



2023 Annual Report

WINSTAR Display Co., Ltd.

Publication date: May 9, 2024



Stock Code:6916

I. Spokesperson or acting spokesperson of the Company

Spokesperson:	Hsin-Fu Huang	Acting Spokesperson:	Chun-Chieh Lin
Job title:	Assistant Manager, Finance	Job title:	Special Assistant to the Chairman
Tel:	(04)2568-9987	Tel:	(04)2568-9987
Email:	finance@winstar.com.tw	Email:	finance@winstar.com.tw

II. Address and telephone number of the company's headquarters, branch offices and factories

Headquarters address: 2F., No. 43, Keya Rd., Xiushan Li, Daya Dist., Taichung City

Tel: (04)2568-9987

Factory addresses:

Daya factory: 5F., No. 33, Keya Rd., Xiushan Li, Daya Dist., Taichung City

Tel: (04)2568-9987

Changshu Factory, China: Taiwan Industrial Zone, Xinzhuang Town, Changshu City, Jiangsu Province, China

Tel: +86-512-5248-8236

Dongguan Factory, China: Xiangdong Industrial Zone, Dalingshan Town, Dongguan City, Guangdong Province, China

Tel: +86-769-8278-8236

Myanmar Factory: Holding No. 21/1-A, Latpanwin Kwin, Field No. (1172), Latpanwin Village, Bago Township, Myanmar

III. Shares Transfer Agency

Name: Department of Stock Transfer Services, Yuanta Securities Co., Ltd.

Address: B1, No. 210, Section 3, Chengde Rd, Datong District, Taipei City

Website: <http://www.yuanta.com.tw>

Tel: (02) 2586-5859

IV. CPAs for financial statements in the most recent year

Names of Accountants: Accountants Amy Chiang, Eddy Su

Firm name: Deloitte Taiwan

Address: 22nd Floor, No. 88, Section 1, Huizhong Road, Xitun District, Taichung City

URL: <http://www.deloitte.com.tw>

Tel: (02)2725-9988

V. Name of stock exchange where overseas securities are listed and the method for accessing this information: None.

VI. Company URL: <http://www.winstar.com.tw/>

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I. Letter to Shareholders

1. Foreword

Dear Shareholders of Winstar Display,

Thank you for your support and trust in Winstar in the past year. Since its listing in December 2023, Winstar has reached a new milestone. However, in the past year, the global economy has been affected by factors including high inflation, rising interest rates, tightening monetary policies in various countries, geopolitical tensions. This was coupled with the explosion of customer orders during the pandemic, and the economic recovery after the pandemic has not been as good as expected. Demand was weak, and customer end inventory disposal was not as good as expected. Under such a weak global macroeconomic environment, the Company continues to adjust its business strategy in response to market changes. However, due to the influence of cautious market demand, our revenue in 2023 was NTD 2.229 billion, which was lower than that in 2022. It has dropped by 25.67% year on year.

Looking to the future, the Company will maintain a steady pace, pay attention to changes in the international situation, and quickly adjust its business strategies in response to market changes. We will continue to optimize our product portfolio and strive to develop new technologies to enhance product competitiveness. At the same time, we will provide customers with high value-added services to meet the needs of market diversification and emerging industries. At the same time, we will continue to strengthen our human capital, recruit more world-class professionals, strengthen our global business presence, and increase brand awareness, in order to increase the Company's revenue performance.

Once again, we would like to thank all shareholders for their support and trust. In the future, the Company will make unremitting efforts to create stable and profitable operations for shareholders, customers and all stakeholders. Following are the Company's operational reports for 2023.

2. Business Report

(1) 2023 Operating Results

1. Business plan implementation results

The Company's 2023 operating revenues were NTD 2,229,230 thousand, a decrease of NTD 770,032 thousand, or 25.67%, from 2022 operating revenues; the Company's 2023 net income was NTD 81,031 thousand, and the earnings per share was NTD 1.33. This is less than the net profit after tax of NTD 289,856 thousand and earnings per share of NTD 5.02 in 2022.

2. Budget implementation

The Company did not disclose financial forecasts for 2023, so there is no need to disclose budget implementation.

3. Analysis of financial revenues, expenses, and profitability

Item		2023	2022
Financial structure	Debt to total assets ratio (%)	49.28	59.49
Solvency	Current ratio (%)	164.88	128.71
	Quick ratio (%)	124.53	77.48
Profitability	Return on assets (%)	3.93	13.60
	Return on shareholders' equity (%)	7.64	36.46
	Earnings per share (NTD)	1.33	5.02

4. Research and development status

In order to further enhance the competitiveness of the Company's products and ensure the sustainable development of the Company, we are not only committed to the R&D and innovation of existing products and manufacturing optimization, but also continue to invest in research and innovation. Every year, we will continue to allocate 3-5% of the operating revenue as the R&D budget, and we will continue to drive the Company's growth through technological innovation. Winstar is committed to becoming the best partner of display solutions for global customers, and continues to provide customers with market-leading innovative products. The Company attaches great importance to the development trend of ESG and is committed to strengthening the research and development of environmentally friendly and energy-saving display products in order to develop more green products. We firmly believe that this can not only reduce waste of resources, but also provide customers with more environmentally friendly and energy-saving options, in line with our commitment to sustainable development and make a positive contribution to the society and the environment.

(2) 2024 Business Plan Summary

1. Operating guidelines and important policies

- (1) Grasp the market information, developing new technologies and new products to continuously meet the market demand.
- (2) Provide customers with solution and system integration services to create higher added value.
- (3) Introduce automated production and optimize product lines and processes to improve production and operating efficiency.
- (4) Implement the ISO quality management spirit and continue to improve the skills of employees and product quality.
- (5) Continue to improve customer service to meet customer needs and enhance satisfaction.
- (6) Introduce and cultivate professional talent to continuously improve the Company's competitiveness and operational performance.
- (7) Enhance e-commerce and digital applications and continue to develop innovative digital products.
- (8) Actively evaluate joint ventures with external resources or re-investment models to improve competitiveness.
- (9) Plan a comprehensive greenhouse gas inventory, and adopt various carbon reduction measures to move towards the goal of net zero emissions by 2050.
- (10) Implement corporate social responsibility initiatives, enhance employee benefits, and continue to care for the society and the environment.

2. Important production and sales policies

- (1) Optimize product portfolio and strengthen customized service capabilities to meet customers' diversified product needs.
- (2) Provide system integration solutions, combine hardware, software and firmware, and provide customers with high value-added services
- (3) Optimize the production process to improve efficiency, and expand the OLED production line to meet the future production capacity demand.
- (4) Establish subsidiary in Europe to provide customers with local and immediate services and develop new customers.
- (5) Continue to develop and optimize touch modules to meet the increasing market demand for touch products.
- (6) Actively strive for opportunities to cooperate with big international firms and consolidate the cooperative relationship with existing customers.

Finally, I would like to thank all shareholders for their support and trust. The Company will strive to provide global customers with excellent quality products and high value-added services, and actively explore new markets and businesses. A prudent management attitude creates greater value for all stakeholders and the Company.

Best regards

Healthy, safe, and prosperous business

II. Company Profile

1. **Date of Incorporation:** June 16, 1998

2. **Company history**

Year	Chronicle of Events
June 1998	The Company was officially established and registered with the Ministry of Economic Affairs, and formally commenced production of liquid crystal display modules.
October 1999	Cash capital increase of NT\$3,500 thousand, bringing total paid-in capital to NT\$13,500 thousand.
February 2001	Completed ISO9001 certification and obtained an official certificate
June 2001	Established a production plant in Changshu, in Jiangsu Province of mainland China
November 2001	Cash capital increase of NT\$26,500 thousand, bringing total paid-in capital to NT\$40,000 thousand.
December 2003	Cash capital increase of NT\$20,000 thousand, bringing total paid-in capital to NT\$60,000 thousand.
August 2004	Cash capital increase of NT\$60,000 thousand, bringing total paid-in capital to NT\$120,000 thousand.
December 2005	Capitalization of retained earnings of NT\$15,740 thousand, bringing paid-in capital to NT\$135,740 thousand.
July 2006	Capitalization of retained earnings of NT\$27,191 thousand, bringing paid-in capital to NT\$162,931 thousand.
December 2006	Cash capital increase of NT\$75,000 thousand, resulting in total paid-in capital of NT\$237,931 thousand.
August 2007	Capitalization of retained earnings of NT\$13,000 thousand, bringing paid-in capital to NT\$250,931 thousand.
October 2007	Won the 16th National Rock Award
August 2008	Capitalization of retained earnings of NT\$21,000 thousand, bringing paid-in capital to NT\$271,931 thousand.
October 2008	OLED panel manufacturing subsidiary Raystar Optronics, Inc. was officially approved to establish a presence in the Central Taiwan Science Park and commenced production line setup.
January 2009	OLED panels officially entered production
May 2010	Established a production plant in Dongguan, Guangdong, mainland China
September 2010	Capitalization of retained earnings of NT\$46,164 thousand, bringing paid-in capital to NT\$318,095 thousand.
November 2010	The mainland production plant in Changshu, Jiangsu Province completed ISO14001 certification and obtained an official certificate
March 2011	OLED products won in the 2011 Taiwan Excellence Awards for "Organic

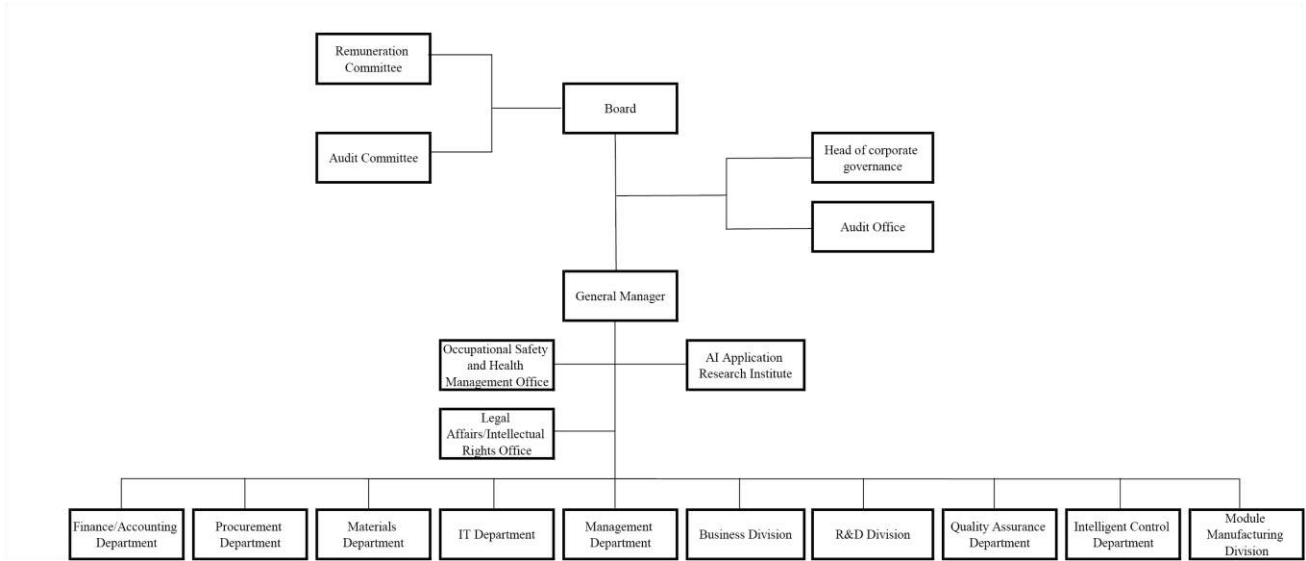
Year	Chronicle of Events
	Light-Emitting Display”
May 2011	Obtained a US patent for the world's first COB (Chip-on-Board) character OLED
March 2012	Obtained a Taiwan patent for the world's first COB (Chip-on-Board) character OLED
June 2012	Won the 15th Outstanding Optoelectronics Award
April 2013	Won in the 2013 Taiwan Excellence Awards for "ICON Type OLED Display Module"
August 2013	Obtained US patent for OLED technology (PMOLED display with uniform brightness controller and driving method)
December 2013	Chairman Yu-Pin Liao won the 36th Entrepreneurship Model Award Vice Chairman Yao-Wen Tsai won the 36th Entrepreneurship Support Award
April 2014	Won in the 2014 Taiwan Excellence Awards for "Character Type OLED Display Module"
June 2015	Established a Myanmar production factory in response to the government’s Southbound Policy and to diversify production base risks
November 2015	Subsidiary Raystar Optronics, Inc. established a second OLED production line in the Central Taiwan Science Park to expand OLED production capacity.
August 2016	Cash capital increase of NT\$81,905 thousand, bringing total paid-in capital to NT\$400,000 thousand.
September 2016	Obtained Taiwan patent for OLED technology, for "Passive matrix organic light-emitting diode display with balanced brightness function and driving method."
November 2016	Won the 3rd Taichung City Outstanding Industrial Innovation Award
February 2017	Won in the 2017 Taiwan Excellence Awards for "I Ultra-thin long-lasting OLED display module"
April 2017	Won the 5th National Industrial Innovation Award from the Ministry of Economic Affairs
December 2017	Won in the 2018 Taiwan Excellence Awards for "Circular OLED display module"
November 2018	The Company was approved to officially enter the Central Taiwan Science Park
November 2018	Won in the 2019 Taiwan Excellence Awards for "Ultra-thin micro OLED display"
November 2019	Established a California subsidiary primarily responsible for product promotions and sales in the North American market
September 2020	Won an Excellence Award of the “Central Science Park Workplace Equal

Year	Chronicle of Events
	Rights Unit”
November 2020	Won in the 2021 Taiwan Excellence Awards for "Narrow bezel ultra-thin OLED display"
April 2021	Taipei office established
November 2021	Won in the 2022 Taiwan Excellence Awards for "Weather-resistant OLED display"
December 2021	Obtained Taiwan patent for system integration product technology, for “Data transmission method of display devices”
December 2021	Cash capital increase of NT\$100,000 thousand, bringing total paid-in capital to NT\$500,000 thousand.
August 2022	Public offering approved by the Taipei Exchange.
September 2022	Cash capital increase of NT\$25,000 thousand, bringing total paid-in capital to NT\$525,000 thousand.
October 2022	Registered with Emerging Market
November 2022	Won an Excellence Award of the “Central Science Park Workplace Equal Rights Unit” for 2022
December 2022	Chairman Yu-Pin Liao was awarded the 40th "National Outstanding Manager Award"
December 2023	Listed on the Taiwan Stock Exchange
January 2024	Won the 20th Taiwan Golden Root Award
April 2024	Won in the Smart Display Application Awards 2024

III. Corporate Governance Report

1. Organizational System

(1) Organizational Structure



(2) Functions of Department

Department	Major Function
Audit Office	<ul style="list-style-type: none"> ● Implementation of annual audit plan and project operations assigned by management. ● Compile audit reports and track improvements. ● Review and evaluate the implementation of the internal control system.
AI Application Research Institute	<ul style="list-style-type: none"> ● Big Data related analysis report operations for various departments ● Development and introduction of AI application fields ● Group data model information system development
Legal Affairs/Intellectual Rights Office	<ul style="list-style-type: none"> ● Planning and operation of general legal work ● Consulting on contracts and related legal disputes and litigation cases ● Internal patent review, patent infringement identification and avoidance
Occupational Safety and Health Management Office	<ul style="list-style-type: none"> ● Formulate, plan, and promote occupational safety and health management matters ● Handling and management of environmental safety related matters ● Fire related business responsibilities

Department	Major Function
Business Division	<ul style="list-style-type: none"> ● Develop global markets and achieve business goals set by the Company. ● New markets, new customer development, and direct customer management and agent management. ● Market intelligence collection and competitiveness analysis report
R&D Division	<ul style="list-style-type: none"> ● Research and development of new products and technologies ● New sample design and development and project planning management
Management Department	<ul style="list-style-type: none"> ● Responsible for development and management of the Company's human resources policies, methods, and work procedures ● Responsible for planning, implementing, and managing general affairs, as well as operations related to fixed assets. ● Handling labor-related issues
Finance/Accounting Department	<ul style="list-style-type: none"> ● Responsible for auditing and supervising the Company's financial, accounting, tax, and cost operations. ● Management of the utilization and allocation of short- and long-term funds, as well as handling receipts and payments and cashier matters. ● Conducting stock-related operations.
IT Department	<ul style="list-style-type: none"> ● Maintaining and repairing information equipment, systems, and operations used within the Company to ensure normal operations. ● Evaluating, developing, and testing feasible solutions for the information needs of each department's organization. ● Procurement and maintenance of computer software and hardware
Procurement Department	<ul style="list-style-type: none"> ● Conducting procurement operations according to the procurement management process. ● Understanding supplier production capacity and quality standards, assisting relevant units in selecting and evaluating suppliers, and establishing supplier evaluation data. ● Developing new suppliers, requesting price quotes for materials to understand market conditions, and reducing procurement costs.
Materials Department	<ul style="list-style-type: none"> ● Responsible for import and export declarations and return arrangements ● Responsible for shipping schedules, inventory receipt and issuance management, inventory review and analysis, and packaging.

Department	Major Function
Quality Assurance Department	<ul style="list-style-type: none"> ● Planning, supervising, auditing, requiring, maintaining, and managing the document control center of the ISO quality management system. ● Incoming material inspection, process control, instrument calibration, and outgoing quality control (OQC) inspection. ● RMA product repair service, quality problem analysis, and resolution.
Intelligent Control Department	<ul style="list-style-type: none"> ● Development of automated machinery. ● System integration and equipment improvement.
Module Manufacturing Division	<ul style="list-style-type: none"> ● After producing evaporation wafers, the testing station conducts PMT electrical function checks. ● Repair of defective products and CIE first article inspection for quality confirmation, ensuring the quality of BCB shipments. ● COG/COB production.

