, it has been building up brand image and improving product awareness by showing up in exhibitions and promotion ads. It is now one of the global leaders for its R&D capacities, product quality, and customer acceptance.

Based on the vision of being the leading brand in small- and medium-sized (SMAS) panels, PTC is striving to be not only a leading STN supplier but also a dominant player in the SMAS display market and diversified solution provider by partnering other technical panel suppliers. Faced by product applications in different environment, PTC is building up multiples R&D teams and production lines to provide customers with variety of options. With continuous development of niche products to meet the diverse needs of customers and one-stop procurement services, PTC is confident in growth and development in coming years.

3. Favorable and unfavorable factors for development and required countermeasures

(1) Favorable factors

A. Challenged by strong price competition and demanding for higher margins, production orders by western brands are moving from Asia to Eastern Europe and Southeast Asia. To adapt to this trend, PTC is working with development and design units of its western customers to track changing order placements and cover customers in metros and industrial parks with its dealer network to put the market under close monitoring.

B. Promote the touch control market with complete R&D experience, integrate touch solutions, optical bonding, human-machine interface control panels, and combined LCM product sales. PTC is optimistic about growth in the future as the trend is helpful in expanding its operation scale and that PTC's product applications cover communications, consumer electronics, information appliances, medical equipment, industrial machines, card readers and other electronic products.

C. Excellent customized product design capabilities enables PTC to provide the best module integration solutions and create customer product value.

D. Based on the good relationship with other technical panel suppliers, PTC is partnering with other technical panel suppliers to enter the market of SAMS displays.

E. Blessed by good and stable relation with leading materials suppliers, PTC is enjoying abundant sources of raw materials.

F. R&D and development for series of embedded products have been completed. Together with 3.5"~23" TFT LCM, PTC is well positioned to provide customers with complete solutions and help them to upgrade quickly and boost its growth.

(2) Unfavorable factors and countermeasures

A. The Russia-Ukraine war continues and the US-China trade war resumes. The global political and economic problems show no immediate sign of abating.

Countermeasures

Customer development for each region to diversify risks. Extensive cooperation with suppliers. Early preparation of materials to ensure stable supplies. Negotiation with customers for price hikes based on input costs of materials to maintain profits.

B. The back-end process of the LCD module manufacturing is not fully automated, affecting production efficiency.

Countermeasures

Reallocate capacities of factories and shift labor-intensive products or processes to factories of more competitiveness o reduce production costs. PTC is improving process yield and upgrading automation equipment to for better efficiency and less manpower requirements.

C. Life cycle of LCDs are getting shorter which mandate faster and more diversified new product development.

Countermeasures

Provide fully integrated products, including software design and adjustment services, increase customers' stickiness to PTC, reduce opportunities for competitors to cut in, and provide faster solutions when customers have new, updated or revised needs.

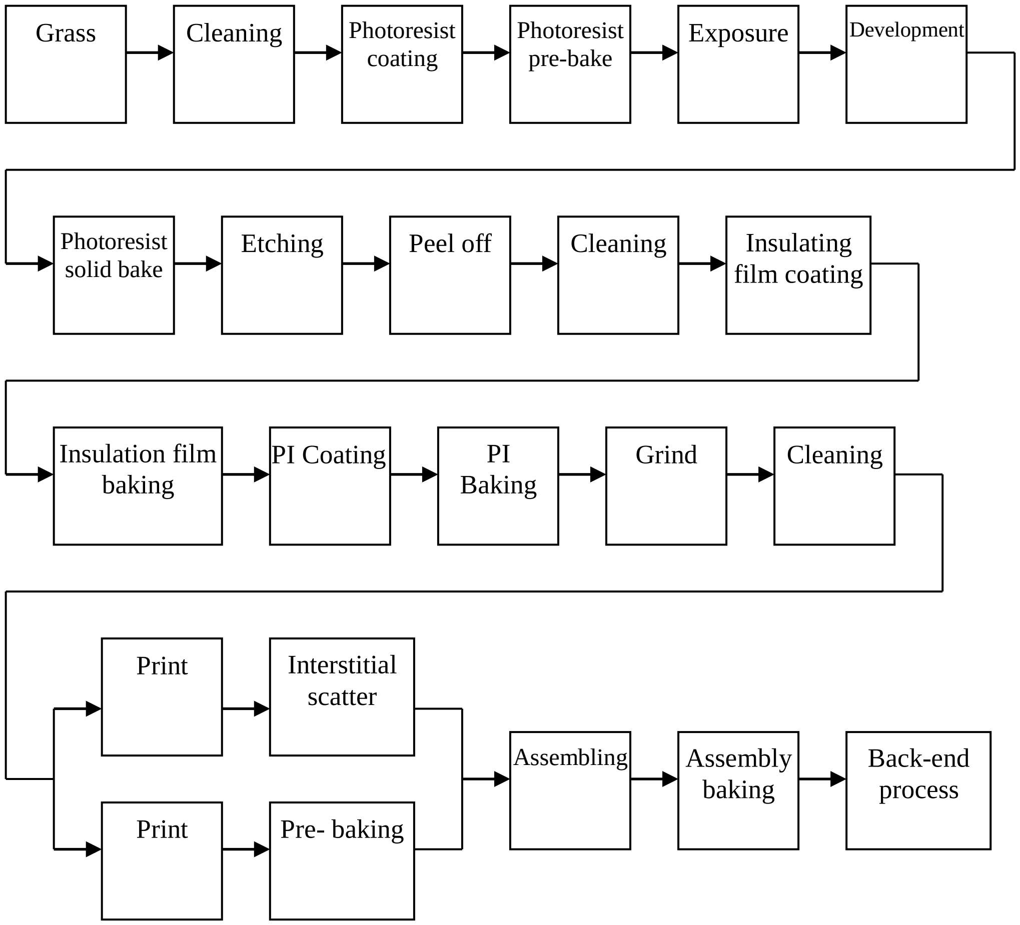
(II) Important uses and production processes of main products

1. Important uses of the main products

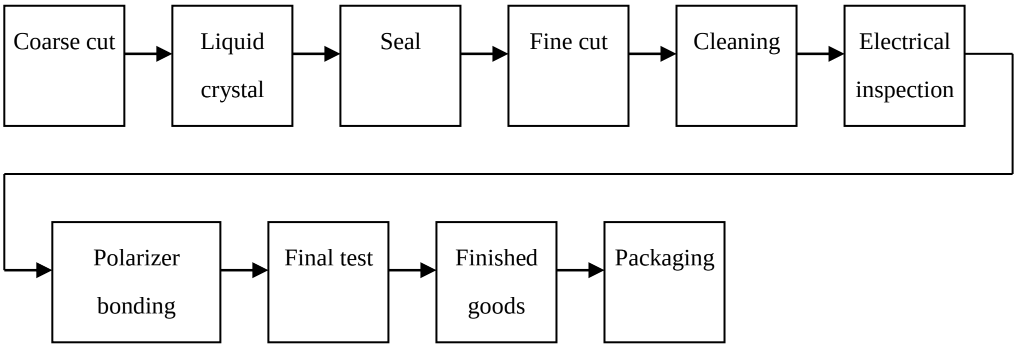
LCD finished goods and modules are mainly used in industrial control, monitoring systems, POS systems, office machines, communication equipment, smart homes, automotive products, and consumer electronic products.

2. Manufacturing process of main products

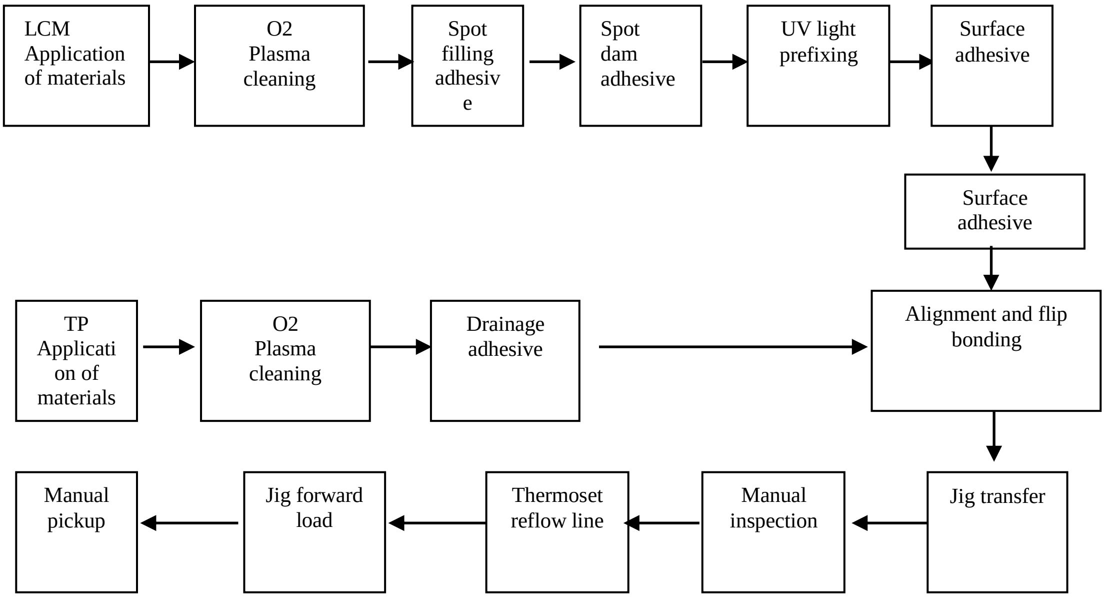
(1) LCD front-end manufacturing process



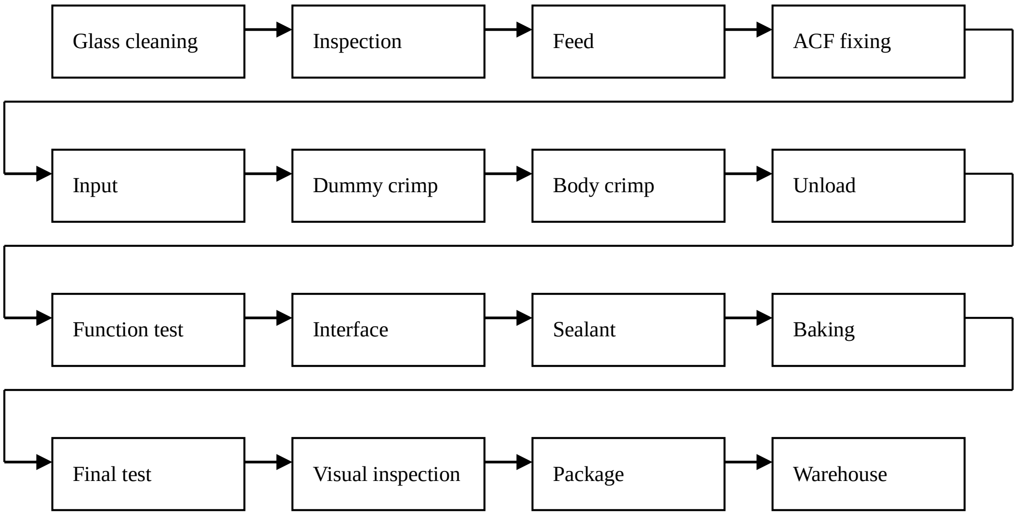
(2) LCD back-end manufacturing process



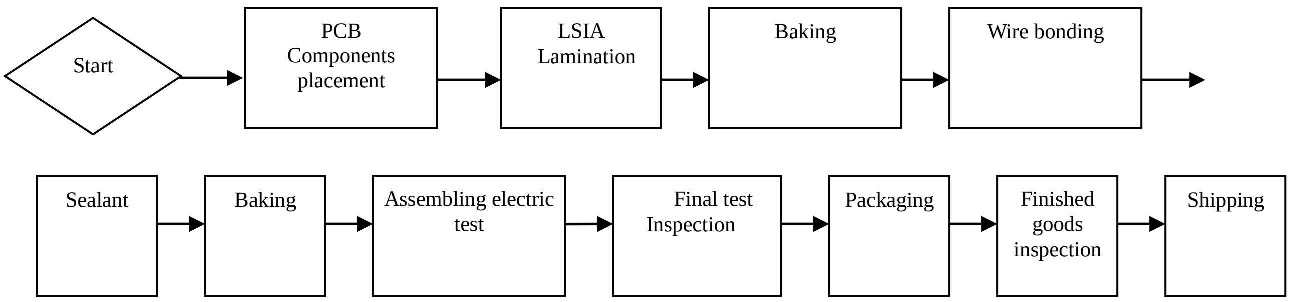
(3) OCR optical water adhesive bonding process



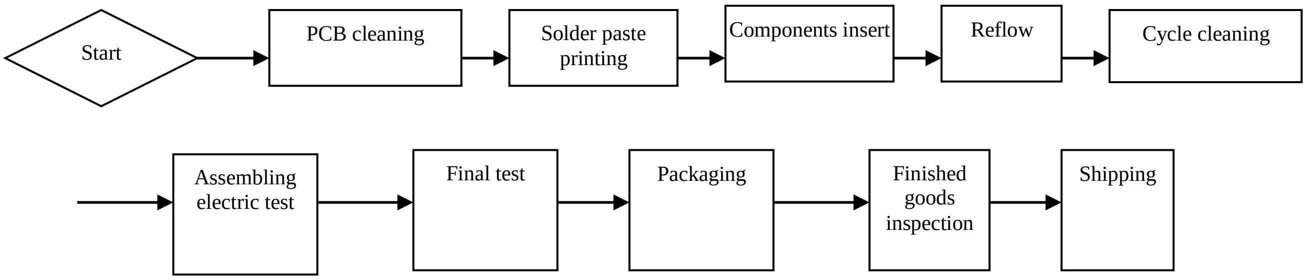
(4) COG production flow



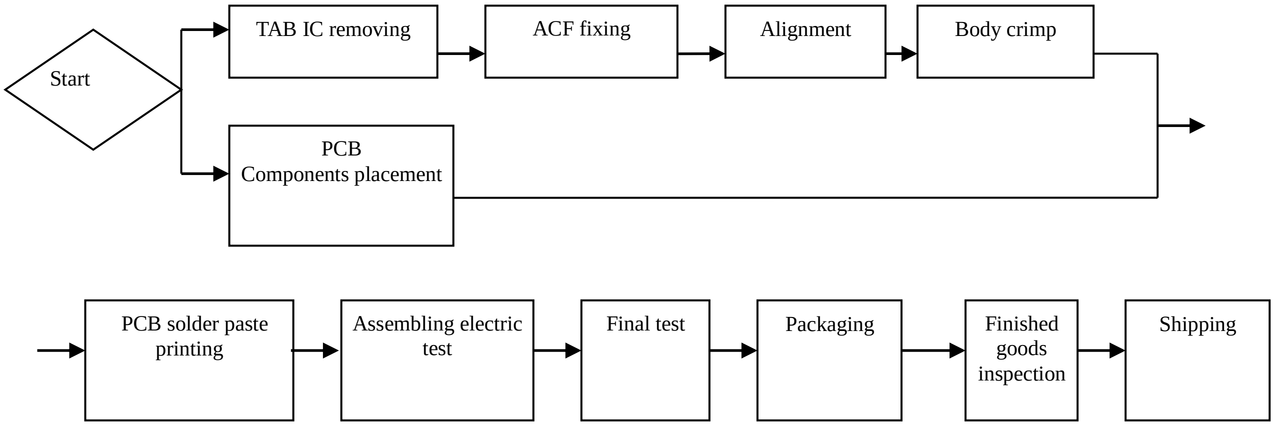
(5) COB production flow



(6) SMD production flow



(7) TAB production flow



(III) Status of main materials supply

1. Status of LCD main material provision

Item	Major suppliers	Status of provision
Conductive glass (ITO)	Taiwan, Mainland China	Smooth
TFT glass	Taiwan, Mainland China	Smooth
Liquid Crystal (LC)	Japan, Germany, Taiwan, Mainland China	Smooth
Polarizer (PLZ)	Taiwan, Japan, Mainland China	Smooth
Auxiliary materials	Japan, Taiwan	Smooth

2. Status of LCM main material provision

Item	Major suppliers	Status of provision
Integrated circuits (ICs)	United States, Taiwan	Smooth
Flexible circuit board (FPC)	Taiwan, Mainland China	Smooth
Backlight (LE)	Taiwan, Mainland China	Smooth
Circuit board (PCB)	Taiwan, Mainland China	Smooth
Touch panel (TP)	Taiwan, Mainland China	Smooth
Resistance (CR), capacitance (EC)	Taiwan, Japan, Mainland China	Smooth

(IV) Names of manufacturers that accounted for more than 10% of total procurement in either of the past two years along with the amount and share of goods supplies; do the same for customers and in terms of sales:.

1. Information on major customers in the last two years

Unit: NT$ thousand; %

Year / Item	2021				2022				Current year as of March 31, 2023			
	Name	Amount (in NT$)	% of annual net sales	Relationship	Name	Amount (in NT$)	% of annual net sales	Relationship	Name	Amount (in NT$)	% of net sales up to the last quarter of current year	Relationship
1	Company A	297,629	15.85	297,629	Company A	387,925	18.01	None	Company A	65,732	14.40	None
2	Company B	123,125	6.55	123,125	Company B	151,767	7.05	None	Company C	34,895	7.64	None
Others		1,457,456	77.60		Others	1,614,061	74.94		Others	355,920	77.96	
Net sales		1,878,210	100.00		Net sales	2,153,753	100.00		Net sales	456,547	100.00	

Reason for increase or decrease: changing customer demands and product mix.

2. Information on major suppliers in the last two years

Unit: NT$ thousand; %

Year / Item	2021				2022				Current year as of March 31, 2023			
	Name	Amount (in NT$)	% of net procurement in the whole year	Relationship	Name	Amount (in NT$)	% of net procurement in the whole year	Relationship	Name	Amount (in NT$)	% of net procurement up to the last quarter of current year	Relationship
1	AA Company	189,889	13.06	None	BB Company	155,689	12.40	None	BB Company	31,347	12.38	None
2	BB Company	143,479	9.87	None	AA Company	90,717	7.22	None	AA Company	22,904	9.04	None
Others		1,120,255	77.07		Others	1,009,356	80.38		Others	198,981	78.58	
Net procurement		1,453,623	100.00		Net procurement	1,255,762	100.00		Net procurement	253,232	100.00	

Reason for increase or decrease: changing material procurement due to changing customer demands and product mix.

(V) Production value for the last two years

Unit: thousand pcs/NT$ thousand

Year / Production value and quantity / Main products	2021			2022		
	Capacity	Production quantity	Production value	Capacity	Production quantity	Production value
LCDs and LCD modules	7,265	7,333	1,405,762	7,340	7,124	1,736,867
Total	7,265	7,333	1,405,762	7,340	7,124	1,736,867

(VI) Sales value for the last two years:

Unit: thousand pcs/ NT$ thousand

Year / Sales value and quantity / Main products	2021				2022			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
LCDs and LCD modules	1,329	295,921	6,781	1,582,289	760	183,403	6,512	1,970,350
Total	1,329	295,921	6,781	1,582,289	760	183,403	6,512	1,970,350

III. Information on employees in the last two years and as of the date of publication of the annual report:

Year / Number of employees		2021	2022	As of April 30, 2023
Employee count	Direct personnel	459	467	388
	Indirect personnel	272	281	222
	Management personnel	86	83	137
	Total	817	831	747
Average age		36.5	36.5	39.6
Average tenure		11.14	10.5	10.25
Distribution of education	Ph.D.	-	-	-
	Master	3%	3%	5%
	University and college	29%	30%	35%
	High school	28%	28%	30%
	Below high school	40%	39%	30%

IV. Information on environment protection expenditure

(I) Losses and penalties due to environment pollution in the last two years and up to the date of publication of the annual report: None.

(II) Future countermeasures

1. ISO14064-1 GHG inventory inspections to meet government laws, customers' demand and global trends
2. Continued implementation of the ISO14001 environment management system to meet the government's regulations on environment protection
3. Continued implementation of garbage classification and waste reduction to reduce the cost of industrial wastes disposal and treatment.
4. Internal review on the characteristics of raw materials and manufacturing processes to improve from the source, and replacement of highly volatile substances with less polluting and less volatile solvents to reduce processing costs and air pollution costs.
5. Continuing to clean up chemicals and use solvents in the manufacturing process to reduce the operating cost of pollution prevention and control.

(III) Environment protection capital expenditure budget:

Unit: NT$ thousand

Year	2023	2024
Pollution prevention equipment and expenditure budget	1. Add more tests for wastewater discharged 2. Specific water quality for photoelectric material component manufacturing	1. Add more tests for wastewater discharged 2. Specific water quality for photoelectric material component manufacturing
Expected improvement	Comply with the requirements of wastewater management by industrial park	Comply with the requirements of wastewater management by industrial park
Amount (in NT$)	1. Air pollution and wastewater testing fee 325 2. Activated carbon replacement fee 235 3. Waste disposal fee 550 4. Industrial area sewage fee 1,000 5. Air pollution fee 150	1. Air pollution and wastewater testing fee 150 2. Activated carbon replacement fee 120 3. Waste disposal fee 450 4. Industrial area sewage fee 500 5. Air pollution fee 75

V. Labor relations

(I) Existing labor-management agreements and their implementation

1. Employee welfare measures

PTC has built the Employee Welfare Committee since its foundation; the committee regularly distributes birthday gift coupons and New Year gifts to y000, organizes annual touring and games, department dinners, and provides wedding and gift cashes.

PTC's articles of association mandate to reserve 5% of net income, if any, for employee remuneration. However, if the Company has accumulated losses, it shall reserve in advance the amount to make up the losses beforehand. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors. Estimated amount of employee remuneration for 2022: NT$14,300,000.

Annual reviews of the corporate operating results and employees' performance. Appropriate adjustment of employee wages in line with the consumer price index to incentify employees.

PTC encourages employees to take government-subsidized labor on-the-job training courses with partial subsidies by PTC once completed the program successfully; employees may take programs by profit making third parties on public leave.

Establish PTC exclusive occupational medication and medical care and in-plant medication system; hold regular employee physical exam and safety and health training and firefighting drilling; improve employees' awareness about traffic safety, fire protection and disaster prevention.

2. Retirement system

PTC has monthly contributed labor pension funds (6% of wages) to individual labor pension accounts according to the Labor Pension Act (LPA) for new hires and those selected to be covered by LPA since 2005.07.01; for employees who are covered by the retirement mechanism in the Labor Standards Act and reserve their seniority prior to the application of the Act, PTC is continuously appropriating labor retirement reserve funds sufficiently for each month to the special pension account of the Bank of Taiwan to ensure the rights and interests of employees. Those who have worked in PTC for more than 15 years and those with sum of seniority and age greater than or equal to 60 may apply for preferential retirement.

3. Other important agreements

The company has always attached great importance to employee wages and welfare measures. The opinions of labor and management can be fully communicated and coordinated through different channels (including labor-management meetings/welfare committees/interviews), no labor disputes have occurred as of now.

(II) Losses due to labor disputes in the most recent year and as of the publication date of the annual report: None.

VI. Information and communications security management:

(I) State the information security risk management framework, the information security policy, the specific management plan, and the resources invested in information security management:

1. Proper management of account passwords and authorization to access server hosts to ensure user legitimacy and security.

2. Intranet protection: physical address checks on internal equipment. External equipment subject to password control to separate employees and visitors to prevent hacker intrusion and virus infection.

3. Endpoint protection with antivirus software on PCs and servers.
4. A software whitelist in place and prohibition of installation of illegal software.
5. Deployment of a mail server protection mechanism, not only to safeguard users from theft of confidential information by phishing but also to prevent account misuse by hackers with dictionary attacks.
6. Enhancement of employees' awareness in information security with a cybersecurity bulletin board to reduce risks of endpoint viruses and ransomware.
7. Compulsory updates of endpoint security and antivirus software.

PTC will continue to strengthen information security equipment, active warning system, information security publicity, and strengthen backup measures, including: remote backup procedures, data backup management, and host operation restore to resume business at the earliest after any information security disaster.

PTC is having the IT units maintaining the information security in the highest level including the control, supervision and analysis of the information security environment, improvement and tracking of reported cases, crisis handling, and improvement of information quality.

(II) List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and as of the date of publication of the annual report; in case it's impossible to make an educated guess, note the reason for it: None

VII. Important contracts

Contract type	Concerning parties	Period of contract	Main content	Restrictions
Medium and long term loan contract	Bank SinoPac (China) Ltd.	2020.02.15~2025.05.15	Lending of medium and long-term funds	According to the contract
Medium and long term loan contract	Bank of Taiwan	2020.02.15~2025.02.15	Lending of medium and long-term funds	According to the contract
Factory building rental	Powertip Image Corp.	2021.01.01~2025.12.31	Factory building lease	According to the contract

Six. Financial status

I. Condensed balance sheets, income statements, and CPAs’ audit opinions for the past 5 fiscal years

(I) Consolidated condensed balance sheet - International Financial Reporting Standards

Unit: NT$ thousand

Item \ Year		2018	2019	2020	2021	2022	Financial Information as of March 31, 2023 (Note 1)
Current assets		1,066,390	1,114,785	1,096,837	1,323,936	1,537,937	1,504,024
Property, plant and equipment		674,680	652,407	626,023	584,866	557,543	547,975
Intangible assets		477	1,214	1,454	3,439	3,173	2,785
Other assets		178,124	180,907	200,965	219,554	248,951	263,328
Total assets		1,919,671	1,949,313	1,925,279	2,131,795	2,347,604	2,318,112
Current liabilities	Before distribution	402,991	366,351	285,184	464,624	485,280	551,968
	After distribution	402,991	366,351	285,184	495,437	598,801	-
Non-current liabilities		213,295	151,902	161,268	112,768	71,653	60,316
Total liabilities	Before distribution	616,286	518,253	446,452	577,392	556,933	612,284
	After distribution	616,286	518,253	446,452	608,205	670,454	-
Equity attributable to the owner of the parent company		1,303,385	1,431,060	1,478,827	1,554,403	1,790,671	1,705,828
Capital		1,621,732	1,621,732	1,621,732	1,621,732	1,621,732	1,621,732
Capital reserve		7,902	7,902	7,902	7,902	7,060	7,060
Retained earnings	Before distribution	(232,183)	(79,321)	(40,540)	41,372	264,807	177,111
	After distribution	(232,183)	(79,321)	(40,540)	10,559	151,286	-
Other equity item		(94,066)	(119,253)	(110,267)	(116,603)	(102,928)	(100,075)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	1,303,385	1,431,060	1,478,827	1,554,403	1,790,671	1,705,828
	After distribution	1,303,385	1,431,060	1,478,827	1,523,590	1,677,150	-

Note 1: The consolidated financial information of the most recent year has been audited by attesting CPAs;
The consolidated financial information for the first quarter of 2023 has been reviewed by CPAs.

Note 2: On March 21, 2023, the Board of Directors approved the distribution of 2022 earnings:
A total of NT$113,521 thousand in cash dividend, or NT$0.70 per share.

(II) Parent company only condensed balance sheet - IFRS

Unit: NT$ thousand

Item \ Year		2018	2019	2020	2021	2022
Current assets		629,721	597,101	530,219	669,106	842,442
Property, plant and equipment		498,580	488,072	504,765	485,999	467,216
Intangible assets		477	1,214	1,454	3,439	3,173
Other assets		897,663	913,643	962,355	888,689	1,015,968
Total assets		2,026,441	2,000,030	1,998,793	2,047,233	2,328,799
Current liabilities	Before distribution	512,071	419,311	360,884	382,204	468,774
	After distribution	512,071	419,311	360,884	413,017	582,295
Non-current liabilities		210,985	149,659	159,082	110,626	69,354
Total liabilities	Before distribution	723,056	568,970	519,966	492,830	538,128
	After distribution	723,056	568,970	519,966	523,643	651,649
Capital		1,621,732	1,621,732	1,621,732	1,621,732	1,621,732
Capital reserve		7,902	7,902	7,902	7,902	7,060
Retained earnings	Before distribution	(232,183)	(79,321)	(40,540)	41,372	264,807
	After distribution	(232,183)	(79,321)	(40,540)	10,559	151,286
Other equity item		(94,066)	(119,253)	(110,267)	(116,603)	(102,928)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,303,385	1,431,060	1,478,827	1,554,403	1,790,671
	After distribution	1,303,385	1,431,060	1,478,827	1,523,590	1,677,150

Note 1: Parent company only financial information of the most recent year has been audited by attesting CPAs.

Note 2: On March 21, 2023, the Board of Directors approved the distribution of 2022 earnings: a total of NT$113,521 thousand in cash dividend, or NT$0.70 per share.

(III) Consolidated condensed income statement - IFRS

Unit: NT$ thousand; Earnings per share: NT$

Item \ Year	2018	2019	2020	2021	2022	Financial information as of March 31, 2023
Operating revenue	2,009,168	2,005,715	1,501,190	1,878,210	2,153,753	456,547
Gross profit	369,238	355,767	229,888	230,184	387,925	75,531
Operating profit and loss	163,491	138,707	18,702	38,296	167,095	22,004
Non-operating income and expenses	19,652	15,074	27,601	53,341	123,858	6,669
Net profit (loss) before tax	183,143	153,781	46,303	91,637	290,953	28,673
Continuing operation's net profit (loss) for the current period	183,317	153,892	40,865	80,894	249,034	25,825
Loss of discontinued operation	-	-	-	-	-	-
Net profit (loss) for the current period	183,317	153,892	40,865	80,894	249,034	25,825
Other comprehensive income - current (net after tax)	(16,050)	(26,217)	6,902	(5,318)	18,889	2,853
Total comprehensive income - current	167,267	127,675	47,767	75,576	267,923	28,678
Net profit attributable to parent company owner	183,317	153,892	40,865	80,894	249,034	25,825
Net profit attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive profit and loss attributable to owners of parent company	167,267	127,675	47,767	75,576	267,923	28,678
Total comprehensive profit or loss attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	1.13	0.95	0.25	0.50	1.54	0.16

Note: The consolidated financial information of the most recent year has been audited by attesting CPAs;
The consolidated financial information for the first quarter of 2023 has been reviewed by CPAs.

(IV) Parent company only condensed consolidated income statement - IFRS

Unit: NT$ thousand; Earnings per share: NT$

Item \ Year	2018	2019	2020	2021	2022
Operating revenue	1,903,700	1,913,435	1,421,449	1,767,842	2,055,551
Gross profit	208,605	253,541	179,145	273,155	254,666
Operating profit and loss	68,769	106,377	14,864	133,401	99,556
Non-operating income and expenses	111,734	43,919	28,267	(41,707)	169,293
Net profit (loss) before tax	180,503	150,296	43,131	91,694	268,849
Continuing operation's net profit (loss) for the current period	183,317	153,892	40,865	80,894	249,034
Loss of discontinued operation	-	-	-	-	-
Net profit (loss) for the current period	183,317	153,892	40,865	80,894	249,034
Other comprehensive income - current (net after tax)	-16,050	-26,217	6,902	(5,318)	18,889
Total comprehensive income - current	167,267	127,675	47,767	75,576	267,923
Earnings per share	1.13	0.95	0.25	0.50	1.54

Note: Parent company only financial information of the most recent year has been audited by attesting CPAs.