2. Directors, President, vice presidents, assistant vice presidents, heads of departments and branches

1. Directors

March 31, 2024; Units: Shares, %

Job Title	Name	Gender Age	Nationality or Registration Place	First Elected Date	Election Date	Term Expires	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shares Held through Other Parties		Experience (Education)	Also Serves Concurrently as	Directors or Supervisor Officers, Directors, or Supervisors are Spouse or Within the Second Degree of Kinship to Each Other			Remarks
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job title	Name	Relationship	
Chairman	Yu-Pin Liao	Male 51-60	Republic of China	1998.6.8	2022.9.29	3 years	5,254,754	10.51%	6,005,672	8.90%	3,658,422	5.42%	23,746,680	35.18%	Doctoral Degree Program in Business, Feng Chia University Engineer, Powertip Technology	Note 1	—	—	—	—
Director	Jastar Investment.	—	Republic of China	2022.9.29	2022.9.29	3 years	7,461,921	14.92%	8,527,909	12.63%	—	—	—	—	EMBA, National Chung Hsing University R&D Engineer, Powertip Technology	—	—	—	—	—
	Yao-Wen Tsai	Male 51-60	Republic of China				2,458,017	4.68%	2,862,876	4.24%	639,481	0.95%	4,949,392	7.33%		Note 2	—	—	—	—
Director	Kenstar Investment.	—	Republic of China	2022.9.29	2022.9.29	3 years	9,307,186	18.61%	10,636,783	15.76%	—	—	—	—	Department of English, Tamkang University	—	—	—	—	—
	Ssu-Chun Sung	Female 41-50	Republic of China				2,516,570	3.73%	2,729,394	4.04%	6,934,700	10.27%	—	—	Special Assistant, Raystar Optronics, Inc.	Note 3	—	—	—	—
Independent Director	Hsiang-Tsai Chiang	Male 51-60	Republic of China	2022.9.29	2022.9.29	3 years	—	—	—	—	—	—	—	—	PhD in Accounting and Information Management, Nova Southeastern University, USA Dean of Business School, Feng Chia University Full Time Instructor, Department of Accounting, Feng Chia University Director of Accounting Office, Feng Chia University CFO, Feng Chia University Director of Human Resources, Feng Chia University	Note 4	—	—	—	—
Independent Director	San-Shan Hung	Male 61-70	Republic of China	2022.9.29	2022.9.29	3 years	—	—	—	—	—	—	—	—	Doctor of Engineering, Department of Electrical Engineering, National Taiwan University of Science and Technology Full-Time Professor, Department of Automatic Control Engineering, Feng Chia University Dean of the School of Information and Electrical Engineering, Feng Chia University	Note 5	—	—	—	—
Independent Director	Ming-Shih Chiu	Male 41-50	Republic of China	2022.9.29	2022.9.29	3 years	—	—	—	—	—	—	—	—	PhD in Architectural Structures, University of Leeds, UK President, Feng Jing Construction Co., Ltd. President, Nan Yue Construction Co., Ltd. Responsible Person, Fengrun Construction Co., Ltd.	Note 6	—	—	—	—
Independent Director	Yen-Jen Chang	Male 51-60	Republic of China	2022.9.29	2022.9.29	3 years	—	—	—	—	—	—	—	—	Ph.D., Institute of Information Engineering, National Taiwan University Professor, Department of Engineering, National Chung Hsing University	Note 7	—	—	—	—

Note 1: Chairman, Raystar Optronics, Inc.; Chairman, Winstar Display (Changshu) Co., Ltd.; Chairman, Winstar Display (Dongguan) Co., Ltd.

Note 2: Vice President, Winstar Display Co., Ltd.; President, Kenstar Display Co., Ltd.

Note 3: Special Assistant, Raystar Optronics, Inc.

Note 4: Dean of Business School, Feng Chia University

Note 5: Full-Time Professor, Department of Automatic Control Engineering, Feng Chia University

Note 6: Chairman, Fengrun Construction Co., Ltd.

Note 7: Full-Time Professor, Department of Information Engineering, National Chung Hsing University

Note 8: When the chairman and the general manager or equivalent (top manager) are the same person, or are spouses or relatives within one degree of kinship to each other, the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent director seats, with more than half of the directors not concurrently serving as employees or managers, etc.) should be disclosed along with relevant information: The Chairman concurrently serves as President of the Company to enhance operational efficiency and decision-making implementation. However, to strengthen the independence of the Board of Directors, the Chairman closely communicates with all directors to fully understand the Company's operational status and policy direction in order to implement corporate governance. The Company held an extraordinary meeting of shareholders on September 29, 2022, to completely re-elect the Board of Directors (including four independent directors) and to establish an audit committee to replace the supervisor, in compliance with corporate governance principles.

2. Major shareholders of institutional shareholders represented by directors:

March 31, 2024

Name of Juristic Person Shareholder	Major Shareholders of Juristic Person Shareholder
Kenstar Investment Co., Ltd.	Ssu-Chun Sung (37.50%), Yu-Pin Liao (62.50%)
Jastar Investment Co., Ltd.	Kenstar Investment (85.00%), Ssu-Chun Sung (2.50%), Yu-Pin Liao (5.00%), Ying-Shun Liao (2.50%), Kuan-Chuan Liao (2.50%), Yen-Hua Liao (2.50%)

3. Major shareholders represented by corporate shareholders:

March 31, 2024

Name of Juristic Person Shareholder	Major Shareholders of Juristic Person Shareholder
Kenstar Investment Co., Ltd.	Ssu-Chun Sung (37.50%), Yu-Pin Liao (62.50%)

4. Information on Professional Qualification of Directors and Independence of Independent Directors

March 31, 2024

Criteria Name	Professional Qualification & Experience	Independence	Concurrently serving as an independent director in other publicly listed companies
Yu-Pin Liao	Education: Doctoral Degree Program in Business, Feng Chia University Professional experience: Engineer, Powertip Technology Chairman and President of the Company Chairman and President, Raystar Optonics, Inc. Chairman and President, Winstar Display (Changshu) Co., Ltd. Executive Director and President, Winstar Display (Dongguan) Co., Ltd. Chairman, Kenstar Display Co., Ltd. Representative, Winbest Technology LLC. Representative, Wincaelum Global (Samoa) Corp. Representative, Fairlink Group Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	With the exception of Chairman Yu-Pin Liao and institutional representative director Ssu-Chun Sung, who are spouses, the other directors do not have spousal relationships nor are they relatives within the second degree of kinship. Therefore, among the Company's directors, there are no instances where more than half of the seats are held by individuals with spousal relationships or relations within the second degree of kinship,	None

Criteria Name	Professional Qualification & Experience	Independence	Concurrently serving as an independent director in other publicly listed companies
Yao-Wen Tsai	Education: EMBA, National Chung Hsing University Professional experience: R&D Engineer, Powertip Technology Vice President of the Company Director, Winstar Display (Changshu) Co., Ltd. Supervisor, Winstar Display (Dongguan) Co., Ltd. President, Kenstar Display Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act	and there is no violation of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.	None
Ssu-Chun Sung	Education: Department of English, Tamkang University Professional experience: Supervisor of the Company Special Assistant, Raystar Optronics Co., Ltd. Director, Raystar Optronics, Inc. Supervisor, Winstar Display (Changshu) Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		None
Hsiang-Tsai Chiang	Education: PhD in Accounting and Information Management, Nova Southeastern University, USA Professional experience: Dean of Business School, Feng Chia University Full Time Instructor, Department of Accounting, Feng Chia University Director of Accounting Office, Feng Chia University CFO, Feng Chia University Director of Human Resources, Feng Chia University Not been a person of any conditions defined in Article 30 of the Company Act	The Company's four independent directors all comply with the independence requirements set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	None
San-Shan Hung	Education: Doctor of Engineering, Department of Electrical Engineering, National Taiwan University of Science and Technology Professional experience: Full-Time Professor, Department of Automatic Control Engineering, Feng Chia University Dean of the School of Information and Electrical Engineering, Feng Chia University Not been a person of any conditions defined in Article 30 of the Company Act		None

Criteria Name	Professional Qualification & Experience	Independence	Concurrently serving as an independent director in other publicly listed companies
Ming-Shih Chiu	Education: PhD in Architectural Structures, University of Leeds, UK Professional experience: President, Feng Jing Construction Co., Ltd. President, Nan Yue Construction Co., Ltd. Responsible Person, Fengrun Construction Co., Ltd. Not been a person of any conditions defined in Article 30 of the Company Act		None
Yen-Jen Chang	Education: Ph.D., Institute of Information Engineering, National Taiwan University Professional experience: Professor, Department of Engineering, National Chung Hsing University Not been a person of any conditions defined in Article 30 of the Company Act		None

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and explain whether there are no circumstances described in Article 30 of the Company Act.

Note 2: Independent directors should disclose their compliance with the independence criteria, including but not limited to whether they, their spouses, or second-degree relatives serve as directors, supervisors, or employees of the Company or other related companies; whether they hold shares of the Company; whether they serve as directors, supervisors, or employees of companies with specific relationships with the Company; and whether they have received remuneration for providing business, legal, financial, accounting, or other services to the Company or other related companies in the last two years.

5. Diversity and Independence of the Board of Directors

- (1) Board diversity: The Company advocates and respects a policy of director diversity, believing that such a policy enhances corporate governance, fosters the sound development of the Board of Directors' composition and structure, and contributes to the overall performance of the Company. The selection of board members is based on the principle of meritocracy, ensuring a diverse range of complementary skills across various industries. Each member possesses industry experience, relevant skills, and capabilities in business judgment, management, leadership, and decision-making. In order to strengthen the functions of the Board of Directors to achieve ideal goals of corporate governance, the Company's Board of Directors as a whole should have the following capabilities:

Core items of diversification Name of Director	Basic Composition							Abilities						
	Nationality	Gender	Con-current Position as Employee of the Company	Age			independent director Service Term		Operational judgment	Accounting and financial analysis	Operation Management	Industry Knowledge	Vision of the global market	Leadership and decision making
				41~50	51~60	61~70	Less than 3 years	Over 3 years						
Yu-Pin Liao	Republic of China	Male	V		V				V		V	V	V	V
Yao-Wen Tsai	Republic of China	Male	V		V				V		V	V		V
Ssu-Chun Sung	Republic of China	Female		V					V		V			V
Hsiang-Tsai Chiang	Republic of China	Male			V		V		V	V	V			V
San-Shan Hung	Republic of China	Male				V	V		V		V	V		V
Ming-Shih Chiu	Republic of China	Male		V			V		V		V		V	V
Yen-Jen Chang	Republic of China	Male			V		V		V		V	V		V

Overview of the Company's 11th Board of Directors: The board comprises a total of 7 members, including 4 independent directors. Collectively, they possess operational judgment, accounting and financial analysis skills, management expertise, industry knowledge, international market perspectives, leadership, and decision-making abilities. They have industry experience and professional knowledge. All seven directors of the Company hold domestic nationality. In terms of the age distribution of the board members, two directors are aged between 41 and 50, four directors are aged between 51 and 60, and one director is aged between 61 and 70. The Company's directors have diverse backgrounds, complementing each other and grounded in practical experience. In the future, the Company will adjust its diversification policy based on the operation of the board, the operational model, and development needs. This includes, but is not limited to, standards such as basic qualifications and values, professional knowledge, and skills. This is to ensure that board members generally possess the knowledge, skills, and qualities necessary to perform their duties.

- (2) Independence of the Board of Directors: Among the Company's directors, there are a total of seven seats, including four independent directors. Except for Chairman Yu-Pin Liao and Director Ssu-Chun Sung, who are spouses, the directors do not have spousal relationships or relations within the second degree of kinship with each other. Therefore, there are no instances where more than half of the seats held by the Company's directors are individuals with spousal relationships or relations within the second degree of kinship, and there is no violation of Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

6. Information on General Manager, Vice General Managers, Assistant General Managers, and heads of departments and branch units

March 31, 2024; Units: Shares, %

Job Title	Nationality	Name	Gender	Date assumed office	Shareholding		Shares held by spouse and minor children		Shares Held through Other Parties		Experience (Education)	Position concurrently held in other companies	Having spouse or any relative within the second degree of kinship who serves as the Company's officer			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job title	Name	Relationship	
General Manager	Republic of China	Yu-Pin Liao	Male	2020/07/24	6,005,672	8.90%	3,658,422	5.42%	23,746,680	35.18%	Doctoral Degree Program in Business, Feng Chia University Engineer, Powertip Technology	Chairman, Raystar Optronics, Inc. Chairman, Winstar Display (Changshu) Co., Ltd. Chairman, Winstar Display (Dongguan) Co., Ltd.	—	—	—	Note 1
Vice General Manager	Republic of China	Yao-Wen Tsai	Male	2022/07/21	2,862,876	4.24%	639,481	0.95%	4,949,392	7.33%	EMBA, National Chung Hsing University R&D Engineer, Powertip Technology	President, Kenstar Display Co., Ltd.	—	—	—	—
Vice President of Finance	Republic of China	Wen-Chin Chang	Male	2020/07/27	474,183	0.70%	—	—	—	—	Master of Business Administration, Feng Chia University Director, Sanyo Electronics	Supervisor, Raystar Optronics, Inc.	—	—	—	—
Business VP	Republic of China	Chien-Chih Lin	Male	2012/03/05	2,188,000	3.24%	—	—	—	—	Department of Electrical/Sub-Engineering, National Chin-Yi University of Technology Engineer, Shenghua Electronics	Director, Raystar Optronics, Inc.	—	—	—	—
Special Assistant to the Chairman	Republic of China	Chun-Chieh Lin	Male	2021/06/01	214,301	0.32%	—	—	—	—	Master of Materials Science and Engineering, National Chiao Tung University Shenzhen Royole Display Technology Co., Ltd. Director	—	—	—	—	—
Assistant Manager, R&D Division	Republic of China	Liang Jung-Chih	Male	2020/10/01	65,678	0.10%	—	—	—	—	Department of Electrical/Electronic Engineering, Chienkuo Technology University Manager, Winstar Display	—	—	—	—	—
Assistant Manager, R&D Division	Republic of China	Lai Kuo-Chien	Male	2020/10/01	89,741	0.13%	—	—	—	—	Department of Electrical/Electronic Engineering, National United University Manager, Winstar Display	—	—	—	—	—
Assistant Manager, R&D Division	Republic of China	Hsu Chien-Chou	Male	2019/05/06	27,067	0.04%	—	—	—	—	Master of Information Science and Engineering, National Chung Hsing University Senior Manager, Coretronic	—	—	—	—	—
Assistant Manager, R&D Division	Republic of China	Wang Hsing-Fa	Male	2023/07/24	60,073	0.09%	—	—	—	—	Master of Electrical Engineering, National Chung Hsing University Director, Chenfeng Optronics	—	—	—	—	—
Assistant Manager, Business Division	Republic of China	Wang Hui-Tsu	Female	2020/10/01	70,361	0.10%	—	—	—	—	Department of International Trade, Shih Chien University Manager, Winstar Display	—	—	—	—	—
Assistant Manager, IT Department	Republic of China	Kao Tzu-Hui	Female	2020/10/01	60,969	0.09%	—	—	—	—	Master of Business Administration, National Changhua University of Education Associate Manager, Winstar Display	—	—	—	—	—
Assistant Manager, Finance Department	Republic of China	Hsin-Fu Huang	Male	2020/01/15	37,729	0.06	—	—	—	—	Department of Accounting, National Chung Hsing University Director, Crowe (TW) CPAs	—	—	—	—	—
Manager, Quality Assurance Department	Republic of China	Ho Min-Chang	Male	2012/07/06	104,634	0.16%	—	—	—	—	Department of Electrical/Sub-Engineering, National Chin-Yi University of Technology Director, Jinjia Photoelectric	—	—	—	—	—

Note 1: When the chairman and the general manager or equivalent (top manager) are the same person, or are spouses or relatives within one degree of kinship to each other, the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent director seats, with more than half of the directors not concurrently serving as employees or managers, etc.) should be disclosed along with relevant information: The Chairman concurrently serves as President of the Company to enhance operational efficiency and decision-making implementation. However, to strengthen the independence of the Board of Directors, the Chairman closely communicates with all directors to fully understand the Company's operational status and policy direction in order to implement corporate governance. The Company held an extraordinary meeting of shareholders on September 29, 2022, to completely re-elect the Board of Directors (including four independent directors) and to establish an audit committee to replace the supervisor, in compliance with corporate governance principles.

7. Remuneration paid to directors and supervisors in the most recent year (2023)

(1) Remuneration paid to directors and independent directors

Unit: NTD thousand

Job title	Name	Remuneration for directors								Sum of A+B+C+D and ratio to net income (%) (Note 1)		Remuneration received for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income (%)		Remuneration received from any re-invested business other than subsidiaries or from Parent Company
		Compensation (A)		Retirement pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pension (F)		Employee's compensation (G)						
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report	
Cash Amount	Stocks Amount															Cash Amount	Stocks Amount					
Chairman	Yu-Pin Liao	—	—	—	—	5,000	5,000	66	66	5,066; 6.27%	5,066; 6.27%	15,952	15,952	388	388	654	—	654	—	16,994; 21.03%	16,994; 21.03%	—
Director	Kenstar Investment Corporate representative: Ssu-Chun Sung																					
Director	Jastar Investment Corporate representative: Yao-Wen Tsai																					
Independent Director	Hsiang-Tsai Chiang	1,440	1,440	—	—	—	—	88	88	1,528; 0.13%	1,528; 0.13%	—	—	—	—	—	—	—	1,528; 0.13%	1,528; 0.13%	—	
Independent Director	Ming-Shih Chiu																					
Independent Director	San-Shan Hung																					
Independent Director	Yen-Jen Chang																					
<div>1. Please state the policies, systems, standards and structure of independent directors' remuneration, and according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: The Company's independent directors, in accordance with the Regulations Governing the Compensation of Directors, Independent Directors, and Managers, proposed a fixed compensation recommendation based on industry standards and the time and responsibilities of the independent directors. This recommendation was approved by the Board of Directors. Independent directors do not participate in annual distributions of directors' remuneration</div> <div>2. Other than the content revealed in the table above, remuneration received by directors of the Company for their services in the most recent year (such as serving as an external consultant to the parent company, to any company listed in the financial statements, or to a reinvested company): None.</div>																						

Note: Before the printing of this annual report, the Company's employee compensation for the year 2023 had not yet been finalized and is presented as an estimate.