(V) The name and audit opinion of the attesting CPAs for the last five years:

Year	CPA name	Audit opinions
2018	Kuo, Guan-Ying, Luo Ruilan	Unqualified opinion
2019	Kuo, Guan-Ying, Luo Ruilan	Unqualified opinion
2020	Kuo, Guan-Ying, Luo Ruilan	Unqualified opinion
2021	Kuo, Guan-Ying, Luo Ruilan	Unqualified opinion
2022	Wang, Yi-Wen,Kuo, Guan-Ying (Note)	Unqualified opinion

Note: Change of CPAs due to position adjustment within KPMG Taiwan in 2022.

II. Financial analysis for the last five years

(I) Consolidated financial analysis - IFRS

Item	Year	2018	2019	2020	2021	2022	Current year as of March 31, 2023
Financial Structure (%)	Debt to assets ratio	32.10	26.59	23.19	27.08	23.72	26.41
	Share of long-term funds account for real estate, plant and equipment	224.80	242.63	261.99	285.05	334.02	322.30
Debt-paying ability (%)	Current ratio	264.62	304.29	384.61	284.95	316.92	272.48
	Quick ratio	193.95	229.52	294.38	183.04	231.49	202.67
	Times Interest Earned	2,777.92	4,125.68	1739.04	7,105.89	8,431.99	10,231.80
Operating ability	Accounts receivable turnover rate (times)	5.89	6.19	5.86	6.85	6.71	5.89
	Average days of receipt	61.96	58.96	62.28	53.28	54.39	62.01
	Inventory turnover rate (times)	5.79	5.91	4.79	4.51	3.98	3.81
	Average Collection Turnover (times)	6.27	7.99	7.37	7.07	6.53	6.77
	Average number of days	63.03	61.75	76.20	80.93	91.70	95.79
	Property, plant and equipment turnover (times)	2.90	3.02	2.35	3.10	3.77	3.30
	Total asset turnover (times)	1.05	1.03	0.78	0.88	0.96	0.78
Profitability	Return on total assets (%)	9.68	8.11	2.23	4.04	11.24	1.12
	Return on equity (%)	15.03	11.26	2.81	5.33	14.89	1.48
	Share of pre-tax net income account for paid-in capital (%)	11.29	9.48	2.86	5.65	17.94	1.77
	Net margin (%)	9.12	7.67	2.72	4.31	11.56	5.66
	Earnings per share (NT$)	1.13	0.95	0.25	0.50	1.54	0.16
Cash flow	Cash flow ratio (%)	50.25	11.11	119.60	-22.35	79.93	0.80
	Cash flow adequacy ratio (%)	1,223.75	2,529.39	13,040.89	394.03	389.24	NA
	Cash reinvestment ratio (%)	6.58	1.32	10.9	-4.23	7.98	0.13
Leverage	Operating leverage	3.24	2.91	4.06	2.34	1.28	1.50
	Financial leverage	1.04	1.03	1.18	1.04	1.02	1.01

Note: The consolidated financial information of the most recent year has been audited by CPAs; the consolidated financial statements for the first quarter of 2023 have been reviewed by CPAs.

Please explain the reason for ratio changes for financial information in the past 2 years. (Analysis may be exempted if the increase or decrease change does not reach 20%)

1. Quick ratio: As the profit before tax in 2022 increased by NT$199,316 thousand (or 218%) from 2021, the net cash inflows from operating activities in 2022 went up significantly by NT$491,714 thousand from 2021. This resulted in the higher quick ratio due to lower inventory.
2. Property, plant and equipment turnover: Property, plant and equipment turnover increased as net sales grew 15% due to the easing of COVID-19 and the return of new orders from major customers in 2022.
4. Return on assets / return on equity/ profit before tax as a percentage of paid-in capital / net income margin / earnings per share: All the profitability related ratios went up as net sales grew 15% due to the easing of COVID-19 and the return of new orders from major customers in 2022. The operating cost was under good control. Furthermore, exchange gains as a non-operating income significantly increased by NT$55,507 thousand from 2021. return on investment to PTIC was recognized the same year. The investment in PTIC continued to generate profits and investment income was recognized.
5. Cashflow ratio / cash reinvestment ratio: The net cash inflows from operating activities in 2022 went up significantly from 2021 and resulted in the higher cashflow ratio and the higher cash reinvestment ratio.

The financial analysis calculation formula is as follows:

1. Financial structure
   (1) debt to assets ratio = total liabilities / total assets.
   (2) long-term fund to fixed assets ratio = (shareholders' equity + long-term liabilities) / net fixed assets.
2. Debt-paying ability
   (1) current ratio = current assets / current liabilities.
   (2) quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) times interest earned = earnings before interest and taxes / interest expenses.
3. Operating ability
   (1) average collection turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average trade receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) days sales outstanding = 365 / average collection turnover.
   (3) average inventory turnover = cost of sales / average inventory.
   (4) average payment turnover (including accounts payables and notes payables resulted from business operation) = cost of sales / average trade payables (including accounts payables and notes payables resulted from business operation).
   (5) average sales days = 365 / average inventory turnover.
   (6) property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) total assets turnover = net sales / average total assets.
4. Profitability
   (1) return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) return on equity = net income／average total equity.
   (3) net margin = net income / net sales.
   (4) earnings per share = (net income - preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
   (1) cash flow ratio = net cash provided by operating activities / current liabilities.
   (2) cash flow adequacy ratio = five-year sum of cash from operations / five-year sum of capital expenditures, inventory additions, and cash dividend.
   (3) cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (property, plant and equipment + long-term investments + other assets + working capital).
6. Leverage:
   (1) operating leverage = (net sales - variable cost) / income from operations (note 6)
   (2) financial leverage = operating profit / (operating profit - interest expenses)

(II) Parent company only financial analysis - IFRS

Item		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to assets ratio	35.68	28.45	26.01	24.07	23.11
	Share of long-term funds account for real estate, plant and equipment	303.74	323.87	324.49	342.60	398.11
Debt-paying ability (%)	Current ratio	122.98	142.40	146.92	175.07	179.71
	Quick ratio	113.22	132.48	137.61	161.13	161.07
	Times Interest Earned	3,475.15	4,034.45	1,708.77	7,110.24	12,561.18
Operating ability	Accounts receivable turnover rate (times)	6.25	6.72	6.58	8.02	7.94
	Average days of receipt	58.37	54.28	55.47	45.51	45.99
	Inventory turnover rate (times)	34.58	36.27	33.05	34.41	25.61
	Average Collection Turnover (times)	3.79	4.71	4.23	5.30	6.50
	Average number of days	10.56	10.06	11.04	10.61	14.25
	Property, plant and equipment turnover (times)	3.79	3.88	2.86	3.57	4.31
	Total asset turnover (times)	0.94	0.95	0.71	0.87	0.94
Profitability	Return on total assets (%)	9.27	7.8	2.15	4.05	11.43
	Return on equity (%)	15.03	11.26	2.81	5.33	14.89
	Share of pre-tax net income account for paid-in capital (%)	11.13	9.27	2.66	5.65	16.58
	Net margin (%)	9.63	8.04	2.87	4.58	12.12
	Earnings per share (NT$)	1.13	0.95	0.25	0.50	1.54
Cash flows	Cash flow ratio (%)	0.27	19.16	45.79	4.29	48.75
	Cash flow adequacy ratio (%)	467.59	29,098.58	32,123.15	2,265.38	568.76
	Cash reinvestment ratio (%)	0.06	3.17	6.34	0.62	6.90
Leverage	Operating leverage	4.24	3.17	2.46	1.17	1.27
	Financial leverage	1.08	1.04	1.22	1.01	1.01

Note: Parent company only financial information of the most recent year has been audited by attesting CPAs.

Please explain the reason for ratio changes for financial information in the past 2 years. (Analysis may be exempted if the increase or decrease change does not reach 20%)

1. Time interest earned (TIE): The TIE ratio doubled as profit before tax increased by almost 200% in 2022.
2. Inventory turnover / average collection turnover / average inventory turnover days: In 2022, the demand from main customers recovered and new orders came in. Inventory increased due to preparation of materials. The resulting lower inventory turnover increased the average inventory turnover days. As revenues grew, cost of goods sold also went up and pushed up the average collection turnover.
3. Property, plant and equipment turnover: Property, plant and equipment turnover increased as net sales grew 16% due to the easing of COVID-19 and the return of new orders from major customers in 2022.
4. Return on assets / return on equity/ profit before tax as a percentage of paid-in capital / net income margin / earnings per share: All the profitability related ratios went up as net sales grew 16% due to the easing of COVID-19 and the return of new orders from major customers in 2022. Furthermore, exchange gains as a non-operating income significantly increased by NT$21,785 thousand from 2021. The investment in PTIC continued to generate profits and investment income was recognized.
5. Cashflow ratio / cashflow adequacy ratio /cash reinvestment ratio: As the profit before tax in 2022 increased by NT$177,155 thousand (or 193%) from 2021, the net cash inflows from operating activities in 2022 went up significantly from 2021. This resulted in the higher cashflow ratio and the higher cash reinvestment ratio. The 2022 cashflow adequacy ratio decreased due to the distribution of cash dividends for 2021.

The financial analysis calculation formula is as follows:

1. Financial structure
   (1) debt to assets ratio = total liabilities / total assets.
   (2) long-term fund to fixed assets ratio = (shareholders' equity + long-term liabilities) / net fixed assets.
2. Debt-paying ability
   (1) current ratio = current assets / current liabilities.
   (2) quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) times interest earned = earnings before interest and taxes / interest expenses.
3. Operating ability
   (1) average collection turnover (including accounts receivable and notes receivable resulted from business operation) = net sales / average trade receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) days sales outstanding = 365 / average collection turnover.
   (3) average inventory turnover = cost of sales / average inventory.
   (4) average payment turnover (including accounts payables and notes payables resulted from business operation) = cost of sales / average trade payables (including accounts payables and notes payables resulted from business operation).
   (5) average sales days = 365 / average inventory turnover.
   (6) property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) total assets turnover = net sales / average total assets.
4. Profitability
   (1) return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) return on equity = net income／average total equity.
   (3) net margin = net income / net sales.
   (4) earnings per share = (net income - preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
   (1) cash flow ratio = net cash provided by operating activities / current liabilities.
   (2) cash flow adequacy ratio = five-year sum of cash from operations / five-year sum of capital expenditures, inventory additions, and cash dividend.
   (3) cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (property, plant and equipment + long-term investments + other assets + working capital).
6. Leverage:
   (1) operating leverage = (net sales - variable cost) / income from operations (note 6)
   (2) financial leverage = operating profit / (operating profit - interest expenses)

III. Audit Committee's review report on the most recent annual financial report: Please refer to Page 69.

IV. Consolidated financial statements of parent and subsidiary audited by attesting CPAs in the most recent year: See page 70 to 123 for details.

V. Parent company only financial statement for the most recent fiscal year: See page 124 to 173 for details.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, note their impacts on PTC's financial situation: none

III. Audit Committee's review report on the most recent annual financial report

Audit Committee Audit Report

The 2022 Business Report, the financial statements, and the earnings distribution table have been reviewed by the Audit Committee and no non-conformities have been detected. The financial statements have been audited and attested by CPAs Wang, Yi-Wen and Kuo, Guan-Ying of KPMG Taiwan. The issued audit report has been duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

to

2023 Annual General Shareholders' Meeting

Powertip Technology Corporation

Convenor of the Audit Committee: Tsai, WenChieh

March 21, 2023

IV. Consolidated financial statements of parent and subsidiary audited by attesting CPAs in the most recent year

Declaration

Affiliated enterprises subject to the preparation of consolidated business reports under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" were identical to the affiliated companies subject to the preparation of consolidated financial statements under IFRS10 for fiscal year 2022 (from January 1 to December 31, 2022). All mandatory disclosures of the consolidated business report have been disclosed in the consolidated financial statements for parent company and subsidiaries, therefore no separate consolidated financial statements for the affiliated enterprises were prepared.

This declaration is solemnly made by

Company name: Powertip Technology Corporation
Chairman: Wang, Shyh-Yueh
Date: March 21, 2023

Independent Auditor's Report

To the board of directors of Powertip Technology Corporation:

Audit opinions

We have audited the consolidated balance sheet of Powertip Technology Corporation and subsidiaries (Powertip Technology Group) as at December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2022 and 2021.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and published by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Powertip Technology Group as at December 31, 2022 and 2021, and consolidated business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

Basis of audit opinion

We have conducted our audits on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities as an auditor for the consolidated financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Powertip Technology Group when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 consolidated financial statements of Powertip Technology Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues. Below are the key audit issues that we consider relevant for disclosure in this audit report:

I. Revenue recognition

Please refer to Note 4 (14) "Revenue recognition" in the consolidated financial statements for the accounting policy on revenue recognition;
please refer to Note 6 (15) "Revenue from contracts with customers" for additional information on revenue.

Explanation of key audit issues:

Powertip Technology Group mainly engages in the manufacturing and sales of various LCD modules. Operating revenue is one of the important items in the consolidated financial statements, and the amount and changes in the operating revenue may affect the financial statement users' understanding of such statements. For this reason, revenue recognition testing was identified as one of our key audit matters when we audited the financial statements of Powertip Technology Group.

Audit procedures:

Our main audit procedures for the above key audit matter included testing the control over the sales and collection cycle, checking and adjusting the sales system data and the general ledger, sampling and testing the details of the relevant supporting documents, and assessing if the timings of Powertip Technology Group's recognition of operating revenue and the recognized amounts were handled in accordance with the relevant standards.

Other matters

Powertip Technology Corporation has prepared parent company only financial statements for 2022 and 2021, to which we issued an independent auditor's report with unqualified opinion.

Responsibilities of the management and governance body to the consolidated financial statements

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing consolidated financial statements also involved: assessing the ability of Powertip Technology Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Powertip Technology Group or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Powertip Technology Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with the auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with the auditing principles, we exercised judgments and skepticism as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Powertip Technology Group.

3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Powertip Technology Group to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of consolidated financial statements and make related disclosures if uncertainties exist in regards to the abovemenetioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Powertip Technology Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the group.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2022 consolidated financial statements of Powertip Technology Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

The engagement partners on the audit resulting in this independent auditor’s report are Wang, Yi-Wen and Kuo, Guan-Ying.

KPMG
Taipei, Taiwan (Republic of China)
March 21, 2023

<u>Notes to Readers</u>

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

Powertip Technology Corporation and Subsidiaries

Consolidated Balance Sheet

As at December 31, 2022 and 2021

Unit: NTD thousand

		2022.12.31		2021.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 773,869	34	443,005	21
1110	Financial assets at fair value through profit or loss - current (Note 6(2))	8,866	-	6,117	-
1170	Notes and accounts receivable - net (Note 6(4))	304,781	13	336,731	16
1310	Inventory (Note 6(5))	414,560	18	473,481	22
1476	Other financial assets - current (Notes 6(8), 7, and 8)	11,428	-	10,881	1
1470	Other current assets	24,433	1	53,721	2
		1,537,937	66	1,323,936	62
	Non-current assets:				
1550	Equity-accounted investments (Note 6(6))	234,230	10	195,814	9
1600	Property, plant and equipment (Notes 6(7) and 8)	557,543	24	584,866	28
1780	Intangible assets	3,173	-	3,439	-
1840	Deferred income tax assets (Note 6(12))	8,662	-	15,244	1
1900	Other non-current assets (Notes 6(9) and 8)	6,059	-	8,496	-
		809,667	34	807,859	38
	Total assets	$ 2,347,604	100	2,131,795	100

		2022.12.31		2021.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2170	Notes and accounts payable	$ 244,176	11	296,985	14
2200	Other payables	130,492	6	96,203	5
2230	Current income tax liabilities	25,228	1	3,362	-
2300	Other current liabilities (Note 6(15))	52,484	2	29,741	1
2322	Long-term borrowings due within 1 year or 1 business cycle (Notes 6(10) and 8)	32,900	1	38,333	2
		485,280	21	464,624	22
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(10) and 8)	53,629	2	86,529	4
2640	Net defined benefit liabilities - non-current	14,284	1	23,959	1
2645	Guarantee deposits received (Note 7)	2,436	-	2,280	-
2572	Deferred income tax liabilities (Note 6(12))	1,304	-	-	-
		71,653	3	112,768	5
	Total liabilities	556,933	24	577,392	27
	Equity (Note 6 (13)):				
3110	Common share capital	1,621,732	69	1,621,732	76
3200	Capital reserve	7,060	-	7,902	-
3310	Legal reserve	4,137	-	-	-
3320	Special reserve	6,336	-	-	-
3350	Unappropriated earnings	254,334	11	41,372	2
3400	Other equity item	(102,928)	(4)	(116,603)	(5)
	Total equity	1,790,671	76	1,554,403	73
	Major contingent liabilities and unrecognized contractual commitments (Note 9)				
	Total liabilities and equity	$ 2,347,604	100	2,131,795	100

(Please refer to the attached notes to consolidated financial statements)

Chairman: Wang, Shyh-Yueh **Manager: Wang, Shyh-Yueh** **Head of Accounting: Liou, Shao-Ling**

Powertip Technology Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		2022		2021	
		Amount	%	Amount	%
4100	**Net sales revenues** (Note 6(15))	$ 2,153,753	100	1,878,210	100
5000	**Operating costs** (Notes 6(5), 6(11), 7, and 12)	1,765,828	82	1,648,026	88
5900	**Gross profit**	387,925	18	230,184	12
	Operating expenses (Notes 6(11) and 12):				
6100	Selling and marketing expenses	83,960	4	69,894	4
6200	General and administrative expenses	85,196	4	73,036	4
6300	Research and development expenses	51,674	2	48,958	2
		220,830	10	191,888	10
6900	**Operating profit**	167,095	8	38,296	2
	Non-operating income and expenses:				
7100	Interest income	4,810	-	2,691	-
7190	Other income (Note 7)	17,628	1	15,414	1
7235	Gain on financial assets at fair value through profit or loss	238	-	284	-
7230	Gain (loss) on exchange (Note 6(17))	54,591	2	-916	-
7775	Share of gain from subsidiaries, associated companies, and joint ventures accounted using the equity method (Note 6(6))	50,154	2	37,309	2
7510	Interest expenses	(3,492)	-	(1,308)	-
7590	Sundry income	(71)	-	(133)	-
		123,858	5	53,341	3
7900	**Profit before tax**	290,953	13	91,637	5
7950	**Less: income tax expense** (Note 6(12))	41,919	2	10,743	1
	Current net income	249,034	11	80,894	4
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	6,518	-	1,018	-
8349	Income tax on items not reclassified into profit or loss (Note 6(12))	1,304	-	-	-
		5,214	-	1,018	-
8360	**Items likely to be reclassified into profit or loss**				
8361	Exchange differences on translation of financial statements of foreign operations	16,207	1	(7,127)	-
8370	Share of other comprehensive income from equity-accounted associated companies and joint ventures - likely to be reclassified into profit or loss	709	-	(634)	-
8399	Income tax expense (income) related to items likely to be reclassified into profit or loss (Note 6(12))	3,241	-	(1,425)	-
	Sum of items likely to be reclassified into profit or loss	13,675	1	(6,336)	-
8300	**Other comprehensive income - current**	18,889	1	(5,318)	-
	Total comprehensive income - current	**$ 267,923**	**12**	**75,576**	**4**
9750	**Basic earnings per share (NTD)** (Note 6(14))	**$**	**1.54**		**0.50**
9850	**Diluted earnings per share (NTD)**	**$**	**1.52**		**0.50**

(Please refer to the attached notes to consolidated financial statements)

Chairman: Wang, Shyh-Yueh **Manager: Wang, Shyh-Yueh** **Head of Accounting: Liou, Shao-Ling**

Powertip Technology Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Common share capital	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Other equity items: Exchange differences on translation of financial statements of foreign operations	Other equity items: Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Other equity items: Total	Total equity
Balance as at January 1, 2021	$ 1,621,732	7,902	-	-	(40,540)	(70,777)	(39,490)	(110,267)	1,478,827
Current net income	-	-	-	-	80,894	-	-	-	80,894
Other comprehensive income (loss) - current	-	-	-	-	1,018	(6,336)	-	(6,336)	(5,318)
Total comprehensive income (loss) - current	-	-	-	-	81,912	(6,336)	-	(6,336)	75,576
Balance as at December 31, 2021	1,621,732	7,902	-	-	41,372	(77,113)	(39,490)	(116,603)	1,554,403
Current net income	-	-	-	-	249,034	-	-	-	249,034
Other comprehensive income (loss) - current	-	-	-	-	5,214	13,675	-	13,675	18,889
Total comprehensive income (loss) - current	-	-	-	-	254,248	13,675	-	13,675	267,923
Earnings provision and distribution:									
Legal reserve	-	-	4,137	-	(4,137)	-	-	-	-
Special reserve	-	-	-	6,336	(6,336)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(30,813)	-	-	-	(30,813)
	-	-	4,137	6,336	(41,286)	-	-	-	(30,813)
Changes in associated companies accounted for using the equity method	-	(842)	-	-	-	-	-	-	(842)
Balance as at December 31, 2022	**$ 1,621,732**	**7,060**	**4,137**	**6,336**	**254,334**	**(63,438)**	**(39,490)**	**(102,928)**	**1,790,671**

(Please refer to the attached notes to consolidated financial statements)

Chairman: Wang, Shyh-Yueh **Manager: Wang, Shyh-Yueh** **Head of Accounting: Liou, Shao-Ling**

Powertip Technology Corporation and Subsidiaries

Consolidated Cash Flow Statement

For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	2022	2021
Cash flow from operating activities:		
Current profit before tax	$ 290,953	91,637
Adjustments:		
Income, expenses and losses:		
Depreciation expenses	45,814	50,638
Amortization expenses	1,205	788
Interest expenses	3,492	1,308
Interest income	(4,810)	(2,691)
Share of gain from associated companies and joint ventures accounted using the equity method	(50,154)	(37,309)
Others	217	228
Total income, expenses and losses	(4,236)	12,962
Change in assets and liabilities related to operating activities:		
Net change in assets related to operating activities:		
Decrease (increase) in financial assets mandatory to be carried at fair value through profit or loss	(2,749)	20,295
Decrease (increase) in notes and accounts receivable	31,950	(124,742)
Decrease (increase) in inventory	58,400	(215,984)
Increase in other financial assets	(604)	(751)
Decrease (increase) in other current assets	29,288	(23,631)
Total net change in assets related to operating activities	116,285	(344,813)
Net change in liabilities related to operating activities:		
Increase (decrease) in notes and accounts payable	(52,809)	127,862
Increase in other payables and other current liabilities	56,469	12,304
Decrease in net defined benefit liabilities	(3,157)	(2,848)
Total net change in liabilities related to operating activities	503	137,318
Total net change in assets and liabilities related to operating activities	116,788	(207,495)
Total adjustments	112,552	(194,533)
Cash (outflow) inflow from operating activities	403,505	(102,896)
Interest received	4,867	2,665
Interest paid	(3,773)	(1,346)
Income tax paid	(16,725)	(2,263)
Net cash inflow (outflow) from operating activities	387,874	(103,840)
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(14,293)	(9,546)
Acquisition of intangible assets	(1,020)	(2,868)
Disposal of financial assets at fair value through other comprehensive income	-	1,023
Increase in prepayments for business facilities	183	174
Dividends received	11,605	10,648
Other investing activities	1,814	(1,724)
Net cash outflow from investing activities	(1,711)	(2,293)
Cash flow from financing activities:		
Borrowing of long-term loan	-	25,129
Repayment of long-term borrowings	(38,333)	(30,000)
Increase (decrease) in guarantee deposits received	156	(120)
Repayment of lease liabilities	(379)	(747)
Payout of cash dividends	(30,813)	-
Net cash outflow from financing activities	(69,369)	(5,738)
Effects of exchange rate change	14,070	(6,052)
Increase (decrease) in cash and cash equivalents in the current period	330,864	(117,923)
Opening cash and cash equivalents balance	443,005	560,928
Closing cash and cash equivalents balance	$ 773,869	443,005

(Please refer to the attached notes to consolidated financial statements)

Chairman: Wang, Shyh-Yueh Manager: Wang, Shyh-Yueh Head of Accounting: Liou, Shao-Ling

Powertip Technology Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Unless otherwise specified, all amounts are presented in NTD thousand)

I. Company history

Powertip Technology Corporation (the Company) was incorporated on September 2, 1991 under the approval of the Ministry of Economic Affairs, and has business address registered at No. 8, Gongyequ 6th Road, Xitun District, Taichung City. Consolidated financial statements as at December 31, 2022 include the Company and its subsidiaries (collectively referred to as "Consolidated Entity" below). The Consolidated Entity is mainly involved in the manufacturing, processing, and trading of various types of LCD display module. Please see Note 4(3) for more detailed explanation. Shares of the Company are listed on Taipei Exchange.

II. Financial statement approval date and procedures

The consolidated financial statements were passed during the board of directors meeting dated March 21, 2023.

III. Application of new and amended standards and interpretations

(I) Effect of adopting the latest and amended standards and interpretations approved by Financial Supervisory Commission ("FSC")

The Consolidated Entity became subject to the newly revised international financial reporting standards listed below since January 1, 2022, and the adoption of which had no material impact on the consolidated financial statements.

- Amendments to IAS 16 regarding "Property, Plant and Equipment: Proceeds before Intended Use"
- Amendment to IAS 37 regarding "Onerous Contracts - Cost of Fulfilling a Contract"
- IFRS improvements for years 2018-2020
- Amendments to IFRS 3 regarding "Reference to the Conceptual Framework"

(II) Impact of not adopting FSC-approved IFRS

Based on the Consolidated Entity's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2023 onwards do not have material impact on the consolidated financial statements.

- Amendments to IAS 1 regarding "Disclosure of Accounting Policies"
- Amendments to IAS 8 regarding "Definition of Accounting Estimates"
- Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(III) Newly published/revised standards and interpretations that are not yet approved by FSC

The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Consolidated Entity are as follows:

New and amended standards	Major details	Effective date announced by IASB
· Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	Under the existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. In the amendments, the requirement for a right to be unconditional has been removed, and instead now IASB requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own equity instruments (such as convertible corporate bonds).	January 1, 2024
· Amendments to IAS 1 “Non-current Liabilities with Covenants”	After certain aspects of the 2020 amendments to IAS 1 were reconsidered, the new amendments reconfirmed that only covenants with which a company must comply on or before the balance sheet date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the balance sheet date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the balance sheet date.	January 1, 2024

The Consolidated Entity is currently evaluating the impact of the above standards and interpretations on its financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Consolidated Entity does not expect that other new and revised standards that have not yet been endorsed will have a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 - Insurance Contracts and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of consolidated financial statements. Unless otherwise specified, the following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

This consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Preparation Regulations") and FSC-approved international financial reporting standards, international accounting standards, and interpretations thereof (collectively referred to as "FSC-approved IFRS").

(II) Basis of preparation

1. Basis for measurement

This financial statement is prepared on the basis of historical cost, except for the key balance sheet items listed below:

(1) Financial assets at fair value through profit or loss (including derivatives):

(2) Financial assets at fair value through other comprehensive income; and

(3) Net defined benefit liabilities, which is measured by deducting the present value of defined benefit plan obligations and the effect of the limits described in Note 4(16) from the fair value of pension fund assets.

2. Functional currency and presentation currency

Every entity within the Consolidated Entity has designated its functional currency as the main currency used in the economic environment where operations take place. The consolidated financial statements are presented using the Company's functional currency (NTD). All financial figures denominated in NTD have been presented in NTD thousand.

(III) Basis of consolidation

1. Basis of preparation for consolidated financial statement

The consolidated financial statements include the Company and entities that the Company has control over (i.e. subsidiaries). The Company is considered to exercise control if it is exposed or entitled to variable returns generated by an investee and has the power to affect such return through influence over the investee.

Subsidiaries are included into the consolidated financial statements from the day control is gained, and removed on the day control is lost. Transactions, balances, and any unrealized gains, expenses, and losses between members of the Consolidated Entity have been fully eliminated when preparing the consolidated financial statements. Total comprehensive income generated by subsidiaries is divided into amounts that are attributable to owners of the Company and amounts that are attributable to non-controlling shareholders, even if the allocation would put non-controlling equity in negative balance.

Subsidiaries have had financial statements adjusted appropriately to ensure alignment of accounting policies with those of the Consolidated Entity.

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners. Difference between the adjusted amount of non-controlling equity and the fair value of consideration paid/received is directly recognized as equity attributable to owners of the Company.

2. Subsidiaries included in the consolidated financial statement:

Name of investor	Name of subsidiary	Business activities	Shareholding percentage 2022.12.31	Shareholding percentage 2021.12.31	Explanation
The Company	Powertip Technology Inc. (USA)(referred to as Powertip USA below)	Trading of LCD display modules, electronic parts, and computer peripherals	100.00%	100.00%	
The Company	Powertip Technology Ltd. (H.K.) (referred to as Powertip HK below)	Processing and manufacturing of LCD display modules	100.00%	100.00%	
The Company	America Technology Corp. (referred to as Powertip Samoa below)	General investments	100.00%	100.00%	
The Company	Ta Cheng International Investing Co., Ltd. (referred to as Ta Cheng)	General investments	100.00%	100.00%	
The Company	Ta Ho International Investing Co., Ltd. (referred to as Ta Ho)	General investments	100.00%	100.00%	
The Company	Ta Yang International Investing Co., Ltd. (referred to as Ta Yang)	General investments	100.00%	100.00%	
Powertip Samoa	Powertip Technology (C.I.) Corp. (referred to as Powertip C.I.)	General investments	100.00%	100.00%	
Powertip C.I.	Powertip (Jiangsu) Photoelectric Co., Ltd. (referred to as Powertip (Jiangsu))	Manufacturing of LCD displays	100.00%	100.00%	
Powertip HK	Powertip (Dongguan) Photoelectric Co., Ltd. (referred to as Powertip (Dongguan))	Processing and manufacturing of LCD devices and electronic components	100.00%	100.00%	Note 1

Note 1: The Company founded Powertip (Dongguan), a 100% indirectly owned subsidiary with a share capital of HKD 10,000 thousand, by contributing HKD 5,792 thousand of cash capital through Powertip HK and HKD 4,208 thousand of in-lieu capital in the form of electronics plant previously owned by Dongkeng Jiuzheng Photoelectric, a Mainland investment approved by Investment Commission, Ministry of Economic Affairs, which was valued at HKD 4,208 thousand. The founding of Powertip (Dongguan) was approved by Investment Commission on July 13, 2012 and was completed in the second quarter of 2013.

(IV) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using exchange rate applicable on that day.

Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Differences from foreign currency conversion are generally recognized through profit or loss, or recognized through other comprehensive income under the following circumstances:

(1) Equity instruments designated to be carried at fair value through other comprehensive income;

(2) Financial liabilities designated to hedge net investment in foreign operations, within the effective scope of hedge; or

(3) Qualifying cash flow hedge, within the effective scope of hedge.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising at the time of acquisition, are converted into NTD using exchange rates as at the reporting date. Income, expenses, and losses are converted into NTD using average exchange rate for the current period. Any differences on exchange are recognized through other comprehensive income.

If a disposal of foreign operation results in a loss of control, joint control, or significant influence, all conversion differences previously accumulated on the foreign operation are reclassified into profit or loss. In a partial disposal of subsidiary that contains foreign operations, conversion differences previously accumulated on the subsidiary are re-allocated proportionally to non-controlling shareholders. In a partial disposal of associated company or joint venture that contains foreign operations, conversion differences previously accumulated on the investment are reclassified proportionally to profit or loss.