Remuneration Bracket Table

Brackets of Remuneration for Individual Directors	Name of Director			
	Total amount of the first four remuneration items (A+B+C+D)		Total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies in financial report (H)	The Company	All companies in financial report (I)(I)
Less than NT\$1,000,000	Hsiang-Tsai Chiang, Ming-Shih Chiu, San-Shan Hung, Yen-Jen Chang	Hsiang-Tsai Chiang, Ming-Shih Chiu, San-Shan Hung, Yen-Jen Chang	Hsiang-Tsai Chiang, Ming-Shih Chiu, San-Shan Hung, Yen-Jen Chang	Hsiang-Tsai Chiang, Ming-Shih Chiu, San-Shan Hung, Yen-Jen Chang
NT\$1,000,000 (incl.) – NT\$2,000,000 (excl.)	Kenstar Investment Co., Ltd. (Representative: Ssu-Chun Sung), Jastar Investment Co., Ltd. (Representative: Yao-Wen Tsai)	Kenstar Investment Co., Ltd. (Representative: Ssu-Chun Sung), Jastar Investment Co., Ltd. (Representative: Yao-Wen Tsai)	Kenstar Investment Co., Ltd. (Representative: Ssu-Chun Sung)	Kenstar Investment Co., Ltd. (Representative: Ssu-Chun Sung)
NT\$2,000,000 (incl.) – NT\$3,500,000 (excl.)	—	—	Jastar Investment Co., Ltd. (Representative: Yao-Wen Tsai)	Jastar Investment Co., Ltd. (Representative: Yao-Wen Tsai)
NT\$3,500,000 (incl.) – NT\$5,000,000 (excl.)	—	—	—	—
NT\$5,000,000 (incl.) – NT\$10,000,000 (excl.)	—	—	—	—
NT\$10,000,000 (incl.) – NT\$15,000,000 (excl.)	—	—	—	—
NT\$15,000,000 (incl.) – NT\$30,000,000 (excl.)	Yu-Pin Liao	Yu-Pin Liao	Yu-Pin Liao	Yu-Pin Liao
NT\$30,000,000 (incl.) – NT\$50,000,000 (excl.)	—	—	—	—
NT\$50,000,000 (incl.) – NT\$100,000,000 (excl.)	—	—	—	—
More than NT\$100,000,000	—	—	—	—
Total	7 seats	7 seats	7 seats	7 seats

(2) Remuneration for President and Vice Presidents

Unit: NTD thousand, %

Job Title	Name	Salary (A)		Retirement pension (B)		Bonus and special expenses, etc. (C)		Employee Compensation Amount (D)				Sum of A+B+C+D and ratio to net income (%)		Remuneration received from any re-invested business other than subsidiaries or from Parent Company
		The Company	All companies in financial report	The Company	All companies in financial report	The Company	All companies in financial report	The Company		All companies in financial report		The Company	All companies in financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Yu-Pin Liao	12,595	12,595	527	527	5,312	5,312	709	—	709	—	19,143; 23.69%	19,143; 23.69%	—
Vice General Manager	Yao-Wen Tsai													
Business VP	Chien-Chih Lin													
Vice President of Finance	Wen-Chin Chang													

Remuneration Bracket Table

Brackets of Remuneration for General Manager and Individual Vice General Managers	Name of General Manager or Vice General Manager	
	The Company	All companies in financial report (E)
Less than NT\$1,000,000	—	—
NT\$1,000,000 (incl.) – NT\$2,000,000 (excl.)	Yao-Wen Tsai, Chien-Chih Lin	Yao-Wen Tsai, Chien-Chih Lin
NT\$2,000,000 (incl.) – NT\$3,500,000 (excl.)	—	—
NT\$3,500,000 (incl.) – NT\$5,000,000 (excl.)	Wen-Chin Chang	Wen-Chin Chang
NT\$5,000,000 (incl.) – NT\$10,000,000 (excl.)	—	—
NT\$10,000,000 (incl.) – NT\$15,000,000 (excl.)	Yu-Pin Liao	Yu-Pin Liao
NT\$15,000,000 (incl.) – NT\$30,000,000 (excl.)	—	—
NT\$30,000,000 (incl.) – NT\$50,000,000 (excl.)	—	—
NT\$50,000,000 (incl.) – NT\$100,000,000 (excl.)	—	—
More than NT\$100,000,000	—	—
Total	4 seats	4 seats

8. Names of managerial personnel receiving distributed employee compensation and distribution:

Unit: NTD thousand, %

	Job Title	Name	Stock Amount	Cash Amount	Total	As a % of net profit
Managers	General Manager	Yu-Pin Liao	—	1,139	1,139	1.41%
	Vice General Manager	Yao-Wen Tsai				
	Business VP	Chien-Chih Lin				
	Vice President of Finance	Wen-Chin Chang				
	Special Assistant to the Chairman	Chun-Chieh Lin				
	Assistant Manager, R&D Division	Liang Jung-Chih				
	Assistant Manager, R&D Division	Lai Kuo-Chien				
	Assistant Manager, R&D Division	Hsu Chien-Chou				
	Assistant Manager, R&D Division	Wang Hsing-Fa				
	Assistant Manager, Business Division	Wang Hui-Tsu				
	Assistant Manager, IT Department	Kao Tzu-Hui				
	Assistant Manager, Finance Department	Hsin-Fu Huang				
	Manager, Quality Assurance Department	Ho Min-Chang				

Note: Before the printing of this annual report, the Company's employee compensation for the year 2023 had not yet been finalized and is presented as a provisional estimate.

1. Separate comparison and explanation of the ratios of remuneration paid to directors, supervisors, the President and vice president(s) of the Company and of all companies in the consolidated financial statements to net profit after tax in the parent company only or individual financial statements in the last two years. Further explain the correlation between the policies, standards, and combinations of payment procedures for determination of remuneration, business performance, and future risks:
 - (1) Analysis of the proportions to net profits after tax in parent company only and individual financial statements of the total remuneration paid to directors, supervisors, the general manager, and deputy general managers by the Company and all companies in the consolidated financial statements in the most recent two years:

Unit: NTD thousand, %

Item	2022		2023	
	The Company	Consolidated statements	The Company	Consolidated statements
Total directors' remuneration	7,500	7,500	5,000	5,000
Proportion of total directors' remuneration to net profit after tax (%)	2.59	2.59	6.19	6.19
Total supervisor's remuneration	—	—	—	—
Proportion of total supervisor's remuneration to net profit after tax (%)	—	—	—	—
Total remuneration of President and Vice Presidents	27,690	27,690	19,143	19,143
Proportion of total remuneration of President and Vice Presidents to net profit after tax (%)	9.55	9.55	23.69	23.69
Total remuneration of President and Vice Presidents Ratio (%)				

2. Remuneration policies, standards, and packages for directors, supervisors, general manager, and deputy general manager, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

- (1) Directors and supervisors

In accordance with the Company's Articles of Incorporation, the remuneration of directors and supervisors shall be appropriated not exceeding 5% of the profits of the current year (i.e., the profit before tax deduction for employee remuneration and director and supervisor remuneration). Independent directors shall not participate in the distribution of director remuneration.

- (2) President and Vice President

The remuneration of the President and Vice President(s) includes salary, bonuses, and employee benefits. The salary level is determined based on the position held, the responsibilities undertaken, and the contribution to the Company, taking into account industry standards. The standards for the distribution of employee benefits follow the Company's Articles of Incorporation, are submitted to the Board of Directors, and are distributed after being approved by the Board of Directors.

The Company's remuneration policies and procedures for Directors, President, and Vice Presidents, as described above, are positively related to business performance for all parts of remuneration except for basic salary, and the amount of payment is disclosed in accordance with laws and regulations.

3. Corporate Governance Practices

(1) Practices of Board of Directors

1. The Company's Board of Directors held a total of 11 meetings in 2023. The attendance of directors is as follows:

Job Title	Name	Frequency of actual attendance (presence)	Frequency of proxy attendance (presence)	Actual attendance (presence) ratio (%)	Remarks
Chairman	Yu-Pin Liao	11	-	100%	
Corporate director	Jastar Investment Co., Ltd. Representative: Yao-Wen Tsai	11	-	100%	
Corporate director	Kenstar Investment Co., Ltd. Representative: Chien-Chih Lin	4	-	100%	2023/05/01 reassignment of representative
Corporate director	Kenstar Investment Co., Ltd. Representative: Ssu-Chun Sung	7	-	100%	2023/05/01 reassignment of representative
Independent Director	Hsiang-Tsai Chiang	9	2	82%	
Independent Director	Ming-Shih Chiu	8	2	73%	
Independent Director	San-Shan Hung	11	-	100%	
Independent Director	Yen-Jen Chang	11	-	100%	

Others:

- Where any of the following happens in a meeting of the company's Board of Directors, the meeting's date, term, contents, all independent directors' opinion, and the company's action on the independent directors' opinion shall be specified:
 - Any matter as set forth in Article 14-3 of Securities and Exchange Act: Not applicable. The Company has established an audit committee, which applies to matters related to Article 14-5 of the Securities and Exchange Act.
 - Other than the matters above, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: No such circumstances.
- For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting: No such circumstances.
- For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content:
The Company conducted evaluations of the Board of Directors in 2022 and disclosed the relevant matters in a board meeting report on March 9, 2023.
- Evaluation of the goals and implementation status of strengthening Board of Directors functions in the current year and the most recent year:
 - The Company has established an Audit Committee and a Remuneration Committee to assist the Board of Directors in its duties. The aforementioned functional committees are composed of four independent directors and may, as needed, engage external experts to provide opinions.
 - The Company's Board of Directors indeed operates in accordance with the Rules of Procedure for Board of Directors Meetings and relevant legal regulations. The Finance and Audit Supervisors also attend the Board of Directors meetings and issue relevant reports for the directors' reference.
 - The Company has established Board of Directors Performance Evaluation Measures, and the Board of Directors conducts regular internal self-assessments each year to enhance board functions and corporate governance.
 - The Company completed the comprehensive re-election of the 11th Board of Directors at the extraordinary meeting of shareholders held on September 29, 2022. Seven directors were appointed, including four independent directors, to enhance board functions and corporate governance. The Company arranges regular training courses for directors each year to strengthen their legal knowledge on topics related to corporate governance.

2. Board of Directors status of evaluation and implementation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 through December 31, 2023	The overall Board of Directors. Individual members of Board. Functional committees.	1. Self-evaluation within Board. 2. Self-evaluation of board members. 3. Entrusting external professional institutions and experts for evaluation every three years.	Evaluation of the performance of the board: should include, at a minimum, the degree of the board's involvement in Company operations, enhancement of the board's decision-making quality, composition and structure of the board, election and ongoing education of directors, and internal controls. Evaluation of the performance of individual directors: should include at least familiarity with the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the company, management of internal relationships and communication, the director's professionalism and continuing education, and internal controls. Evaluation of the performance of functional committees: Includes degree of participation in the Company's operations, awareness of the functional committee's responsibilities, elevation of the decision-making quality of the functional committee, composition and member selection of the functional committee, and internal controls.

(2) Information on practices of the Audit Committee

Ten meetings have been held by the Audit Committee in 2023. The records of attendance by independent directors are shown as follows:

Job title	Name	Frequency of actual attendance (presence)	Frequency of proxy attendance (presence)	Actual attendance (presence) ratio (%)	Remarks
Independent Director	Hsiang-Tsai Chiang	8	2	80%	
Independent Director	Ming-Shih Chiu	8	1	80%	
Independent Director	San-Shan Hung	10	-	100%	
Independent Director	Yen-Jen Chang	10	-	100%	
Others:					
<p>1. Responsibilities and working priorities of the Audit Committee in 2023 were mainly to review the following matters of the Company:</p> <ol style="list-style-type: none"> (1) The annual financial statements signed or sealed by the chairman, manager and accounting officer (2) Establishment or revision of the internal control system and evaluation of its effectiveness. (3) Adoption of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others. (4) Matters in which a director is an interested party. (5) Asset transactions or derivatives trading of a material nature. (6) Loans of funds, endorsements, or provision of guarantees of a material nature. (7) The offering, issuance, or private placement of equity-type securities. (8) The hiring or dismissal of a certified public accountant, or their compensation. (9) The appointment or discharge of a financial, accounting, or internal audit officer. (10) Other material matters as may be required by this Corporation or by the competent authority. <p>2. If the operation of the Audit Committee falls into one of the circumstances, the date and duration of the meeting of the Board, details of proposals, resolutions of the Audit Committee, and how the Company deals with the opinions of the Audit Committee shall be stated:</p> <ol style="list-style-type: none"> (1) Matters specified in Article 14-5 of the Securities and Exchange Act. (2) Other than the matters above, any resolutions not approved by the Audit Committee but agreed upon by two-thirds or more of all directors. 					

Audit Committee	Content of motion and subsequent action	Matters specified in article 14-5 of the securities and exchange act	Resolutions not approved by the audit committee but approved by more than two-thirds of all directors
1st session 3rd meeting 2023.01.17	1. The company's proposed acquisition of right-of-use assets from related parties.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 4th meeting 2023.03.09	1. Statement of internal control system for 2022	V	None
	2. Proposed amendment of the sustainable development best practice principles of the company.	V	None
	3. Proposed amendment to the company's regulations governing financial and business transactions among related enterprises, and their renaming to the procedures for financial and business transactions among related parties.	V	None
	4. Proposed amendment of the company's corporate governance best-practice principles.	V	None
	5. Proposed additions to the company's procedures for acquisition or disposal of assets.	V	None
	6. Proposed additions to accounting systems of the company's subsidiaries.	V	None
	7. Proposed amendments to the company's procedures for endorsement and guarantee.	V	None
	8. The company and its subsidiaries have set the total amount of overall endorsements and guarantees at 100% of the company's net worth, as deemed necessary and reasonable.	V	None
	9. Proposed formulation of the management regulations for the company's subsidiary winstar display.	V	None
	10. The company's ability to prepare its own financial statements.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 5th meeting 2023.04.11	1. Evaluation of the independence and competency of the certifying cpas.	V	None
	2. Corrections to the company's annual financial statements for 2021 and 2020.	V	None
	3. 2022 business report and financial statements.	V	None
	4. 2022 earnings distribution proposal.	V	None
	5. Capitalization of retained earnings and issuance of new shares.	V	None
	6. Proposed formulation of the company's "standard operating procedures for handling directors' requirements."	V	None
	7. Proposed amendment of the company's supervision and management measures for subsidiaries.	V	None
	8. Proposed amendment of the company's rules of procedure for shareholders' meetings.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 6th meeting 2023.04.18	1. Proposed amendment of the company's articles of incorporation.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 7th meeting 2023.05.30	1. Consolidated financial statements for the first quarter of 2023.	V	None
	2. Proposed adoption of the company's internal control system statement for april 1, 2022 through march 31, 2023	V	None
	3. Proposed adoption of corporate governance self-assessment report.	V	None
	4. Proposed change of head of corporate governance.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 8th meeting 2023.07.19	1. Proposed adoption of financial forecasts for the third and fourth quarters of 2023.	V	None
	2. Proposed amendment of the company's supervision and management measures for subsidiaries.	V	None
	3. Proposed amendment of the company's corporate governance best-practice principles.	V	None
	4. Proposed amendment of the company's procedures for financial and business transactions among related parties.	V	None
	5. Proposed change of head of corporate governance.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		

1st session 9th meeting 2023.08.11	1. Consolidated financial statements for the second quarter of 2023.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 10th meeting 2023.09.28	1. The company's proposed handling of a pre-ipo cash capital increase and issuance of new shares.	V	None
	2. Matters related to the number of employees allocated for the company's initial listing of cash capital increase and issuance of new shares.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 11th meeting 2023.11.07	1. Consolidated financial statements for the third quarter of 2023.	V	None
	2. Proposed formulation of operational procedures for loaning funds to others by the company's subsidiary winstar display (changshu) co., ltd.	V	None
	3. Proposed lending of funds from subsidiary winstar display (changshu) co., ltd. To subsidiary winstar display (dongguan) co., ltd.	V	None
	4. Proposed adoption of the company's provision of endorsement and guarantee for the financing needs of subsidiaries.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
1st session 12th meeting 2023.12.26	1. Internal audit plan for 2024.	V	None
	2. Business plan and budget for 2024.	V	None
	3. Subsidiary winstar display (dongguan) co., ltd.'S planned lease of a factory building from subsidiary winstar display (changshu) co., ltd.	V	None
	4. Subsidiary winstar display (changshu) co., ltd.'S lease of a new factory.	V	None
	5. Furnishing of the new factory building of subsidiary winstar display (changshu) co., ltd.	V	None
	6. Proposed adoption of the company's provision of endorsement and guarantee for the financing needs of subsidiaries.	V	None
	Resolution of audit committee: all members present unanimously approved the motion without objection.		
	Company's action on audit committee's opinion: none		
3.	In the event that an independent director has to avoid voting on a resolution because of a conflict of interest, the name of the independent director, the issue to be discussed, reasons and the result of the vote shall be noted: No such circumstances and therefore inapplicable.		
4.	Communication between independent directors and internal audit officers and accountants (including significant matters, methods, and results of communication concerning the Company's financial and business situations): The Company's external auditors and internal auditors report the results of their audit (review) of the annual and semi-annual financial reports, as well as the operation of the internal control system, to the Audit Committee. During these meetings, independent directors have the opportunity for extensive face-to-face communication with the auditors and internal auditors to grasp the Company's operational status and provide appropriate supervision. In addition to quarterly Audit Committee meetings, independent directors also maintain contact and interact with the auditors and internal auditors through electronic communication methods on a regular basis. Communication between independent directors and the chief internal auditor/cpas in 2023 is shown in the table below.		
(1)	Communication between independent directors and internal audit officer:		
	Date	Key points	Suggestions
	2023.03.09	1. Internal audit business implementation summary report.	None
	2023.04.11	1. Internal audit business implementation summary report.	None
	2023.05.30	1. Internal audit business implementation summary report.	None
	2023.08.11	1. Internal audit business implementation summary report.	None
	2023.11.07	1. Internal audit business implementation summary report.	None
	2023.12.26	1. Internal audit business implementation summary report.	None
(2)	Communication between independent directors and cpas:		
	Date	Key points	Suggestions
	2023.04.11	1. Evaluation of the independence and competency of the certifying cpas.	None