For monetary receivables or payables of foreign operations that do not have defined settlement plans and are impossible to be settled in the foreseeable future, any gains/losses arising from foreign currency exchange are treated as a part of net investments in the foreign operation and recognized through other comprehensive income.

(V) Classification of current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current asset are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within 12 months after the end of the reporting period; or
4. Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

Liabilities that match any of the following criteria are classified as current liabilities; liabilities that do not meet the criteria for current liability are classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal operating cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be repaid within 12 months after the end of the reporting period; or
4. Liabilities with repayment terms that cannot be extended unconditionally beyond 12 months after the reporting period. Liabilities with terms that give counterparties the option to be repaid in the form of equity instruments do not affect their classification.

(VI) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposit that meets the abovementioned definition and is intended to meet short-term cash commitment instead of investment or other purposes is stated as cash equivalent.

(7) Financial instruments

Accounts receivable and debt securities issued are recognized at the time occurred. All other financial assets and financial liabilities are recognized at initiation when the Consolidated Entity becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit or loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial assets

Purchase and sale of financial asset that conforms with customary practices is accounted using trade day accounting, and the same approach is applied consistently to financial assets of the same classification.

Financial assets are classified at initiation into: financial assets carried at amortized cost, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

Only when the Consolidated Entity changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

(1) Financial assets carried at amortized cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at amortized cost:

- Financial assets that are held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. When removed from balance sheet, gains or losses are recognize through profit or loss.

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

Debt instruments that satisfy all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at fair value through other comprehensive income:

- Financial assets that are held for the purpose of collecting contractual cash flow and sale.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

At initiation, the Consolidated Entity can make an irrevocable choice to account for subsequent fair value changes through other comprehensive income for equity instruments that are not held for trading. The above choice is determined on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, gain/loss on currency exchange, and impairment loss are recognized through profit or loss; other net gains or losses are recognized through other comprehensive income. When removed from balance sheet, amounts accumulated under other comprehensive income are reclassified into profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit or loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit or loss.

Dividend income from equity investments are recognized on the day the Consolidated Entity becomes entitled to collect them (which is usually the ex-dividend day).

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

Financial assets that are neither carried at amortized cost nor at fair value through other comprehensive income are carried at fair value through profit or loss; this includes derivative financial assets. At initial recognition, the Consolidated Entity can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at amortized cost or at fair value through other comprehensive income to be carried at fair value through profit or loss, for the purpose of eliminating or reducing accounting mismatch.

Balance is initially measured at fair value with transaction costs recognized through profit or loss, and subsequently measured at fair value with remeasurement gains or losses (including dividend and interest income) recognized through profit or loss.

(4) Impairment on financial assets

The Consolidated Entity recognizes loss provisions on financial assets carried at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets) based on expected credit loss.

Loss provisions for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss provisions are made based on expected credit loss for the remaining lifetime:

- Debt securities that are deemed to be of low risk as of the reporting date; and
- Other debt securities and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial recognition.

Loss provisions for accounts receivable are measured based on expected credit loss over the remaining lifetime.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Consolidated Entity uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

The Consolidated Entity considers a debt security to be of low credit risk if it is awarded a credit risk rating equivalent to the "investment grade" commonly recognized in the world (i.e. BBB- by Standard & Poor-, Baa3 by Moody's, or twA by Taiwan Ratings, or higher).

The Consolidated Entity considers credit risk to have increased significantly if contractual payment is overdue for more than 30 days.

The Consolidated Entity considers financial asset to have defaulted if contractual payment is overdue for more than 90 days, or if the borrower is unlikely to fulfill credit obligation and make pay full payment to the Consolidated Entity.

Expected credit loss for the remaining lifetime refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Consolidated Entity is exposed to credit risk.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Consolidated Entity expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Consolidated Entity assesses financial assets carried at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

· The borrower or issuer encounters significant financial distress;
· Event of default, such as delinquency or more than 90-day overdue;
· The Consolidated Entity grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Consolidated Entity would not have done so otherwise;
· The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
· Occurrence of financial distress that may cause the financial asset to be removed from active market.

Loss provisions on financial assets carried at amortized cost are deducted from book value. Loss provisions and reversals are recognized through profit or loss.

When the Consolidated Entity has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Consolidated Entity would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Consolidated Entity expects no major reversal of amounts that it has charged off. However, the Consolidated Entity may still make claims on charged-off financial assets according to its recovery procedures.

(5) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Consolidated Entity neither transfers nor retains virtually all risks and returns associated with ownership and retains no control over such financial asset.

The Consolidated Entity will continue recognizing financial assets it has signed transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Consolidated Entity are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transactions

Equity instrument refers to any contract that represents the Consolidated Entity's entitlement to assets net of liabilities. Equity instruments issued by the Consolidated Entity are recognized at the amount of proceeds received net of direct issuing costs.

(3) Financial liabilities

Financial liabilities are classified into those that are carried at amortized cost and those that are carried at fair value through profit or loss. Financial liabilities are carried at fair value through profit or loss if they are held for trading, characterized as derivative instrument, or designated to be so at initial recognition. Financial liabilities at fair value through profit or loss are carried at fair value with net gains and losses, including any interest expense, recognized through profit or loss.

Other financial liabilities are recognized at fair value plus directly attributable transaction costs at initiation, and subsequently measured at amortized cost using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit or loss. When removing from balance sheet, any gains or losses incurred are also recognized through profit or loss.

(4) Removal of financial liabilities

Financial liabilities are removed from the consolidated balance sheet upon fulfillment, cancellation, or expiry of contractual obligation. If a change in the terms of a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized based on the revised terms.

When a financial liability is removed, the difference between book value and the consideration paid or payable (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Consolidated Entity is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

3. Derivative instruments and hedge accounting

The Consolidated Entity holds derivative instruments for hedging foreign currency and interest rate risks. For instruments with embedded derivatives, the embedded derivatives are accounted separately from the master contract if they meet certain criteria and that the master contract is not a financial asset. These derivatives are measured at fair value at initiation, and subsequently measured at fair value with remeasurement gains or losses recognized directly through profit or loss.

(VIII) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Manufacturing overheads are allocated into finished goods and work-in-progress based on normal capacity of production equipment, whereas variable manufacturing expenses are allocated based on actual volume produced.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(IX) Investment in associated companies

Associated company is an entity in which the Consolidated Entity has significant influence over financial and operating decisions, but no single or joint control.

The Consolidated Entity accounts for associated companies using the equity method. Under the equity method, investments are accounted at acquisition cost at initiation; acquisition cost includes transaction cost. The book value of associated company includes goodwill recognized at initiation less any cumulative impairment losses.

The consolidated financial statements include profit or loss and other comprehensive income from associated companies, recognized based on percentage of equity ownership and adjusted for consistency of accounting policy, from the day the Consolidated Entity gains significant influence until the day it no longer exercises significant influence. If an associated company undergoes a change of equity that is not attributed to profit, loss, or other comprehensive income and has no impact on the Consolidated Entity's shareholding percentage, the Consolidated Entity will recognize the change of equity proportionally in "Capital reserve."

Unrealized gains and losses arising from transactions between the Consolidated Entity and associated companies are recognized in corporate financial statements only for the percentage of ownership that is controlled by non-related investors.

The Consolidated Entity will stop recognizing losses on associated companies when its share of the loss equals or exceeds the value of equity held. The Consolidated Entity will recognize extra losses and liabilities only for legal obligations and constructive obligations occurred, or payments made on behalf of investees.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant, and equipment are recognized and measured using the cost method, and presented at original cost less accumulated depreciation and impairment. The original cost includes all cash outlays directly related to the acquisition of the asset. Furthermore, any software purchased for the purpose of integrating equipment functions is treated as a part of the equipment and is capitalized.

For any property, plant, or equipment that comprises several different components, each major component is treated as a separate property, plant, or equipment if it makes up a material part relative to total cost and if use of different depreciation rate or method is deemed more appropriate.

Gain or loss on disposal of property, plant, and equipment is recognized through profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when the Consolidated Entity is very likely to realize future economic benefits.

3. Depreciation

Depreciation is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the useful life of each component, and recognized through profit or loss.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

(1) Buildings and accessory equipment: 1-50 years
(2) Machinery: 1-18 years
(3) Molding equipment: 1-6 years
(4) Transport equipment: 1-13 years
(5) Office and sundry equipment: 1-17 years

The Consolidated Entity reviews its depreciation method, useful life, and residual value estimates yearly on each reporting date. Changes are made as deemed necessary and appropriate.

(XI) Leases

The Consolidated Entity evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1. As a lessee

The Consolidated Entity recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Consolidated Entity regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate can not be easily determined, the Consolidated Entity's incremental borrowing rate will be used as the discount rate instead. In general, the Consolidated Entity uses incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

(1) Fixed payments, including in-kind fixed payments;

(2) Variable lease payments that are determined by certain index or rate, which are initially measured using index or rate as at the lease start date.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

(1) When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;

(2) When there is a change in the likelihood of exercising lease extension/termination option, which may alter expectation about the lease tenor; and

(3) When there is a change in leased asset, scope of lease, or other terms.

When lease liability is remeasured due to a change in the index or rate used to determine lease payment or due to a change in the assessment of purchase, extension, or termination option, a corresponding adjustment is also made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further remeasurements are recognized through profit or loss instead.

Any contract amendment that reduces the scope of lease is accounted by reducing the book value of right-of-use asset by an amount that reflects partial or total termination of lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented on the balance sheet as single-line items.

For short-term leases such as corporate vehicles and photocopiers and leases of low-value assets, the Consolidated Entity chooses not to recognize right-of-use asset or liability, but instead recognizes lease payments as expenses over the course of the lease tenor on a straight-line basis.

2. As a lessor

For lease arrangements where the Consolidated Entity is a lessor, the terms of the lease contract are evaluated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease commencement. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When evaluating leases, the Consolidated Entity takes into consideration whether the lease tenor covers a major portion of the asset's useful life, among other indicators.

For lease arrangements where the Consolidated Entity is an intermediate lessor, the Consolidated Entity accounts for the master lease and the sublease separately, and classifies the sublease based on the right-of-use asset given rise by the master lease. If the master lease is short-term in nature and is exempted from lease recognition, the sublease is classified as operating lease.

(XII) Intangible assets

1. Research and development

Expenses relating to research activities are recognized in profit or loss when incurred.

Development expenses are capitalized only if: the amount can be measured reliably; the product or process being developed is technologically or commercially feasible; the Consolidated Entity is very likely to receive future economic benefits; and the Consolidated Entity has both the intention and adequate resources to complete the development and make use or sell the completed result. All other development expenses are recognized through profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and impairment.

2. Other intangible assets

Other intangible assets of limited useful life acquired by the Consolidated Entity, including customer relations, patents, and trademarks, are measured at cost less accumulated amortization and impairment.

3. Subsequent expenses

Subsequent expenses are capitalized only if they are able to increase future economic benefits of certain assets. All other expenses are recognized through profit or loss when incurred, including internally developed goodwill and brands.

4. Amortization

Exception for goodwill, amortization is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the estimated useful life and recognized through profit or loss from the time the intangible asset reaches its usable state.

The following useful life estimates are used for the current and comparative periods:

(1) Cost of computer software: 1-5 years

(2) Patent: amortized over the number of useful years

The Consolidated Entity examines its amortization method, useful life, and residual value estimates for intangible assets on each reporting date. Changes are made as deemed necessary and appropriate.

(XIII) Impairment of non-financial assets

The Consolidated Entity evaluates non-financial assets (excluding inventory, contractual assets, deferred income tax assets, investment properties measured at fair value, and biological assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated. Goodwill is subjected to annual impairment tests.

For the purpose of impairment testing, assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets are determined as a smallest identifiable group of assets. Goodwill acquired through business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

Recoverable amount is determined as fair value less disposal cost or the utilization value, whichever the higher. Utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are immediately recognized through current profit or loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e. proportionally based on book value weight of each asset).

Goodwill impairment is not reversed in any case. For non-financial assets other than goodwill, impairment losses can be reversed provided that doing so does not exceed the new book value (net of depreciation or amortization) of the particular asset if impairment losses were not recognized in the first place.

(XIV) Revenue recognition

1. Revenue from contracts with customers

Income is measured as the amount of consideration expected to receive for the delivery of merchandise or service. The Consolidated Entity recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. A more detailed description by main revenue categories is as follows:

2. Sale of merchandise - LCD display module

The Consolidated Entity manufactures and sells LCD display modules, and recognizes revenues when control of product is transferred. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Consolidated Entity has objective evidence to prove having satisfied all inspection criteria.

The Consolidated Entity recognizes accounts receivable at the time merchandise is delivered, as the Consolidated Entity has unconditional rights to collect consideration at this point.

3. Financial component

The Consolidated Entity expects no more than one year between the time at which merchandise or service is transferred to customers and the time at which payment is received for such merchandise or service for all its customers. As a result, no time value adjustment is made to the transaction price.

(15) Government grants

The Consolidated Entity recognizes unconditional government grant as other income at the time when it becomes entitled to receive the grant. For asset-related grants, the Consolidated Entity recognizes the grants as deferred income at fair value when it has reasonable assurance about complying with conditions of the government grant and receiving such grant; this deferred income is recognized as other income on a systematic basis over the asset's useful life. Government grants that are intended to compensate the Consolidated Entity for various expenses or losses incurred are recognized in profit or loss on a systematic basis at the same time as related expenses.

(16) Employee benefits

1. Defined contribution plan

Obligated contributions under the defined contribution plan are recognized as employee benefit expense through profit or loss for the duration of services rendered.

2. Defined benefit plan

Pension plans other than defined contribution plan are treated as defined benefit plans. The Consolidated Entity's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered. Fair value of any plan asset is deducted from net defined obligations. The discount rate is determined based on market yield of a government bond that has maturity date close to expiration of the Consolidated Entity's net obligation and is denominated in the same currency as expected benefit payment as of the reporting date.

Net obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are favorable to the Consolidated Entity, the asset ceiling is determined as the present value of economic benefits available in the form of refund or reductions in future contributions. When calculating present value of economic benefit, the Consolidated Entity takes into consideration the minimum contribution requirement of all applicable plans. A benefit is considered to provide economic value to the Consolidated Entity if it can be realized over the course of a plan or upon settlement of plan liabilities.

Should plan benefits improve in the future, the increase in benefit that is attributed to previous services rendered by employees are recognized as expense immediately through profit or loss.

Remeasurement of net defined benefit obligation (asset) includes: (1) Actuarial gains/losses; (2) Return on plan assets, but excluding net interests that are already included as apart of net defined benefit obligation (asset); and (3) Changes in the effect of the asset ceiling, but excluding net interests that are already included as apart of net defined benefit obligation (asset). Remeasurement of net defined benefit obligation (asset) is recognized under other comprehensive income. However, the Consolidated Entity may choose to transfer amounts that have been recognized under other comprehensive income into retained earnings or other equity item. Amounts that have been transferred into other equity item can no longer be reclassified into profit or loss or retained earnings in subsequent periods, and such practices are applied consistently in future periods. The Consolidated Entity recognizes remeasurements of defined benefit plan in retained earnings.

The Consolidated Entity recognizes gain or loss on curtailment or settlement of defined benefit plan at the time it takes place. Gain/loss on curtailment or settlement includes all fair value changes in the plan asset and all present value changes in defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligation is measured on a non-discounted basis, and recognized as expense when relevant services are rendered.

If the Consolidated Entity has a statutory or constructive obligation to pay benefits in the current period due to services rendered by employee in the past and such obligation can be estimated reliably, the amount of short-term cash bonus or amount expected to be paid under the profit-sharing plan is recognized as liability.

(17) Income tax

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

Based on the Consolidated Entity's judgment, interest and penalties related to income taxes (including uncertainty over income tax treatments) do not meet the definition of income tax, and are therefore subject to the accounting treatment of IAS 37.

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount reflects uncertainty over income tax treatments (if any), and represents the best estimate for the amount payable/collectible using statutory or substantively enacted tax rates as of the reporting date.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented for financial reporting purpose and asset/liability figures used for taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Initial recognition of assets or liabilities for transactions unrelated to business combination, provided that accounting profit and taxable income (loss) are unaffected at the time of transaction;
2. Temporary differences arising from investment in subsidiaries, associated companies, and joint ventures, where the Consolidated Entity has control over the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is calculated using tax rate that is expected to be effective at the time the temporary difference is reversed. In this financial statement, the statutory tax rate or substantively enacted tax rate is used for calculation, and is deemed to have reflected uncertainty over income tax treatments (if any).

The Consolidated Entity will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
   (1) The tax-paying entities are one and the same; or
   (2) The tax-paying entities are different, but all entities have the intent to settle current income tax liabilities and assets on a netted basis or realize them at the same time, for every future period in which they expect to recover deferred income tax assets and settle deferred income tax liabilities.

Additional business income tax on unappropriated retained earnings is treated as income tax expense for the following year after a resolution is sought during the annual general meeting to retain the earning.

(18) Earnings per share

The Consolidated Entity presents earnings per share attributable to the Company's common shareholders in basic and diluted terms. Basic earnings per share of the Consolidated Entity is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares. Common shares with potential dilutive effect include convertible corporate bonds and stock options granted to employees.

(19) Segment information

An operating segment is a section of the Consolidated Entity that generates income and incurs expenses as part of its activities (including income and expenses from transacting with other sections of the Consolidated Entity). Operating results of all segments are reviewed regularly by the Consolidated Entity's main decision maker for resource allocation and performance evaluation. All operating segments report financial information separately.

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When preparing the consolidated financial statements in compliance with the Preparation Regulations, the management is required to make judgments, estimates, and assumptions in accordance with FSC-approved IFRS. These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. The actual outcome may differ from initial estimates.

The management examines its estimates and assumptions on an ongoing basis. Impacts from changes in accounting estimate are recognized in the year the changes take place and in future years when impacts materialize.

Accounting policies that involve significant judgment and have material effect on the amounts recognized in the consolidated financial statements are explained below:

(I) Existence of control and material influence over associated companies

The Consolidated Entity holds 34.52% of voting rights and is the largest shareholder of Powertip Image Corp. Although the remaining 65.48% voting rights of Powertip Image Corp. are not concentrated to any particular shareholder, the Consolidated Entity only acquired two directorships on the board of directors. For this reason, the Consolidated Entity is deemed to have significant influence over Powertip Image Corp. See Note 6(6) for details.

Below is a list of assumptions and estimates that are highly uncertain and may result in significant adjustments in the following year:

(I) Valuation of inventory

Due to the fact that inventory is measured at the lower of cost and net realizable value, the Consolidated Entity assesses inventory on each reporting date for any decrease in sales value due to normal wear, obsolescence, or absence of market demand, and reduces inventory cost to net realizable value accordingly. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes due to rapid development of the industry. For details on inventory valuation, please refer to Note 6(5).

VI. Notes to major accounts

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash and cash on hand	$ 934	829
Check and current deposits	753,135	392,738
Time deposits	19,800	49,438
	$ 773,869	**443,005**

Please see Note 6(17) for detailed disclosure of exchange rate risk, interest rate risk, and sensitivity analysis on the Consolidated Entity's financial assets and liabilities.

The Consolidated Entity's time deposits with an initial duration of three months and longer or those pledged as collateral are presented as Other financial assets - current. Please see Notes 6(8) and 8 for details.

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

	2022.12.31	2021.12.31
Financial assets mandatory to be carried at fair value through profit or loss:		
Structured deposits	**$ 8,866**	**6,117**

The Consolidated Entity has acquired principal-protected floating rate investments as a way to make more efficient use of capital. Principal-protected investments outstanding as at December 31, 2022 and 2021, are explained below:

2022.12.31

Contract sum (thousands)	Agreed interest rate	Maturity	Amount
RMB2,000	1.3%~3.29%	2023.1.13~2023.3.21	$ 8,866

2021.12.31

Contract sum (thousands)	Agreed interest rate	Maturity	Amount
RMB1,400	3.10%-3.15%	2022.1.21-2022.6.24	$ 6,117

None of the Consolidated Entity's financial assets at fair value through profit or loss was placed as collateral as at December 31, 2022 and 2021.

Please see Note 6(17) for detailed disclosure of exchange rate risk, interest rate risk, and sensitivity analysis on the Consolidated Entity's financial assets and liabilities.

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

1. Please refer to Note 6(17) for detailed information on credit risk and market risk.
2. In March 2021, the Consolidated Entity sold all 760 shares of Powertip Japan Co., Ltd., a business investment measured at fair value through other comprehensive income, to Techtuit Co., Ltd. for NT$1,023 thousand (JPY 3,800 thousand). Fair value at the time of disposal was reported at NT$1,023 thousand.

(IV) Notes and accounts receivable

	2022.12.31	2021.12.31
Notes receivable	$ 1,469	4,069
Accounts receivable - at amortized cost	303,312	361,384
	304,781	365,453
Less: loss provisions	-	(28,722)
Notes and accounts receivable (net)	$ 304,781	336,731

The Consolidated Entity adopts the simplified approach to estimate expected credit loss on all notes and accounts receivable, which involves measuring expected credit loss for the duration of its receivables. To facilitate this approach, notes and accounts receivable are divided into several groups of common credit risk characteristics by assessing customers' ability to make contractual payments at maturity. This approach takes into account historical credit loss data as well as forward-looking information such as future economic outlook and rational predictions. Expected credit loss analysis for notes and accounts receivable is explained below:

	2022.12.31			
	Book value of notes and accounts receivable		Weighted average expected credit loss rate	Provision for expected credit loss over the remaining duration
Current	$	281,737	0%	-
Overdue 31 - 60 days		14,555	0%	-
Overdue 61 - 90 days		4,941	0%	-
Overdue 91 - 180 days		2,602	0%	-
Overdue 181 days and above		946	0%	-
	$	304,781		-

	2021.12.31			
	Book value of notes and accounts receivable		Weighted average expected credit loss rate	Provision for expected credit loss over the remaining duration
Current	$	327,253	0%	-
Overdue 31 - 60 days		9,378	0%	-
Overdue 61 - 90 days		100	0%	-
Overdue 91 - 180 days		-	0%	-
Overdue 181 days and above		28,722	100%	28,722
	$	365,453		28,722

Changes in loss provisions on notes and accounts receivable in 2022 and 2021 are explained below:

		2022	2021
Opening balance	$	28,722	28,738
Unrecoverable amount charged off in the current year		(28,765)	-
Gain/loss on foreign currency exchange		43	(16)
Closing balance	$	-	28,722

None of the Consolidated Entity's notes receivable and accounts receivable was discounted or placed as collateral as at December 31, 2022 and 2021.

Please see Note 6(17) for more details on exchange rate risk and sensitivity analysis concerning the Consolidated Entity's notes and accounts receivable for 2022 and 2021.

(V) Inventory

		2022.12.31	2021.12.31
Finished goods	$	70,956	38,838
Work-in-progress and semi-finished goods		144,281	164,746
Raw materials		199,323	269,897
	$	414,560	473,481

Details of operating costs recognized by the Consolidated Entity:

		2022	2021
Selling costs and expenses	$	1,772,387	1,637,087
Inventory obsolescence and devaluation loss (reversal gain)		(22,536)	4,117
Inventory write-off and others		15,977	6,822
	$	1,765,828	1,648,026

The Consolidated Entity scrapped the inventories in 2022 so that the net realizable values of the inventories were lower than the costs, resulting in a reversal of the allowance for losses.

None of the Consolidated Entity's inventory was pledged as collateral as at December 31, 2022 and 2021.

(VI) Equity-accounted investments

The Consolidated Entity's equity-accounted investments as at the reporting date are presented below:

		2022.12.31	2021.12.31
Associated companies	$	234,230	195,814

The Consolidated Entity's share of profit or loss from associated companies for 2022 and 2021 is summarized below:

		2022	2021
The Consolidated Entity's share of current net income from associated companies	$	50,154	37,309

1. Information of associated companies that are significant to the Consolidated Entity:

Name of associated company	Nature of relationship with the Consolidated Entity	Main business location/country of registration	Percentage of ownership/voting right 2022.12.31	Percentage of ownership/voting right 2021.12.31
Powertip Image Corp.	Main business activities are the manufacturing of electronic parts and optical instruments	Taiwan	34.52% Note 1	34.85%

Note 1: Powertip Image, an associate of the Consolidated Entity, granted a total of 316,000 shares of employee stock options in July 2022, resulting in the dilution of Powertip Technology Group's shareholding in Powertip Image to 34.52%.

The following is a collective disclosure of financial information for the Consolidated Entity's significant associated companies. The figures of each associated company have been adjusted when preparing IFRS-compliant consolidated financial statements to reflect the amount of adjustments the Consolidated Entity had made for fair value and difference in accounting policy at the time of acquisition:

Summary financial information of Powertip Image Corp.:

	2022.12.31	2021.12.31
Current assets	$ 702,759	580,685
Non-current assets	355,979	339,371
Current liabilities	(302,786)	(315,473)
Non-current liabilities	(89,284)	(59,069)
Net asset attributable to owners of the investee	**$ 666,668**	**545,514**

	2022	2021
Operating revenues	$ 678,003	840,699
Current net income from continuing operations	147,464	142,796
Other comprehensive income	2,003	(1,821)
Total comprehensive income attributable to owners of the investee	**$ 149,467**	**140,975**

	2022	2021
Opening share of net asset in associated companies	$ 188,694	150,213
Dividends received from associated companies in the current period	(11,605)	(10,648)
Total comprehensive income attributable to the Consolidated Entity in the current period	51,890	49,129
Changes in equity owned by associated companies during this period	(842)	-
Closing share of net asset in associated companies	228,137	188,694
Plus: land use rights	3,504	3,617
Buildings	2,589	3,503
Closing book value of equity in associated company	**$ 234,230**	**195,814**

2. Collateral

None of the Consolidated Entity's equity-accounted investment was pledged as collateral as at December 31, 2022 and 2021.

(VII) Property, plant and equipment

Changes in property, plant, and equipment of the Consolidated Entity:

		Land	Buildings	Machinery and equipment	Others	Total
Cost or deemed cost:						
Balance as at January 1, 2022	$	196,963	643,791	1,123,811	139,355	2,103,920
Additions		-	1,971	5,208	10,217	17,396
Inward (outward) reclassification		-	-	3,193	(5,333)	(2,140)
Disposals		-	-	(13,949)	(14,217)	(28,166)
Effects of exchange rate change		1,408	8,325	32,211	1,980	43,924
Balance as at December 31, 2022	$	198,371	654,087	1,150,474	132,002	2,134,934
Balance as at January 1, 2021	$	197,335	646,798	1,099,450	170,933	2,114,516
Additions		-	-	519	10,218	10,737
Inward (outward) reclassification		-	-	29,913	(30,665)	(752)
Disposals		-	-	(7,708)	(10,450)	(18,158)
Effects of exchange rate change		(372)	(3,007)	1,637	(681)	(2,423)
Balance as at December 31, 2021	$	196,963	643,791	1,123,811	139,355	2,103,920
Depreciation and impairment loss:						
Balance as at January 1, 2022	$	-	343,914	1,065,878	109,262	1,519,054
Depreciation in current year		-	18,212	16,021	11,212	45,445
Disposals		-	-	(13,949)	(14,217)	(28,166)
Effects of exchange rate change		-	6,755	32,717	1,586	41,058
Balance as at December 31, 2022	$	-	368,881	1,100,667	107,843	1,577,391
Balance as at January 1, 2021	$	-	328,124	1,053,179	107,190	1,488,493
Depreciation in current year		-	18,137	18,741	13,021	49,899
Disposals		-	-	(7,708)	(10,450)	(18,158)
Effects of exchange rate change		-	(2,347)	1,666	(499)	(1,180)
Balance as at December 31, 2021	$	-	343,914	1,065,878	109,262	1,519,054
Book value:						
December 31, 2022	$	198,371	285,206	49,807	24,159	557,543
December 31, 2021	$	196,963	299,877	57,933	30,093	584,866
January 1, 2021	$	197,335	318,674	46,271	63,743	626,023

The Consolidated Entity had placed some of its property, plant, and equipment as collateral for long-term borrowings and credit limits as at December 31, 2022 and 2021. Please see Note 8 for details.

(VIII) Other financial assets - current

		2022.12.31	2021.12.31
Restricted bank deposits	$	2,500	2,500
Other receivables (including related parties)		8,928	8,381
	$	11,428	10,881

The Consolidated Entity had placed some of its time deposits that did not meet the definition of cash equivalent as collaterals for customs guarantee as at December 31, 2022 and 2021. Please see Note 8 for details.

(IX) Right-of-use asset (presented as other non-current assets)

1. The Consolidated Entity had land use rights of NT$4,122 thousand and NT$4,196 thousand as at December 31, 2022 and 2021, respectively. No material change had taken place.

Land use rights acquired by the Consolidated Entity:

Company name	Location of lease	Total land transaction fees	Tenor of usage	Area
Powertip (Jiangsu)	Jiangsu Province, China	CNY 1,524 thousand	2003.07-2053.12 (50 years and 6 months)	89,143m^2

All of the Consolidated Entity's land use rights were placed as collateral for borrowings. Please see Note 8 for details.

2. Changes in cost and depreciation of right-of-use asset on transport equipment rented by the Consolidated Entity:

	Transport equipment
Cost of right-of-use asset:	
Balance as at January 1, 2022 (i.e. closing balance)	$ 2,217
Balance as at January 1, 2021 (i.e. closing balance)	$ 2,217
Accumulated depreciation and impairment loss on right-of-use asset:	
Balance as at January 1, 2022	$ 1,848
Depreciation in current year	369
Balance as at December 31, 2022	$ 2,217
Balance as at January 1, 2021	$ 1,109
Depreciation in current year	739
Balance as at December 31, 2021	$ 1,848
Book value:	
December 31, 2022	$ -
December 31, 2021	$ 369
January 1, 2021	$ 1,108

3. Lease of transport equipment

The Consolidated Entity rents transport equipment for tenors ranging from 1 to 3 years.

4. Other leases

The Consolidated Entity rents corporate vehicles and photocopiers for tenors ranging from 1 to 3 years. These leases are short-term or low-value in nature, for which the Company has opted the exemption rule to forgo recognition of right-of-use asset and lease liability.

(X) Long-term borrowings

Details, conditions, and terms of the Consolidated Entity's medium-term and long-term borrowings are as follows:

	2022.12.31		
	Currency	**Year of maturity**	**Amount**
Unsecured bank borrowings	NTD	2023–2025	$ 21,667
Secured bank borrowings	NTD	2023–2025	64,862
Less: portion maturing within 1 year			(32,900)
			$ 53,629
Unused limit			**$ 104,538**
Annual interest rate range			**1.33%~1.35%**

	2021.12.31		
	Currency	**Year of maturity**	**Amount**
Unsecured bank borrowings	NTD	2022-2025	$ 30,000
Secured bank borrowings	NTD	2022-2025	94,862
Less: portion maturing within 1 year			(38,333)
			$ 86,529
Unused limit			**$ 104,538**
Annual interest rate range			**0.69%-1.77%**

1. Please see Note 6(17) for details on the Consolidated Entity's interest rate, exchange rate, and liquidity risk exposure.
2. Collaterals placed for bank borrowings
   (1) Please see Note 7 for details on joint guarantees offered by key management for the Consolidated Entity's long-term and short-term borrowing agreements.
   (2) Please see Note 8 for bank borrowings secured with the Consolidated Entity's assets.

(XI) Employee benefits

1. Defined benefit plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	$ (64,653)	(69,073)
Fair value of plan assets	50,369	45,114
Net defined benefit liabilities	**$ (14,284)**	**(23,959)**

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the Consolidated Entity has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Consolidated Entity's labor pension reserve account held with Bank of Taiwan totaled NT$50,369 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

Changes in present value of defined benefit obligations for 2022 and 2021 are explained below:

		2022	2021
Defined benefit obligations as at January 1	$	(69,073)	(81,107)
Service cost and interest in the current period		(673)	(666)
Remeasurement of net defined benefit liabilities (assets)		2,609	231
Service costs for the previous period		392	-
Payment of plan benefits		2,092	12,469
Defined benefit obligations as at December 31	**$**	**(64,653)**	**(69,073)**

(3) Changes in the fair value of pension plan assets

Changes in the fair value of defined benefit plan assets in 2022 and 2021 are explained below:

		2022	2021
Fair value of plan assets as at January 1	$	45,114	53,622
Interest income		314	160
Remeasurement of net defined benefit liabilities (assets)		3,909	787
Amount contributed to the plan		3,124	3,014
Payment of plan benefits		(2,092)	(12,469)
Fair value of plan assets as at December 31	**$**	**50,369**	**45,114**

(4) Expenses recognized in profit or loss

The Consolidated Entity recognized the following expenses in profit or loss in 2022 and 2021:

		2022	2021
Service costs for the current period	$	197	427
Net interest on net defined pension liabilities (assets)		162	79
Service costs for the previous period		(392)	(340)
	$	**(33)**	**166**

		2022	2021
Operating costs	$	165	234
Selling and marketing expenses		43	59
General and administrative expenses		(313)	(232)
Research and development expenses		72	105
	$	(33)	166

(5) Actuarial assumptions

Key actuarial assumptions that the Consolidated Entity had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	2022.12.31	2021.12.31
Discount rate	1.30%	0.70%
Future salary increase	2.00%	2.00%

The Consolidated Entity expects to contribute NT$1,679 thousand to the defined benefit plan within one year from the 2022 reporting date.

The defined benefit plan has a weighted average duration of 9 years.

(6) Sensitivity analysis

When calculating present value of defined benefit obligations, the Consolidated Entity is required to exercise judgments and make estimates in order to determine actuarial assumptions as at the balance sheet date. These assumptions include the discount rate and future salary changes. Any changes in actuarial assumption may cause significant impacts on the Consolidated Entity's defined benefit obligations.

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2022 and 2021:

	Impact on defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2022		
Discount rate	(1,560)	1,618
Future salary increase	1,603	(1,553)
December 31, 2021		
Discount rate	(1,808)	1,879
Future salary increase	1,850	(1,790)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

2. Defined contribution plan

The Consolidated Entity's defined contribution plan complies with the Labor Pension Act, in which the Consolidated Entity contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Consolidated Entity is freed of additional pension obligations (whether statutory or constructive) once it has contributed the designated amount to the Bureau of Labor Insurance.

Pension expenses recognized for the defined contribution plan in 2022 and 2021 were NT$6,542 thousand and NT$6,366 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

1. Other subsidiaries included in the consolidated financial statements

Pension expenses and retirement premiums recognized in 2022 and 2021:

		2022	2021
Powertip USA	$	257	242
Powertip HK and subsidiaries	$	265	252
Powertip Samoa and subsidiaries	$	21,234	17,083

(XII) Income tax

1. Income tax expenses

(1) Below are details of the Consolidated Entity's income tax expenses for 2022 and 2021:

		2022	2021
Current income tax expense	$	38,578	3,192
Deferred income tax expense			
Occurrence and reversal of temporary difference		3,341	7,551
Income tax expense (benefit)	$	41,919	10,743

2. Below are details of income tax expenses recognized by the Consolidated Entity under other comprehensive income:

		2022	2021
Items not reclassified into profit or loss:			
Remeasurement of defined benefit plan	$	1,304	-
Items likely to be reclassified into profit or loss:			
Exchange differences on translation of financial statements of foreign operations	$	3,241	(1,425)

(2) Reconciliation of income tax expense and profit before tax for 2022 and 2021:

	2022	2021
Profit before tax	$ 290,953	91,637
Income tax calculated by applying local tax rate of the country where the Company is located	58,191	18,327
Net investment gains/losses and tax-exempt income	(10,111)	(7,862)
Effect of tax rate differences in foreign jurisdictions	17,972	(45)
Change in unrecognized deductible temporary difference	(20,771)	6,755
Change in unrecognized tax credits carried forward	-	(8,583)
Underestimations (overestimations) in past periods and others	(458)	2,151
Tax incentive	(2,904)	-
	$ 41,919	**10,743**

3. Deferred income tax assets and liabilities

(1) Items not recognized as deferred income tax liability: None.

(2) Items not recognized as deferred income tax asset

The following items were not recognized as deferred income tax asset:

	2022.12.31	2021.12.31
Deductible temporary differences	**$ 58,580**	**79,351**

Unrecognized deductible temporary differences were mostly attributed to losses on subsidiary investments; the Company did not recognize deferred income tax assets because they are not very likely to be realized in the foreseeable future.

Tax credits, as defined in the Income Tax Act, are losses certified by the tax authority in the last 10 years that can be taken to reduce current year's taxable income. Tax credits were not recognized as deferred income tax assets because the Company is not very likely to generate adequate taxable income to offset tax credits in the future.

As at December 31, 2022, the Consolidated Entity did not have any tax credits that were not recognized as deferred income tax asset.

(3) Changes in recognized deferred income tax assets and liabilities in 2022 and 2021:

	Others
Deferred income tax liabilities:	
Balance as at January 1, 2022	$ -
Debit/(credit) other comprehensive income	1,304
Balance as at December 31, 2022	**$ 1,304**
Balance as at January 1, 2021	$ 931
Debit/(credit) other comprehensive income	(931)
Balance as at December 31, 2021	**$ -**

		Exchange differences on translation of financial statements of foreign operations	Tax credits and others	Total
Deferred income tax assets:				
Balance as at January 1, 2022	$	5,169	10,075	15,244
(Debit)/credit profit or loss		-	(3,341)	(3,341)
(Debit)/credit other comprehensive income		(3,241)	-	(3,241)
Balance as at December 31, 2022	$	1,928	6,734	8,662
Balance as at January 1, 2021	$	3,744	18,557	22,301
(Debit)/credit profit or loss		-	(8,482)	(8,482)
(Debit)/credit other comprehensive income		1,425	-	1,425
Balance as at December 31, 2021	$	5,169	10,075	15,244

The Consolidated Entity as a whole files income tax returns with several authorities according to local laws. Income tax returns are filed in the capacity of individual entities, and can not be filed on a consolidated basis.

4. Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up till 2020.

(XIII) Capital and other equity items

1. Common share capital

A resolution was made during the Company's annual shareholder meeting dated June 16, 2009 to increase authorized capital to NT$2,400,000 thousand; registration for the change of capital had been completed as at December 31, 2022.

Authorized capital as at December 31, 2022 and 2021, was reported at NT$2,400,000 thousand and NT$2,200,000 thousand (13,500,000 shares were reserved to accommodate the conversion of employee warrants on both reporting dates).

2. Capital reserve

The following is a breakdown of the Company's capital reserve:

		2022.12.31	2021.12.31
Change in net worth of equity-accounted associated companies and joint ventures	$	336	876
Change of ownership interest in subsidiaries		5,611	5,913
Difference between the actual price and book value of equity of subsidiaries acquired/disposed of		1,113	1,113
	$	7,060	7,902

According to The Company Act, balances of realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year.

3. Retained earnings

A. The Company allocates year-end earnings, if any, in the following order:

a. Taxation.

b. Reimbursement of losses.

c. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.

d. Provision for special reserve from current earnings in accordance with laws or relevant rules, which can be distributed only if reversed.

e. The balance that remains after a to d is added to unappropriated earnings from previous years and is available for earnings distribution. The entirety or a portion of the residual balance can be distributed to shareholders as profit sharing at the current shareholding percentage. The final payout ratio is subject to shareholder meeting resolution according to Article 240 of The Company Act. The board of directors can be authorized to distribute all or part of the dividends or profit sharing in cash, provided that the resolution is supported by more than half of attending directors in a board meeting where at least two-thirds of board members are present, and that the decision is reported in the upcoming shareholder meeting.

B. Dividend policy

The Company is still in the growth stage given its business activities and industry involvement, and therefore has significant needs for capital to support major investments and expansion plans in the future. For the consistency of dividend payouts, the board of directors may choose to pay more than 70% of distributable earnings as dividends, with no less than 20% of dividends being cash, after taking into consideration the Company's business prospects and capital availability. The board may also opt to pay a higher percentage or the entirety of dividends in cash if capital can be sourced through alternative means or at times of abundant liquidity, and thereby avoid over-diluting earnings per share.

(1) Statutory reserve

The Company may distribute statutory reserve in cash or in shares in the absence of cumulative losses, subject to resolution of a shareholders meeting; however, only the amount of statutory reserve that exceeds 25% of paid-up capital is distributable.

(2) Earnings appropriation

The Company resolved its 2020 loss reimbursement proposal during the shareholder meetings held on July 15, 2021, and no dividend was allocated to shareholders in either years. Details of the loss reimbursement resolved in shareholder meetings can be found on the Market Observation Post System (MOPS).

On March 18, 2022, the board of directors resolved a decision on the amount of cash dividends in the 2021 earnings appropriation plan that includes the following dividends to be paid to shareholders:

	2021	
	Stock dividends per share (NTD)	**Amount**
Cash	$ 0.19	30,813

On March 21, 2023, the board of directors proposed its 2022 earnings appropriation plan. The details of the dividends to be paid to shareholders are as follows:

	2022	
	Stock dividends per share (NTD)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.70	113,521

(XIV) Earnings per share

1. Basic earnings per share

Basic earnings per share of the Consolidated Entity for 2022 and 2021 were calculated based on net income attributable to common shareholders of the Company totaling NT$249,034 thousand and NT$80,894 thousand, respectively, and weighted average outstanding common shares of 162,173,000. Detailed calculations are explained below:

	2022	2021
Current net income	$ 249,034	80,894
Weighted average outstanding shares (thousand shares)	162,173	162,173
Basic earnings per share (NTD)	$ 1.54	0.50

2. Diluted earnings per share

Diluted earnings per share for 2022 and 2021 were calculated based on net income attributable to common shareholders of the Company totaling NT$249,034 thousand and NT$80,894 thousand, respectively, and weighted average outstanding common shares after adjusting for dilutive effect of all potential common shares, which were 163,427,000 and 162,338,000 shares in the respective years. Detailed calculations are explained below:

	2022	2021
Current net income	$ 249,034	80,894
Weighted average outstanding shares (thousand shares)	162,173	162,173
Dilutive effect of potential common shares		
Effects of employee remuneration paid in shares	1,254	165
Number of weighted average outstanding shares (after adjusting for dilutive effect of potential common shares)	163,427	162,338
Diluted earnings per share (NTD)	$ 1.52	0.50

(15) Revenue from contracts with customers

1. Breakdown of income

		2022	2021
Main regions and markets:			
Taiwan	$	231,913	335,306
USA		380,704	270,195
Germany		616,521	486,848
Brazil		159,106	124,380
Sweden		182,930	145,975
Mainland China		145,835	122,637
Other countries		436,744	392,869
	$	2,153,753	1,878,210
Main products:			
LCD display modules	$	2,116,757	1,844,586
Others		36,996	33,624
	$	2,153,753	1,878,210

2. Contract balance

		2022.12.31	2021.12.31
Notes and accounts receivable	$	304,781	365,453
Less: loss provisions		-	(28,722)
Total	$	304,781	336,731
Contract liabilities (presented as other current liabilities)	$	39,356	14,241

Please refer to Note 6(4) for disclosures on notes and accounts receivable and impairment.

The opening balances of contract liabilities on January 1, 2022 and 2021 were recognized as revenue on December 31, 2022 and 2021 are NT$12,050 thousand and NT$8,823 thousand, respectively.

The changes in contract assets and contract liabilities mainly arose from the difference between the time when the Consolidated Entity transferred goods or services to customers to fulfill its performance obligations and the time when customers paid.

(16) Remuneration to employees, directors, and supervisors

After the re-election of directors during the shareholder meeting held on July 15, 2021, an Audit Committee consisting entirely of independent directors was assembled to replace supervisors, and the Articles of Incorporation were amended to reflect the change.

Pursuant to the revised Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 5% and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

Pursuant to the former Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 5% and director/supervisor remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The Company has estimated employees' remuneration at NT$14,300 thousand and directors'/supervisors' remuneration at NT$2,860 thousand for 2022. Both figures were estimated by multiplying profit before tax and employee/director remuneration with the respective percentages set by the Company's management, and have been recognized as operating expenses for 2022. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the following year. If the board of directors resolved a decision to pay out employee remuneration in stock, it will be calculated at the fair value of the common stock on the day before the board of directors resolved a decision to distribute employee remuneration.

The estimated amount of 2021 employee remuneration was NT$2,721 thousand and the estimated amount of 2021 director and supervisor remuneration was NT$544,000 thousand. There is no difference between the amounts distributed and the estimated amounts. Relevant information is available on the MOPS.

(17) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

For financial assets, the book value represents the maximum credit risk exposure.

(2) Concentration of credit risk

The customers whose purchases account for 10% or more of the Consolidated Entity's operating revenue accounted for 18% and 16% of its sales revenue for 2022 and 2021, respectively. As of December 31, 2022 and 2021, the accounts receivable of said customers accounted for 18% and 13% of its total accounts receivable, respectively, resulting in a significant credit concentration risk. Please refer to Note 6 (18) for the Consolidated Entity's credit risk management policy for more details.

(3) Credit risk of receivables

For credit risk information on notes receivable and accounts receivable, please refer to Note 6(4).

Other financial assets carried at amortized cost include other receivables and time deposits. The Consolidated Entity provided an allowance for losses on the above financial assets with low credit risk based on the 12-month expected credit loss. As of December 31, 2022 and 2021, no credit impairment loss on the allowance was expected.

2. Liquidity risk

The following chart shows contract maturity date for financial liabilities, including the effect of estimated interest.

	Book value	Contractual cash flow	Within 1 year	1-2 years	More than 2 years
December 31, 2022					
Non-derivative financial liabilities					
Notes and accounts payable	$ 244,176	(244,176)	(244,176)	-	-
Long-term borrowings (including current portion maturing in one year)	86,529	(87,894)	(33,844)	(42,835)	(11,215)
Other payables	130,492	(130,492)	(130,492)	-	-
Guarantee deposits received	2,436	(2,436)	(2,298)	-	(138)
	$ 463,633	**(464,998)**	**(410,810)**	**(42,835)**	**(11,353)**

		Book value	Contractual cash flow	Within 1 year	1-2 years	More than 2 years
December 31, 2021						
Non-derivative financial liabilities						
Notes and accounts payable	$	296,985	(296,985)	(296,985)	-	-
Long-term borrowings (including current portion maturing in one year)		124,862	(126,673)	(39,388)	(33,424)	(53,861)
Other payables		96,203	(96,203)	(96,203)	-	-
Guarantee deposits received		2,280	(2,280)	(2,142)	-	(138)
Lease liabilities (presented as other current liabilities)		379	(381)	(381)	-	-
	$	520,709	(522,522)	(435,099)	(33,424)	(53,999)

The Consolidated Entity does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly, except for certain long-term borrowings that may be repaid early depending on capital availability.

3. Market risk

(1) Exchange rate risk

The Consolidated Entity had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

Unit: thousands of foreign currency

	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 19,592	USD/NTD =30.76	602,650	13,632	USD/NTD =27.730	378,015
USD	12,910	USD/RMB =6.9389	397,112	7,205	USD/RMB =6.3470	199,795
USD	521	USD/HKD =7.7520	16,026	320	USD/HKD =7.7480	8,874
Financial liabilities						
Monetary items						
USD	6,807	USD/NTD =30.76	209,383	6,537	USD/NTD =27.730	181,271
USD	4	USD/RMB =6.9389	123	-	USD/RMB =6.3470	-
USD	98	USD/HKD =7.7520	3,014	69	USD/HKD =7.7480	1,913

(2) Sensitivity analysis

Exchange rate risks associated with the Consolidated Entity's monetary items arise primarily from the conversion of cash, cash equivalents, notes receivable, accounts receivable, other receivables, borrowings, accounts payable, and other payables denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. The following analysis shows the effect on profit before tax for 2022 and 2021 if NTD, RMB, and HKD weakened/strengthened against USD by 5% as at December 31, 2022 and 2021, using the same basis of comparison while all other factors remained unchanged:

		2022	2021
USD (relative to NTD)			
Strengthened by 5%	$	19,663	9,837
Weakened by 5%		(19,663)	(9,837)
USD (relative to RMB)			
Strengthened by 5%		19,849	9,990
Weakened by 5%		(19,849)	(9,990)
USD (relative to HKD)			
Strengthened by 5%		651	348
Weakened by 5%		(651)	(348)

(3) Exchange gain/loss on monetary items

Due to the extensive variety of functional currencies used in transactions, the Consolidated Entity has opted to disclose gains (losses) on exchange of monetary items on a collective basis. Gains (losses) (including realized and unrealized) incurred on exchange of foreign currencies in 2022 and 2021 are explained below:

		2022	2021
Foreign exchange gain	$	54,591	-916

4. Interest rate risk

Interest rate risk exposure concerning the Consolidated Entity's financial assets and financial liabilities has been explained as part of liquidity risk management in this footnote.

The following sensitivity analysis has been prepared based on interest rate risk exposures of derivatives and non-derivatives as at the reporting date. For assets and liabilities that bear floating interests, the analysis is conducted by assuming that the amount of assets and liabilities outstanding as at the reporting date remained outstanding throughout the entire year. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

If interest rate increased/decreased by 0.25% while other variables remained unchanged, the Consolidated Entity's profit before tax would have increased/decreased by NT$1,705 thousand and NT$756 thousand in 2022 and 2021, respectively. This potential change is primarily the result of the Consolidated Entity's floating-interest rate borrowings and demand deposits.

5. Fair value information

(1) Category and fair value of financial instruments

Financial assets/liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, it is not required to disclose fair value information for lease liabilities and financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

	2022.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatory to be carried at fair value through profit or loss					
Structured deposits	$ 8,866	-	8,866	-	8,866
Financial assets carried at amortized cost					
Cash and cash equivalents	773,869	-	-	-	-
Notes and accounts receivable - net	304,781	-	-	-	-
Other receivables	8,928	-	-	-	-
Other financial assets- - current	2,500	-	-	-	-
Guarantee deposits paid (presented as other non-current assets)	1,418	-	-	-	-
Total	**$ 1,100,362**	**-**	**8,866**	**-**	**8,866**
Financial liabilities carried at amortized cost					
Notes and accounts payable	$ 244,176	-	-	-	-
Other payables	130,492	-	-	-	-
Long-term borrowings (including current portion maturing in one year)	86,529	-	-	-	-
Guarantee deposits received	2,436	-	-	-	-
Total	**$ 463,633**	**-**	**-**	**-**	**-**

	2021.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Non-derivative financial assets mandatory to be carried at fair value through profit or loss					
Structured deposits	$ 6,117	-	6,117	-	6,117
Financial assets carried at amortized cost					
Cash and cash equivalents	443,005	-	-	-	-
Notes and accounts receivable - net	336,731	-	-	-	-
Other receivables	8,381	-	-	-	-
Other financial assets- - current	2,500	-	-	-	-
Guarantee deposits paid (presented as other non-current assets)	2,722	-	-	-	-
Total	**$ 799,456**	**-**	**6,117**	**-**	**6,117**

Financial liabilities carried at amortized cost						
Notes and accounts payable	$	296,985	-	-	-	-
Other payables		96,203	-	-	-	-
Long-term borrowings (including current portion maturing in one year)		124,862	-	-	-	-
Guarantee deposits received		2,280	-	-	-	-
Lease liabilities (current)		379	-	-	-	-
Total	$	520,709	-	-	-	-

There was no change of fair value input during 2022 and 2021.

(2) Fair value assessment techniques for financial instruments carried at fair value

Non-derivative instruments

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined based on market prices quoted on major exchange and OTC center for actively traded government bonds.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of inactive market.

Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments are obtained either by applying valuation techniques or by making reference to counterparties' quotations. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as at the balance sheet date.

(3) Change between level 1 and level 2

There had been no change in levels of fair value input when assessing financial instruments during 2022 and 2021.

(4) Details of level 3 changes

		At fair value through other comprehensive income
		Equity instruments without quoted prices
Balance as at December 31, 2022 (i.e. balance as at January 1, 2022)	$	-
January 1, 2021	$	1,023
Total gains or losses		
recognized in other comprehensive income		-
Disposal		(1,023)
December 31, 2021	$	-

The above total gains or losses are presented as "Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income."

(18) Financial risk management

1. Summary

Use of financial instrument exposes the Consolidated Entity to the following risks:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This footnote discloses exposure, assessment, and the Consolidated Entity's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the consolidated financial statements.

2. Risk management framework

The board of directors has been fully empowered to establish and supervise implementation of risk management framework within the Consolidated Entity. The management is responsible for the development and control of risk management policies within the Consolidated Entity, and reports to the board of directors on a regular basis.

The Consolidated Entity has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The risk management policy and system are regularly examined to reflect changes in market condition and the Consolidated Entity's operations. The Consolidated Entity develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees are able to comprehend their roles and duties.

The board of directors regularly reviews compliance of risk management policies and procedures within the Consolidated Entity, as well as the appropriateness of the risk management framework that the Consolidated Entity has adopted in response to the risks encountered. The Consolidated Entity has internal audit personnel in place to assist the board of directors with supervisory duties. These personnel conduct regular and ad-hoc reviews over existing risk management controls and procedures, and report their findings to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss the Consolidated Entity may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable.

(1) Accounts receivable and other receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these risks are also likely to affect credit risk. The Consolidated Entity monitors customers' financial position and recoverability of accounts receivable to minimize credit risks.

The Consolidated Entity has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms. The Consolidated Entity also obtains timely data from external sources, such as contact with rating agencies and banking partners, as part of its review. The Consolidated Entity assigns credit limits to customers on a case-by-case basis; these limits represent the maximum amount of transactions that can be undertaken on credit without the management's approval. These limits are reviewed on a regular basis. Customers that do not meet the Group's basic credit rating requirements may transact with the Consolidated Entity only on a prepaid basis.

(2) Investments

Credit risks associated with bank deposit and other financial instruments are assessed and monitored by the Consolidated Entity's Treasury Department. The Consolidated Entity transacts and deals only with banks of strong credit standing and financial institutions of investment grade and above, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

(3) Guarantees

According to internal policies, the Consolidated Entity may only offer financial guarantee to subsidiaries in which it holds more than 50% voting interest and companies it has business dealings with. No endorsement or guarantee was offered among members of the Consolidated Entity as at December 31, 202.

4. Liquidity risk

Liquidity risk represents risk of the Consolidated Entity being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations.

The Consolidated Entity maintains adequate position of cash and cash equivalents to support group operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Bank borrowing constitutes a main source of liquidity for the Consolidated Entity. The Consolidated Entity had undrawn short-term banking limits of NT$348,504 thousand and NT$300,026 thousand as at December 31, 2022 and 2021.

5. Market risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

(1) Exchange rate risk

The Consolidated Entity is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NTD represents the Consolidated Entity's main functional currency; other functional currencies include USD and RMB.

For monetary assets and liabilities denominated in other foreign currencies, the Consolidated Entity buys in or sell off foreign currencies at the spot exchange rate whenever a short-term mismatch arises, and in doing so ensures that the net exposure is kept within the tolerable level.

(2) Interest rate risk

The Consolidated Entity constantly monitors changes in market interest rate and maintains close relationship with financial institutions to secure the most favorable rate. Short-term, medium-term, and long-term credit limits are drawn in a manner that minimizes interest expenses.

(19) Capital management

The Consolidated Entity makes capital plans for the Company after taking into consideration the characteristics of the given industry, future prospects of the Company, and changes in the external environment. Capital management ensures that the Company has the financial resources and operational plans needed to support future working capital, capital expenditure, research and development projects, debt repayment, and dividend payment. The management primarily uses debt-to-equity ratio and interest-bearing-liabilities-to-equity ratio to determine the optimal capital structure for the Consolidated Entity. The management also strives to optimize debt and equity balances while maintaining strong capital structure for improvement to shareholders' returns.

The Consolidated Entity regularly examines its debt-to-equity ratio as a way to manage capital. Capital of the Consolidated Entity is represented by "Total equity" shown on the balance sheet, which equals total assets less total liabilities.

Debt-to-equity ratio as at the reporting date is shown below:

	2022.12.31	**2021.12.31**
Total liabilities	$ 556,933	577,392
Total equity	1,790,671	1,554,403
Interest-bearing liabilities	86,529	124,862
Debt-to-equity ratio	31%	37%
Interest-bearing-liabilities-to-equity ratio	5%	8%

There had been no change to the Consolidated Entity's capital management approach as at December 31, 2022.

(20) Non-cash investing and financing activities

Non-cash investing and financing activities in 2022 and 2021 were associated with the acquisition of right-of-use asset through lease. Please see Note 6(9) for details.

Reconciliation of liabilities associated with financing activities is explained below:

	2022.1.1	**Cash flow**	**2022.12.31**
Long-term borrowings (including current portion maturing in one year)	$ 124,862	(38,333)	86,529
Lease liabilities	379	(379)	-
Total liabilities relating to financing activities	**$ 125,241**	**(38,712)**	**86,529**

	2021.1.1	**Cash flow**	**2021.12.31**
Long-term borrowings (including current portion maturing in one year)	$ 129,733	(4,871)	124,862
Lease liabilities	1,126	(747)	379
Total liabilities relating to financing activities	**$ 130,859**	**(5,618)**	**125,241**

VII. Related party transactions

(I) Name of related party and relationship

Related parties that transacted with the Consolidated Entity during the period covered by the consolidated financial statements:

Name of related party	Relationship with the Consolidated Entity
Powertip Image Corp.	Associated company of the Consolidated Entity
Jiangsu Powertip Image Co.,Ltd.	Subsidiary of Powertip Image Corp.
Mr.Wang, Shyh-Yueh	Chairman of the Company

(II) Significant transactions with related parties

1. Leases

For the years ended 2022 and 2021, the Consolidated Entity generated NT$1,350 thousand and NT$1,215 thousand of rental income from leasing plant, equipment, and office premise to associated companies, and collected NT$138 thousand of rental deposit as of both December 31, 2022 and 2021, which were presented as guarantee deposits received and others. Furthermore, NT$1,010 thousand and NT$1,045 thousand of proceeds were paid/collected on behalf of associated companies for electricity, networking, and management expenses incurred on the leased plant, equipment, and office premises.

2. Related party receivables

Details of related party receivables are shown below:

Presentation account	Type of related party	2022.12.31	2021.12.31
Other receivables	Associated companies	$ 364	268

(III) Transactions involving key management personnel

1. Compensation to key management personnel

Compensation to key management personnel includes the following:

	2022	2021
Short-term employee benefits	$ 13,855	8,628

2. Offering of guarantees

The Consolidated Entity's short-term and long-term credit facilities as at December 31, 2022 and 2021, were guaranteed by key management personnel.

VIII. Pledged assets

Book value of assets pledged by the Consolidated Entity is explained below:

Name of asset	Collateral	2022.12.31	2021.12.31
Time deposit (presented as other financial assets - current)	Security for import customs duty	$ 2,500	2,500
Land	Security for long-term borrowing	184,079	184,079
Right-of-use asset - land use rights (presented as other non-current asset)	Security for short-term credit limit	4,122	4,196
Buildings	Security for short-/long- term borrowings and credit limits	274,004	289,952
		$ 464,705	480,727

IX. Major contingent liabilities and unrecognized contractual commitments

(I) Major unrecognized contractual commitments:

L/C issued but undrawn by the Consolidated Entity:

	2022.12.31	2021.12.31
L/C issued but undrawn	$ 1,741	4,988

X. Losses from major disasters: None.

XI. Major post-balance sheet date events: None.

XII. Others

(I) Summary of employee benefit, depreciation, depletion, and amortization expenses by function:

Function / Nature	2022 Presented as operating cost	2022 Presented as operating expense	2022 Total	2021 Presented as operating cost	2021 Presented as operating expense	2021 Total
Employee benefit expenses						
Salary expenses	222,784	117,040	339,824	207,519	98,136	305,655
Labor/health insurance premium	17,406	8,745	26,151	15,050	8,186	23,236
Pension expense	22,303	5,962	28,265	18,519	5,590	24,109
Other employee benefit expenses	16,917	4,345	21,262	11,785	4,424	16,209
Depreciation expenses	34,622	11,192	45,814	38,383	12,255	50,638
Amortization expenses	-	1,205	1,205	-	788	788

XIII. Other disclosures

(I) Information relating to significant transactions

Significant transactions in 2022 that require further disclosures under Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: thousand shares

Holder	Name and type of securities	Relationship with the securities issuer	Presentation account	End of period				Highest interim holding position		Remarks
				No. of shares	Book value	Shareholding percentage	Fair value	No. of shares	Shareholding percentage	
The Company	Everest Technology Inc.	None	Financial assets at fair value through other comprehensive income - -non-current	3,730	$ -	5.49 %	$ -	3,730	5.49%	

4. Cumulative purchase or sale of any single marketable security that amounts to NT$300 million or more than 20% of paid-up capital: None.
5. Acquisition of real estate amounting to NT$300 million or more than 20% of paid-up capital: None.
6. Disposal of real estate amounting to NT$300 million or more than 20% of paid up capital: None.
7. Sales and purchases with related parties amounting to NT$100 million or more than 20% of paid-up capital:

Name of buyer (seller)	Name of counterparty	Relationship	Transaction summary				Distinctive terms of trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As a percentage to total purchases (sales)	Loan tenor	Unit price	Loan tenor	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Powertip (Jiangsu)	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	Purchase	1,615,872	91 %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	-	Accounts payable (189,000)	(66)%	Note 1 and Note 2
Powertip (Jiangsu)	The Company	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	(Sale)	(1,615,872)	(90) %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	-	Accounts receivable 189,000	85%	Note 1 and Note 2
The Company	Powertip USA	100%-held subsidiary of the Company	(Sale)	(175,519)	(9) %	No significant difference from ordinary transaction	No significant difference from ordinary transaction		Accounts receivable 35,371	14%	Note 2
Powertip USA	The Company	100%-held subsidiary of the Company	Purchase	175,519	100 %	No significant difference from ordinary transaction	No significant difference from ordinary transaction		Accounts payable (35,371)	(100)%	Note 2

Note 1: Accounts payable by Powertip (Jiangsu) to the Company includes purchase and sales transactions that have been offset in a merchanting trade.

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements

Notes to consolidated financial statements of Powertip Technology Corporation and subsidiaries (continued)

8. Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Companies presented as receivables	Name of counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue balance of related party receivables		Amount of related party receivables collected after the balance sheet date	Loss provisions provided
					Amount	Treatment		
Powertip (Jiangsu)	The Company	Corporate shareholder with 100% holding interest	189,000	10.18	-	Debt claims are offset against debt obligations each month with proceeds collected or paid depending on capital availability	120,069	-

Note 1: It is based on data as of January 12, 2023.