(3) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
1. Does Company follow the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies to establish and disclose its corporate governance practices?	V		The Company has taken into account the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and the actual operational circumstances of the Company to establish the Corporate Governance Best Practice Principles. Furthermore, it has diligently implemented and processed various information disclosures in accordance with relevant regulations to safeguard the rights and interests of investors, stakeholders, and employees.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. The Company's ownership structure and shareholders' interest (1) Has the company set up internal operating procedures for handling shareholder proposals, inquiries, disputes, and litigation, and implemented the procedures?	V		The Company has appointed a spokesperson and a deputy spokesperson in accordance with the Corporate Governance Best Practice Principles to handle shareholder suggestions, queries, and disputes.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(2) Does the company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders?	V		The majority of the Company's major shareholders are members of the management team and long-term shareholders. We continuously monitor the shareholdings of major shareholders and directors, and regularly report changes in shareholdings of directors, managers, and shareholders holding 10% or more of the Company's shares.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(3) Has the company set up and implemented risk control and firewall mechanisms to protect itself from its affiliated enterprises?	V		The Company and its affiliated enterprises operate independently, and relevant controls have been established in the internal control system, as well as in the Supervision and Management Measures for Subsidiaries and in the Measures for the Management of Related Party Transactions.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(4) Has the company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		The Company has established Management Operating Procedures for Handling of Internal Material Information and Prevention of Insider Trading, which prohibit directors, employees, and other insiders from trading in securities based on undisclosed material information. These regulations have been disclosed on the Company's website. The directors of the Company attend courses on corporate governance and internal control regulations organized by external institutions periodically to acquire relevant knowledge.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Brief description	
<p>3. Organization and Responsibilities of Board</p> <p>(1) In terms member composition, has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?</p>	V		<p>The Company has established Corporate Governance Best Practice Principles, which stipulate that the board of directors should consider diversity in its structure. These regulations have been disclosed on the company's website and on the Market Observation Post System. The Company fully adopts a candidate nomination system for directors in accordance with Article 16-1 of its Articles of Incorporation. We evaluate the academic and professional qualifications of each candidate and adhere to the Corporate Governance Best-Practice Principles to ensure the diversity of the Board of Directors. Based on Article 20, Paragraph 3 of the Corporate Governance Best Practice Principles of the Company, members of the Board of Directors should generally possess the knowledge, skills, qualities, and diversity representation necessary to perform their duties, and should reasonably consider the benefits of diversity among Board members. In order to achieve the goals of corporate governance, the board as a whole should have the following capabilities:</p> <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Accounting and financial analysis. 3. Business administration. 4. Industry Knowledge. 5. Vision of the global market. 6. Leadership and decision-making. <p>The composition of the Board of Directors of the Company is characterized by diverse professional backgrounds, genders, and areas of work, which meet the Company's development needs. Each director possesses a comprehensive and rich academic background, enabling the Board of Directors to fulfill its functions of business decision-making and leadership supervision. For the academic and professional backgrounds of each director, please refer to pages 9 to 10 of the annual report.</p> <p>Please refer to page 11 of the Annual Report for information on the diversity of individual Board members.</p>	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
<p>(2) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?</p>		V	<p>The Company has currently established both a Remuneration Committee and an Audit Committee, both composed of all independent directors. Other functional committees are under continuous evaluation.</p>	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
(3) Does the Company formulate the Board's performance assessment and evaluation method, conduct performance evaluation annually and regularly, and apply it to individual directors' remuneration and nomination renewal?	V		<p>The Company has established Board of Directors and Functional Committee Performance Evaluation Measures, which were implemented after being approved by the Board on December 20, 2022. The regulations stipulate that performance evaluations shall be completed by the end of the first quarter of the year following the end of each fiscal year. Members of the Board of Directors and functional committees are required to individually complete the "Board of Directors' Performance Self-Assessment Questionnaire," "Directors' Self-Assessment Questionnaire," and "Functional Committee Performance Self-Assessment Questionnaire" for internal performance evaluations. Additionally, Article 2 of the regulations specifies that an external performance evaluation shall be conducted at least once every three years. The evaluation results will serve as a reference for selection or nomination of directors; and the individual director performance evaluation results will serve as a reference for determining their individual compensation. Measurement items for the Company's Board of Directors performance evaluation should include the following five aspects at a minimum:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company. 2. Improving the quality of Board decisions. 3. Board composition and structure. 4. Election and continuing education of directors. 5. Internal control. <p>Measurement items for Board member performance evaluation include the following six aspects at a minimum:</p> <ol style="list-style-type: none"> 1. Mastery of the Company's goals and tasks. 2. Awareness of directors' responsibilities. 3. Participation in the operation of the Company. 4. Internal relationship management and communication. 5. Directors' professional and continuing education. 6. Internal control. <p>Measurement items for functional committee performance evaluation should include the following five aspects at a minimum:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company. 2. Recognition of functional committee responsibilities. 3. Improvement of quality of decisions made by the functional committee. 4. Functional committee composition and member selection. 5. Internal control. <p>After the directors and functional committee members complete the questionnaire, the board's secretariat will collect and compile the scores. The internal evaluation for the year 2023 has been completed. The overall scores for the board of directors, individual board members, and functional committees were all above 90 points, and the performance was assessed as good, with no areas requiring improvement. The evaluation results were reported to the Board</p>	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
			of Directors on March 12, 2024.	
(4) Does the Company regularly evaluate the independence of its certifying CPAs?	Y		<p>The Company obtains a statement from a CPA firm and conducts an annual assessment of the independence of the accountants at the Board of Directors' meeting in accordance with the "Code of Professional Ethics for Accountants No. 10 Bulletin: Integrity, Objectivity, and Independence" established by the National Federation of CPA Associations of the Republic of China. The assessment items include:</p> <p>(a) Audit Committee members and their spouses do not hold significant direct or indirect financial interests in the Company.</p> <p>(b) Audit Committee members and their spouses do not have any business relationships with the Company, its directors, or executives that could affect their independence.</p> <p>(c) During the audit period, Audit Committee members and their spouses did not hold positions as directors, executives, or in other roles that could have a direct and significant impact on the audit work.</p> <p>(d) No relationship as a spouse, direct blood relative, immediate in-law, or collateral blood relative within the second degree of kinship with directors or executives of the Company.</p> <p>(e) Audit Committee members have not received significant gifts or benefits of significant value from the Company, its directors, executives, or major shareholders (not exceeding normal social courtesy standards).</p> <p>(f) Audit Committee members have performed necessary independence/conflict of interest procedures and have not identified any independence violations or unresolved conflicts of interest. Based on the confirmation by the Board of Directors on March 12, 2024, the accountants, apart from fees for certification and tax matters, have no other financial interests or business relationships with the Company. Members of the accountants' immediate families also do not violate independence requirements and meet the Company's independence assessment criteria, making them suitable to serve as the Company's CPAs.</p> <p>On March 12, 2024, the Board of Directors of the Company evaluated the professionalism, independence, quality control, supervision, and innovation capabilities of the appointed accounting firm and audit team. This evaluation was based on the 13 indicators within the five dimensions of the Audit Quality Indicators (AQI) published by the Financial Supervisory Commission (FSC) of Taiwan, as well as the AQI report provided by the firm. No factors affecting independence were found, indicating that they are deemed suitable for the task.</p>	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
4. Is the TWSE / TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance officer responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?	V		<p>On May 30, 2023, the Board of Directors approved the appointment of Assistant Manager Chia-Hsuan Yu as the head of corporate governance, responsible for corporate governance-related matters. The Chairman of the Board of Directors is responsible for supervising this role.</p> <p>The Head of Corporate Governance carried out the following main responsibilities and business operations in 2023 in accordance with their duties:</p> <ol style="list-style-type: none"> 1. Provide directors with information needed to perform their duties and arrange for directors to receive further training. 2. Provide the latest regulatory developments to the board to assist directors in compliance with laws and regulations. 3. Formulate and plan appropriate corporate systems and organizational structures to promote board independence, corporate transparency, and compliance with laws and regulations. 4. Solicit the opinions of all directors before board meetings to plan and formulate agendas, and notify all directors at least seven days before the meeting, providing sufficient meeting materials and explanations of each agenda item for directors to understand the content. Complete the minutes of the board meeting within 20 days after the meeting. 5. Annually register the date of the shareholders' meeting in accordance with legal deadlines, prepare and submit meeting notices, meeting handbooks, and meeting minutes before the deadline, and process changes in registration after amending the Articles of Incorporation or electing directors. 6. Improve corporate governance-related information according to the evaluation indicators of the corporate governance evaluation system. 7. Ensure information transparency and symmetry, safeguarding shareholder rights. 	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up stakeholder zones on the company's website, and properly responded to important corporate social responsibility issues of concern to stakeholders?	V		The Company's website includes a section dedicated to stakeholders, such as employees, customers, suppliers, investors, etc. Specific departments are tasked with establishing communication channels for each stakeholder category. This ensures continuous listening to stakeholders' feedback, understanding their concerns, and providing appropriate responses to issues of stakeholder concern.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
6. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders' Meeting?	V		The Company has appointed the stock agency department of Yuanta Securities Co., Ltd., a professional stock agency, to handle the affairs of the shareholders' meeting.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
7. Information disclosure (1) Has the Company set up a website to disclose financial business and corporate governance information?	V		The Company has established a corporate website (https://www.winstar.com.tw) to regularly disclose and update information on the Company's financial operations and corporate governance.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(2) Does the Company disclose information by other means (such as setting up an English website, putting dedicated personnel in charge of collecting and disclosing company information, and publishing the spokesperson systems, and the process for legal person briefing session on the Company's website)?	V		The Company has designated personnel responsible for information collection and ensures timely and appropriate disclosure of relevant information in accordance with regulations. 1. The Company has established the position of spokesperson and deputy spokesperson in accordance with regulations, and their names and contact information are disclosed on the Company's website. 2. The Company has disclosed the corporate briefing information on the Company's website	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(3) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	V		The Company has published and submitted the annual financial reports and monthly operational information within the specified deadlines.	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Y	N	Brief description	
8. Does the Company have other important information that can help to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, directors and supervisors' further study, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	V		<p>The management of the Company actively promotes corporate governance. The following is a summary of the systems, measures, and implementation status adopted:</p> <ol style="list-style-type: none"> 1. The Company has established work rules and effectively implements the care of employees' rights and interests, regardless of rank, gender, or nationality. In addition to providing employees with various insurances, education and training, physical examinations, and retirement services in a manner that exceeds legal requirements, the Company's Employee Welfare Committee is established to serve as a communication channel between labor and management. Its purpose is to promote and implement various employee welfare policies, create a harmonious working environment, and enrich employees' lives. 2. Investor relations, supplier relations, and stakeholder rights: We strive to enhance the transparency of corporate information by disclosing financial and operational information in a timely and appropriate manner, in accordance with legal requirements. We have established contact points and email addresses to provide channels for investors, suppliers, and stakeholders to leave messages and provide feedback. In order to protect the rights and interests of domestic and foreign investors simultaneously. The Company signs written contracts or purchase orders with suppliers based on the principle of equality, to clearly define the rights and obligations of both parties during the cooperation period, and to protect their respective legal rights and interests. 3. Training of directors: All directors of the Company attend relevant courses in accordance with the Main Points of Advanced Training Implementation for Directors and Supervisors of Listed Companies. Please refer to pages 32 to 33 of the annual report for the director training status in 2023. 4. Execution of risk management policy and compliance with risk measurement standards: The Company focuses on its core business operations in compliance with relevant laws and regulations, promoting and implementing the execution of various policies. It formulates risk management measures and related management policies to reduce and avoid any risks that may harm the interests of the Company, placing great emphasis on maintaining personnel safety. Significant operational policies, investment projects, acquisition or disposal of assets, endorsements, guarantees, and other matters of the Company are submitted to the Board of Directors for resolution and execution after evaluation and analysis by the relevant departments responsible for such matters. Based on the results of the execution of the risk management measures, the Audit Office formulates an annual audit plan and implements it effectively to ensure the supervision mechanisms such as risk control are implemented. 	No significant deviations, in compliance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Operation			Difference from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Y	N	Brief description	
			<p>5. Implementation of customer policies: The Company's sales department is responsible for regular communication and coordination with customers. They provide excellent service and address customer needs, conducting periodic customer satisfaction surveys to facilitate two-way communication channels.</p> <p>6. The Company's purchase of directors' liability insurance: The Company has purchased directors' liability insurance for its directors. The details, including the insured amount, coverage scope, and insurance premium rate, were reported to the Board of Directors on September 28, 2023.</p>	
<p>9. Please explain corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year: Not applicable.</p>				

(Attachment 1) On-the-job training of the Company's directors

Job Title	Name	Date of continuing education courses	Organizer	Course Name	Hours of Training
Chairman	Yu-Pin Liao	2023/12/28	Taiwan Project Management Association	Succession Team Building and Talent Development	3
		2023/12/21	Taiwan Project Management Association	ESG Investing and Corporate Social Responsibility	3
		2023/09/19	Cross-Strait Business Development Foundation	Sustainable Business Practices - Practical Analysis of Asset Inheritance and Succession	3
		2023/09/18	Taipei Foundation of Finance	Corporate Governance - Low Carbon Transformation Path Planning - Carbon Rights and Carbon Pricing	3
Representative of Juristic Person Director	Yao-Wen Tsai	2023/12/28	Taiwan Project Management Association	Succession Team Building and Talent Development	3
		2023/11/29	Taiwan Project Management Association	Management Tools Basic Application Training Certificate	3
		2023/11/29	Taiwan Project Management Association	Certificate in Introduction to Project Planning and Management	3
		2023/09/18	Taipei Foundation of Finance	Corporate Governance - Low Carbon Transformation Path Planning - Carbon Rights and Carbon Pricing	3
Representative of Juristic Person Director	Ssu-Chun Sung	2023/12/28	Taiwan Project Management Association	Succession Team Building and Talent Development	3
		2023/12/21	Taiwan Project Management Association	ESG Investing and Corporate Social Responsibility	3
		2023/12/06	Taiwan Digital Governance Association	International Trends in Net Zero Emissions and Taiwan's Efforts in Promoting the Transition to Net Zero Emissions	3
		2023/09/19	Cross-Strait Business Development Association	Sustainable Business Practices - Practical Analysis of Asset Inheritance and Succession	3
Independent Director	Hsiang-Tsai Chiang	2023/12/22	Accounting Research and Development Foundation	Global Net Zero Impacts and ESG Action	3
		2023/12/19	Accounting Research and Development Foundation	Driving green transformation: Towards net-zero carbon emissions	3
		2023/12/05	Accounting Research and Development Foundation	Listed Companies' Sustainable Development Action Plans - Trends and Regulations in Relevant ESG Information Disclosure	3
		2023/09/19	Taipei Foundation of Finance	Corporate Environmental Governance and Social Disclosure	3
Independent Director	Ming-Shih Chiu	2023/12/27	Global Blockchain Accounting Association	Carbon accounting and financial reporting	3
		2023/12/22	Taiwan Project Management Association	Board of Directors vs. Management Team	3
		2023/12/21	Taiwan Project Management Association	ESG Investing and Corporate Social Responsibility	3
		2023/09/26	Taiwan Project Management Association	Big Data Analysis and Corporate Governance	3
Independent Director	San-Shan Hung	2023/11/26	Global Blockchain Accounting Association	Current CBAM guidelines and international carbon tariff formulation trends	6
		2023/11/25	Accounting Research and Development Foundation	Establishing ESG sustainable strategies to enhance competitiveness	3
		2023/09/19	Taipei Foundation of Finance	Corporate Environmental Governance and Social Disclosure	3
Independent Director	Yen-Jen Chang	2023/12/22	Taiwan Project Management Association	Board of Directors vs. Management Team	3
		2023/12/13	China Financial and Economic Development Association	Enterprise circular economy and sustainable development	3
		2023/12/04	Taipei Foundation of Finance	Digital fraud and digital financial crime detection and prevention	3
		2023/09/26	Taiwan Project Management Association	Big Data Analysis and Corporate Governance	3

- (4) Disclose the composition, responsibilities, and functioning of the Remuneration Committee or Nominating Committee, if available
1. The Company's Board of Directors resolved and appointed Mr. Hsiang-Tsai Chiang, Mr. Ming-Shih Chiu, Mr. San-Shan Hung, and Mr. Yen-Jen Chang as the members of the first Remuneration Committee on October 11, 2022, and elected Mr. Ming-Shih Chiu, an independent director, as the convener of the Remuneration Committee.
 2. The function of this committee is to professionally and objectively evaluate the company's directors' and managers' compensation policies, performance assessments, and systems, and to provide recommendations to the Board of Directors for its decision-making reference.
 3. Members of Remuneration Committee

Capacity	Name	Professional Qualification & Experience	Independence	Number of other public listed companies where concurrent service as a member of Remuneration Committee is provided	Remarks
Convener and independent director	Ming-Shih Chiu	Please see page 7-8 of 3. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors	(1) Not an employee of the company or any of its affiliates.	0	
Independent Director	Hsiang-Tsai Chiang		(2) Not a director or supervisor of the company or any of its affiliates.		
Independent Director	San-Shan Hung		(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.		
Independent Director	Yen-Jen Chang		(4) Other than spouses, relatives within the 2nd degree of kinship or lineal relatives within the 3rd degree kinship of any of managerial personnel as defined in subparagraph (1) or any of the individuals defined in subparagraphs (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, Paragraph 1 or 2 of the Company Act. (6) Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company. (7) Not a director, supervisor or employee of another company or institution, who is also the chairman, president or equivalent position, or a spouse of these personnel, of the Company. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the most recent two fiscal years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (10) Not exhibiting any of the circumstances specified under Article 30 of the Company Act. Not an employee of the Company; nor an employee of its affiliated enterprises.	0	

4. Information on Operating Status of Remuneration Committee

(1) There are four members of the Remuneration Committee of the Company.