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

9. Derivative transactions: None.

10. Business dealings and key transactions between parent company and subsidiaries:

Serial No. (Note 1)	Name of transacting party	Transaction counterparty	Relationship with the transacting party (Note 2)	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of consolidated total operating revenues or total assets
0	The Company	Powertip USA	1	Sales revenue	175,519	No significant difference from ordinary transaction	8.15%
0	The Company	Powertip HK	1	Sales revenue	10,023	No significant difference from ordinary transaction	0.47%
0	The Company	Powertip HK	1	Accounts receivable	3,019	No significant difference from ordinary transaction	0.13%
0	The Company	Powertip USA	1	Accounts receivable	35,371	No significant difference from ordinary transaction	1.51%
0	The Company	Powertip (Jiangsu)	1	Sales revenue	100,300	No significant difference from ordinary transaction	4.66%
0	The Company	Powertip (Jiangsu)	1	Operating costs	1,615,872	Incomparable due to the special nature and differences of the products involved	75.03%
0	The Company	Powertip (Jiangsu)	1	Accounts payable	189,000	Incomparable due to the special nature and differences of the products involved	8.05%
1	Powertip (Jiangsu)	Powertip Samoa	3	Sales revenue	2,704	No significant difference from ordinary transaction	0.13%

Note 1. Use of serial number is explained below:

1. 0 denotes parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2. Relationship with the transacting party is denoted as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3. The above transactions have been fully eliminated when preparing consolidated financial statements.

Notes to consolidated financial statements of Powertip Technology Corporation and subsidiaries (continued)

(II) Information on business investments:

Information about the Consolidated Entity's business investments in 2022 (excluding Mainland investees):

Unit: thousands of NTD or foreign currency/thousand shares

Name of investor	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Highestholding interimposition		Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
				Current period-end (Note)	Previous period-end (Note)	No. of shares	Percentage	Book value (Note)	No. of shares	Percentage			
The Company	Powertip HK	Hong Kong	Processing and manufacturing of LCD display modules	166,570	166,570	39,500	100.00%	26,965	39,500	100.00%	5,031	5,031	Subsidiary (Note 2)
The Company	Powertip USA	California, USA	Trading of LCD display modules, electronic parts, and computer peripherals	53,135	53,135	155	100.00%	73,649	155	100.00%	1,498	1,498	〃
The Company	Powertip Samoa	Samoa	Holding company	729,350 (US$23,711)	729,350 (US$23,711)	23,711	100.00%	668,222	23,711	100.00%	75,889	75,889	〃
The Company	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	50,466	50,466	9,575	23.55%	159,795	7,991	23.76%	147,464	34,211	Equity-accounted investee
The Company	Ta Cheng	Taichung City	General investments	24,546	27,600	2,454	100.00%	30,713	2,760	100.00%	5,816	5,816	Subsidiary (Note 2)
The Company	Ta Ho	Taichung City	General investments	24,548	27,600	2,454	100.00%	30,718	2,760	100.00%	5,819	5,819	〃
The Company	Ta Yang	Taichung City	General investments	20,100	20,100	2,010	100.00%	19,846	2,010	100.00%	4,129	4,129	〃
Less: unrealized gain/loss on associated companies								(3,298)				-	
								1,006,610				132,393	
Powertip Samoa	Powertip C.I.	Cayman Islands	Holding company	728,335 (US$23,678)	728,335 (US$23,678)	23,678	100.00%	663,832 (US$21,581)	23,678	100.00%	61,142 (US$2,048)	Recognized according to the shareholding percentage of Powertip Samoa	Investee accounted by subsidiary using the equity method (Note 2)
Ta Cheng	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical	27,500	27,500	1,638	4.03%	27,345	1,378	4.07%	147,464	Recognized according to the shareholding percentage of	〃

Notes to consolidated financial statements of Powertip Technology Corporation and subsidiaries (continued)

			instruments									Ta Cheng	
Ta Ho	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	4.03%	27,345	1,378	4.07%	147,464	Recognized according to the shareholding percentage of Ta Ho	〃
Ta Yang	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	19,873	19,873	1,184	2.91%	19,745	988	2.94%	147,464	Recognized according to the shareholding percentage of Ta Yang	〃
Powertip Image Corp.	Powertip Image (Samoa)	Samoa	Holding company	61,196	61,196	1,497	100.00%	228,045	1,497	100.00%	53,491 (US$1,792)	Recognized according to the shareholding percentage of Powertip Image Corp.	Subsidiary that accounts for investee using the equity method
Powertip Image Corp.	Chin Yue	Taichung City	General investments	98,087	97,000	9,809	100.00%	120,596	9,809	100.00%	16,335	Recognized according to the shareholding percentage of Powertip Image Corp.	〃

Name of investor	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Highestholding interimposition		Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
				Current period-end (Note)	Previous period-end (Note)	No. of shares	Percentage	Book value (Note)	No. of shares	Percentage			
Powertip Image Corp.	Chin Hung	Taichung City	General investments	67,136	57,500	6,714	100.00%	86,815	6,714	100.00%	11,761	Recognized according to the shareholding percentage of Powertip Image Corp.	〃
Chin Yue	Do Electronic	Samoa	Holding company	81,514 (US$2,650)	81,514 (US$2,650)	2,650	58.14%	125,631	2,650	58.14%	32,736 (US$1,097)	Recognized according to the shareholding percentage of Chun Yue	〃
Chin Hung	Do Electronic	Samoa	Holding company	58,690 (US$1,908)	58,690 (US$1,908)	1,908	41.86%	90,453	1,908	41.86%	32,736 (US$1,097)	Recognized according to the shareholding percentage of Chin Hung	〃

Note 1: Converted into NTD using exchange rate as at the reporting date (1 USD : 30.76 NTD).

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

(III) Information on Mainland investments:

1. Name, main business activities, and relevant information of Mainland investments:

Unit: thousands of NTD/foreign currency

Name of Mainland investee	Main business activities	Paid-up capital (Note 4)	Method of investment	Opening cumulative balance of investment capital invested from Taiwan (Note 4)	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan (Note 4)	Current period profit/loss of the investee	The Company's direct or indirect holding percentage	Highestholding position interim		Investment gains/losses recognized in the current period (Note 1)	Closing investment book value (Note 4)	Investment gains recovered to date
					Invested	Recovered				No. of shares (in thousands of shares)	Shareholding percentage			
Powertip (Jiangsu)	Processing of LCD devices and electronic components	707,480 (US$23,000)	Indirect investment through Powertip Samoa	707,480 (US$23,000)	-	-	707,480 (US$23,000)	61,142 (US$2,048)	100.00%	-	100.00%	61,142 (US$2,059)	663,832 (US$21,581)	-
Powertip (Dongguan)	Processing and manufacturing of LCD devices and electronic components	39,680 (HK$10,000)	Indirect investment through Powertip HK (Note 5)	-	-	-	-	3,483 (HK$908)	100.00%	-	100.00%	3,483 (HK$908)	11,785 (HK$2,970)	-
Jiangsu	Manufacturing and	369,120	Indirect investment by	186,252	-	-	186,252	79,413	34.52% of	-	34.52% of	Recognized	Recognized	-

Notes to consolidated financial statements of Powertip Technology Corporation and subsidiaries (continued)

Powertip	processing of molds	(US$12,000) (Note 6)	associated company - Powertip Image Corp. through Powertip Image (Samoa) and Do Electronic (Note 8)	(US$6,055)			(US$6,055)	(US$2,660)	shareholding is indirectly held by the Company's equity-accounted investee		shareholding is indirectly held by the Company's equity-accounted investee	according to the shareholding percentages of Powertip Image (Samoa) and Do Electronic Recognized according to the shareholding percentage of Chin Hung	according to the shareholding percentages of Powertip Image (Samoa) and Do Electronic Recognized according to the shareholding percentage of Chin Hung	

2. Approved limit on Mainland investments:

Unit: thousands of foreign currency

Company name	Closing cumulative balance of investment capital transferred from Taiwan into the Mainland	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
The Company	790,840 (US$25,710)	792,870 (US$25,776)	No limit (Note 2)
Powertip Image Corp.	46,048 (US$1,497)	228,916 (US$7,442) (Note 7)	400,001
Chin Yue	81,514 (US$2,650)	81,514 (US$2,650)	80,000
Chin Hung	58,690 (US$1,908)	58,690 (US$1,908)	80,000

Note 1: Gains/losses of investees for the current period were recognized based on auditor-reviewed financial statements of the parent company in Taiwan, except for Jiangsu Powertip and Powertip (Dongguan), which were recognized based on their unaudited financial statements.

Note 2: According to the rules on Mainland investment limits stipulated by the Investment Commission in the revised "Review Principles for Investment or Technological Collaboration in the Mainland Area" on August 29, 2008, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

Note 3: Dongguan Jiuli, one of the Company's business investments, was de-registered on January 7, 2009; the cumulative amount of investment outstanding at the end of the current period included USD 2,710 thousand of realized losses that were attributed to Dongguan Jiuli.

Note 4: Converted into NTD using exchange rate as at the reporting date (1 USD: 30.76 NTD; 1 HKD: 3.968 NTD).

Note 5: Powertip HK contributed proprietary funds and machinery and equipment in lieu of capital to the investment.

Note 6: USD 5,945 thousand of which were contributed by Powertip Image (Samoa) in the form of proprietary funds and machinery/equipment in lieu of capital. Powertip Image Corp. underwent a re-organization in May 2014, during which Do Electronic acquired 37.98% of ownership interest in Jiangsu Powertip from Powertip Image (Samoa) for a sum of USD 4,558 thousand.

Note 7: The amount of Mainland investments made by Powertip Image Corp. prior to 2009 had been approved by the Investment Commission in writing.

Note 8: Through Chin Yue and Chin Hung, two 100%-owned subsidiaries, Powertip Image Corp. acquired 58.14% and 41.86% ownership interest, respectively, in Do Electronic,
and underwent a re-organization in May 2014, during which Do Electronic acquired 37.98% of ownership interest in Jiangsu Powertip from Powertip Image (Samoa).

Through Powertip HK, a business located at a third location, the Company established Dongkeng Jiuzheng Photoelectric, a processing plant for LCD devices and electronic components, in Dongguan, Mainland China, for a sum of HKD 9,024 thousand; this project was approved by the Investment Commission, Ministry of Economic Affairs, on November 20, 2002. Powertip HK later made an indirect investment into the Mainland and founded Powertip (Dongguan) Photoelectric Co., Ltd. by contributing HKD 5,792 thousand of its funds and the electronics plant of Dongkeng Jiuzheng Photoelectric, an existing investment approved by the Investment Commission, Ministry of Economic Affairs, valued at HKD 4,208 thousand for a total share capital of HKD 10,000 thousand. This project was approved by the Investment Commission, Ministry of Economic Affairs, on July 13, 2012 and completed on April 25, 2013.

3. Significant transactions:

Please refer to "Information related to significant transactions" and “Business dealings and key transactions between parent company and subsidiaries” in the consolidated financial statements for more details on direct and indirect significant transactions between the Consolidated Entity and Mainland investees in 2022 (which have been eliminated when preparing the consolidated financial statements).

(IV) Information on major shareholders:

Shares **Name of major shareholder**	**Number of shares held**	**Shareholding percentage**
Bright LED Electronics Corp.	19,020,148	11.72%

Note: (1) Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

(2) Shareholders who placed shares under trust are disclosed in trustors' sub-accounts held with various trustees. Shareholders with more than 10% ownership interest are subject to insider equity reporting, according to Securities and Exchange Act. Insider equity includes shares held in own name and any shares placed under trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.

XIV. Segment information

(I) General information

The Consolidated Entity has only one reported segment: the LCD display module segment. Its main applications include industrial products, monitoring systems, cashier systems, office machines, cellphones, toys, home appliances, and oscilloscopes.

The Consolidated Entity measures profitability of its operating segments in terms of pre-tax operating profit (excluding non-recurring gains/losses and exchange gains/losses). The same measurement is used for performance evaluation. The Consolidated Entity does not allocate assets or liabilities to the reported segment for operational decision-making. Amounts reported for the operating segment are consistent with the amounts used by the management for decision-making. Accounting policies adopted by various operating segments are consistent with those described in Note 4 - "Summary of significant accounting policies."

(II) General corporate profile

1. Product information

Please refer to Note 6(15) for more details on revenues generated by the Consolidated Entity from external customers in 2022, distinguished by product category.

2. Regional disclosure

Disclosure of regional information is as follows. Income location is determined based on customers' geographic presence, whereas location of non-current assets is determined based on the asset's physical presence.

(1) Revenues from external customers:

Please refer to Note 6(15) for more details on revenues generated by the Consolidated Entity from external customers in 2022, distinguished by region.

(2) Non-current assets:

Region	2022.12.31	2021.12.31
I. Taiwan	$ 471,085	492,354
II. Mainland China	70,588	79,928
III. Other countries	25,102	24,517
	$ 566,775	596,799

Non-current assets include property, plant, equipment, right-of-use asset, intangible asset, and other non-current assets, but exclude non-current financial instruments and non-current deferred income tax assets.

3. Information on major customers:

	2022		2021	
	Amount (in NT$)	**As a percentage of net consolidated revenues (%)**	**Amount (in NT$)**	**As a percentage of net consolidated revenues (%)**
Company D	$ 387,925	18	297,629	16

V. Parent company only financial statements for the most recent year

Independent Auditor's Report

To the board of directors of Powertip Technology Corporation:

Audit opinions

We have audited the balance sheet of Powertip Technology Corporation as at December 31, 2022 and 2021, and the statement of comprehensive income, statement of changes in equity, cash flow statement, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2022 and 2021.

In our opinion, all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, and presented a fair view of the financial position of Powertip Technology Corporation as at December 31, 2022 and 2021, and business performance and cash flow for the periods January 1 to December 31, 2022 and 2021.

Basis of audit opinion

We have conducted our audits on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards. Our responsibilities as an auditor for the parent company only financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Powertip Technology Corporation when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 parent company only financial statements of Powertip Technology Corporation. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore we do not provide opinions separately for individual issues. Below are the key audit issues that we consider relevant for disclosure in this audit report:

I. Revenue recognition

Please refer to Note 4 (14) "Revenue recognition" in the parent company only financial statements for the accounting policy on revenue recognition; please refer to Note 6 (14) "Revenue from contracts with customers" for additional information on revenue.

Explanation of key audit issues:

Powertip Technology Corporation mainly engages in the manufacturing and sales of various LCD modules. Operating revenue is one of the important items in the parent company only financial statements, and the amount and changes in the operating revenue may affect the financial statement users' understanding of such statements. For this reason, revenue recognition testing was identified as one of our key audit matters when we audited the parent company only financial statements of Powertip Technology Corporation.

Audit procedures:

Our main audit procedures for the above key audit matter included testing the control over the sales and collection cycle, checking and adjusting the sales system data and the general ledger, sampling and testing the details of the relevant supporting documents, and assessing if the timings of Powertip Technology Corporation's recognition of operating revenue and the recognized amounts were handled in accordance with the relevant standards.

Responsibilities of the management and governance body to the parent company only financial statements

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Powertip Technology Corporation to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Powertip Technology Corporation or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Powertip Technology Corporation (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing parent company only financial statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with the auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the parent company only financial statement user.

When conducting audits in accordance with the auditing principles, we exercised judgments and skepticism as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Powertip Technology Corporation.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Powertip Technology Corporation to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of parent company only financial statements and make related disclosures if uncertainties exist in regards to the abovemenetioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Powertip Technology Corporation no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtaining sufficient and appropriate audit evidence on the financial information of equity-accounted investments, and expressing opinions on the parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on Powertip Technology Corporation.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics of the Republic of China, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governance body regarding the 2022 parent company only financial statements of Powertip Technology Corporation. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

The engagement partners on the audit resulting in this independent auditor’s report are Wang, Yi-Wen and Kuo, Guan-Ying.

KPMG
Taipei, Taiwan (Republic of China)
March 21, 2023

Notes to Readers

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

Powertip Technology Corporation

Balance Sheet

As at December 31, 2022 and 2021

Unit: NTD thousand

	Assets	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 484,843	21	317,880	16
1170	Notes and accounts receivable - net (Note 6(3))	209,269	9	269,135	13
1180	Accounts receivable - related parties, net (Notes 6(3) and 7)	38,390	2	1,248	-
1310	Inventory (Note 6(5))	87,374	4	53,279	3
1476	Other financial assets - current (Notes 6(4), 7, and 8)	10,806	-	7,582	-
1470	Other current assets	11,760	-	19,982	1
		842,442	36	669,106	33
	Non-current assets:				
1550	Equity-accounted investments (Note 6(6))	1,006,610	43	870,529	42
1600	Property, plant and equipment (Notes (7) and 8)	467,216	20	485,999	24
1780	Intangible assets	3,173	-	3,439	-
1840	Deferred income tax assets (Note 6(11))	8,662	1	15,244	1
1900	Other non-current assets (Notes 6(8) and 8)	696	-	2,916	-
		1,486,357	64	1,378,127	67
	Total assets	**$ 2,328,799**	**100**	**2,047,233**	**100**

	Liabilities and equity	2022.12.31 Amount	%	2021.12.31 Amount	%
	Current liabilities:				
2170	Notes and accounts payable	$ 98,757	4	137,870	7
2180	Accounts payable - related parties (Note 7)	189,000	8	128,467	6
2200	Other payables (including related parties)	79,629	4	48,730	3
2230	Current income tax liabilities	19,489	1	3,229	-
2300	Other current liabilities	48,999	2	25,575	1
2322	Long-term borrowings due within 1 year or 1 business cycle (Notes 6(9) and 8)	32,900	1	38,333	2
		468,774	20	382,204	19
	Non-current liabilities:				
2540	Long-term borrowings (Notes 6(9) and 8)	53,629	2	86,529	4
2640	Net defined benefit liabilities - non-current (Note 6(10))	14,284	1	23,959	1
2570	Deferred income tax liabilities and others (Notes 6(11) and 7)	1,441	-	138	-
		69,354	3	110,626	5
	Total liabilities	538,128	23	492,830	24
	Equity: (Note 6(12))				
3110	Common share capital	1,621,732	70	1,621,732	79
3200	Capital reserve	7,060	-	7,902	-
3310	Legal reserve	4,137	-	-	-
3320	Special reserve	6,336	-	-	-
3350	Retained earnings	254,334	11	41,372	3
3400	Other equity item	(102,928)	(4)	(116,603)	(6)
	Total equity	1,790,671	77	1,554,403	76
	Major contingent liabilities and unrecognized contractual commitments (Note 9)				
	Total liabilities and equity	**$ 2,328,799**	**100**	**2,047,233**	**100**

(Please refer to the attached notes to parent company only financial statements)

Chairman:Wang, Shyh-Yueh **Manager:Wang, Shyh-Yueh** **Head of Accounting:Liou, Shao-Ling**

Powertip Technology Corporation

Statement of Comprehensive Income

For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		2022		2021	
		Amount	**%**	**Amount**	**%**
4100	**Net sales revenues** (Notes 6(14) and 7)	$ 2,055,551	100	1,767,842	100
5000	**Operating costs** (Notes 6(5), 6(10), 7, and 10)	1,800,885	88	1,494,687	84
5900	**Gross profit**	254,666	12	273,155	16
5920	Plus: realized (unrealized) gain or loss on sale	(2,370)	-	743	-
5900	**Gross profit**	252,296	12	273,898	16
	Operating expenses (Notes 6(10) and 12):				
6100	Selling and marketing expenses	46,731	2	49,409	3
6200	General and administrative expenses	62,820	3	51,592	3
6300	Research and development expenses	43,189	2	39,496	2
		152,740	7	140,497	8
6900	**Operating profit**	99,556	5	133,401	8
	Non-operating income and expenses:				
7100	Interest income	2,829	-	250	-
7375	Share of gain from subsidiaries, associated companies, and joint ventures accounted using the equity method (Note 6(6))	132,393	7	(51,828)	(3)
7190	Other income (Note 7)	9,416	-	6,954	-
7230	Gain (loss) on exchange (Note 6(16))	26,010	1	4,225	-
7510	Interest expense (Note 7)	(1,355)	-	(1,308)	-
		169,293	8	(41,707)	(3)
7900	**Profit before tax**	268,849	13	91,694	5
7950	**Less: income tax expense (benefit)** (Note 6(11))	19,815	1	10,800	1
	Current net income	249,034	12	80,894	4
8300	**Other comprehensive income:**				
8310	**Items not reclassified into profit or loss**				
8311	Remeasurement of defined benefit plan	6,518	-	1,018	-
8349	Less: Income tax on items not reclassified into profit or loss	1,304	-	-	-
		5,214	-	1,018	-
8360	**Items likely to be reclassified into profit or loss**				
8361	Exchange differences on translation of financial statements of foreign operations	16,207	1	(7,127)	-
8380	Share of other comprehensive income from equity-accounted subsidiaries, associated companies and joint ventures - likely to be reclassified into profit or loss	709	-	(634)	-
8399	Less: income tax on items likely to be reclassified into profit or loss (Note 6(11))	3,241	-	(1,425)	-
	Sum of items likely to be reclassified into profit or loss	13,675	1	(6,336)	-
8300	**Other current comprehensive income (loss) (net, after-tax)**	18,889	1	(5,318)	-
8500	**Total comprehensive income - current**	$ 267,923	13	75,576	4
	Earnings per share (NTD) (Note 6(13))				
9750	**Basic earnings per share (NTD)**	$	1.54		0.50
9850	**Diluted earnings per share (NTD)**	$	1.52		0.50

(Please refer to the attached notes to parent company only financial statements)

Chairman: Wang, Shyh-Yueh Manager: Wang, Shyh-Yueh Head of Accounting: Liou,Shao-Ling

Powertip Technology Corporation

Statement of Changes in Equity

For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousand

	Common share capital	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Other equity items: Exchange differences on translation of financial statements of foreign operations	Other equity items: Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Other equity items: Total	Total equity
Balance as at January 1, 2021	$ 1,621,732	7,902	-	-	(40,540)	(70,777)	(39,490)	(110,267)	1,478,827
Current net income	-	-	-	-	80,894	-	-	-	80,894
Other comprehensive income (loss) - current	-	-	-	-	1,018	(6,336)	-	(6,336)	(5,318)
Total comprehensive income (loss) - current	-	-	-	-	81,912	(6,336)	-	(6,336)	75,576
Balance as at December 31, 2021	1,621,732	7,902	-	-	41,372	(77,113)	(39,490)	(116,603)	1,554,403
Current net income	-	-	-	-	249,034	-	-	-	249,034
Other comprehensive income - current	-	-	-	-	5,214	13,675	-	13,675	18,889
Total comprehensive income (loss) - current	-	-	-	-	254,248	13,675	-	13,675	267,923
Earnings provision and distribution:									
Legal reserve	-	-	4,137	-	(4,137)	-	-	-	-
Special reserve	-	-	-	6,336	(6,336)	-	-	-	-
Cash dividends on common stock	-	-	-	-	(30,813)	-	-	-	(30,813)
			4,137	6,336	(41,286)				(30,813)
Changes in associated companies accounted for using the equity method	-	(842)	-	-	-	-	-	-	(842)
Balance as at December 31, 2022	$ 1,621,732	7,060	4,137	6,336	254,334	(63,438)	(39,490)	(102,928)	1,790,671

(Please refer to the attached notes to parent company only financial statements)

Chairman: Wang, Shyh-Yueh **Manager: Wang, Shyh-Yueh** **Head of Accounting: Liou, Shao-Ling**

Powertip Technology Corporation

Cash Flow Statement

For the Periods January 1 to December 31, 2022 and 2021

Unit: NTD thousands

	2022	2021
Cash flow from operating activities:		
Current profit before tax	$ 268,849	91,694
Adjustments:		
Income, expenses and losses:		
Depreciation expenses	23,181	22,016
Amortization expenses	1,205	788
Interest expenses	1,355	1,308
Interest income	(2,829)	(250)
Share of losses (profits) on equity-accounted subsidiaries, associated companies, and joint ventures	(132,393)	51,828
Others	2,250	(849)
Total income, expenses and losses	(107,231)	74,841
Net change in assets related to operating activities:		
Decrease (increase) in notes and accounts receivable	59,866	(101,921)
Decrease (increase) in accounts receivable - related parties	(37,142)	1,989
Increase in inventories	(34,095)	(19,683)
Increase in other financial assets	(3,222)	(698)
Decrease (increase) in other current assets	8,222	(5,777)
Total net change in assets related to operating activities	(6,371)	(126,090)
Net change in liabilities related to operating activities:		
Increase (decrease) in notes and accounts payable	21,420	(31,676)
Increase in other payables and other current liabilities	53,864	11,547
Decrease in net defined benefit liabilities	(3,158)	(2,848)
Total net change in liabilities related to operating activities	72,126	(22,977)
Total net change in assets and liabilities related to operating activities	65,755	(149,067)
Total adjustments	(41,476)	(74,226)
Cash inflow from operating activities	227,373	17,468
Interest received	2,827	242
Interest paid	(1,480)	(1,492)
Income tax refunded (paid)	(215)	193
Net cash inflow from operating activities	228,505	16,411
Cash flow from investing activities:		
Acquisition of property, plant and equipment	(3,065)	(1,967)
Disposal of financial assets at fair value through other comprehensive income	-	1,023
Dividends received	10,217	7,265
Other investing activities	831	(4,036)
Net cash inflow from investing activities	7,983	2,285
Cash flow from financing activities:		
Borrowing of long-term loan	-	25,129
Repayment of long-term borrowings	(38,333)	(30,000)
Increase in guarantee deposits received	-	(76)
Repayment of lease liabilities	(379)	(747)
Payout of cash dividends	(30,813)	-
Net cash outflow from financing activities	(69,525)	(5,694)
Increase in cash and cash equivalents for the current period	166,963	13,002
Opening cash and cash equivalents balance	317,880	304,878
Closing cash and cash equivalents balance	**$ 484,843**	**317,880**

(Please refer to the attached notes to parent company only financial statements)

Chairman: Wang, Shyh-Yueh **Manager: Wang, Shyh-Yueh** **Head of Accounting: Liou, Shao-Ling**

Powertip Technology Corporation
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2022 and 2021
(Unless otherwise specified, all amounts are presented in NTD thousands)

I. Company history

Powertip Technology Corporation (the Company) was incorporated on September 2, 1991 under the approval of the Ministry of Economic Affairs, and has business address registered at No. 8, Gongyequ 6th Road, Xitun District, Taichung City. The Company is mainly involved in the manufacturing, processing, and trading of various types of LCD display module.

II. Financial statement approval date and procedures

The parent company only financial statements were passed during the board of directors meeting dated March 21, 2023.

III. Application of new and amended standards and interpretations

(I) Effect of adopting the latest and amended standards and interpretations approved by Financial Supervisory Commission ("FSC")

The Company became subject to the newly revised international financial reporting standards listed below since January 1, 2022, and the adoption of which had no material impact on the parent company only financial statements.

- Amendments to IAS 16 regarding "Property, Plant and Equipment: Proceeds before Intended Use"
- Amendment to IAS 37 regarding "Onerous Contracts - Cost of Fulfilling a Contract"
- IFRS improvements for years 2018-2020
- Amendments to IFRS 3 regarding "Reference to the Conceptual Framework"

(II) Impact of not adopting FSC-approved IFRS

Based on the Company's own evaluation, adopting the newly revised international financial reporting standards listed below that take effect from January 1, 2022 onwards do not have material impact on the parent company only financial statements.

- Amendments to IAS 1 regarding "Disclosure of Accounting Policies"
- Amendments to IAS 8 regarding "Definition of Accounting Estimates"
- Amendments to IAS 12 regarding "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(III) Newly published/revised standards and interpretations that are not yet approved by FSC

The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Company are as follows:

New and amended standards	Major details	Effective date announced by IASB
· Amendments to IAS 1 regarding "Classification of Liabilities as Current or Non-current"	Under the existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. In the amendments, the requirement for a right to be unconditional has been removed, and instead now IASB requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own equity instruments (such as convertible corporate bonds).	January 1, 2024
· Amendments to IAS 1 “Non-current Liabilities with Covenants”	After certain aspects of the 2020 amendments to IAS 1 were reconsidered, the new amendments reconfirmed that only covenants with which a company must comply on or before the balance sheet date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the balance sheet date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the balance sheet date.	January 1, 2024

The Company is currently evaluating the impact of the above standards and interpretations on its financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Company does not expect that other new and revised standards that have not yet been endorsed will have a material impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28 regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 - Insurance Contracts and amendments to IFRS 17
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of parent company only financial statements. Unless otherwise specified, the following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

(II) Basis of preparation

1. Basis for measurement

This financial statement is prepared on the basis of historical cost, except for the key balance sheet items listed below:

(1) Financial assets at fair value through profit or loss (including derivatives):

(2) Financial assets at fair value through other comprehensive income; and

(3) Net defined benefit liabilities, which is measured by deducting the present value of defined benefit plan obligations and the effect of the limits described in Note 4(17) from the fair value of pension fund assets.

2. Functional currency and presentation currency

The Company has designated its functional currency as the main currency used in the economic environment where operations take place. The parent company only financial statements are presented using the Company's functional currency (NTD). All financial figures denominated in NTD have been presented in NTD thousands.

(III) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using exchange rate applicable on that day.

Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Differences from foreign currency conversion are generally recognized through profit or loss, or recognized through other comprehensive income under the following circumstances:

(1) Equity instruments designated to be carried at fair value through other comprehensive income;

(2) Financial liabilities designated to hedge net investment in foreign operations, within the effective scope of hedge; or

(3) Qualifying cash flow hedge, within the effective scope of hedge.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising at the time of acquisition, are converted into the functional currency using exchange rates as at the reporting date. Income, expenses, and losses are converted into the functional currency using average exchange rate for the current period. Any differences on exchange are recognized through other comprehensive income.

If a disposal of foreign operation results in a loss of control, joint control, or significant influence, all conversion differences previously accumulated on the foreign operation are reclassified into profit or loss. In a partial disposal of subsidiary that contains foreign operations, conversion differences previously accumulated on the subsidiary are re-allocated proportionally to non-controlling shareholders. In a partial disposal of associated company or joint venture that contains foreign operations, conversion differences previously accumulated on the investment are reclassified proportionally to profit or loss.

For monetary receivables or payables of foreign operations that do not have defined settlement plans and are impossible to be settled in the foreseeable future, any gains/losses arising from foreign currency exchange are treated as a part of net investments in the foreign operation and recognized through other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets; assets that do not meet the criteria for current asset are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed, over the normal operating cycle;
2. Assets that are held mainly for the purpose of trading;
3. Assets that are expected to be realized within 12 months after the end of the reporting period; or
4. Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months from the reporting period, and those with restricted uses.

Liabilities that match any of the following criteria are classified as current liabilities; liabilities that do not meet the criteria for current liability are classified as non-current liabilities:

1. Liabilities that are expected to be repaid within the normal operating cycle;
2. Liabilities that are held mainly for the purpose of trading;
3. Liabilities that are expected to be repaid within 12 months after the end of the reporting period; or
4. Liabilities with repayment terms that cannot be extended unconditionally beyond 12 months after the reporting period. Liabilities with terms that give counterparties the option to be repaid in the form of equity instruments do not affect their classification.

(V) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposit that meets the abovementioned definition and is intended to meet short-term cash commitment instead of investment or other purposes is stated as cash equivalent.

(VI) Financial instruments

Accounts receivable and debt securities issued are recognized at the time occurred. All other financial assets and financial liabilities are recognized at initiation when the Company becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit or loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial assets

Purchase and sale of financial asset that conforms with customary practices is accounted using trade day accounting, and the same approach is applied consistently to financial assets of the same classification.