(2) Current term of members: October 11, 2022 to September 28, 2025; the Remuneration Committee met six times in the most recent year (2023) and member qualifications and attendance are as follows:

Job Title	Name	Frequency of actual attendance (presence)	Frequency of proxy attendance (presence)	Actual attendance (presence) ratio (%)	Remarks
Convener	Ming-Shih Chiu	6	0	100%	
Commissioner	Hsiang-Tsai Chiang	5	1	83%	
Commissioner	San-Shan Hung	6	0	100%	
Commissioner	Yen-Jen Chang	6	0	100%	

Others:

- If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): No such circumstances.
- On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all Remuneration Committee members and the handling of the opinions of the members shall be stated: No such circumstances.
- Powers of the Remuneration Committee are as follows:
 - Regularly review the Remuneration Committee Charter and propose amendments.
 - Establish and regularly review the performance evaluation standards for the Company's directors and managers, annual and long-term performance goals, and the policies, systems, standards, and structures of remuneration and compensation.
 - Regularly evaluate the achievement of the performance objectives by the Company's directors and managers, and determine the details and amounts of salary and compensation for individual managers based on the evaluation results from the performance evaluation criteria.
- Resolutions of the Remuneration Committee for 2022 are as follows:

Date	Resolutions	Result of the resolution	The Company's handling of members' opinions
1st session 2nd meeting 2023.01.17	1. Distribution of the Company's 2022 year-end bonuses and of year-end manager bonuses.	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
1st session 3rd meeting 2023.04.11	1. Amounts of employee remuneration and director remuneration disbursed for 2022.	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
1st session 4th meeting 2023.05.30	1. Directors' remuneration payment for 2022	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
1st session 5th meeting 2023.08.11	1. Fixed salaries for new managers	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
1st session 6th meeting 2023.09.28	1. Employee remuneration received by the Company's managers for 2022.	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
	2. Matters related to the number of employees allocated for the company's initial listing of cash capital increase and issuance of new shares	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
1st session 7th meeting 2023.12.26	1. Promotions and salary payments to managers for 2023.	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion
	2. 2023 year-end bonus payments for managers	After consultation by the presiding chair of all attending members, the proposal passed without objection.	No opinion

5. Information on members of the Nominating Committee and information on its operations: Not applicable.

(5) Implementation of sustainable development promotions and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Evaluation Item	Operation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Y	N	Brief description	
1. Does the Company establish a governance structure to promote sustainable development, and set up a designated full-time (or part-time) unit to promote Sustainable Development, and the Board of Directors authorizes senior management to handle this and the Board of Directors supervises the situation?	V		Continuing its corporate social responsibility policy, the Company formulated the Sustainable Development Best Practice Principles on March 9, 2023, detailing the Company's governance framework for promoting sustainable development, which was implemented after approval by the Board of Directors.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		While the Company has not established a dedicated unit for promoting sustainable development, internally it will educate employees on environmental management systems and raise environmental awareness through training and meetings. Externally, it will continue to practice corporate social responsibility and may establish a dedicated unit for sustainable development as needed in the future.	The Company plans to establish a dedicated unit for sustainable development as needed in the future, and there are no other discrepancies.
3. Environmental issues (1) Has the Company established an appropriate environmental management system that is appropriate for its industry?	V		In accordance with the industry's characteristics, the Company has established standard operating procedures and manuals. It not only requires personnel to strictly adhere to Company regulations but also strives to enhance the safety and health risk control of operations, activities, equipment, or devices, and regularly conducts environmental measurements as part of operational environment assessments.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(2) Is the Company committed to improving resource efficiency, and to the use of renewable materials with low environmental impact?	V		The Company's products are required to reduce or restrict the use of substances harmful to the environment and to classify and recycle waste.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(3) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?		V	The Company continues to be concerned with and implements measures for environmental protection and improvement. However, the potential impact of climate change on the Company's present and future risks and opportunities is not significant, so no assessment or measures related to climate issues have been taken yet.	The Company will evaluate and formulate response measures through a dedicated unit as needed in the future.

Evaluation Item	Operation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Y	N	Brief description	
(4) Has the Company quantified greenhouse gas emissions, water consumption and total weight of waste, and the development of energy saving and carbon reduction, greenhouse gas reduction, water reduction or other waste management policies for the past two years?	V		The Company is committed to implementing energy conservation and carbon reduction. To gradually reduce carbon emissions, it has introduced production process improvements in recent years, steadily reducing electricity consumption during the production process to reduce carbon emissions.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
4. Social topics (1) Has the Company formulated relevant management policies and procedures in accordance with the relevant regulations and international human rights conventions?	V		(1) The Company complies with labor laws such as the Labor Standards Act and has established various management measures to protect employee rights, such as freedom of association, collective bargaining rights, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(2) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflected business performance or results in employee compensation?	V		The Company has established work rules and set up a welfare committee, clearly stipulating various employee welfare measures (including salaries, vacations, and other benefits), and regularly conducting performance evaluations to appropriately reflect business performance and results in employee remuneration.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(3) Has the Company provided a safe and healthy working environment for employees, and provided safety and health education for employees on a regular basis?	V		The Company provides a good working environment, conducts regular employee health checks, and regularly or intermittently provides safety and health education and training.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(4) Has the Company developed an effective career development training program for its employees?	V		The Company has formulated Education and Training Management Measures to assess annual education and training needs and formulate plans. The courses include professional courses, general courses, safety courses, and management training, allowing individuals to plan their careers and grow together with the overall interests of the Company through work and training.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Operation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Y	N	Brief description	
(5) Does the Company follow the relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of its products and services, and has it established relevant policies and complaint procedures to protect the rights of consumers or customers?	V		To implement information security, the Company has established Information Security Management Measures to ensure the interests of stakeholders. The Company has a "Stakeholder" section on its website, providing contact channels through which customers can contact relevant departments with any questions.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
(6) Has the Company formulated a supplier management policy that requires suppliers to comply with the relevant specifications on issues such as environmental protection, occupational safety and health, or labor human rights and their implementation status?	V		The Company has established Sustainable Development Best Practice Principles which stipulate that before conducting business transactions with suppliers, assessment is to be made whether they have policies that conflict with environmental and social responsibility.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
5. Has the Company made reference to international standards or guidelines for the preparation of reports, such as corporate social responsibility reports, which disclose non-financial information about the Company? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?		V	The Company has not yet prepared a sustainability report currently.	Not applicable.
6. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles:	V		The Company has established Sustainable Development Best Practice Principles to implement its commitment to corporate social responsibility, formulate employee ethical standards and codes of conduct, as well as policies for environmental, safety, and health management, and ensure their implementation. In compliance with the basic spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.	No significant deviations, in compliance with the fundamental spirit and standards of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
7. Other material information to facilitate better understanding of the Company's implementation of sustainable development: <ol style="list-style-type: none"> Promote and implement environmental protection concepts The Company values social care and timely assistance to and support for socially disadvantaged groups. Please refer to the Corporate Sustainability section of our website at http://www.winstar.com.tw. 				

Climate-related information for TWSE/TPEX listed companies: Not applicable.

(6) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies:

Evaluation Item	Operation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof
	Y	N	Brief description	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company has established Ethical Corporate Management Best Practice Principles, the formulation and amendment of which are approved by the Board of Directors. They stipulate that directors, managers, and employees must comply with legal requirements in conducting business.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(2) Has the Company established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; and has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		The Company has established Procedures for Ethical Management and Guidelines for Conduct as a program to prevent unethical behavior, analyze business activities within the scope of operations with a higher risk of unethical behavior, and strengthen related preventive measures.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(3) Has the Company established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and does it periodically review and revise such policies?	V		The Company's Ethical Corporate Management Best Practice Principles and its Procedures for Ethical Management and Guidelines for Conduct clearly stipulate approaches for preventing dishonest behavior, including operation procedures, behavioral guidelines, disciplinary actions for violations, and a complaint system, which are implemented and regularly reviewed and amended.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
2. Implementation of Ethical Corporate Management (1) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	V		The Company conducts appropriate evaluations of customers and suppliers, and contracts with them include clauses on integrity. The Company expressly prohibits the acceptance of any form of improper benefits from suppliers, and violations may result in immediate termination or cancellation of contracts.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies

Evaluation Item	Operation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof
	Y	N	Brief description	
(2) Does the Company have a dedicated unit under the Board of Directors responsible for promoting corporate integrity and ethics, which regularly (at least once a year) reports to the board on its policies for integrity and ethical conduct, measures to prevent dishonest behavior, and the supervision of their implementation?	V		The Company's Ethical Corporate Management Best Practice Principles designate the Finance Department as the responsible unit for revising, implementing, interpreting, providing consultation services, and recording reports related to the operational procedures and behavioral guidelines, and supervises their implementation, and shall regularly report to the Board of Directors annually.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(3) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	V		The Company has established Ethical Corporate Management Best Practice Principles and has set up a stakeholder section on the Company's website, providing channels for employees and the public to lodge complaints, and conducts intermittent audits through the internal control system.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(4) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	V		The accounting system of the Company is established in accordance with the Securities and Exchange Act, the Company Act, the Commercial Accounting Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards recognized by the Financial Supervisory Commission, International Accounting Standards, interpretations and announcements, and other relevant laws and regulations, and is formulated according to the actual business situation of the Company. The internal control system is established in accordance with relevant regulations such as the Regulations Governing the Establishment of Internal Control Systems by Public Companies and is effectively implemented. The Board of Directors' Audit Committee also regularly audits compliance with accounting and internal control systems, reporting to the Board of Directors.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(5) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	V		The Company provides training on topics related to corporate governance and ethical management for new employees.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies

Evaluation Item	Operation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof
	Y	N	Brief description	
3. Reporting system practices of the Company (1) Has the Company established a specific whistleblower and reward system, established a convenient channel for whistleblowing, and assigned appropriate personnel to handle complaints?	V		The Company's website has a reporting contact email for handling related matters, with designated personnel responsible for processing such reports.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(2) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	V		The Company assigns dedicated personnel to investigate reported issues, ensuring the confidentiality of the reporter and the reported matter.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
(3) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?	V		The Company not only strictly maintains the confidentiality of the whistleblower's identity but also ensures that the whistleblower is not subjected to any improper treatment due to the whistleblowing.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
4. Strengthening of information disclosure (1) Has the company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	V		The Company's Ethical Corporate Management Best Practice Principles are posted on the Company's website, along with a stakeholder section disclosing corporate culture and management policies.	No significant deviations, in compliance with the fundamental spirit and standards of the Ethical Corporate Management Best Practice Principles for TWSE / TPEX Listed Companies
5. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: The Company has formulated Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies in consideration of the Company's actual operations, and with no material discrepancies in its adherence to the above regulations.				

Evaluation Item	Operation			Difference from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reason thereof
	Y	N	Brief description	
6.			Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company’s review and revision of the Ethical Corporate Management Best Practice Principles): The Company's management actively implements ethical management, with a summary of related systems, measures, and performance as follows: To establish a culture of integrity, strengthen corporate governance, and enhance risk management, the Company has stipulated in the Procedures for Ethical Management and Guidelines for Conduct that directors, managers, and employees shall comply with legal requirements and prevent dishonest behavior in the performance of their duties, thereby fostering a sound operating environment.	

- (7) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles:
Please refer to the "Investor Relations" section under "Corporate Governance" on the Company's website (<http://www.winstar.com.tw/>) or on the Taiwan Stock Exchange's Market Observation Post System for more information.
- (8) Other important information that is sufficient to improve the understanding of corporate governance operations
The Company has established Management Operating Procedures for Handling of Internal Material Information and Prevention of Insider Trading, and any amendments are approved by the Board of Directors and publicly announced before implementation. Please refer to the "Corporate Governance" section under the "Investor Relations" section on the Company's website for details: <http://www.winstar.com.tw>.
- (9) Implementation status of internal control system:
1. Statement of Internal Control: Please refer to following page.
 2. The special internal control audit report issued by the CPA, if any: No such circumstances.

WINSTAR DISPLAY CO., LTD

Statement on Internal Control

Date : Mar 12, 2024

Based on the results of the Company's self-evaluation of internal control system for fiscal 2023, a statement is hereby made as follows:

1. The Company recognizes that it is the responsibility of its board of directors and managers to establish, implement and maintain a system of internal control. We have set up this system to provide reasonable assurance of the effectiveness and efficiency of its operations (including profitability, performance and safeguarding of assets), reporting reliability, timeliness, transparency, compliance with relevant rules and regulations.
2. Internal control systems have inherent limitations and no matter how well designed; an effective system of internal control can only provide reasonable assurance that the above three objectives are being achieved. Furthermore, the effectiveness of the internal control system may vary due to changes in circumstances and conditions, but the Company has a self-monitoring mechanism for its internal control system and will take corrective action once deficiencies are identified.
3. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria for judging the effectiveness of an internal control system set forth in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (the "Regulations"). The criteria for the internal control system applied under the Regulations are based on the management control process, with the system comprising five constituent elements: 1. Control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities, each of which is subdivided into several items. Please refer to the Regulations for the aforementioned items.
4. The Company has adopted the criteria for internal control system above to evaluate the effectiveness of the design and implementation of the system.
5. Based on the results of the assessment, the Company concluded that the design and implementation of its internal control system (including the supervision and management of subsidiaries) as at Dec 31, 2023, including the understanding of the extent to which operational effectiveness and efficiency objectives have been achieved, that reporting was reliable, timely, transparent and in compliance with relevant regulations, was effective and was reasonably capable of ensuring the achievement of such objectives.
6. This statement will constitute the essential content of the Company's annual report and prospectus and will be made available to the public. If any of the foregoing is disclosed in a false or concealed manner, the Company will be subject to liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors of the Company at its meeting held on Mar 12, 2024. Of the seven directors present, 0 director(s) held opposing views and the rest agreed to the contents of this statement.

Winstar Display Co., Ltd
Chairman of the Board: Liao, Yu-Pin
President: Liao, Yu-Pin

- (10) In the most recent year and as of the date of publication of the annual report, whether the company and its internal personnel have been disciplined according to law, or whether the company has disciplined its internal personnel for violating the provisions of the Internal Control System. The content of the disciplinary measures should be listed, as well as the main deficiencies and improvements: None.
- (11) Important resolutions of the shareholders meeting and Board of Directors in the most recent year and as of the printing date of the annual report:

1. Content of important resolutions of shareholders' meetings

Convening date	Important issues	Implementation
2023/05/26 General Meeting of Shareholders	Ratification Matters: 1. 2022 Business Report and financial statements.	Based on the voting results, the total voting rights present at the shareholders' meeting were 43,609,137. The number of votes in favor was 43,609,020 (including 160,856 electronic votes), accounting for 99.99% of the total voting rights. There were 0 votes against, 0 invalid votes, and 111 abstentions/untallied votes. The proposal was passed according to the proposal put forth by the Board of Directors.
	Ratification Matters: 2. 2022 earnings distribution proposal.	
	Discussion Items: 1. Amendment of the Company's Operational Procedures for Endorsements/Guarantees.	
	Discussion Items: 2. Amendment of the Company's Rules of Procedure for Shareholders' Meetings.	
	Discussion Items: 3. Capitalization of retained earnings and issuance of new shares.	
	Discussion Items: 4. Amendments to the Articles of Incorporation of the Company.	