Financial assets are classified at initiation into: financial assets carried at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

Only when the Company changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

(1) Financial assets carried at amortized cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at amortized cost:

- Financial assets that are held for the purpose of collecting contractual cash flow.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit or loss. When removed from balance sheet, gains or losses are recognize through profit or loss.

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

Debt instruments that satisfy all of the following conditions and are not designated to be carried at fair value through profit or loss are carried at fair value through other comprehensive income:

- Financial assets that are held for the purpose of collecting contractual cash flow and sale.
- Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

At initiation, the Company can make an irrevocable choice to account for subsequent fair value changes through other comprehensive income for equity instruments that are not held for trading. The above choice is determined on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income calculated using the effective interest method, gain/loss on currency exchange, and impairment loss are recognized through profit or loss; other net gains or losses are recognized through other comprehensive income. When removed from balance sheet, amounts accumulated under other comprehensive income are reclassified into profit or loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit or loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit or loss.

Dividend income from equity investments are recognized on the day the Company becomes entitled to collect them (which is usually the ex-dividend day).

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

Financial assets that are neither carried at amortized cost nor at fair value through other comprehensive income are carried at fair value through profit or loss; this includes derivative financial assets. At initial recognition, the Company can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at amortized cost or at fair value through other comprehensive income to be carried at fair value through profit or loss, for the purpose of eliminating or reducing accounting mismatch.

Balance is initially measured at fair value with transaction costs recognized through profit or loss, and subsequently measured at fair value with remeasurement gains or losses (including any dividend and interest income) recognized through profit or loss.

(4) Impairment on financial assets

The Company recognizes loss provisions on financial assets carried at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits paid, and other financial assets) based on expected credit loss.

Loss provisions for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss provisions are made based on expected credit loss for the remaining lifetime:

- Debt securities that are deemed to be of low risk as of the reporting date; and
- Other debt securities and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial recognition.

Loss provisions for accounts receivable and contractual assets are measured based on expected credit loss over the remaining lifetime.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Company uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

The Company considers a debt security to be of low credit risk if it is awarded a credit risk rating equivalent to the "investment grade" commonly recognized in the world (i.e. BBB- by Standard & Poor-, Baa3 by Moody's, or twA by Taiwan Ratings, or higher).

The Company considers credit risk to have increased significantly if contractual payment is overdue for more than 30 days.

The Company considers financial asset to have defaulted if contractual payment is overdue for more than 90 days, or if the borrower is unlikely to fulfill credit obligation and make pay full payment to the Company.

Expected credit loss for the remaining lifetime refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured is the maximum contract duration in which the Company is exposed to credit risk.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Company expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Company assesses financial assets carried at amortized cost for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
- Event of default, such as delinquency or more than 90-day overdue;

- The Company grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Company would not have done so otherwise;
- The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
- Occurrence of financial distress that may cause the financial asset to be removed from active market.

Loss provisions on financial assets carried at amortized cost are deducted from book value. Loss provisions and reversals are recognized through profit or loss.

When the Company has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Company would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Company expects no major reversal of amounts that it has charged off. However, the Company may still make claims on charged-off financial assets according to its recovery procedures.

(5) Removal of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Company neither transfers nor retains virtually all risks and returns associated with ownership and retains no control over such financial asset.

The Company will continue recognizing financial assets it has signed transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transactions

Equity instrument refers to any contract that represents the Company's entitlement to assets net of liabilities. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

(3) Financial liabilities

Financial liabilities are classified into those that are carried at amortized cost and those that are carried at fair value through profit or loss. Financial liabilities are carried at fair value through profit or loss if they are held for trading, characterized as derivative instrument, or designated to be so at initial recognition. Financial liabilities at fair value through profit or loss are carried at fair value with net gains and losses, including any interest expense, recognized through profit or loss.

Other financial liabilities are recognized at fair value plus directly attributable transaction costs at initiation, and subsequently measured at amortized cost using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit or loss. When removing from balance sheet, any gains or losses incurred are also recognized through profit or loss.

(4) Removal of financial liabilities

Financial liabilities are removed from the consolidated balance sheet upon fulfillment, cancellation, or expiry of contractual obligation. If a change in the terms of a financial liability alters cash flow by a significant extent, the old financial liability is removed and a new financial liability will be recognized based on the revised terms.

When a financial liability is removed, the difference between book value and the consideration paid or payable (including any non-cash assets transferred or any additional liabilities borne) is recognized through profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Company is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

3. Derivative instruments and hedge accounting

The Company holds derivative instruments for hedging foreign currency and interest rate risks. For instruments with embedded derivatives, the embedded derivatives are accounted separately from the master contract if they meet certain criteria and that the master contract is not a financial asset. These derivatives are measured at fair value at initiation, and subsequently measured at fair value with remeasurement gains or losses recognized directly through profit or loss.

(VII) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished goods and work-in-progress includes manufacturing overheads, which are allocated proportionally based on normal production capacity. However, given the insignificant difference between actual and normal capacity, overheads were allocated based on actual capacity instead.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(VIII) Investment in associated companies

Associated company is an entity in which the Company has significant influence over financial and operating decisions, but no single or joint control.

The Company accounts for associated companies using the equity method. Under the equity method, investments are accounted at acquisition cost at initiation; acquisition cost includes transaction cost. The book value of associated company includes goodwill recognized at initiation less any cumulative impairment losses.

The parent company only financial statements include profit or loss and other comprehensive income from associated companies, recognized based on percentage of equity ownership and adjusted for consistency of accounting policy, from the day the Company gains significant influence until the day it no longer exercises significant influence. If an associated company undergoes a change of equity that is not attributed to profit, loss, or other comprehensive income and has no impact on the Company's shareholding percentage, the Company will recognize the change of equity proportionally in "Capital reserve."

Unrealized gains and losses arising from transactions between the Company and associated companies are recognized in corporate financial statements only for the percentage of ownership that is controlled by non-related investors.

The Company will stop recognizing losses on associated companies when its share of the loss equals or exceeds the value of equity held. The Company will recognize extra losses and liabilities only for legal obligations and constructive obligations occurred, or payments made on behalf of investees.

(IX) Investment in subsidiaries

When preparing parent company only financial statements, the Company accounts for controlled investees using the equity method. Under the equity method, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements.

Change of ownership interest in a subsidiary without losing control is treated as equity transaction between owners.

(X) Property, plant, and equipment

1. Recognition and measurement

Property, plant, and equipment are recognized and measured using the cost method, and presented at original cost less accumulated depreciation and impairment. The original cost includes all cash outlays directly related to the acquisition of the asset. Furthermore, any software purchased for the purpose of integrating equipment functions is treated as a part of the equipment and is capitalized.

For any property, plant, or equipment that comprises several different components, each major component is treated as a separate property, plant, or equipment if it makes up a material part relative to total cost and if use of different depreciation rate or method is deemed more appropriate.

Gain or loss on disposal of property, plant, and equipment is recognized through profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when the Company is very likely to realize future economic benefits.

3. Depreciation

Depreciation is calculated using the straight-line approach, in which the cost of asset net of residual value is divided by the useful life of each component, and recognized through profit or loss.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

(1) Buildings and accessory equipment: 1-50 years
(2) Machinery: 1-8 years
(3) Molding equipment: 1-6 years
(4) Transport equipment: 1-5 years
(5) Office and sundry equipment: 1-10 years

The Company reviews its depreciation method, useful life, and residual value estimates yearly on each reporting date. Changes are made as deemed necessary and appropriate.

(XI) Leases

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1. As a lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Company regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate can not be easily determined, the Company's incremental borrowing rate will be used as the discount rate instead. In general, the Company uses incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

(1) Fixed payments, including in-kind fixed payments;

(2) Variable lease payments that are determined by certain index or rate, which are initially measured using index or rate as at the lease start date.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

(1) When there is a change in the index or rate used for determining lease payments, which leads to changes in future lease payments;

(2) When there is a change in the likelihood of exercising lease extension/termination option, which may alter expectation about the lease tenor; and

(3) When there is a change in leased asset, scope of lease, or other terms.

When lease liability is remeasured due to a change in the index or rate used to determine lease payment or due to a change in the assessment of purchase, extension, or termination option, a corresponding adjustment is also made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further remeasurements are recognized through profit or loss instead.

Any contract amendment that reduces the scope of lease is accounted by reducing the book value of right-of-use asset by an amount that reflects partial or total termination of lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit or loss.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented on the balance sheet as single-line items.

For short-term leases such as corporate vehicles and photocopiers and leases of low-value assets, the Company chooses not to recognize right-of-use asset or liability, but instead recognizes lease payments as expenses over the course of the lease tenor on a straight-line basis.

2. As a lessor

For lease arrangements where the Company is a lessor, the terms of the lease contract are evaluated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease commencement. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When evaluating leases, the Company takes into consideration whether the lease tenor covers a major portion of the asset's useful life, among other indicators.

For lease arrangements where the Company is an intermediate lessor, the Company accounts for the master lease and the sublease separately, and classifies the sublease based on the right-of-use asset given rise by the master lease. If the master lease is short-term in nature and is exempted from lease recognition, the sublease is classified as operating lease.

(XII) Intangible assets

1. Research and development

Expenses relating to research activities are recognized in profit or loss when incurred.

Development expenses are capitalized only if: the amount can be measured reliably; the product or process being developed is technologically or commercially feasible; the Company is very likely to receive future economic benefits; and the Company has both the intention and adequate resources to complete the development and make use or sell the completed result. All other development expenses are recognized through profit or loss when incurred. After initial recognition, capitalized development expenses are measured at cost less accumulated amortization and impairment.

2. Other intangible assets

Other intangible assets of limited useful life acquired by the Company are carried at cost less accumulated amortization and cumulative impairment.

3. Subsequent expenses

Subsequent expenses are capitalized only if they are able to increase future economic benefits of certain assets. All other expenses are recognized through profit or loss when incurred, including internally developed goodwill and brands.

4. Amortization

When accounting for amortization, the amortizable amount is determined as the cost of asset less residual value.

Except for goodwill and intangible assets with undefined useful life, intangible assets are amortized using the straight-line method over the useful life from the time they reach the usable state. Amortizations are recognized in profit or loss.

The following useful life estimates are used for the current and comparative periods:

(1) Cost of computer software: 1-5 years

(2) Patent: amortized over the number of useful years

The Company examines its amortization method, useful life, and residual value estimates for intangible assets on each reporting date. Changes are made as deemed necessary and appropriate.

(XIII) Impairment of non-financial assets

The Company evaluates non-financial assets (excluding inventory, contractual assets, and deferred income tax assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated.

For the purpose of impairment testing, assets that generate cash inflows that are largely independent of cash inflows from other assets or groups of assets are determined as a smallest identifiable group of assets. Goodwill acquired through business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination.

Recoverable amount is determined as fair value less disposal cost or the utilization value, whichever the higher. Utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are immediately recognized through current profit or loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e. proportionally based on book value weight of each asset).

Goodwill impairment is not reversed in any case. For non-financial assets other than goodwill, impairment losses can be reversed provided that doing so does not exceed the new book value (net of depreciation or amortization) of the particular asset if impairment losses were not recognized in the first place.

(XIV) Revenue recognition

1. Revenue from contracts with customers

Income is measured as the amount of consideration expected to receive for the delivery of merchandise or service. The Company recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. A more detailed description by main revenue categories is as follows:

(1) Sale of merchandise

The Company manufactures and sells LCD display modules. The Company recognizes revenues when control of product has been transferred. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Company has objective evidence to prove having satisfied all inspection criteria.

The Company recognizes accounts receivable at the time merchandise is delivered, as the Company has unconditional rights to collect consideration at this point.

(2) Financial component

The Company expects no more than one year between the time at which merchandise or service is transferred to customers and the time at which payment is received for such merchandise or service for all its customers. As a result, no time value adjustment is made to the transaction price.

(XV) Accounting for sale of raw materials and buyback of finished goods

The Company sells raw materials directly to Mainland subsidiaries for production; some of the finished goods are bought back directly by the Company and sold to customers. When preparing financial statements, this type of material sale is accounted as subcontracted processing in accordance with Correspondence No. (87)-Tai-Tsai-Cheng-(6)-00747 issued by Securities and Futures Institute on March 18, 1998, in which the sale of raw materials is offset against sales revenues and cost of sales.

(XVI) Government grants

The Company recognizes unconditional government grant as other income at the time when it becomes entitled to receive the grant. For asset-related grants, the Company recognizes the grants as deferred income at fair value when it has reasonable assurance about complying with conditions of the government grant and receiving such grant; this deferred income is recognized as other income on a systematic basis over the asset's useful life. Government grants that are intended to compensate the Company for various expenses or losses incurred are recognized in profit or loss on a systematic basis at the same time as related expenses.

(XVII) Employee benefits

1. Defined contribution plan

Obligated contributions under the defined contribution plan are recognized as employee benefit expense through profit or loss for the duration of services rendered.

2. Defined benefit plan

Pension plans other than defined contribution plan are treated as defined benefit plans. The Company's net obligation under defined benefit plans are determined as the present value of employees' future benefits earned from current or previous services rendered. Fair value of any plan asset is deducted from net defined obligations. The discount rate is determined based on market yield of a government bond that has maturity date close to expiration of the Company's net obligation and is denominated in the same currency as expected benefit payment as of the reporting date.

Net obligations are estimated by a qualified actuary using the Projected Unit Credit Method on a yearly basis. Where actuarial results are favorable to the Company, the asset ceiling is determined as the present value of economic benefits available in the form of refund or reductions in future contributions. When calculating present value of economic benefit, the Company takes into consideration the minimum contribution requirement of all applicable plans. A benefit is considered to provide economic value to the Company if it can be realized over the course of a plan or upon settlement of plan liabilities.

Should plan benefits improve in the future, the increase in benefit that is attributed to previous services rendered by employees are recognized as expense immediately through profit or loss.

Remeasurement of net defined benefit obligation (asset) includes: (1) Actuarial gains/losses; (2) Return on plan assets, but excluding net interests that are already included as apart of net defined benefit obligation (asset); and (3) Changes in the effect of the asset ceiling, but excluding net interests that are already included as apart of net defined benefit obligation (asset). Remeasurement of net defined benefit obligation (asset) is recognized under other comprehensive income. However, the Company may choose to transfer amounts that have been recognized under other comprehensive income into retained earnings or other equity item. Amounts that have been transferred into other equity item can no longer be reclassified into profit or loss or retained earnings in subsequent periods, and such practices are applied consistently in future periods. The Company recognizes remeasurements of defined benefit plan in retained earnings.

The Company recognizes gain or loss on curtailment or settlement of defined benefit plan at the time it takes place. Gain/loss on curtailment or settlement includes all fair value changes in the plan asset and all present value changes in defined benefit obligation.

3. Short-term employee benefits

Short-term employee benefit obligation is measured on a non-discounted basis, and recognized as expense when relevant services are rendered.

If the Company has a statutory or constructive obligation to pay benefits in the current period due to services rendered by employee in the past and such obligation can be estimated reliably, the amount of short-term cash bonus or amount expected to be paid under the profit-sharing plan is recognized as liability.

(XVIII) Income tax

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit or loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

Based on the Company's judgment, interest and penalties related to income taxes (including uncertainty over income tax treatments) do not meet the definition of income tax, and are therefore subject to the accounting treatment of IAS 37.

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount reflects uncertainty over income tax treatments (if any), and represents the best estimate for the amount payable/collectible using statutory or substantively enacted tax rates as of the reporting date.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented for financial reporting purpose and asset/liability figures used for taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Initial recognition of assets or liabilities for transactions unrelated to business combination, provided that accounting profit and taxable income (loss) are unaffected at the time of transaction;
2. Temporary differences arising from investment in subsidiaries, associated companies, and joint ventures, where the Company has control over the timing at which temporary difference is reversed and that the temporary difference is unlikely to be reversed in the foreseeable future; and
3. Taxable temporary differences arising from initial recognition of goodwill.

Unused tax losses and tax credits can be carried forward, added to deductible temporary differences, and recognized as deferred income tax assets to the extent that is likely to be offset against taxable income earned in the future. Deferred income tax assets are evaluated on each reporting date. Tax benefits that are not very likely to be realized will be reduced down to the realizable amount, and amounts previously reduced may be reversed up to the point where sufficient taxable income can be generated.

Deferred income tax is calculated using tax rate that is expected to be effective at the time the temporary difference is reversed. In this financial statement, the statutory tax rate or substantively enacted tax rate is used for calculation, and is deemed to have reflected uncertainty over income tax treatments (if any).

The Company will offset deferred income tax assets against deferred income tax liabilities only when the following conditions are met:

1. When it is legally entitled to offset current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and deferred income tax liabilities arise in relation to income taxes imposed by the same tax authority, and the tax-paying entities meet any of the following conditions:
   (1) The tax-paying entities are one and the same; or
   (2) The tax-paying entities are different, but all entities have the intent to settle current income tax liabilities and assets on a netted basis or realize them at the same time, for every future period in which they expect to recover deferred income tax assets and settle deferred income tax liabilities.

Additional business income tax on unappropriated retained earnings is treated as income tax expense for the following year after a resolution is sought during the annual general meeting to retain the earning.

(XIX) Earnings per share

The Company presents earnings per share attributable to the Company's common shareholders in basic and diluted terms. Basic earnings per share of the Company is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares.

(XX) Segment information

The Company has already disclosed segment information in the consolidated financial statements, therefore no segment information is disclosed in the parent company only financial statements.

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When preparing the parent company only financial statements, the management is required to make judgments, estimates, and assumptions in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers." These judgments, estimates, and assumptions may affect the types of accounting policies adopted and amounts of asset, liability, income, and expense reported. The actual outcome may differ from initial estimates.

The management examines its estimates and assumptions on an ongoing basis. Impacts from changes in accounting estimate are recognized in the year the changes take place and in future years when impacts materialize.

Accounting policies that involve significant judgment and have material effect on the amounts recognized in the parent company only financial statements are explained below:

(I) Please refer to the 2022 consolidated financial statements for more details on how the management forms its judgment of whether the Company has control and material influence over associated companies.

Below is a list of assumptions and estimates that are highly uncertain and may result in significant adjustments in the following year:

(I) Valuation of inventory

Due to the fact that inventory is measured at the lower of cost and net realizable value, the Company assesses inventory on each reporting date for any decrease in sales value due to normal wear, obsolescence, or absence of market demand, and reduces inventory cost to net realizable value accordingly. This inventory valuation is made by estimating product demand within a specific period of time in the future, which may give rise to significant changes due to rapid development of the industry. For details on inventory valuation, please refer to Note 6(5).

VI. Notes to major accounts

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Petty cash and cash on hand	$ 454	470
Check and current deposits	464,589	276,710
Time deposits	19,800	40,700
	$ 484,843	317,880

Please see Note 6(16) for detailed disclosure of exchange rate risk, interest rate risk, and sensitivity analysis on the Company's financial assets and liabilities.

The Company’s time deposits with an initial duration of three months and longer or those pledged as collateral are presented as Other financial assets - current. Please see Notes 6(4) and 8 for details.

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

1. Please refer to Note 6(16) for detailed information on credit risk and market risk.
2. In March 2021, the Company sold all 760 shares of Powertip Japan Co., Ltd., a business investment measured at fair value through other comprehensive income, to Techtuit Co., Ltd. for NT$1,023 thousand (JPY 3,800 thousand). Fair value at the time of disposal was reported at NT$1,023 thousand.

(III) Notes & accounts receivable (including related parties)

	2022.12.31	2021.12.31
Notes receivable	$ 1,469	4,069
Accounts receivable	207,800	293,229
Accounts receivable - related parties	38,390	1,248
	247,659	298,546
Less: loss provisions	-	(28,163)
Notes and accounts receivable, net (including related parties)	$ 247,659	270,383

The Company adopts the simplified approach to estimate expected credit loss on all notes and accounts receivable, which involves measuring expected credit loss for the duration of its receivables. To facilitate this approach, notes and accounts receivable are divided into several groups of common credit risk characteristics by assessing customers' ability to make contractual payments at maturity. This approach takes into account forward-looking information such as the macroeconomic outlook and industry prospects. Expected credit loss analysis for notes and accounts receivable is explained below:

	2022.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Provision for expected credit loss over the remaining duration**
Current	$ 236,623	0%	-
Overdue 31 - 60 days	10,943	0%	-
Overdue 61 - 90 days	71	0%	-
Overdue 91 - 180 days	22	0%	-
Overdue 181 days and above	-	100%	-
	$ 247,659		-

	2021.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Provision for expected credit loss over the remaining duration**
Current	$ 267,048	0%	-
Overdue 31 - 60 days	3,330	0%	-
Overdue 61 - 90 days	5	0%	-
Overdue 91 - 180 days	-	0%	-
Overdue 181 days and above	28,163	100%	28,163
	$ 298,546		28,163

Changes in loss provisions on notes and accounts receivable in 2022 and 2021 are explained below:

		2022	2021
Opening balance	$	28,163	28,163
Unrecoverable amount charged off in the current year		(28,163)	-
Closing balance	$	-	28,163

None of the Company's notes receivable and accounts receivable was placed as collateral as at December 31, 2022 and 2021.

Please see Note 6(16) for more details on exchange rate risk and sensitivity analysis concerning the Company's notes and accounts receivable for 2022 and 2021.

(IV) Other financial assets - current

		2022.12.31	2021.12.31
Restricted bank deposits	$	2,500	2,500
Other receivables (including related parties)		8,306	5,082
	$	10,806	7,582

The Company had placed some of its time deposits that did not meet the definition of cash equivalent as collaterals for customs guarantee as at December 31, 2022 and 2021. Please see Note 8 for details.

(V) Inventory

		2022.12.31	2021.12.31
Finished goods	$	16,776	9,111
Work-in-progress and semi-finished goods		28,380	7,700
Raw materials		34,581	26,664
Merchandise		7,637	9,804
	$	87,374	53,279

Details of operating costs recognized by the Company:

		2022	2021
Selling costs and expenses	$	1,794,196	1,490,678
Reversal of inventory obsolescence and devaluation loss		(9,288)	(2,813)
Inventory write-off		10,977	6,822
Others		5,000	-
	$	1,800,885	1,494,687

The Company scrapped the inventories in 2022 and 2021 so that the net realizable values of the inventories were lower than the costs, resulting in a reversal of the allowance for losses.

None of the Company's inventory was pledged as collateral as at December 31, 2022 and 2021.

(VI) Equity-accounted investments

The Company's equity-accounted investments as at the reporting date are presented below:

		2022.12.31	2021.12.31
Subsidiary	$	850,113	738,100
Associated companies		159,795	133,558
		1,009,908	871,658
Less: unrealized gain/loss		(3,298)	(1,129)
	$	1,006,610	870,529

1. Subsidiaries

Please refer to the 2022 consolidated financial statements.

2. Associated companies

(1) The Company's share of profit or loss from associated companies for 2022 and 2021 is summarized below:

	2022	2021
The Company's share of current net income from associated companies	$ 34,211	25,445

(2) Information of associated companies that are significant to the Company:

Name of associated company	Nature of relationship with the Consolidated Entity	Main business location/country of registration	Percentage of ownership/voting right 2022.12.31	Percentage of ownership/voting right 2021.12.31
Powertip Image Corp. (Powertip Image)	Main business activities are the manufacturing of electronic parts and optical instruments	Taiwan	23.55%	23.77%

(3) The following is a collective disclosure of financial information for the Company's significant associated companies. The figures of each associated company have been adjusted when preparing IFRS-compliant parent company only financial statements to reflect the amount of adjustments the Company had made for fair value and difference in accounting policy at the time of acquisition:

Summary financial information of Powertip Image Corp.:

	2022.12.31	2021.12.31
Current assets	$ 702,759	580,685
Non-current assets	355,979	339,371
Current liabilities	(302,786)	(315,473)
Non-current liabilities	(89,284)	(59,069)
Net asset attributable to owners of the investee	$ 666,668	545,514

	2022	2021
Operating revenues	$ 678,003	840,699
Continuing operation’s net profit (loss) for the current period	147,464	142,796
Other comprehensive income	2,003	(1,821)
Total comprehensive income attributable to owners of the investee	$ 149,467	140,975

	2022	2021
Opening share of net asset in associated companies	$ 128,700	102,455
Dividends received from associated companies in the	(7,917)	(7,265)

current period		
Total comprehensive income attributable to the Company in the current period	35,394	33,510
Changes in equity owned by associated companies during this period	(540)	-
Closing share of net asset in associated companies	155,637	128,700
Plus: land use rights	2,391	2,468
Buildings	1,767	2,390
Intangible assets	-	-
Closing book value of equity in associated company	$ 159,795	133,558

3. Collateral

None of the Company's equity-accounted investment was pledged as collateral as at December 31, 2022 and 2021.

(VII) Property, plant and equipment

Changes in cost and accumulated depreciation of the Company's property, plant, and equipment during 2022 and 2021 are explained below:

		Land	Buildings	Machinery and equipment	Others	Total
Cost or deemed cost:						
Balance as at January 1, 2022	$	184,079	442,387	761,345	84,018	1,471,829
Additions		-	-	-	4,197	4,197
Inward (outward) reclassification		-	-	1,859	(2,027)	(168)
Disposals		-	-	-	(4,258)	(4,258)
Balance as at December 31, 2022	$	184,079	442,387	763,204	81,930	1,471,600
Balance as at January 1, 2021	$	184,079	442,387	731,096	114,340	1,471,902
Additions		-	-	337	3,170	3,507
Inward (outward) reclassification		-	-	29,912	(30,908)	(996)
Disposals		-	-	-	(2,584)	(2,584)
Balance as at December 31, 2021	$	184,079	442,387	761,345	84,018	1,471,829
Depreciation:						
Balance as at January 1, 2022	$	-	188,640	725,074	72,116	985,830
Depreciation in current year		-	10,340	8,749	3,723	22,812
Disposals		-	-	-	(4,258)	(4,258)
Balance as at December 31, 2022	$	-	198,980	733,823	71,581	1,004,384
Balance as at January 1, 2021	$	-	178,120	717,756	71,261	967,137
Depreciation in current year		-	10,520	7,318	3,439	21,277
Disposals		-	-	-	(2,584)	(2,584)
Balance as at December 31, 2021	$	-	188,640	725,074	72,116	985,830
Book value:						
December 31, 2022	$	184,079	243,407	29,381	10,349	467,216
January 1, 2021	$	184,079	264,267	13,340	43,079	504,765
December 31, 2021	$	184,079	253,747	36,271	11,902	485,999

The Company had placed some of its property, plant, and equipment as collateral for long-term borrowings and credit limits as at December 31, 2022 and 2021. Please see Note 8 for details.

(VIII) Right-of-use asset (presented as other non-current assets)

2. Changes in cost and depreciation of right-of-use asset on transport equipment rented by the Company:

	Transport equipment
Cost of right-of-use asset:	
Balance as at January 1, 2022 (i.e. closing balance)	$ 2,217
Balance as at January 1, 2021 (i.e. closing balance)	$ 2,217
Accumulated depreciation and impairment loss on right-of-use asset:	
Balance as at January 1, 2022	$ 1,848
Provision for depreciation	369
Balance as at December 31, 2022	$ 2,217
Balance as at January 1, 2021	$ 1,109
Depreciation for the current period	739
Balance as at December 31, 2021	$ 1,848
Book value:	
December 31, 2022	$ -
December 31, 2021	$ 369

1. Lease of transport equipment

The Company rents transport equipment for tenors ranging from 1 to 3 years.

2. Other leases

The Company rents corporate vehicles and photocopiers for tenors ranging from 1 to 3 years. These leases are short-term or low-value in nature, for which the Company has opted the exemption rule to forgo recognition of right-of-use asset and lease liability.

(IX) Long-term borrowings

Details, conditions, and terms of the Company's medium-term and long-term borrowings are as follows:

	2022.12.31		
	Currency	Year of maturity	Amount
Unsecured bank borrowings	NTD	2023–2025	$ 21,667
Secured bank borrowings	NTD	2023–2025	64,862
Less: portion maturing within 1 year			(32,900)
			$ 53,629
Unused limit			$ 104,538
Annual interest rate range			1.33%~1.35%

	2021.12.31		
	Currency	Year of maturity	Amount
Unsecured bank borrowings	NTD	2022-2025	$ 30,000
Secured bank borrowings	NTD	2022-2025	94,862
Less: portion maturing within 1 year			(38,333)
			$ 86,529
Unused limit			$ 104,538
Annual interest rate range			0.69%-1.77%

1. Please see Note 6(16) for details on the Company's interest rate, exchange rate, and liquidity risk exposure.
2. Collaterals placed for bank borrowings

(1) Please see Note 7 for information regarding guarantors of the Company's short-term and long-term borrowings.

(2) Please see Note 8 for bank borrowings secured with the Company's assets.

(X) Employee benefits

1. Defined benefit plan

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

		2022.12.31	2021.12.31
Present value of defined benefit obligations	$	(64,653)	(69,073)
Fair value of plan assets		50,369	45,114
Net defined benefit liabilities	**$**	**(14,284)**	**(23,959)**

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Composition of plan assets

Pension fund contributions that the Company has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As at the reporting date, balance of the Company's labor pension reserve account held with Bank of Taiwan totaled NT$50,369 thousand. Please visit the BLF website for more information such as fund yield and allocation of fund assets.

(2) Changes in present value of defined benefit obligations

Changes in present value of defined benefit obligations for 2022 and 2021 are explained below:

		2022	2021
Defined benefit obligations as at January 1	$	(69,073)	(81,107)
Service cost and interest in the current period		(673)	(666)
Remeasurement of net defined benefit liabilities (assets)		2,609	231
Service costs for the previous period		392	-
Payment of plan benefits		2,092	12,469
Defined benefit obligations as at December 31	**$**	**(64,653)**	**(69,073)**

(3) Changes in the fair value of pension plan assets

Changes in the fair value of defined benefit plan assets in 2022 and 2021 are explained below:

		2022	2021
Fair value of plan assets as at January 1	$	45,114	53,622
Interest income		314	160
Remeasurement of net defined benefit liabilities (assets)		3,909	787
Amount contributed to the plan		3,124	3,014
Payment of plan benefits		(2,092)	(12,469)
Fair value of plan assets as at December 31	**$**	**50,369**	**45,114**

(4) Expenses recognized in profit or loss

The Company recognized the following expenses in profit or loss in 2022 and 2021:

		2022	2021
Service costs for the current period	$	197	427
Net interest on net defined pension liabilities (assets)		162	79
Service costs for the previous period		(392)	(340)
	$	(33)	166
Operating costs	$	165	234
Selling and marketing expenses		43	59
General and administrative expenses		(313)	(232)
Research and development expenses		72	105
	$	(33)	166

(5) Actuarial assumptions

Key actuarial assumptions that the Company had made to determine the present value of defined benefit obligations as at the reporting date are as follows:

	2022.12.31	2021.12.31
Discount rate	1.30%	0.70%
Future salary increase	2.00%	2.00%

The Company expects to contribute NT$1,679 thousand to the defined benefit plan within one year from the 2022 reporting date.

The defined benefit plan has a weighted average duration of 9 years.

(6) Sensitivity analysis

When calculating present value of defined benefit obligations, the Company is required to exercise judgments and make estimates in order to determine actuarial assumptions as at the balance sheet date. These assumptions include the discount rate and future salary changes. Any changes in actuarial assumption may cause significant impacts on the Company's defined benefit obligations.

The following shows impact of changes in actuarial assumption on the present value of defined benefit obligations as at December 31, 2022 and 2021:

	Impact on defined benefit obligations	
	0.25% increase	0.25% decrease
December 31, 2022		
Discount rate	(1,560)	1,618
Future salary increase	1,603	(1,553)
December 31, 2021		
Discount rate	(1,808)	1,879
Future salary increase	1,850	(1,790)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

Defined contribution plan

The Company's defined contribution plan complies with the Labor Pension Act, in which the Company contributes an amount equal to 6% of employees' salaries each month to employees' pension accounts held with the Bureau of Labor Insurance. Under this plan, the Company is freed of additional pension obligations (whether statutory or constructive) once it has contributed the designated amount to the Bureau of Labor Insurance.

Pension expenses recognized for the defined contribution plan in 2022 and 2021 were NT$6,542 thousand and NT$6,366 thousand, respectively, which have been contributed to the Bureau of Labor Insurance.

(XI) Income tax

1. Income tax expenses

(1) Below are details of the Company's income tax expenses for 2022 and 2021:

	2022	2021
Current income tax expense		
Arising from this period	$ 19,723	3,249
Current income tax with prior-period one adjusted	(3,249)	-
	16,474	3,249
Deferred income tax expense		
Occurrence and reversal of temporary difference	3,341	7,551
Income tax expenses	$ 19,815	10,800

(2) Below are details of income tax expenses (income) recognized by the Company under other comprehensive income in 2022 and 2021:

	2022	2021
Items not reclassified into profit or loss:		
Remeasurement of defined benefit plan	$ 1,304	-
Items likely to be reclassified into profit or loss:		
Exchange differences on translation of financial statements of foreign operations	$ 3,241	(1,425)

(3) Reconciliation of income tax expense and profit before tax for 2022 and 2021:

	2022	2021
Profit before tax	$ 268,849	91,694
Income tax calculated by applying local tax rate of the country where the Company is located	53,770	18,339
Net investment gains/losses and tax-exempt income	(10,111)	(7,862)
Change in unrecognized deductible temporary difference	(20,771)	6,755
Change in unrecognized tax credits carried forward	-	(8,583)
Underestimations in past periods and others	(169)	2,151
Tax incentive	(2,904)	-
	$ 19,815	10,800

2. Deferred income tax assets and liabilities

(1) Items not recognized as deferred income tax liability: None.

(2) Items not recognized as deferred income tax asset

The following items were not recognized as deferred income tax asset:

	2022.12.31	2021.12.31
Deductible temporary differences	$ 58,580	79,351

Unrecognized deductible temporary differences were mostly attributed to losses on subsidiary investments;
the Company did not recognize deferred income tax assets because they are not very likely to be realized in the foreseeable future.

Tax credits, as defined in the Income Tax Act, are losses certified by the tax authority in the last 10 years that can be taken to reduce current year's taxable income. Tax credits were not recognized as deferred income tax assets because the Company is not very likely to generate adequate taxable income to offset tax credits in the future.

As at December 31, 2022, the Company did not have any tax credits that were not recognized as deferred income tax asset.

(3) Changes in recognized deferred income tax assets and liabilities in 2022 and 2021:

	Exchange differences on translation of financial statements of foreign operations	Others	Total
Deferred income tax liabilities:			
Balance as at January 1, 2022	$ -	-	-
Debit/(credit) other comprehensive income	-	1,304	1,304
Balance as at December 31, 2022	**$ -**	**1,304**	**1,304**
Balance as at January 1, 2021	$ -	931	931
Debit/(credit) other comprehensive income	-	(931)	(931)
Balance as at December 31, 2021	**$ -**	**-**	**-**

	Exchange differences on translation of financial statements of foreign operations	Tax credits and others	Total
Deferred income tax assets:			
Balance as at January 1, 2022	$ 5,169	10,075	15,244
(Debit)/credit profit or loss	-	(3,341)	(3,341)
(Debit)/credit other comprehensive income	(3,241)	-	(3,241)
Balance as at December 31, 2022	**$ 1,928**	**6,734**	**8,662**
Balance as at January 1, 2021	$ 3,744	18,557	22,301
(Debit)/credit profit or loss	-	(8,482)	(8,482)
(Debit)/credit other comprehensive income	1,425	-	1,425
Balance as at December 31, 2021	**$ 5,169**	**10,075**	**15,244**

3. Assessment of income tax return

The Company's profit-seeking enterprise income tax returns have been certified by the tax authority up till 2020.

(XII) Capital and other equity items

1. Common share capital

A resolution was made during the Company's annual shareholder meeting dated June 16, 2009 to increase authorized capital to NT$2,400,000 thousand;
registration for the change of capital had been completed as at December 31, 2022.

Authorized capital as at December 31, 2022 and 2021, was reported at NT$2,400,000 thousand and NT$2,200,000 thousand (13,500,000 shares were reserved to accommodate the conversion of employee warrants on both reporting dates).

2. Capital reserve

The following is a breakdown of the Company's capital reserve:

		2022.12.31	2021.12.31
Change in net worth of equity-accounted associated companies and joint ventures	$	336	876
Change of ownership interest in subsidiaries		5,611	5,913
Difference between the actual price and book value of equity of subsidiaries acquired/disposed of		1,113	1,113
	$	7,060	7,902

According to The Company Act, balances of realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year.

3. Retained earnings

A. The Company allocates year-end earnings, if any, in the following order:

a. Taxation.

b. Reimbursement of losses.

c. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company's paid-up capital.

d. Provision for special reserve from current earnings in accordance with laws or relevant rules, which can be distributed only if reversed.

e. The balance that remains after a to d is added to unappropriated earnings from previous years and is available for earnings distribution. The entirety or a portion of the residual balance can be distributed to shareholders as profit sharing at the current shareholding percentage. The final payout ratio is subject to shareholder meeting resolution according to Article 240 of The Company Act. The board of directors can be authorized to distribute all or part of the dividends or profit sharing in cash, provided that the resolution is supported by more than half of attending directors in a board meeting where at least two-thirds of board members are present, and that the decision is reported in the upcoming shareholder meeting.

B. Dividend policy

The Company is still in the growth stage given its business activities and industry involvement, and therefore has significant needs for capital to support major investments and expansion plans in the future. For the consistency of dividend payouts, the board of directors may choose to pay more than 70% of distributable earnings as dividends, with no less than 20% of dividends being cash, after taking into consideration the Company's business prospects and capital availability. The board may also opt to pay a higher percentage or the entirety of dividends in cash if capital can be sourced through alternative means or at times of abundant liquidity, and thereby avoid over-diluting earningsper share.

(1) Statutory reserve

The Company may distribute statutory reserve in cash or in shares in the absence of cumulative losses, subject to resolution of a shareholders meeting; however, only the amount of statutory reserve that exceeds 25% of paid-up capital is distributable.

(2) Earnings appropriation

The Company resolved its 2020 loss reimbursement proposal during the shareholder meetings held on July 15, 2021, and no dividend was allocated to shareholders in either years. Details of the loss reimbursement resolved in shareholder meetings can be found on the Market Observation Post System (MOPS).

On March 18, 2022, the board of directors resolved a decision on the 2021 earnings appropriation plan. The details of the dividends to be paid to shareholders are as follows:

	2021	
	Stock dividends per share (NTD)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	0.19	**30,813**

On March 21, 2023, the board of directors proposed its 2022 earnings appropriation plan. The details of the dividends to be paid to shareholders are as follows:

	2022	
	Stock dividends per share (NTD)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.70	**113,521**

(XIII) Earnings per share

1. Basic earnings per share

Basic earnings per share of the Consolidated Entity for 2022 and 2021 were calculated based on net income attributable to common shareholders of the Company totaling NT$249,034 thousand and NT$80,894 thousand, respectively, and weighted average outstanding common shares of 162,173,000. Detailed calculations are explained below:

	2022	**2021**
Current net income	**$ 249,034**	**80,894**
Weighted average outstanding shares (thousand shares)	**162,173**	**162,173**
Basic earnings per share (NTD)	**$ 1.54**	**0.50**

2. Diluted earnings per share

Diluted earnings per share for 2022 and 2021 were calculated based on net income attributable to common shareholders of the Company totaling NT$249,034 thousand and NT$80,894 thousand, respectively, and weighted average outstanding common shares after adjusting for dilutive effect of all potential common shares, which were 163,427,000 and 162,338,000 shares in the respective years. Detailed calculations are explained below:

	2022	2021
Current net income	$ 249,034	80,894
Weighted average outstanding shares (thousand shares)	162,173	162,173
Dilutive effect of potential common shares		
Effects of employee remuneration paid in shares	1,254	165
Weighted average outstanding shares (after adjusting for dilutive effect of potential common shares)	163,427	162,338
Diluted earnings per share (NTD)	$ 1.52	0.50

(XIV) Revenue from contracts with customers

1. Breakdown of income

	2022	2021
Main regions and markets:		
Taiwan	$ 182,367	289,129
USA	357,512	234,754
Germany	616,530	486,848
Sweden	182,927	145,975
Brazil	159,106	124,380
Japan	93,547	88,721
Other countries	463,562	398,035
	$ 2,055,551	1,767,842
Key products/services:		
LCD display modules	$ 1,936,907	1,673,341
Others	118,644	94,501
	$ 2,055,551	1,767,842

2. Contract balance

Please refer to Note 6(3) for disclosures on notes and accounts receivable and impairment.

(15) Remuneration to employees, directors, and supervisors

After the re-election of directors during the shareholder meeting held on July 15, 2021, an Audit Committee consisting entirely of independent directors was assembled to replace supervisors, and the Articles of Incorporation were amended to reflect the change.

Pursuant to the revised Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 5% and director remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria. This criterion is determined by the board of directors.

Pursuant to the former Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 5% and director/supervisor remuneration of no more than 1%. However, profits must first be taken to offset against cumulative losses if any. Employee remuneration, as mentioned above, can be paid in shares or cash to employees of affiliated companies that satisfy certain criteria.

The Company has estimated employees' remuneration at NT$14,304 thousand and directors'/supervisors' remuneration at NT$2,860 thousand for 2022. Both figures were estimated by multiplying profit before tax and employee/director remuneration with the respective percentages set by the Company's management, and have been recognized as operating expenses for 2022. If there is a difference between the amounts distributed in the following year and the estimated amounts, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the following year. If the board of directors resolved a decision to pay out employee remuneration in stock, it will be calculated at the fair value of the common stock on the day before the board of directors resolved a decision to distribute employee remuneration.

The estimated amount of 2021 employee remuneration was NT$2,721 thousand and the estimated amount of 2021 director and supervisor remuneration was NT$544,000 thousand.

There is no difference between the amounts distributed and the estimated amounts. Relevant information is available on the MOPS.

(16) Financial instruments

1. Credit risk

(1) Amount of maximum credit risk exposure

For financial assets, the book value represents the maximum credit risk exposure.

(2) Concentration of credit risk

The customers whose purchases account for 10% or more of the Company’s operating revenue accounted for 19% and 17% of its sales revenue for 2022 and 2021, respectively. As of December 31, 2022 and 2021, the accounts receivable of said customers accounted for 26% and 16% of its total accounts receivable, respectively, resulting in a significant credit concentration risk. Please refer to Note 6 (17) for the Company’s credit risk management policy for more details.

(3) Credit risk of receivables

For credit risk information on notes receivable and accounts receivable, please refer to Note 6(3).

Other financial assets carried at amortized cost include other receivables and time deposits. The Company measures loss provisions based on 12-month expected credit loss for the above financial assets that are deemed to be of low risk. No impairment loss was expected on the above proceeds as at December 31, 2022 and 2021.

2. Liquidity risk

The following chart shows contract maturity date for financial liabilities, including the effect of estimated interest.

		Book value	Contractual cash flow	Within 1 year	1-2 years	More than 2 years
December 31, 2022						
Non-derivative financial liabilities						
Notes and accounts payable	$	98,757	(98,757)	(98,757)	-	-
Accounts payable - related parties		189,000	(189,000)	(189,000)	-	-
Long-term borrowings (including current portion maturing in one year)		86,529	(87,894)	(33,844)	(42,835)	(11,215)
Other payables		79,629	(79,629)	(79,629)	-	-
Guarantee deposits received		138	(138)	-	-	(138)
December 31, 2021	**$**	**454,053**	**(455,418)**	**(401,230)**	**(42,835)**	**(11,353)**
Non-derivative financial liabilities						
Notes and accounts payable	$	137,870	(137,870)	(137,870)	-	-
Accounts payable - related parties		128,467	(128,467)	(128,467)	-	-
Long-term borrowings (including current portion maturing in one year)		124,862	(126,673)	(39,388)	(33,424)	(53,861)

Other payables	48,730	(48,730)	(48,730)	-	-
Guarantee deposits received	138	(138)	-	-	(138)
Lease liabilities (presented as other current liabilities)	379	(381)	(381)	-	-
	$ 440,446	(442,259)	(354,836)	(33,424)	(53,999)

The Company does not expect cash flows in the maturity analysis to occur at any earlier time, or in amounts that differ significantly, except for certain long-term borrowings that may be repaid early depending on capital availability.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

Unit: thousands of foreign currency

	2022.12.31			2021.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 19,592	30.760	602,650	13,632	27.730	378,015
Financial liabilities						
Monetary items						
USD	$ 6,807	30.760	209,383	6,537	27.730	181,271

(2) Sensitivity analysis

The Company's exchange rate exposure arises primarily from the conversion of cash, cash equivalents, notes receivable, accounts receivable, other receivables, borrowings, accounts payable, and other payables denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. The following analysis shows the effect on profit (loss) before tax for 2022 and 2021 if foreign currencies weakened/strengthened against NTD by 5% as at December 31, 2022 and 2021, using the same basis of comparison while all other factors remained unchanged:

	2022	**2021**
USD (relative to NTD)		
Strengthened by 5%	$ 19,663	9,837
Weakened by 5%	(19,663)	(9,837)

(3) Exchange gain/loss on monetary items

Due to the extensive variety of transaction currencies used, the Company has opted to disclose gains (losses) on exchange of monetary items on a collective basis. Gains (losses) (including realized and unrealized) incurred on exchange of foreign currencies in 2022 and 2021 are explained below:

	2022	**2021**
Gain (loss) on exchange	$ 26,010	4,225

4. Interest rate analysis

Interest rate risk exposure concerning the Company's financial assets and financial liabilities has been explained as part of liquidity risk management in this footnote.

Sensitivity analysis has been prepared based on interest rate risk exposures of derivatives and non-derivatives as at the reporting date. For assets and liabilities that bear floating interests, the analysis is conducted by assuming that the amount of assets and liabilities outstanding as at the reporting date remained outstanding throughout the entire year. Interest rate sensitivity analyses are reported to the management by applying a variance of 0.25% above and below. This variance conforms with the management's expectation about the possible and reasonable range of interest rate variation.

If interest rate increased/decreased by 0.25% while other variables remained unchanged, the Company's profit before tax would have increased/decreased by NT$945 thousand and NT$478 thousand in 2022 and 2021, respectively. This potential change is primarily the result of the Company's floating-interest rate borrowings and demand deposits.

5. Fair value information

(1) Category and fair value of financial instruments

Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, it is not required to disclose fair value information for lease liabilities and financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

	2022.12.31				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 484,843	-	-	-	-
Notes and accounts receivable, net (including related parties)	247,659	-	-	-	-
Other receivables	8,306	-	-	-	-
Other financial assets- - current	2,500	-	-	-	-
Guarantee deposits paid (presented as other non-current assets)	436	-	-	-	-
Total	**$ 743,744**	-	-	-	-
Notes and accounts payable (including related parties)	$ 287,757	-	-	-	-
Other payables	79,629	-	-	-	-
Long-term borrowings	86,529	-	-	-	-
Guarantee deposits received (presented as deferred income tax liabilities and others)	138	-	-	-	-
Total	**$ 454,053**	-	-	-	-

	2021.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 317,880	-	-	-	-
Notes and accounts receivable, net (including related parties)	270,383	-	-	-	-
Other receivables	5,082	-	-	-	-
Other financial assets- - current	2,500	-	-	-	-
Guarantee deposits paid (presented as other non-current assets)	2,106	-	-	-	-
Total	**$ 597,951**	-	-	-	-
Financial liabilities carried at amortized cost					
Notes and accounts payable (including related parties)	$ 266,337	-	-	-	-
Other payables	48,730	-	-	-	-
Long-term borrowings (including current portion maturing in one year)	124,862	-	-	-	-
Guarantee deposits received (presented as deferred income tax liabilities and others)	138	-	-	-	-
Lease liabilities (current)	379	-	-	-	-
Total	**$ 440,446**	-	-	-	-

There was no change of fair value input during 2022 and 2021.

(2) Fair value assessment techniques for financial instruments carried at fair value

Non-derivative instruments

Financial instruments that are openly quoted in an active market will have fair value determined at the openly quoted price. Fair values of public-listed (OTC-traded) equity instruments and debt instruments openly quoted in active markets are determined based on market prices quoted on major exchange and OTC center for actively traded government bonds.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that are representative of transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of inactive market.

Except for financial instruments traded in active markets, as described above, fair values of all other financial instruments are obtained either by applying valuation techniques or by making reference to counterparties' quotations. Fair value by valuation technique may be obtained by making reference to the prevailing fair value of financial instruments that share similar terms and characteristics or using valuation techniques such as the discounted cash flow method in conjunction with market information available as at the balance sheet date.

(3) Change between level 1 and level 2

There had been no change in levels of fair value input when assessing financial instruments during 2022 and 2021.

(4) Details of level 3 changes

	At fair value through other comprehensive income
	Equity instruments without quoted prices
Balance as at December 31, 2022 (i.e. balance as at January 1, 2022)	$ -

	At fair value through other comprehensive income
	Equity instruments without quoted prices
January 1, 2021	$ 1,023
Total gains or losses	
recognized in other comprehensive income	(1,023)
December 31, 2021	$ -

The above total gains or losses are presented as "Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income."

(17) Financial risk management

1. Summary

Use of financial instrument exposes the Company to the following risks:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

This footnote discloses exposure, assessment, and the Company's management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the parent company only financial statements.

2. Risk management framework

The board of directors has been fully empowered to establish and supervise implementation of risk management framework within the Company. The management is responsible for the development and control of risk management policies within the Company, and reports to the board of directors on a regular basis.

The Company has established its risk management policy to identify and analyze the risks associated with business activities, to set appropriate risk limits and controls, and to monitor risk exposures as well as compliance with various risk limits. The risk management policy and system are regularly examined to reflect changes in market condition and the Company's operations. The Company develops a disciplined and constructive control environment through training, management guidelines, and operating procedures, so that all employees are able to comprehend their roles and duties.

The board of directors regularly reviews compliance of risk management policies and procedures within the Company, as well as the appropriateness of the risk management framework that the Company has adopted in response to the risks encountered. The Company has internal audit personnel in place to assist the board of directors with supervisory duties. These personnel conduct regular and ad-hoc reviews over existing risk management controls and procedures, and report their findings to the board of directors.

3. Credit risk

Credit risk refers to the risk of financial loss the Company may incur due to its customers or financial instrument counterparties being unable to fulfill contractual obligations. Credit risk mainly arises from customers' accounts receivable.

(1) Accounts receivable and other receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these risks are also likely to affect credit risk. The Company monitors customers' financial position and recoverability of accounts receivable to minimize credit risks.

The Company has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms. The Company also obtains timely data from external sources, such as contact with rating agencies and banking partners, as part of its review. The Company assigns credit limits to customers on a case-by-case basis; these limits represent the maximum amount of transactions that can be undertaken on credit without the management's approval. These limits are reviewed on a regular basis. Customers that do not meet the Group's basic credit rating requirements may transact with the Company only on a prepaid basis.

(2) Investments

Credit risks associated with bank deposit and other financial instruments are assessed and monitored by the Company's Treasury Department. The Company transacts and deals only with banks of strong credit standing and financial institutions of investment grade and above, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

(3) Guarantees

According to internal policies, the Company may only offer financial guarantee to subsidiaries in which it holds more than 50% voting interest and companies it has business dealings with.

4. Liquidity risk

Liquidity risk represents risk of the Company being unable to settle financial liabilities with cash or other financial assets, or being unable to fulfill relevant obligations.

The Company maintains adequate position of cash and cash equivalents to support corporate operations and to mitigate effects of cash flow variation. The management constantly monitors use of bank limits and makes sure that borrowing terms are duly complied.

Bank borrowing constitutes a main source of liquidity for the Company. The Company had undrawn short-term banking limits of NT$149,019 thousand and NT$142,742 thousand as at December 31, 2022 and 2021.

5. Market risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

(1) Exchange rate risk

The Company is exposed to exchange rate risks arising from sales, purchases, and borrowings that are denominated in non-functional currencies. NTD represents the Company's main functional currency; transactions are also denominated in currencies such as USD and RMB.

For monetary assets and liabilities denominated in other foreign currencies, the Company buys in or sell off foreign currencies at the spot exchange rate whenever a short-term mismatch arises, and in doing so ensures that the net exposure is kept within the tolerable level.

(2) Interest rate risk

The Company constantly monitors changes in market interest rate and maintains close relationship with financial institutions to secure the most favorable rate. Short-term, medium-term, and long-term credit limits are drawn in a manner that minimizes interest expenses.

(18) Capital management

The Company makes capital plans after taking into consideration the characteristics of the given industry, future prospects of the Company, and changes in the external environment. Capital management ensures that the Company has the financial resources and operational plans needed to support future working capital, capital expenditure, research and development projects, debt repayment, and dividend payment. The management primarily uses debt-to-equity ratio and interest-bearing-liabilities-to-equity ratio to determine the optimal capital structure for the Company. The management also strives to optimize debt and equity balances while maintaining strong capital structure for improvement to shareholders' returns.

The Company regularly examines its debt-to-equity ratio as a way to manage capital. Capital of the Company is represented by "Total equity" shown on the balance sheet, which equals total assets less total liabilities.

Debt-to-equity ratio as at the reporting date is shown below:

	2022.12.31	2021.12.31
Total liabilities	$ 538,128	492,830
Total equity	1,790,671	1,554,403
Interest-bearing liabilities	86,529	124,862
Debt-to-equity ratio	30%	32%
Interest-bearing-liabilities-to-equity ratio	5%	8%

There had been no change to the Company's capital management approach as at December 31, 2022.

(19) Non-cash investing and financing activities

Non-cash investing and financing activities in 2022 and 2021 included a capitalization of debt claims into subsidiary's share capital, and an acquisition of right-of-use asset through lease. Please see Notes 6(6) and 6(8) for details.

Reconciliation of liabilities associated with financing activities is explained below:

	2022.1.1	Cash flow	2022.12.31
Long-term borrowings (including current portion maturing in one year)	$ 124,862	(38,333)	86,529
Lease liabilities	379	(379)	-
Total liabilities relating to financing activities	**$ 125,241**	**(38,712)**	**86,529**

	2021.1.1	Cash flow	2021.12.31
Long-term borrowings (including current portion maturing in one year)	$ 129,733	(4,871)	124,862
Lease liabilities	1,126	(747)	379
Total liabilities relating to financing activities	**$ 130,859**	**(5,618)**	**125,241**

VII. Related party transactions

(I) Name of related party and relationship

Subsidiaries and related parties that transacted with the Company during the period covered by the parent company only financial statements:

Name of related party	Relationship with the Consolidated Entity
Powertip Technology Inc. (USA)	Subsidiary of the Company
Powertip Technology Ltd. (H.K.)	Subsidiary of the Company
America Technology Corp.	Subsidiary of the Company
Ta Cheng International Investing Co., Ltd.	Subsidiary of the Company
Ta Ho International Investing Co., Ltd.	Subsidiary of the Company
Ta Yang International Investing Co., Ltd	Subsidiary of the Company
Powertip Technology (C.I.) Corp.	Subsidiary of the Company
Powertip (Jiangsu) Photoelectric Co., Ltd.	Subsidiary of the Company
Powertip (Dongguan) Photoelectric Co., Ltd.	Subsidiary of the Company
Powertip Image Corp.	Associated company of the Company
Powertip Japan Co.,Ltd.	Other related party of the Company
Mr. Wang, Shyh-Yueh	Chairman of the Company

(II) Significant transactions with related parties

1. Merchanting trade

In 2022 and 2021, the Company sold raw materials, semi-finished goods, and factory supplies to subsidiaries, and had them processed and produced before buying back the finished goods in the form of a merchanting trade. The finished goods were then sold to customers. The sale of raw materials and buyback of finished goods had been eliminated when preparing the 2022 and 2021 financial statements, and were not treated as purchase or sale.

Raw materials and semi-finished goods are sold to subsidiaries at cost, and accounts receivable that arise as a result can be offset against accounts payable from purchase.

2. Operating revenues

Material sales to related parties and amounts:

	2022	2021
Subsidiary	$ 285,842	195,602

The Company's sales transactions are priced based on volume or location. There is no significant difference in the price of goods sold to related and unrelated parties, except for some subsidiaries where selling price is incomparable due to differences of the products involved. Collection term for sales to related parties is not significantly different from ordinary sales.

3. Purchase

Purchases made by the Company from related parties:

	2022	2021
Subsidiary - Powertip (Jiangsu) Photoelectric Co., Ltd.	$ 1,615,873	1,366,266

There is no significant difference in the price of purchases made from related and unrelated parties, except for some subsidiaries where purchase price is incomparable due to the special nature and differences of the products involved.

4. Related party payables

Related party payables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

Presentation account	Type of related party	2022.12.31	2021.12.31
Accounts payable	Subsidiary	$ 189,000	128,467
Other payables	Subsidiary	4,568	-
		$ 193,568	128,467

5. Leases

For the years ended 2022 and 2021, the Company generated NT$860 thousand and NT$848 thousand of rental income from the 6-year plant, equipment, and office premise leasing agreement signed with associated companies, and collected NT$138 thousand of rental deposit as of both December 31, 2022 and 2021, which were presented as guarantee deposits received and others. Furthermore, NT$208 thousand and NT$284 thousand of proceeds were paid/collected on behalf of associated companies for electricity, networking, and management expenses incurred on the leased plant, equipment, and office premises.

6. Property transaction

The Company had unrealized deferred gains of NT$352 thousand and NT$553 thousand as at December 31, 2022 and 2021, from contributing machinery and equipment as capital in-lieu in a subsidiary.

7. Related party receivables

Related party receivables that arose from the above transactions and other collections and payments made on behalf of related parties are explained below:

Presentation account	Type of related party	2022.12.31	2021.12.31
Accounts receivable	Subsidiary - USA	$ 35,371	-
Accounts receivable	Subsidiary	3,019	1,248
Other receivables	Subsidiary	1,748	673
Other receivables	Associated companies	93	91
		$ 40,231	2,012

(III) Transactions involving key management personnel

1. Compensation to key management personnel

Compensation to key management personnel includes the following:

	2022	2021
Short-term employee benefits	$ 13,855	8,628

2. Offering of guarantees

The Company's short-term and long-term credit facilities as at December 31, 2022 and 2021, were guaranteed by key management personnel.

VIII. Pledged assets

Book value of assets pledged by the Company is explained below:

Name of asset	Collateral	2022.12.31	2021.12.31
Time deposit (presented as other financial assets - current)	Security for import customs duty	$ 2,500	2,500
Land	Long-term borrowings	184,079	184,079
Buildings	Long-term borrowings	243,407	253,747
		$ 429,986	440,326

IX. Major contingent liabilities and unrecognized contractual commitments

(I) L/C issued but undrawn by the Company:

	2022.12.31	2021.12.31
L/C issued but undrawn	$ 1,741	4,988

X. Losses from major disasters: None.

XI. Major post-balance sheet date events: None.

XII. Others

Summary of employee benefit, depreciation, depletion, and amortization expenses by function:

Function / Nature	2022			2021		
	Presented as operating cost	Presented as operating expense	Total	Presented as operating cost	Presented as operating expense	Total
Employee benefit expenses						
Salary expenses	66,271	84,752	151,023	57,485	68,133	125,618
Labor/health insurance premium	6,831	7,666	14,497	6,840	7,299	14,139
Pension expense	3,034	3,475	6,509	3,086	3,446	6,532
Directors' compensation	-	3,585	3,585	-	1,064	1,064
Other employee benefit expenses	4,000	3,345	7,345	4,072	3,260	7,332
Depreciation expenses	20,057	3,124	23,181	18,718	3,298	22,016
Amortization expenses	-	1,205	1,205	-	788	788

Additional information on employee size and employee benefit expenses for 2022 and 2021 is presented below:

	2022	2021
Employee count	226	221
No. of directors without concurrent position as employee	7	7
Average employee benefit expenses	$ 819	718
Average employee salary expenses	$ 690	587
Adjustments to average employee salary expenses	17.55%	
Supervisors' compensation	$ -	169

(I) Information regarding the Company's salary and compensation policies (including directors, supervisors, managers, and staff):

1.Compensation for staff and managers comprises two parts: fixed salary and variable salary. Fixed salary is paid on a monthly basis irrespective of profitability, and is determined based on work duties and job grades. Variable salary includes festive bonus, performance bonus, and employee remuneration. Variable salary is determined after taking into consideration the overall environment, the market level, corporate profitability, individual performance evaluation, work duties, and contribution to corporate operations. It is set at a level that adequately reflects work performance of individual employees. The level of variable compensation is set in line with current year's earnings, and is therefore highly correlated with the Company's business performance.

2.Compensations for the Company's directors and supervisors are determined in accordance with the Articles operations. Aside from business performance, the Company also follows a well-established set of compensation standards, structure, and system that is designed in reference to peers and TWSE/TPEX listed companies. The compensation standards, structure, and systems are proposed by the Remuneration Committee and resolved by the board of directors.

3. All salaries and compensations paid by the Company are rigorously reviewed. Compensations to managers, directors, and supervisors are reviewed and resolved by the Remuneration Committee and the board of directors to ensure that they do not give rise to major risks in the future.

XIII. Other disclosures

(I) Information relating to significant transactions

Significant transactions in 2022 that require further disclosures under Regulations Governing the Preparation of Financial Reports by Securities Issuers are as follows:

1. Loans to external parties: None.
2. Endorsement/guarantee to external parties: None.
3. End-of-period holding position of marketable securities (excluding investment in subsidiaries, associated companies, and joint ventures):

Unit: thousand shares

Holder	Name and type of securities	Relationship with the securities issuer	Presentation account	End of period				Remarks
				No. of shares	Book value	Shareholding percentage	Fair value	
The Company	Everest Technology Inc.	None	Financial assets at fair value through other comprehensive income - -non-current	3,730	$ -	5.49 %	$ -	

4. Cumulative purchase or sale of any single marketable security that amounts to NT$300 million or more than 20% of paid-up capital: None.
5. Acquisition of real estate amounting to NT$300 million or more than 20% of paid-up capital: None.
6. Disposal of real estate amounting to NT$300 million or more than 20% of paid up capital: None.
7. Sales and purchases with related parties amounting to NT$100 million or more than 20% of paid-up capital:

Name of buyer (seller)	Name of counterparty	Relationship	Transaction summary				Distinctive terms of trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	As a percentage to total purchases (sales)	Loan tenor	Unit price	Loan tenor	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Powertip (Jiangsu)	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	Purchase	1,615,873	91 %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	-	Accounts payable (189,000)	(66)%	Note 1 and Note 2
Powertip (Jiangsu)	The Company	Wholly-owned subsidiary - Powertip C.I.'s wholly-owned subsidiary	(Sale)	(1,615,873)	(90) %	No significant difference from ordinary transaction	Incomparable due to the special nature and differences of the products involved	-	Accounts receivable 189,000	85%	Note 1 and Note 2
The Company	Powertip USA	100%-held subsidiary of the Company	(Sale)	(175,519)	(9) %	No significant difference from ordinary	No significant difference from ordinary		Accounts receivable 35,371	14%	Note 2

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

						transaction	transaction				
Powertip USA	The Company	100%-held subsidiary of the Company	Purchase	175,519	100 %	No significant difference from ordinary transaction	No significant difference from ordinary transaction		Accounts payable (37,119)	(100)%	Note 2

Note 1: Accounts payable by Powertip (Jiangsu) to the Company includes purchase and sales transactions that have been offset in a merchanting trade.