2. Content of important resolutions of the Board of Directors

Convening date	Important Resolution
2023/01/17	1. Distribution of the Company's 2022 year-end bonuses and of year-end manager bonuses.
	2. The Company's proposed acquisition of right-of-use assets from related parties.
2023/03/09	1. Statement of Internal Control System for 2022.
	2. Proposed amendment of the Sustainable Development Best Practice Principles of the Company.
	3. Proposed amendment to the Company's Regulations Governing Financial and Business Transactions Among Related Enterprises, and their renaming to the Procedures for Financial and Business Transactions Among Related Parties.
	4. Proposed amendment of the Company's Corporate Governance Best-Practice Principles.
	5. Proposed additions to the Company's Procedures for Acquisition or Disposal of Assets.
	6. Proposed additions to Accounting Systems of the Company's subsidiaries.
	7. Proposed amendments to the Company's Procedures for Endorsement and Guarantee.
	8. The Company and its subsidiaries have set the total amount of overall endorsements and guarantees at 100% of the Company's net worth, as deemed necessary and reasonable.
	9. Proposed formulation of the management regulations for the Company's subsidiary Winstar Display.
	10. Convening of the 2023 General Meeting of Shareholders and matters related to shareholders' proposals.
	11. The Company's ability to prepare its own financial statements.
2023/04/11	1. Amendment of the Company's Articles of Incorporation.
	2. Amendment of reasons for convening the General Meeting of Shareholders of 2023.
2023/05/30	1. Consolidated financial statements for the first quarter of 2023.
	2. Proposed adoption of the Company's internal control system statement for April 1, 2022 through March 31, 2023.
	3. Proposed adoption of corporate governance self-assessment report, submitted for

Convening date	Important Resolution
	discussion.
	4. Proposal to sign "Over-allotment and Lock-up Agreement" with Yuanta Securities Co., Ltd.
	5. Proposal to establish criteria and related operational matters for the 2023 bonus capitalization and cash dividend distribution of the Company.
	6. Proposed change of head of corporate governance.
	7. Planned application for a bank line of credit in order to meet operational needs.
	8. Proposal to change the personnel responsible for the daily administrative management of the Company's internal audit unit and the review of audit reports.
2023/07/19	1. Proposed adoption of financial forecasts for the third and fourth quarters of 2023.
	2. Proposed amendment of the Company's Supervision and Management Measures for Subsidiaries.
	3. Proposed amendment of the Company's Corporate Governance Best-Practice Principles.
	4. Proposed amendment of the Company's Procedures for Financial and Business Transactions Among Related Parties.
	5. Proposal to amend the "Operating Procedures for Group Companies' Specific Company and Related Party Transactions" of the Company's subsidiaries.
	6. Proposal to appoint personnel for the Product Development and Solutions Department of the Company.
2023/08/11	1. Consolidated financial statements for the second quarter of 2023.
2023/08/28	1. Remuneration of the Company's President.
	2. Remuneration of the Company's vice presidents and the heads of each department.
	3. The payment of salaries and remuneration to managers of the Company for 2023.
	4. Remuneration of the Company's new managers.
2023/09/28	1. Report on the purchase of directors' and managers' liability insurance.
	2. The Company's proposed handling of a pre-IPO cash capital increase and issuance of new shares.
	3. Matters related to the number of employees allocated for the Company's initial listing of cash capital increase and issuance of new shares.
	4. Changing the responsible person for the Company's German subsidiary.
	5. The payment of employee remuneration to managers of the Company 2022.
2023/11/07	1. Consolidated financial statements for the third quarter of 2023.
	2. Proposed formulation of Operational Procedures for Loaning Funds to Others by the Company's subsidiary Winstar Display (Changshu) Co., Ltd.
	3. Proposed lending of funds from subsidiary Winstar Display (Changshu) Co., Ltd. to subsidiary Winstar Display (Dongguan) Co., Ltd.
	4. Proposed adoption of the Company's provision of endorsement and guarantee for the financing needs of subsidiaries.
2023/12/26	1. Internal audit plan for 2024.
	2. Business plan and budget for 2024.
	3. Subsidiary Winstar Display (Dongguan) Co., Ltd.'s planned lease of a factory building from subsidiary Winstar Display (Changshu) Co., Ltd.
	4. Subsidiary Winstar Display (Changshu) Co., Ltd.'s lease of a new factory.
	5. Furnishing of the new factory building of subsidiary Winstar Display (Changshu) Co., Ltd.
	6. Proposed adoption of the Company's provision of endorsement and guarantee for the financing needs of subsidiaries.
	7. Planned application for a bank line of credit in order to meet operational needs.
2024/03/12	1. Statement of Internal Control System for 2023.
	2. Evaluation of the independence and competency of the certifying CPAs.
	3. Amounts distributed for employee remuneration and director remuneration for 2023.
	4. 2023 Business Report and financial statements.
	5. 2023 earnings distribution proposal.

Convening date	Important Resolution
	6. Proposed amendment of the Company's "Audit Committee Organizational Rules."
	7. Proposed amendments to the Company's Procedural Rules of Board of Directors Meetings.
	8. Convening of the 2024 General Meeting of Shareholders and matters related to shareholders' proposals.
	9. The Company's proposed application for a bank line of credit in order to meet operational needs.
	10. Proposed provision of endorsements/guarantees for the Company's subsidiaries
	11. Proposed allocation of IPO project bonus

- (12) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing: No such circumstances.
- (13) In the most recent year and as of the date of publication of the annual report, summary of resignation or relief from office of the chairperson, president, chief accountant, chief financial officer, chief internal audit officer, corporate governance officer, and chief R&D Officer of the Company: No such circumstances.

4. Information on the professional fees of the attesting CPAs (external auditors)

- (1) Information on the professional fees of the attesting CPAs (external auditors)

Unit: NTD thousand

Name of Accounting firm	Name of accountant	Period of accountant audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte and Touche	Amy Chiang	2023.01.01~ 2023.12.31	2,880	668	3,548	(Note)
	Eddy Su					

Note: Non-audit fees include tax certification fees of NT\$350 thousand, transfer pricing report fees of NT\$220 thousand, and business registration services fees of NT\$98 thousand.

- (2) If the accounting fees paid during the year when the accounting firm is replaced are less than the previous year, the amount of the audit fees before and after the replacement and the reasons shall be disclosed: Not applicable.
- (3) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction in the audit fees shall be disclosed: Not applicable.
5. Information on changes of CPA in the most recent two years: No such circumstances.
6. The Company's chairman, president, or manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the within the past year: No such circumstances.

7. Changes to the shares held by directors, managers, and shareholders holding more than 10% of the shares in the most recent year and through the printing date of the annual report

(1) Directors, managers and major shareholders' equity changes

Unit: share

Job title	Name	2023		Through March 31, 2024	
		Increased (decreased) number of shares held	Increased (decreased) number of shares pledged	Increased (decreased) number of shares held	Increased (decreased) number of shares pledged
Chairman and President	Yu-Pin Liao	750,918	—	—	—
Corporate Director Representative and Vice President	Yao-Wen Tsai	368,659	—	—	—
Corporate directors and major shareholders holding 10%	Kenstar Investment Co., Ltd.	1,329,597	—	—	—
Corporate directors and major shareholders holding 10%	Jastar Investment Co., Ltd.	1,065,988	—	—	—
Representative of Juristic Person Director	Ssu-Chun Sung	344,827	—	—	—
Independent Director (Note 1)	Hsiang-Tsai Chiang	—	—	—	—
Independent Director (Note 1)	Ming-Shih Chiu	—	—	—	—
Independent Director (Note 1)	San-Shan Hung	—	—	—	—
Independent Director (Note 1)	Yen-Jen Chang	—	—	—	—
Vice President of Finance	Wen-Chin Chang	91,412	—	—	—
Business VP	Chien-Chih Lin	12,000	—	—	—
Special Assistant to the Chairman and Head of Management Department	Chun-Chieh Lin	53,194	—	—	—
Assistant Manager, R&D Division	Liang Jung-Chih	10,230	—	—	—
Assistant Manager, R&D Division	Lai Kuo-Chien	26,046	—	(32,000)	—
Assistant Manager, R&D Division	Hsu Chien-Chou	6,167	—	—	—
Assistant Manager, R&D Division	Wang Hsing-Fa	60,073	—	—	—
Assistant Manager, Business Division	Wang Hui-Tsu	12,376	—	—	—
Assistant Manager, IT Department	Kao Tzu-Hui	16,121	—	(7,000)	—
Assistant Manager, Finance Department	Hsin-Fu Huang	13,154	—	—	—
Manager, Quality Assurance Department	Ho Min-Chang	20,778	—	—	—

(2) Information on the transfer of equity of directors, managers, and shareholders holding more than 10% of shares: None.

(3) Information on the pledging of equity by directors, managers, and shareholders holding more than 10% of shares: None.

8. Information about relationships among top ten shareholders such as related parties, spouses, or relatives within the second degree of kinship

March 31, 2024; Units: Shares, %

Name	Shares held by itself		Shares held by spouse and minor children		Total shareholding under the name of third parties		For two of the Top-10 shareholders who are interested parties or spouses or relatives within the second degree of kinship, their names or names and relationship.		Remarks
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Name (or designation)	Relationship	
Kenstar Investment Co., Ltd. Representative: Ssu-Chun Sung	10,636,783	15.76	—	—	—	—	Ssu-Chun Sung	Responsible person	—
							Yu-Pin Liao	Director	
	2,729,394	4.04	6,934,700	10.27	—	—	Yu-Pin Liao	Spouse	
							Liao Kuan-Chuan	Mother and son	
							Jastar Investment Co., Ltd.	Responsible person	
Jastar Investment Co., Ltd. Representative: Ssu-Chun Sung	8,527,909	12.63	—	—	—	—	Ssu-Chun Sung	Responsible person	—
							Yu-Pin Liao	Director	
	2,729,394	4.04	6,934,700	10.27	—	—	Yu-Pin Liao	Spouse	
							Liao Kuan-Chuan	Mother and son	
							Kenstar Investment Co., Ltd.	Responsible person	
Yu-Pin Liao	6,005,672	8.90	3,658,422	5.42	23,746,680	35.18	Ssu-Chun Sung	Spouse	—
							Liao Kuan-Chuan	Father and son	
							Sunglowed International Ltd.	Responsible person	
							Kenstar Investment Co., Ltd.	Director	
							Jastar Investment Co., Ltd.	Director	
Huatsen Investment Co., Ltd. Representative: Shu-Chu Lin	4,949,392	7.33	—	—	—	—	—	—	—
	639,481	0.95	2,862,876	4.24	—	—	Yao-Wen Tsai	Spouse	
Sunglowed International Ltd. Representative: Yu-Pin Liao	4,581,988	6.79	—	—	—	—	Yu-Pin Liao	Responsible person	—
	6,005,672	8.90	3,658,422	5.42	23,746,680	35.18	Ssu-Chun Sung	Spouse	

Name	Shares held by itself		Shares held by spouse and minor children		Total shareholding under the name of third parties		For two of the Top-10 shareholders who are interested parties or spouses or relatives within the second degree of kinship, their names or names and relationship.		Remarks
	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Number of Shares	Shareholding Ratio (%)	Name (or designation)	Relationship	
							Liao Kuan-Chuan	Father and son	
							Kenstar Investment Co., Ltd.	Director	
							Jastar Investment Co., Ltd.	Director	
Chienchuang Investment Co., Ltd. Representative: Fu-Cheng Lin	4,115,428	6.10	—	—	—	—	—	—	—
	443,893	0.66	—	—	—	—	Chien-Chih Lin	Sibling	
Yao-Wen Tsai	2,862,876	4.24	639,481	0.95	4,949,392	7.33	Huatsen Investment Co., Ltd.	Responsible person is his/her spouse	—
Ssu-Chun Sung	2,729,394	4.04	6,934,700	10.27	—	—	Yu-Pin Liao	Spouse	—
							Liao Kuan-Chuan	Mother and son	
							Kenstar Investment Co., Ltd.	Responsible person	
							Jastar Investment Co., Ltd.	Responsible person	
Chien-Chih Lin	2,188,000	3.24	—	—	—	—	Chienchuang Investment Co., Ltd.	Responsible person is his/her brother	—
Liao Kuan-Chuan	1,021,571	1.51	—	—	—	—	Yu-Pin Liao	Father and son	—
							Ssu-Chun Sung	Mother and son	

Note 1: Please list all the top-10 shareholders, and where a shareholder is a juristic person, the names of the juristic person and its representative name separately.

Note 2: Shareholding (%) refer the shareholding ratios calculated using the numbers of shares under the names of the indicated person, its spouse and minor children, and others, respectively.

Note 3: Where the above-disclosed shareholders include both juristic persons and natural persons, please disclose their mutual relationship in accordance with the provisions as set forth in the issuer's regulations governing the preparation of financial reports.

Note 4: There is no relevant information for non-company insiders.

9. The number of shares held by the Company, its directors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the consolidated shareholding ratio: None.

IV. Fundraising Overview

1. Capital & Shares

(1) Source of share capital

- Changes in the Company's share capital in the most recent five years and as of the publication date of the annual report

May 9, 2024; Units: Thousand shares, NTD thousand

Month Year	Issuing price	Authorized share capital		Paid-in share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital stock Source	Assets other than cash used as share capital	Others
2021.12	10	80,000	800,000	50,000	500,000	Cash capital increase of NT\$100,000 thousand	—	Note 1
2022.09	22	80,000	800,000	52,500	525,000	Cash capital increase of NT\$25,000 thousand	—	Note 2
2023.07	—	80,000	800,000	60,000	600,000	Capitalization of retained earnings of NT\$75,000 thousand	—	Note 3
2023.12	24	80,000	800,000	67,500	675,000	Cash capital increase of NT\$75,000 thousand	—	Note 4

Note 1: Change of registration date document number: Zhongshanzi No. 1110000098

Note 2: Change of registration date document number: Zhongshanzi No. 1110023901

Note 3: Change of registration date document number: Zhongshanzi No. 1120015418

Note 4: Change of registration date document number: Zhongshanzi No. 1120028948

2. Type of shares

May 9, 2024; Units:

Type of shares	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common stock	67,500,000	12,500,000	80,000,000	Shares of TWSE-listed companies

(2) Shareholder structure

April 1, 2024

Shareholder structure Quantity	Governmental institutions	Financial institutions	Other juristic persons	Individuals	Foreign institutions and individuals	Total
Number of people	—	—	10	2,223	11	2,244
Number of shares	—	—	34,365,072	32,975,785	158,001	67,500,000
Shareholding ratio	—	—	50.91%	48.85%	0.24%	100%

(3) Distribution of Shareholding

April 1, 2024; Units: Individuals, Shares, %

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	282	45,067	0.07
1,000 to 5,000	1,512	2,835,521	4.20
5,001 to 10,000	214	1,696,291	2.51
10,001 to 15,000	55	695,528	1.03
15,001 to 20,000	54	992,445	1.47
20,001 to 30,000	42	1,034,799	1.53
30,001 to 40,000	14	494,924	0.73
40,001 to 50,000	14	663,886	0.98
50,001 to 100,000	20	1,424,712	2.11
100,001 to 200,000	10	1,519,678	2.25
200,001 to 400,000	7	2,046,998	3.03
400,001 to 600,000	6	2,925,406	4.33
600,001 to 800,000	1	639,481	0.95
800,001 to 1,000,000	2	1,903,028	2.82
More than 1,000,001	11	48,582,236	71.99
Total	340	52,500,000	100.00

(4) Major Shareholders

April 1, 2024; Units: Shares, %

Shares of Stock Name of major shareholder	Number of shares held	Shareholding ratio
Kenstar Investment Co., Ltd.	10,636,783	15.76
Jastar Investment Co., Ltd.	8,527,909	12.63
Yu-Pin Liao	6,005,672	8.90
Huatsen Investment Co., Ltd.	4,949,392	7.33
Sunglowed International Ltd.	4,581,988	6.79
Chienchuang Investment Co., Ltd.	4,070,000	6.03
Yao-Wen Tsai	2,862,876	4.24
Ssu-Chun Sung	2,729,394	4.04
Chien-Chih Lin	2,188,000	3.24
Liao Kuan-Chuan	1,021,571	1.51
Total	47,573,585	70.48

(1) Information about market price, net value, earnings, and dividends per share in the most recent two years

Unit: NTD thousand; thousand shares

Year Item		2022	2023	The current year as of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest	Unlisted	45.05	29.65
	Lowest	Unlisted	27.95	26.50
	Average	Unlisted	31.38	27.98
Net value per share (Note 2)	Before distribution	18.15	17.23	—
	After distribution	14.94	(Note 9)	—
Earnings per share	Average weighted number of shares	57,765	60,616	—
	Earnings per share (Note 3)	5.02	1.33	—
Dividends per share	Cash dividends	1.071428	1.05 (Note 9)	—
	Dividends from retained earnings	Dividends from retained earnings	—	—
		Dividends from capital reserve	—	—
	Accumulated undistributed dividends (Note 4)		—	—
Investment reward analysis	Price/earnings ratio (Note 5)	Unlisted	26.63	—
	Price/dividend ratio (Note 6)	Unlisted	33.73	—
	Cash dividend yield (Note 7)	Unlisted	2.96%	—

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Please use the number of shares issued at the end of the year as the standard and fill in the distribution according to the resolution of the shareholders' meeting in the following year.

Note 3: If retroactive adjustment is required due to stock grants or other reasons, disclose earnings per share before and after such adjustment.

Note 4: If the equity securities issuance conditions stipulate that the dividends not paid in the current year may be accumulated to be distributed in a year with surplus, separate disclosure shall be made of the accumulated unpaid dividends at the end of the period.

Note 5: Price to earnings ratio = average closing price per share of the current fiscal year / Earnings per share.

Note 6: Price to dividend ratio = average closing price per share of the current fiscal year / cash dividends per share.

Note 7: Cash dividends yield rate = cash dividends per share / average closing price per share of the current fiscal year.

Note 8: Data shall be filled in for the net value per share and earnings per share as of the date of publication of the annual report through the accountant's audit(review) in the latest quarter. The remaining fields should be filled with the current year data as of the date of publication of the annual report.

Note 9: The distribution of profits for 2023 has been approved by the Board of Directors but has not yet been approved by the shareholders' meeting.

(5) Company dividend policy and implementation status:

1. Dividend policy:

In accordance with the dividend policy stipulated by the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes should first be paid and accumulated losses covered. Thereupon, another 10% should be set aside as legal reserve. However, this does not apply when legal has reached the amount of paid-in capital. The remainder shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is any remaining balance, then it shall be combined with cumulative undistributed earnings and an earnings distribution proposal drafted by the Board of Directors for submission to the shareholders' meeting for resolution on the distribution of shareholder dividends.

The Company's dividend policy adheres to a principle of prudent balance, taking into consideration factors such as profit status, financial structure, and future development. It allocates 10% to 90% of the distributable profits for the year to shareholders as dividends, with cash dividends accounting for no less than 10% of the total dividend amount. If the dividend per share is less than NT\$0.1, the Board of Directors may propose not to distribute dividends and submit it to the shareholders' meeting for resolution.

2. Proposed dividend distribution for the year:

Cash dividends: A total of NT\$70,875,000 from the earnings of the year 2023 has been allocated as cash dividends, distributing NT\$1.05 per share. The distribution of cash dividends for the year 2023 is subject to the resolution of the 2024 General Meeting of Shareholders.

(6) The influence of stock dividends planned to be paid in the shareholders' meeting of this year on the operating performance and earnings per share of the Company: Not applicable.