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

8. Related party receivables amounting to NT$100 million or 20% of paid-up capital or above:

Companies presented as receivables	Name of counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue balance of related party receivables		Amount of related party receivables collected after the balance sheet date	Loss provisions provided
					Amount	Treatment		
Powertip (Jiangsu)	The Company	Corporate shareholder with 100% holding interest	189,000	10.18	-	Debt claims are offset against debt obligations each month with proceeds collected or paid depending on capital availability	120,069	-

Note 1: It is based on data as of January 12, 2023.

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

9. Derivative transactions: None.

(II) Information on business investments:

Information about the Company's business investments in 2022 (excluding Mainland investees):

Unit: thousands of NTD or foreign currency/thousand shares

Name of investor	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
				Current period-end (Note)	Previous period-end (Note)	No. of shares	Percentage	Book value (Note)			
The Company	Powertip HK	Hong Kong	Processing and manufacturing of LCD display modules	166,570	166,570	39,500	100.00%	26,965	5,031	5,031	Subsidiary (Note 2)
The Company	Powertip USA	California, USA	Trading of LCD d	53,135	53,135	155	100.00%	73,650	1,498	1,498	〃
The Company	Powertip Samoa	Samoa	Holding company	729,350 (US$23,711)	729,350 (US$23,711)	23,711	100.00%	668,222	75,889	75,889	〃
The Company	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	50,466	50,466	9,575	23.55%	159,795	147,464	34,211	Equity-accounted investee
The Company	Ta Cheng	Taichung City	General investments	24,546	27,600	2,454	100.00%	30,712	5,816	5,816	Subsidiary (Note 2)
The Company	Ta Ho	Taichung City	General investments	24,548	27,600	2,455	100.00%	30,718	5,819	5,819	〃
The Company	Ta Yang	Taichung City	General investments	20,100	20,100	2,010	100.00%	19,846	4,129	4,129	〃

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Less: unrealized gain/loss on associated companies								(3,298)		-	
								1,006,610		132,393	
Powertip Samoa	Powertip C.I.	Cayman Islands	Holding company	728,335 (US$23,678)	728,335 (US$23,678)	23,678	100.00%	663,832 (US$21,581)	61,142 (US$2,048)	Recognized according to the shareholding percentage of Powertip Samoa	Investee accounted by subsidiary using the equity method (Note 2)
Ta Cheng	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	4.03%	27,345	147,464	Recognized according to the shareholding percentage of Ta Cheng	〃
Ta Ho	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	27,500	27,500	1,638	4.03%	27,345	147,464	Recognized according to the shareholding percentage of Ta Ho	〃
Ta Yang	Powertip Image Corp.	Taichung City	Manufacturing of electronic parts and optical instruments	19,873	19,873	1,184	2.91%	19,745	147,464	Recognized according to the shareholding percentage of Ta Yang	〃
Powertip Image Corp.	Powertip Image (Samoa)	Samoa	Holding company	61,196	61,196	1,497	100.00%	228,045	53,491 (US$1,792)	Recognized according to the shareholding percentage of Powertip Image Corp.	Subsidiary that accounts for investee using the equity method
Powertip Image Corp.	Chin Yue	Taichung City	General investments	98,087	97,000	9,809	100.00%	120,596	16,335	Recognized according to the shareholding percentage of Powertip Image Corp.	〃
Powertip Image Corp.	Chin Hung	Taichung City	General investments	67,134	57,500	6,714	100.00%	86,815	11,761	Recognized according to the shareholding percentage of Powertip Image Corp.	〃
Chin Yue	Do Electronic	Samoa	Holding company	81,514 (US$2,650)	81,514 (US$2,650)	2,650	58.14%	125,631	32,736 (US$1,097)	Recognized according to the shareholding percentage of Chun Yue	〃
Chin Hung	Do Electronic	Samoa	Holding company	58,690 (US$1,908)	58,690 (US$1,908)	1,908	41.86%	90,453	32,736 (US$1,097)	Recognized according to the shareholding percentage of Chin Hung	〃

Notes to parent company only financial statements of Powertip Technology Corporation (continued)

Note 1: Converted into NTD using exchange rate as at the reporting date (1 USD : 30.76 NTD).

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

(III) Information on Mainland investments:

1. Name, main business activities, and relevant information of Mainland investments:

Unit: thousands of NTD/foreign currency

Name of Mainland investee	Main business activities	Paid-up capital (Note 4)	Method of investment	Opening cumulative balance of investment capital invested from Taiwan (Note 4)	Investment capital contributed or recovered during the current period		Closing cumulative balance of investment capital invested from Taiwan (Note 4)	Current period profit/loss of the investee	The Company's direct or indirect holding percentage	Investment gains/losses recognized in the current period (Note 1)	Closing investment book value (Note 4)	Investment gains recovered to date
					Invested	Recovered						
Powertip (Jiangsu)	Processing of LCD devices and electronic components	707,480 (US$23,000)	Indirect investment through Powertip Samoa	707,480 (US$23,000)	-	-	707,480 (US$23,000)	61,142 (US$2,048)	100.00%	61,142 (US$2,048)	663,832 (US$21,581)	-
Powertip (Dongguan)	Processing and manufacturing of LCD devices and electronic components	39,680 (HK$10,000)	Indirect investment through Powertip HK (Note 5)	-	-	-	-	3,483 (HK$908)	100.00%	3,483 (HK$908)	11,785 (HK$2,970)	-
Jiangsu Powertip	Manufacturing and processing of molds	369,120 (US$12,000) (Note 6)	Indirect investment by associated company - Powertip Image Corp. through Powertip Image (Samoa) and Do Electronic (Note 8)	186,252 (US$6,055)	-	-	186,252 (US$6,055)	79,413 (US$2,660)	34.52% of shareholding is indirectly held by the Company's equity-accounted investee	Recognized according to the shareholding percentages of Powertip Image (Samoa) and Do Electronic Recognized according to the shareholding percentage of Chin Hung	Recognized according to the shareholding percentages of Powertip Image (Samoa) and Do Electronic Recognized according to the shareholding percentage of Chin Hung	-

2. Approved limit on Mainland investments:

Unit: thousands of foreign currency

Company name	Closing cumulative balance of investment capital transferred from Taiwan into the Mainland	Investment limit authorized by the Investment Commission, Ministry of Economic Affairs	Limits authorized by the Investment Commission, Ministry of Economic Affairs, for investing into Mainland China
The Company	790,840 (US$25,710)	792,870 (US$25,776)	No limit (Note 2)
Powertip Image Corp.	46,048 (US$1,497)	228,916 (US$7,442) (Note 7)	400,001
Chin Yue	81,514 (US$2,650)	81,514 (US$2,650)	80,000
Chin Hung	58,690 (US$1,908)	58,690 (US$1,908)	80,000

Note 1: Gains/losses of investees for the current period were recognized based on auditor-reviewed financial statements of the parent company in Taiwan, except for Jiangsu Powertip and Powertip (Dongguan), which were recognized based on their unaudited financial statements.

Note 2: According to the rules on Mainland investment limits stipulated by the Investment Commission in the revised "Review Principles for Investment or Technological Collaboration in the Mainland Area" on August 29, 2008, the Company has already obtained proof of operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, and therefore is not subject to the Mainland investment limit.

Note 3: Dongguan Jiuli, one of the Company's business investments, was de-registered on January 7, 2009; the cumulative amount of investment outstanding at the end of the current period included USD 2,710 thousand of realized losses that were attributed to Dongguan Jiuli.

Note 4: Converted into NTD using exchange rate as at the reporting date (1 USD: 30.76 NTD; 1 HKD: 3.968 NTD).

Note 5: Powertip HK contributed proprietary funds and machinery and equipment in lieu of capital to the investment.

Note 6: USD 5,945 thousand of which were contributed by Powertip Image (Samoa) in the form of proprietary funds and machinery/equipment in lieu of capital. Powertip Image Corp. underwent a re-organization in May 2014, during which Do Electronic acquired 37.98% of ownership interest in Jiangsu Powertip from Powertip Image (Samoa) for a sum of USD 4,558 thousand.

Note 7: The amount of Mainland investments made by Powertip Image Corp. prior to 2009 had been approved by the Investment Commission in writing.

Note 8: Through Chin Yue and Chin Hung, two 100%-owned subsidiaries, Powertip Image Corp. acquired 58.14% and 41.86% ownership interest, respectively, in Do Electronic,
and underwent a re-organization in May 2014, during which Do Electronic acquired 37.98% of ownership interest in Jiangsu Powertip from Powertip Image (Samoa).

Through Powertip HK, a business located at a third location, the Company established Dongkeng Jiuzheng Photoelectric, a processing plant for LCD devices and electronic components, in Dongguan, Mainland China, for a sum of HKD 9,024 thousand; this project was approved by the Investment Commission, Ministry of Economic Affairs, on November 20, 2002. Powertip HK later made an indirect investment into the Mainland and founded Powertip (Dongguan) Photoelectric Co., Ltd. by contributing HKD 5,792 thousand of its funds and the electronics plant of Dongkeng Jiuzheng Photoelectric, an existing investment approved by the Investment Commission, Ministry of Economic Affairs, valued at HKD 4,208 thousand for a total share capital of HKD 10,000 thousand. This project was approved by the Investment Commission, Ministry of Economic Affairs, on July 13, 2012 and completed on April 25, 2013.

3. Significant transactions:

Please refer to "Information related to significant transactions" in the consolidated financial statements for more details on direct and indirect significant transactions between the Company and Mainland investees in 2022 (which have been eliminated when preparing the consolidated financial statements).

(IV) Information on major shareholders:

Shares Name of major shareholder	Number of shares held	Shareholding percentage
Bright LED Electronics Corp.	19,020,148	11.72%

Note: (1) Information on major shareholders, as presented in this chart, was taken from records of Taiwan Depository & Clearing Corporation as at the final business day of the reported quarter; and included parties holding book-entry common and preferred shares (including treasury stock) for an aggregate ownership of 5% and above. Share capital reported in the Company's financial statements may differ from the number of shares delivered via book entry due to different basis of preparation/calculation.

(2) Shareholders who placed shares under trust are disclosed in trustors' sub-accounts held with various trustees. Shareholders with more than 10% ownership interest are subject to insider equity reporting, according to Securities and Exchange Act. Insider equity includes shares held in own name and any shares placed under trust that the insider has control over. Please access Market Observation Post System for reports on insider equity.

XIV. Segment information

Please refer to the 2022 consolidated financial statements.

Seven. Review and analysis of financial position and operating results and risk assessment

I. Financial status

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	1,323,936	1,537,937	214,001	16.16%
Equity method investment	195,814	234,230	38,416	19.62%
Property, plant and equipment	584,866	557,543	(27,323)	-4.67%
Intangible assets	3,439	3,173	(266)	-7.73%
Other assets	23,740	14,721	(9,019)	-37.99%
Total assets	2,131,795	2,347,604	215,809	10.12%
Current liabilities	464,624	485,280	20,656	4.45%
Non-current liabilities	112,768	71,653	(41,115)	-36.46%
Total liabilities	577,392	556,933	(20,459)	-3.54%
Capital	1,621,732	1,621,732	-	-
Capital reserve	7,902	7,060	(842)	-10.66%
Retained earnings	41,372	264,807	223,435	540.06%
Other equity item	(116,603)	(102,928)	13,675	11.73%
Non-controlling interests	-	-	-	-
Total equity	1,554,403	1,790,671	236,268	15.20%

Causes to major changes:

(I) Other assets decreased from the previous period due to reduction in prepayments.

(II) Non-current liabilities decreased from the previous period primarily because of the classification of long-term loans due in one year into current liabilities.

(III) Retained earnings increased from the previous period due to continued profits in 2022.

II. Operating results

(I) Analysis of operating results

Unit: NT$ thousand

Item \ Year	2021	2022	Increase or decrease amount	Change ratio (%)
Net operating income	1,878,210	2,153,753	275,543	15%
Operating costs	1,648,026	1,765,828	117,802	7%
Gross profit	230,184	387,925	157741	69%
Operating expenses	191,888	220,830	28,942	15%
Operating profit	38,296	167,095	128,799	336%
Non-operating income (expenses)	53,341	123,858	70,517	132%
Net income before tax	91,637	290,953	199,316	218%
Income tax expense (benefit)	10,743	41,919	31,176	290%
Current net income	80,894	249,034	168,140	208%

Causes to changes:

As COVID-19 faded off, new orders from major customers increased (such as smart home products and lawnmowers). Meanwhile, the operating cost was well controlled. Hence, the revenue, gross profits and operating profits in 2022 were all higher than the 2021 levels. The Powertip Group is in a net asset position denominated in the US dollars and its main trading currency is the US dollars. The continued appreciation of the U.S. dollars at the end of 2022 resulted in a significant increase of exchange gains compared to 2021. The investee Powertip Image continued to generated profits too. Hence, non-operating income, profit before tax and income tax expenses all went up. In sum, the net income in 2022 increased from 2021.

(II) Expected sales volume and its basis: See page 1-4 of the letter to shareholders.

III. Cash flow

(I) Liquidity analysis for the last two years

Item \ Year	2021	2022	Increase (decrease) ratio
Cash flow ratio (%)	-22.35	79.93	458%
Cash flow sufficiency ratio (%)	394.03	516.75	31%
Cash reinvestment ratio (%)	-4.23	7.98	289%

Variance analysis: The net income in 2022 significantly increased from 2021 and the net cash inflows from operating activities were also much higher than the 2021 level, with an increase of NT$491,714 thousand. As a result, the cashflow ratio, the cashflow adequacy ratio and the cash reinvestment ratio all went up from the same period last year.

(II) Cash flow in the coming year

Unit: NT$ thousand

Opening cash balance (1)	Net cash flow from operating activities for the entire year (2)	Net cash flow for the entire year (3)	Estimated cash remaining (insufficiency) amount (1)+(2)-(3)	Remedies against projected cash deficits	
				Investment plan	Financial plan
782,735	29,914	195,119	617,530	-	-

Note: The estimated cash outflows for the year are primarily the issuance of cash dividends at NT$113,521 thousand, the repayment of bank loans at NT$32,900 thousand and purchase of equipment at NT$44,625 thousand. No remedial measures are planned as no shortage of cash flow is expected for the coming year.

IV. The impact of major capital expenditures on financial business in recent years: None.

V. Investment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans for the coming year:

Unit: NT$ thousand

Explanation / Item	Policy	Profit or loss	Main reason	Improvement plan	Next year investment plan
Powertip HK	166,570	Shareholding: 100%	The logistics center of the group handles all customs declarations of goods sold to Europe, the U.S. and Hong Kong and only recognizes service incomes. The year 2022 saw continued profits.	—	None
Powertip USA	53,135	Shareholding: 100%	Revenues and profits grew in 2022 as the pandemic faded off.	—	None
Powertip Image Corp.	125,339	Shareholding 34.52%	Despite the decline in revenue in 2022, profits increased from 2021 due to cost control and exchange gains as non-operating income.	—	None
Powertip Samoa	729,350	Shareholding: 100%	Revenues and profits grew in 2022 as the pandemic faded off.	—	None
TCII	24,546	Shareholding: 100%	Recognize the investment profit from investment in PTIC.	—	None
THII	24,548	Shareholding: 100%	Recognize the investment profit from investment in PTIC.	—	None
TYII	20,100	Shareholding: 100%	Recognize the investment profit from investment in PTIC.	—	None

VI. Analysis and assessment of risks in the last year and as of the publication date of the annual report

(I)Impact of changes in interest rate and exchange rate, and inflation on PTC's profit and loss, and countermeasures

PTC's interest expenses and exchange gains and losses for 2022 and the first quarter of 2023 are as follows:

Unit: NT$ thousand

Year / Item	2022	Q1 2023
Foreign exchange gain (loss)	54,591	(7,721)
Interest expenses	3,492	283

1. PTC maintains a close contact with major banks and stays on top of market changes and interest rates. We also seek loans at favorable rates subsidized by the government. The interest expenses were equivalent to 0.16% of net revenues in 2022 and 0.06% in the first quarter of 2023.
2. As most of our products are exported, the exchange rate between NT$ and US$ has a certain effect on our bottom line. In addition to natural hedge with receivables and payables denominated in the US dollars, we adopt measures to hedge the net balance based on expectations for exchange rates. Exchange gains (losses) were equivalent to 2.53% of the net revenue in 2022 and (1.69%) in the first quarter of 2023.
3. Regarding impacts of inflation on the profit and loss: PTC is closely monitoring the fluctuation of market prices. It raises prices of goods sold when production costs pushed up by inflation. This leaves PTC with little impacts of inflation on its profit and loss.

(II) Policies, main reasons for profit or loss, and future countermeasures for operation in high-risk, high-leverage investments, lending funds to others, endorsements/guarantees, and derivatives trading:

1. PTC has no operation in high-risk and high-leverage investments in the most recent year and as of the publication date of the annual report .
2. PTC provides loans and endorsements/guarantees in accordance with its Procedures for Loans, Endorsements and Guarantees. No loans or endorsements/guaranteesIt was provided as of the end of 2022 and the end of the first quarter of 2023.
3. We engage in the transaction of derivatives only for hedging purposes and in accordance with the Guidelines for Derivatives Trading. Payments not made in foreign currencies are hedged to mitigate the exchange rate risks. No derivative trading was conducted in 2022 or the first quarter of 2023.

(III) R&D plans and budgets:

R&D plans are proceeding as scheduled; see section 5: Operation overview /I. Business activities /(III) Technology and R&D overview for more details.

(IV) Impact of changes in important domestic and foreign policies and regulations on PTC's financial business and countermeasures:

PTC has been monitoring and learning about policies and regulations which may affect PTC's operations, and update relevant internal systems accordingly. No significant impacts on PTC were identified due to policy and regulatory changes in 2022.

(V) Impact on the company's finance of changes and developments in science and technology (including information security and risk) and industries, and measures to be taken in response:

The adoption of LCD monitors is increasingly prevalent and ubiquitous, from consumer goods (such as smart homes, lawn mowers and coffee machines) to non-consumer products (including electric vehicle charging piles, in-vehicle devices, medicare, industrial control and various commercial displays). With advanced manufacturing technology and good quality, PTC has established long-standing leadership in the industry.

PTC has been focusing on the expansion of LCD modules since its foundation. In addition to ramping up dealer networks around the world, it has been building up brand image and improving product awareness by showing up in exhibitions and promotion ads. It is now one of the global leaders for its R&D capacities, product quality, and customer acceptance.

Faced by trending market demands, PTC is striving to launch new products and open new markets. Take example: human-machine interface, embedded device, capacitive touch components, smart household power supplies, and sports equipment.

(VI) Impact of changes in the company's corporate image on the company's crisis management, and countermeasures:

PTC has been well known for its good image for long and has no risks due to major changes in recent years.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and corresponding measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and corresponding measures being or to be taken: None.

(IX) Risks associated with concentration in sales or purchasing operations, and corresponding measures being or to be taken:

PTC has been closely working with suppliers to maintain adequate inventory of specific materials in advance. In short, no shortage of materials is foreseeable now.

Risks faced by PTC are relatively now considering the following factors: profound relationship with customers, continuously recruiting new customers to diversify mix of income.

(X) Impact upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and corresponding measures being or to be taken: None.

(XI) Impact upon and risk to company associated with any change in governance personnel or top management, and corresponding measures being or to be taken: None.

(XII) Litigious and non-litigious matters:

None of the directors, supervisors, general manager and substantial principals of PTC, the majority shareholders (shareholding over 10%) and affiliated companies has no circumstances of litigious, non-litigious or administrative disputes.

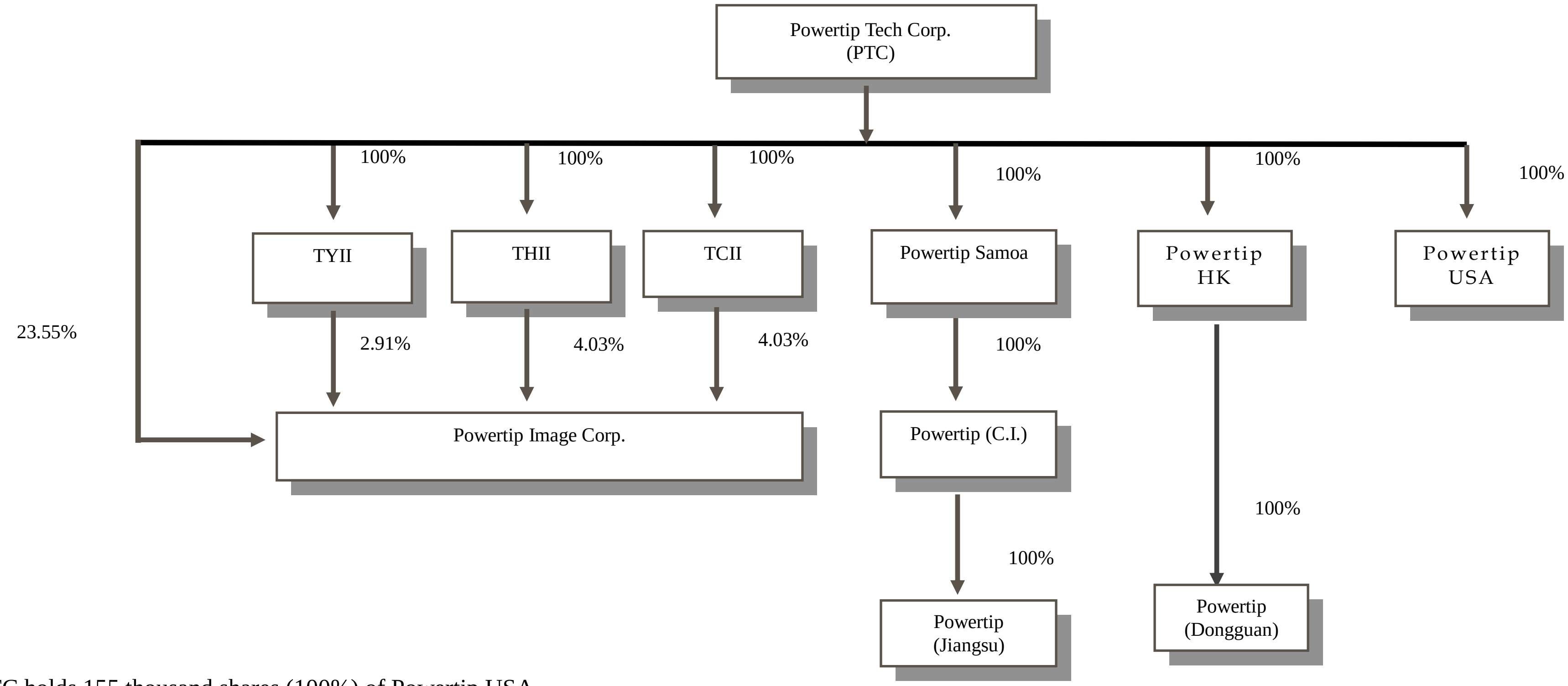
(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Eight. Special disclosures

I. Information of affiliates

(I) Organization Chart of Affiliated Enterprises (as of April 30, 2023)



Note 1: PTC holds 155 thousand shares (100%) of Powertip USA.
Note 2: PTC holds 39,500 thousand shares (100%) of Powertip HK.
Note 3: PTC holds 23,711 thousand shares (100.00%) of Powertip Samoa.
Note 4: TCII, THII and TYII: PTC holds 2,454 thousand shares (100%), 2,454 thousand shares (100%), and 2,010 thousand shares (100%) of TCII, THII, and TYII respectively.
Note 5: Powertip Image Corp. (PTIC): PTC holds 9,575 thousand shares (23.55%) of PTIC; PTC's investees TCII, THII, and TYII hold 1,638 thousand shares (4.03%), 1,638 thousand shares (4.03%), and 1,184 thousand shares (2.91%) of PIC respectively.

(II) Basic information of each affiliates

Company Name	Date established	Address	Paid-up capital	Main business or production items
Powertip Technology Ltd. (HK)	1994.06.02	Room 02, 9/F, Tower A, Powerlong Centre, 11 Wang Chiu Road, Kowloon, Hong Kong	HK$39,500 thousand	Processing and manufacturing of LCD modules
Powertip Technology Inc. (USA)	1998.08.01	BO.MC CORMICK AVENUE, SUITE 110 COSTA MESA, CA 92626 U.S.A.	USD 1,550 thousand	Trading of LCD modules, electronic parts, and computer peripherals
Powertip Image Corp.	2003.11.03	3rd Floor, No. 8, Sixth Road, Industrial Zone, Xitun District, Taichung City	NT$406,619 thousand	Manufacturing of electronic parts and optical instruments
Ta Cheng International Investing Co., Ltd. (TCII)	2014.08.15	5th Floor, No. 8, Sixth Road, Industrial Zone, Xitun District, Taichung City	NT$24,546 thousand	General investments
Ta Ho International Investing Co., Ltd. (THII)	2014.08.22	5th Floor, No. 8, Sixth Road, Industrial Zone, Xitun District, Taichung City	NT$24,548 thousand	General investments
Ta Yang International Investing Co., Ltd (TYII)	2014.08.22	5th Floor, No. 8, Sixth Road, Industrial Zone, Xitun District, Taichung City	NT$20,100 thousand	General investments
Powertip Samoa	2003.02.26	Samoa	USD 23,711 thousand	Holding company
Powertip C.I.	2003.03.25	British Cayman Islands	USD 23,678 thousand	Holding company
Powertip (Jiangsu) Photoelectric Co., Ltd.	2003.04.30	No. 6, Fudi East Road, Jurong City	USD 23,000 thousand	Processing of LCD devices and electronic components
Powertip (Dongguan) Photoelectric Co., Ltd.	2013.04.25	Junfa Industrial Zone, Dongkeng Town, Dongguan City, Guangdong Province	HK$ 10,000 thousand	Processing and manufacturing of LCD devices and electronic components

(III) Information of shareholders who are also shareholders of companies presumed to have controlling and subordinate relation: none.

(IV) Trades covered by business engaged by affiliated: making and trading of LCD modules and optical instruments.

(V) Information on directors, supervisors and general managers of affiliated enterprises (as of April 30, 2023)

1. Powertip Technology Ltd (H.K.)

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip Technology Ltd (H.K)	Legal representative	Powertip Tech Corp.	39,500 thousand shares	100

2. Powertip (Dongguan) Optoelectronics Co., Ltd.

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip (Dongguan) Photoelectric Co., Ltd.	Legal representative	Powertip Technology Ltd (H.K.) Representative: Wang, Shyh-Yueh	Note	100

Note: A limited company registered in mainland China.

3. Powertip Technology Inc. (U.S.A.)

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip Technology INC. (U.S.A)	Director	Powertip Technology Corp. Representative: Wang, Shyh-Yueh	155 thousand shares	100

4. America Technology Corp.

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip Samoa	Director	Powertip Technology Corp. Representative: Wang, Shyh-Yueh	23,711thousand shares	100

5. Powertip Technology (C.I.) Corp.)

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip (C.I.)	Director	America Technology Corp. Representative: Wang, Shyh-Yueh	23,678 thousand shares	100

6. Powertip (Jiangsu) Optoelectronics Co., Ltd.

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip (Jiangsu)	Legal	Powertip Technology	Note	100

Photoelectric Co., Ltd.	representative	(C.I.) Corp. Representative: Wang, Shyh-Yueh		

Note: A limited company registered in mainland China.

7. TCII

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Ta Cheng International Investing Co., Ltd. (TCII)	Director	Representative: Wang, Shyh-Yueh	2,454 thousand shares	100

8. THII

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Ta Ho International Investing Co., Ltd. (THII)	Director	Representative: Wang, Shyh-Yueh	2,454 thousand shares	100

9. TYII

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Ta Yang International Investing Co., Ltd (TYII)	Director	Representative: Wang, Shyh-Yueh	2,010 thousand shares	100

10. Powertip Image Corp.

Company Name	Title	Name or representative	Number of shares held	
			Shareholding	Shareholding %
Powertip Image Corp.	Chairman	Wang, Shyh-Yueh, Representative, PTC	9,574,855	23.55
	Director	Liou, Shao-Ling, Representative, PTC	9,574,855	23.55
	Director	Zheng Xixun	527,788	1.30
	Director	Liao Zongren, Representative, Bright LED Electronics Corp.	7,670,764	18.86
	Director	Liao Xinbei, Representative, Bright LED Electronics Corp.	7,670,764	18.86
	Director	Chang Chung-Hsin	71,888	0.18
	Independent director	Shen Yuan-Hung	-	-
	Independent director	Wu Shaogui	-	-

(VI) Operation overview of each affiliated enterprise (2022)

Unit: NT$ thousand

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Income from operations (Loss)	Profit and loss for the current period (after tax)	Earnings per share (NT$)
Powertip HK	156,736	32,592	5,062	27,530	14,752	1,333	5,031	0.13
Powertip USA	47,678	141,955	68,304	73,651	198,713	1,744	1,499	9.67
Powertip Samoa	729,336	685,903	18,561	667,342	-	(3,463)	74,945	3.16
Powertip C.I.	728,322	667,150	-	667,150	-	-	61,133	2.58
Powertip (Jiangsu)	778,283	849,110	184,480	664,630	1,793,036	40,008	61,133	Note 2
Powertip Image Corp.	406,619	1,058,738	392,070	666,668	678,003	153,760	147,464	3.64
Powertip (Dongguan)	35,914	12,843	603	12,240	-	(3,159)	3,484	Note 2
TCII	24,546	30,821	-	30,821	-	(41)	5,816	2.37
THII	24,548	30,826	-	30,826	-	(41)	5,819	2.37
TYII	20,100	19,930	-	19,930	-	(40)	4,129	2.05

Note 1: Figures provided by companies abroad are NT$ based on exchange rate as of the date of the financial report.

Note 2: It is a limited company.

(VII) Consolidated financial statements of affiliates

See pages 70 to 123 for details of the consolidated financial statements.

(VIII) Relationship report: The company is not a subsidiary company controlled by another company, so there is no need to prepare a relationship report.

II. In the most recent year and as of the publication date of the annual report, the handling of private equity securities: none.

III. In the most recent year and as of the publication date of the annual report, the subsidiary holds or disposes of PTC's stock: none.

IV. Other necessary supplementary notes: None.

V. In the most recent year and as of the publication date of the annual report, has there been any event that has a significant impact on shareholders' rights and interests or the price of securities as specified in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act: none.

Powertip Technology Corporation (seal)

Responsible Person: Wang, Shyh-Yueh (seal)