(7) Remuneration to employees and directors

1. Percentages and ranges of compensation for employees and directors as provided in Articles of Incorporation:

In accordance with the Articles of Incorporation, the Company allocates no less than 1% and no more than 5% of the profits before tax of the current year as the remuneration of employees and the remuneration of directors, respectively.

2. The accounting treatment for differences between the estimated amount of employee and director remuneration, the basis for the estimation, the basis for calculating the number of shares distributed as employee remuneration in stock, and the actual amount distributed, when there is a difference from the estimated amount:

The estimated amount of employee and director remuneration is calculated based on the percentage stipulated in the Company's Articles of Incorporation and recognized as salary expenses. If there are still changes in the amounts after the financial statements are approved for issuance, they shall be regarded as changes in accounting estimates, and the profit or loss for the following year shall be adjusted.

3. Information on any approval by the board of directors of distribution of compensation:

(1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors:

The Company approved the distribution of employee remuneration and director remuneration for 2023 at the board meeting held on March 12, 2024. Employee remuneration to be distributed in cash is NT\$4,186 thousand, and director remuneration is NT\$5,000 thousand. The aforementioned amounts will be distributed in cash.

If there is a discrepancy with the annual estimated amount of recognized expenses, the amount of the discrepancy, reason and handling circumstances should be disclosed: Not applicable.

- (2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee profit-sharing compensation: No such circumstances.
4. The actual payment of remuneration to the employees and directors in the previous year (including the number of distributed shares, amount, and stock price); if there is a difference with the recognized amount of remuneration for employees and directors, the amount of the difference, the reason, and the handling circumstances should be stated:

The Company approved the distribution of employee remuneration and director remuneration for 2022 at the board meeting held on April 11, 2023. Employee remuneration to be distributed in cash was NT\$8,648 thousand, and director remuneration was NT\$7,500 thousand. The aforementioned amounts was to be distributed in cash.

- (8) Repurchase of shares by the Company: No such circumstances for the Company.
- 2. Handling of corporate bonds: No such circumstances for the Company.**
- 3. Handling of preferred shares: No such circumstances for the Company.**
- 4. Handling of overseas depositary receipts: No such circumstances for the Company.**
- 5. Handling of employee stock options: No such circumstances for the Company.**
- 6. Handling of restricted employee shares: No such circumstances for the Company.**
- 7. Status of new share issuance in connection with mergers and acquisitions: No such circumstances for the Company.**
- 8. Implementation status of fund utilization plan (issuances of securities, whether completed within the last three years or ongoing, for which the anticipated benefits have not yet materialized): No such circumstances for the Company.**

V. Operation Overview

1. Business summary

(1) Business scope

1. Principal business activities of the Company:

Research, development, manufacturing, and sale of the following products:

- (1) Organic electroluminescence (OLED) display modules.
- (2) E-Paper display modules.
- (3) Liquid crystal display modules.

The industries and codes of the above products are as follows:

1. CC01080 Electronics Components Manufacturing.
2. CC01050 Data Storage Media Units Manufacturing.

The following business operations are limited to outside the Science Park:

- (1) F113050 Wholesale of Office Machinery and Equipment.
- (2) F119010 Wholesale of Electronic Materials.
- (3) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business proportions of major products

Unit: NTD thousand, %

Product item	2022		2023	
	Operating revenues	Weight of business	Operating revenues	Weight of business
STN display module	1,505,256	50.19%	1,048,597	47.04%
TFT display modules	793,649	26.46%	640,873	28.75%
OLED display panels and modules	670,827	22.37%	512,643	23.00%
Others	29,530	0.98%	27,117	1.21%
Total	2,999,262	100.00%	2,229,230	100.00%

3. The Company's current products (services)

- (1) Research, design, production, and sales of standard and customized STN LCD display module products
- (2) Research, design, production, and sales of standard and customized TFT LCD display module products
- (3) Production and sales of Organic Light-Emitting Diode (OLED) panels
- (4) Research and development, design, production, and sales of standard and custom OLED display module products
- (5) Customized R&D, design, production and sales of backlight modules

- (6) Research and development, design, production, and sales of System Integration (SI) modules
- (7) Research and development, design, production, and sales of Smart Display series products
- (8) Embedded system R&D, design, production and sales
- (9) R&D, design, and sales of touch panel standard products and customized products

4. New products (services) planned and developed

- (1) STN display module
 - A. Research and development of new functional products to enhance module functionality and increase product added value
 - B. Develop high-resolution, high-contrast, and low-power consumption products
 - C. Research and development of new standard product specifications to expand product lines and increase market share
 - D. Research and development of LCD panels combined with touch functionality and LCD multi-color printing to enhance product competitiveness
 - E. Integration of client circuits and functions into STN modules to enhance product value-added services
- (2) TFT display modules
 - A. Research and development of new functional products to increase product added value
 - B. Development of weather-resistant, rugged, long-life, high-contrast, high-resolution, narrow-border products
 - C. Develop various interface conversion functions for displays
 - D. Development of energy-saving, low-power consumption, sunlight-readable, wide-temperature, and wide-viewing-angle products
 - E. Development of various signal adapter boards and control boards such as eDP, HDMI signal, MIPI, etc.
- (3) OLED display panels and modules
 - A. Improve product performance and product life
 - B. Develop weather-resistant, high-resolution, and large-panel OLEDs
 - C. Develop transmissive OLED products
 - D. Research and development of OLED lighting technology
- (4) System integration
 - A. Research and development of new functional standard products to increase product added value and expand product application areas
 - B. Customized control board design, providing comprehensive solutions according to customer demand specifications
 - C. Research and development of systematic software tools to reduce the technical

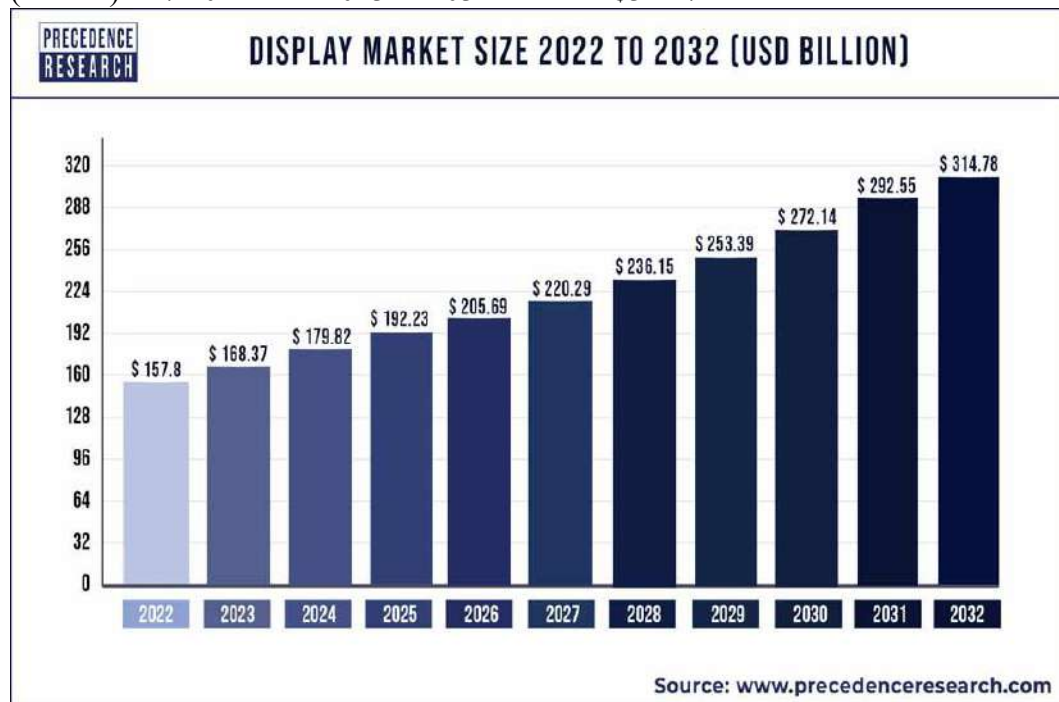
threshold for application introduction

(2) Industry Overview

1. Current status and development of the industry

The display industry plays a key role in the progress of human technology, being widely used in entertainment, business, residential, transportation, retail, education, and medical fields. In recent years, with the development of emerging technologies such as the Internet of Things (IoT), artificial intelligence (AI), smart products, unmanned vehicle-mounted displays, green energy, and electric vehicles, the demand for display technology has shifted towards ultra-high contrast, high brightness, long lifespan, high resolution, rapid response, wide viewing angles, wide color gamut, and touch capabilities. This development aims to provide products with smarter, lower latency, and more realistic display effects. These advancements in display technology address ever-changing usage demands and emerging application fields, providing products with superior display effects.

Due to technological advancements and changes in human usage habits, the global display market is expanding. According to a report by the market research firm Precedence Research, the global display market is projected to grow at a compound annual growth rate (CAGR) of 7.20% from 2023 to 2032 to attain \$314.7 billion.



(Source: Precedence Research)

The Company's main products are small and medium-sized liquid crystal displays (LCDs) and organic electroluminescent displays (OLEDs). The following describes the current industry status of these products:

A. Liquid crystal display (LCD)

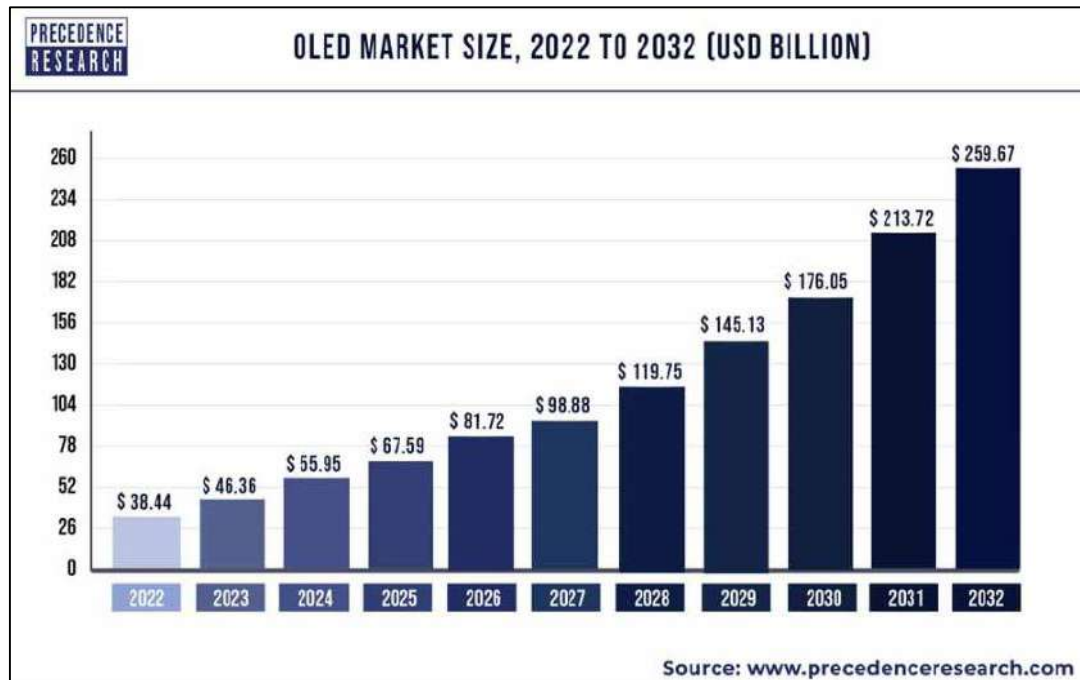
As technology has advanced and human needs have evolved, the development of liquid crystal displays (LCDs) has progressed from monochrome/dual-color TN/STN LCD displays to color TFT LCD displays. However, due to its advantages such as a low unit price, small power consumption, energy efficiency, and long product life, STN LCD displays are still widely used in applications that require long life and lower costs. Furthermore, in response to the global net zero carbon emission policies, the demand for energy-saving products is increasing. This trend has maintained the competitive advantage of monochrome STN LCD displays in the industrial sector. Currently, they are still widely used in industrial control equipment such as measuring instruments, fuel dispensers, communication equipment, and automation equipment.

The development of TFT LCD technology has matured, with advantages such as colorization, wide viewing angles, high resolution, and high brightness. Coupled with the market's increasing demand for displays with touch functionality, TFT LCD can meet a wide range of product applications. Currently, widely used products include televisions, mobile phones, laptops, tablets, desktop monitors, automotive displays, and industrial and commercial displays. According to market research company IMARC Group, the global market size for TFT LCD panels is expected to reach US\$250 billion by 2032, with a CAGR of 4.1% from 2024 to 2032. This growth is driven by factors such as increasing demand for smartphones and laptops, as well as advancements in display technology.

The rapid development in the consumer electronics, automotive, and IoT fields has led to a year-on-year increase in global demand for small and medium-sized TFT LCD panels. Expert Market Research projects that from 2024 to 2032, the market size is expected to reach approximately US\$97.18 billion with a CAGR of 5.1% in 2032. The application areas of small and medium-sized TFT LCD panels include consumer electronics, industrial control, automotive, medical, household appliances, navigation, and other products. As human demand for display screens and quality continues to rise, coupled with the widespread use of smartphones and tablets, TFT LCD has become the mainstream trend for small and medium-sized displays. In recent years, the consumer display market, including smartphones and tablets, has gradually become saturated. Furthermore, international smartphone manufacturers have increasingly adopted OLED as the display screen for smartphones. As a result, OLED panels have continued to penetrate high-end smartphones, tablets, wearable devices, and other products, leading to a decline in the market share of small and medium-sized TFT LCDs. However, there has been an increase in demand from niche industries such as commercial, industrial, automotive, and medical sectors, which has driven the global growth of small and medium-sized TFT LCDs.

B. Organic light-emitting diode display (OLED)

Organic Light-Emitting Diode (OLED) displays have advantages such as self-illumination (no need for a backlight), energy efficiency, lightweight, foldability, wide viewing angles, short response times, and vibrant colors. As a result, their application markets have gradually expanded. Strongly growing application areas include augmented/virtual reality (AR/VR), automotive, display, and tablet industries. In addition, market research agency Precedence Research estimates that the global OLED market will grow at a compound annual growth rate of 21.1% to US\$259.6 billion from 2022 to 2032.



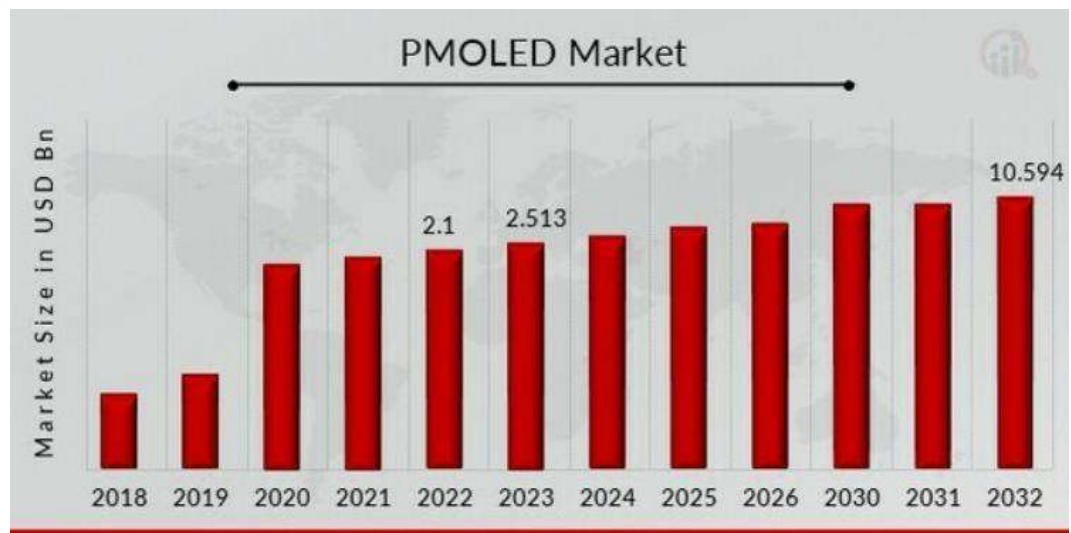
(Source: Precedence Research)

OLED displays can be divided into active-matrix organic light-emitting diode (AMOLED) and passive-matrix organic light-emitting diode (PMOLED) according to the driving method. The Company mainly focuses on PMOLED. Compared with AMOLED, PMOLED has the advantages of lower production material costs, simpler process technology, and lower equipment investment costs. It can better meet customers' demands for low-volume, low-cost customization. Currently, PMOLED has been applied in products such as industrial control, medical, networking, audio-visual, portable devices, automotive, smart home appliances, and smart homes. AMOLED has high technical barriers, process technology difficulties, and high costs, and is mainly applied in high-end consumer products such as smartphones, TVs, tablets, and laptops, showing a clear differentiation in application areas from PMOLED. The following table compares PMOLED and AMOLED:

PMOLED and AMOLED comparison table

Features	PMOLED	AMOLED
Lighting method	Instant high luminance illumination	Continuous drive illumination
Energy consumption	High power consumption	Low power consumption
Luminous life	Shorter luminous lifespan, not suitable for large sizes	Easy to improve luminous life and brightness
Display quality	Lower brightness and resolution	High brightness and high resolution
Cost of production	Low	High
Drive circuit design	Easy	Complex
Major application products	Mainly used for wearable applications, with niche applications in industrial control and automotive industries	Smartphones, smart watches, TVs, and laptops

According to market research institutions, the global PMOLED market is estimated to grow at a CAGR of 19.70% from \$2.5 billion in 2023 to \$10.59 billion in 2032.

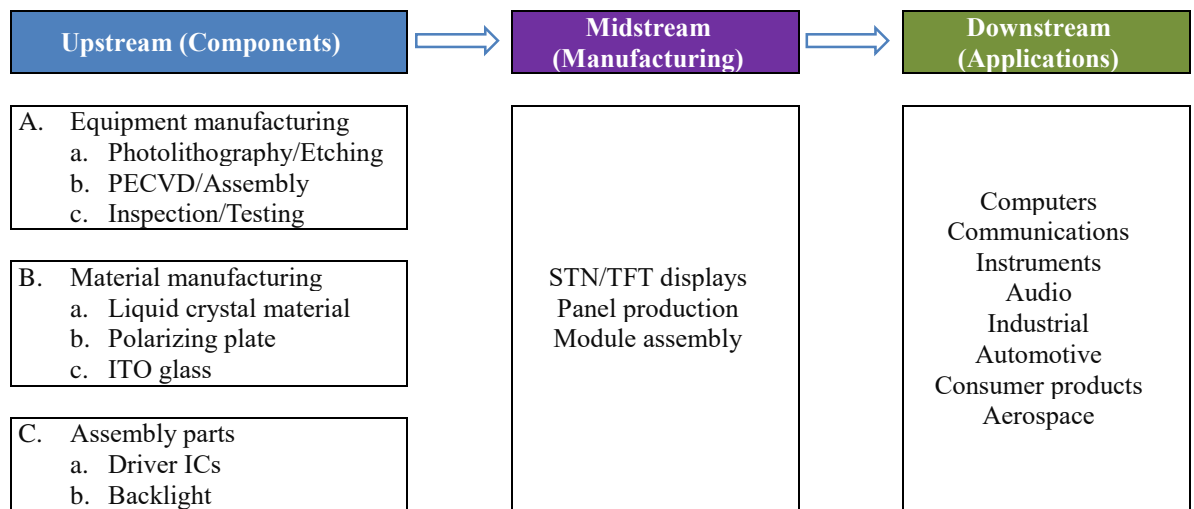


(Source: Market Research Future)

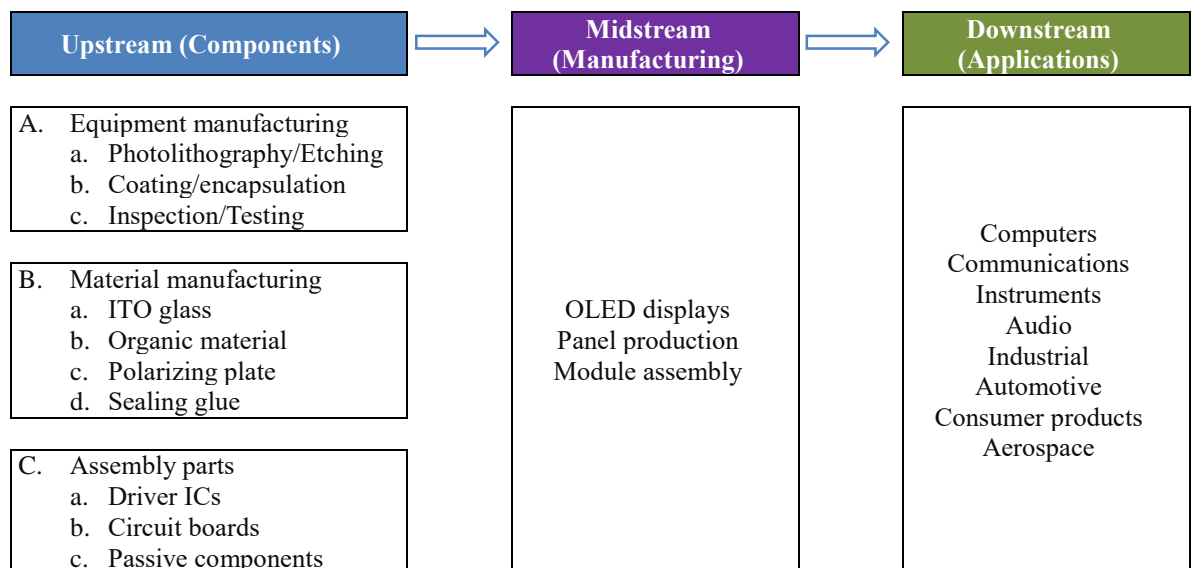
In the global trend of carbon reduction, OLED's low power consumption and high energy efficiency have become a new development direction in the lighting technology market. The main differences between OLED lighting and other lighting technologies lie in their flexibility and ability to provide localized lighting. In addition, OLED lighting offers features such as mirror-like surfaces, transparency, adjustable emission colors, and touch control. Currently, OLED lighting specifications meet the requirements of most lighting applications. It has unique application markets in general lighting, medical lighting, architectural/decorative lighting, automotive lighting, and aircraft lighting. The flexibility and transparency of OLEDs can make car light designs thinner and increase the flexibility of car light designs. Furthermore, OLEDs have a fast response time, high brightness, and high color saturation. High-end car models have already adopted OLED lighting, applying it to tail lights and brake lights.

2. Links between the upstream, midstream, and downstream segments of the industry supply chain

A. LCD display industry structure



B. OLED display industry structure



3. Development trends for the company's products

With the rapid advancement of technology and the change in human usage habits, the demand for display products is increasing. This includes requirements for high resolution, vibrant colors, wide viewing angles, ultra-high brightness, energy efficiency, and low power consumption. Display products are widely utilized, spanning consumer markets such as mobile phones, TVs, and tablets, as well as extending into niche industries including industrial control, medical, automotive, and home appliances. These industries have varying demands and application scenarios for display products, with displays playing a crucial role as key communication interfaces across all sectors.

Due to increasing market demand for display products, the development of display products has shifted from traditional monochrome TN/STN-LCD to color TFT LCD displays, organic light-emitting diode products (OLEDs), and emerging display products such as Mini LED and Micro LED. OLED displays have become the predominant display

technology following TFT LCDs. With advantages such as high brightness, high contrast, and high definition, OLED displays are also lightweight, energy-efficient, and offer wide temperature ranges and high flexibility. As OLED manufacturing processes have matured and costs have decreased, OLED display products have become widely accepted and are extensively used in niche markets such as mobile phones, televisions, industrial control displays, automotive displays, medical displays, and more. Since 2018, emerging display technologies such as Mini LED and Micro LED have garnered significant market anticipation due to their outstanding performance. They have begun to enter large-size displays, as well as applications in consumer TVs, monitors, laptops, and more. However, these technologies are currently hindered by immature technology, poor production yield, high production costs, and other issues. As a result, Mini LED and Micro LED have not yet been widely applied in various industries.

4. Competition

The Company is the only manufacturer in Taiwan that can simultaneously provide display solutions for STN LCD, TFT LCD, and PMOLED products, as well as system integration. Competitors in the industry only serve partial product lines. Our products are mainly used in industrial control, covering industries such as medical, home appliances, automotive, and networking. Over the past 20 years, we have accumulated a large customer base and extensive application industries through the use of a small amount of diversified business strategies. Therefore, we have significant differences from competing Taiwanese companies in terms of product categories, application industries, and sales regions.

A. LCD liquid crystal displays are a mature industry market, with a stable upstream and downstream supply chain in the industry. The technical levels of various manufacturers are comparable. However, there are differences in product differentiation, customization capabilities, application industries, and sales regions. The Company has a large number of standard products with wide application industries and provides highly customized services and system integration solutions to address customers' best display solutions.

B. In Taiwan, WiseChip and Ritdisplay are the only manufacturers of PMOLED displays that are comparable to the Company. The main difference between us and our competitors lies in the application areas and sales regions. Our products are primarily used in the industrial control industry, with a continued expansion into niche industries. In contrast, competitors focus more on applications in consumer electronics and daily life industries. Therefore, there is a clear distinction between the Company's application industries and sales regions compared to our competitors.

(3) Overview of technology and R&D

1. Technical level of the business

A. STN display modules

The technology level of the STN panel and module industry is quite mature.

Application products include industrial control machinery, medical equipment, sports equipment, home appliances, handheld instruments, and more. Although in recent years it has been impacted by the market demand for color displays, which has eroded the global STN display module market, the advantages of STN display modules, such as their wide applicability and low manufacturing and tooling costs, continue to make them widely used in the industrial control display market. In addition to continually developing the technology and quality of existing products, the company has introduced many new products in recent years that have become the mainstream of custom development projects. Therefore, even in a fiercely competitive environment, the company can continue to provide high-quality and competitive products, driving the company's STN display module business to grow contrary to the trend.

B. TFT display modules

The source of the TFT module technology of the Company is mainly self-developed. In response to the rapid growth of future information, communication, and consumer electronic products, the Company, based on its long-term practical experience in the display industry and the rich expertise and R&D technology of its R&D team, is committed to the development of various types of touch TFT displays. This includes providing displays with diversified interfaces, combining displays with special touch technologies (such as waterproof, thick glove covers, antibacterial, and non-contact touch), and providing customized software services to meet customer needs.

C. OLED display panels and modules

The core technology of the Company's OLED panels can be divided into two main categories: process technology research and development, and the development of new driving technologies. In terms of process technology research and development, the OLED panels produced by the Company are characterized by high performance, high brightness, and long lifespan. In the development of new driving technologies, the Company is able to meet the demand for high resolution. Currently, the technologies developed by the Company have all been integrated into mass-produced products.

The OLED panels produced by the Company are manufactured using the COB process for character-type OLED display modules. The Company has independently developed an analog IC that incorporates multiple fonts on the same IC, enabling a single OLED module to support multiple languages worldwide. Customers no longer need to prepare modules with multiple fonts for different sales regions. Additionally, the Company's development and production of COG process-based character and graphic OLED modules offer even lighter and thinner characteristics. The Company has further developed value-added products that combine COG with PCB, helping customers integrate circuits and shorten their development cycle to meet their needs.

D. System integration

The accumulation of core technologies for system integration can be divided into two

categories: display interfaces and system interfaces. The Company has built a foundation in display interfaces over more than 20 years, while the development focus of system interfaces lies in the integration of systems. The development direction of smart displays starts with the Controller Area Network (CAN bus) in the controller area network and will gradually complete various system interfaces according to market demands. The core technology on the firmware side lies in the communication protocols of control systems and the programmable capabilities of user interfaces. The development of smart displays began in early 2020 and has since accumulated several successful developments, entering mass production. The research and development results have realized three standardized communication interfaces: CAN bus, RS485, and UART. CAN bus has many applications, extending beyond its initial use in automotive settings to applications in industrial control and medical products. Therefore, the communication protocols are quite diverse, such as J1939 used in large vehicles. The NMEA2000 protocol used in ships, as well as the CANopen protocol, which has expanded to other applications (industrial control, medical), all rely on the development of firmware. The modular operation method of firmware achieves the goal of reusability. The core technology of software is relatively diverse, and different development platforms and operating systems have different implementation methods. Currently, the functionality of stacking smart display PC applications can be achieved to achieve the best user experience.

2. Research and development

A. STN display modules

STN is a mature and stable industry. The Company continues to develop new technologies and products, and the products that combine driver ICs and LCD panels to develop new functions are as follows:

(A) High contrast display effect VATN

By utilizing the high-speed scanning frequency and excellent driving capability of the driving IC, coupled with a precise LCD panel wiring design, VATN LCDs can achieve better contrast than general products. This allows customers to use the product indoors or outdoors, and it can be paired with color silk screen printing to enhance the product's visual appeal.

(B) LCD panel with touch function

Without the need for external touch panels, touch functionality can be directly achieved on the LCD panel, realizing In Cell Touch. By utilizing the latest driving IC features and combining them with a specially designed LCD panel wiring, customer costs are significantly reduced, making the product more competitive.

(C) STN display module combined with client circuit

Integrating customer-side components on the PCB board of the STN display module helps with customer-side circuit integration and functional testing, increasing the added value of STN display module products and ensuring the completeness of product functionality. Helping customers reduce the workload of

procurement and quality assurance units, simply placing an order with Winstar can reduce dozens of material order operations and many component inspection tasks.

(D) Low power STN display module

We provide handheld products to extend battery life to meet customers' needs for power-saving products.

B. TFT display modules

(A) Support HDMI signal interface products

In response to the increasing number of customers in the industrial control market using standard HDMI connectors as the image transmission interface, when paired with the Raspberry PI development system board, it can accelerate the experimentation and product development of terminal products. The Company has developed HDMI Interface series products below 10.1 inches, adding value to color displays.

(B) Weather-resistant industrial control display solutions

As the demand in the industrial control market for displays to operate continuously and reliably in extremely high and ultra-low-temperature environments, as well as in special application scenarios, continues to increase, we actively develop displays that are weather-resistant, reliable, and suitable for ultra-wide temperature, UV-resistant, ultra-bright, high-resolution, sunlight-readable, waterproof, and shock-resistant applications. We are committed to meeting the needs of our customers and providing a full range of customized products with tailored specifications.

(C) Capacitive touch products

In the industrial control market, over 90% of applications for color displays are gradually adopting capacitive touch products adhered to the display. Compared to general consumer applications, industrial control demands a surface cover thickness of over 3mm, a special ceramic screen printing process for navigation applications under sunlight's ultraviolet radiation, touch technologies that can prevent misoperation from 5% saltwater, support for medical and industrial glove touch requirements, and contactless suspended touch technology. In recent years, the Company has accumulated custom development experience and technology to meet customer needs for these special applications.

(D) Optical bonding products

The Company provides advanced industrial control application solutions. Unlike traditional double-sided adhesive frame bonding methods, we utilize advanced optical bonding technology, combining capacitive touch screens with TFT displays to effectively enhance the performance and durability of our products. Through optical bonding, we have effectively increased the brightness of backlight passing through glass, while enhancing the product's impact resistance, meeting higher levels of impact protection standards (IK). Furthermore, our solutions can effectively reduce the reflection of external light sources, significantly improving

the visual quality of displays, ensuring outstanding user experiences in various special application scenarios.

C. OLED display panels and modules

The Company develops PMOLED technology, mainly comprising forward-looking and innovative core technologies and products. They include the following important areas to meet evolving market needs:

(A) Improved quality, performance, and lifespan of existing PMOLED products

The Company has enhanced the brightness, lifespan, and environmental tolerance of its existing PMOLED panels. The key technologies include breakthroughs in organic materials, component structure, efficiency, brightness, and encapsulation processes. The Company's OLED display products have been honored with the Taiwan Excellence Award for eight consecutive years. Projects developed over the years have encompassed equipment, processes, materials, structures, modules, testing, applications, products, and innovative services, among others. These advancements have successfully elevated the specifications for producing PMOLEDs, making the products more competitive internationally.

(B) OLED lighting panels

The lighting field has seen the most popular new application in recent years with high-brightness OLED as a thin and light surface light source. Its advantages include energy saving, softness, high color rendering, and surface illumination, with the opportunity to produce flexible or transparent slides, providing a new design approach in the lighting field. In recent years, the Company has also begun developing OLED lighting panels. In 2013, the company received subsidies from the National Science and Technology Program for Research and Development and successfully developed the Ultra-Low Color Temperature White Light Illumination OLED, winning the Outstanding Optoelectronic Product Award in 2014. In 2020, the Company received subsidies from the Central Taiwan Science Park Administration for the Deep Red Organic Light Emitting Diode Component Development project, aiming to construct new red light technology, displays with redder color coordinates, and modules for applications related to medical aesthetics lighting panels.

(C) Transmissive OLED technology

Transmissive OLED products are often used in head-up displays, sights, helicopter helmets, night vision goggles, or vehicle window glass. In recent years, with the rise of wearable devices and smart business applications, they have also begun to be applied to more diversified products such as watch surfaces, glasses, helmet mirrors, shop windows, and tour guides. The development of high-transparency OLED technology is a key project in the Company's forward-looking technology development. In 2010, the Company developed the first generation of transmissive OLED displays, adopting an indium tin oxide (ITO) anode and an all-

metal cathode structure. In 2014, the Company successfully developed the second generation of transmissive OLEDs, optimizing the metal cathode to further increase the transmittance to >60%. In 2016, it received subsidies from the R&D Enhancement Program and collaborated with the Department of Materials Science and Engineering at National Chung Hsing University to develop indium zinc tin oxide thin film technology. Preliminary results have been achieved, and efforts are ongoing towards mass production. In 2021, it received support from the Central Taiwan Science Park Administration for the Emerging Technology Application Program and collaborated with National Taiwan University on industry-academia cooperation. The main focus is on developing two new technology application products, namely, deep red displays and transmissive OLEDs with patented technology for metal transmissive electrodes and TCO upper electrodes.

Among them, the TCO upper electrode technology and the carrier injection/buffer/protection layer structure will be matched with high-performance organic materials, luminescent materials, and high-efficiency OLED stack structures for component fabrication and testing, achieving high transparency and high efficiency in transparent OLED components. Simultaneously, detailed optoelectronic property analysis will be conducted on components with TCO upper electrodes, including upper/lower light emission characteristics, viewing angle luminance and color performance, optical transparency/transmission spectrum, and so on. It is planned to achieve an EQE of 17% for high-efficiency transparent OLEDs, making the component's IV characteristics and efficiency similar to traditional bottom-emitting OLED components, and achieving a high transparency of >70%. This will further enhance the Company's technical capabilities in transmissive displays.

(D) Innovative narrow bezel design

The Company has independently developed a narrow border design, reducing the width of the border on three sides of the display to below 1 millimeter through innovative "electrode layering" and "electrical junction hole" technologies, thereby increasing the proportion of the active area (AA) within the panel. The narrow border design can create excellent display effects and is also easier to install on consumer electronics and wearable devices with a focus on space utilization. In recent years, in order to increase the active area (AA), industrial control applications have also begun to adopt narrow border design OLED products.

(E) Leading the industry in launching high-efficiency drive circuits

PMOLED panels will reduce lifespan as resolution increases. By independently developing OLED panel and module technologies, the Company is the first in the industry to develop a high-efficiency driving method for OLED panels, which can effectively extend the panel lifespan by 2 to 4 times and delay the occurrence of pixel burn-in characteristics by 2 to 4 times, effectively overcoming the problem of low lifespan in high-resolution products. Furthermore,

in order to meet market expectations, not using high-specification and expensive light-emitting organic materials to improve the light-emitting properties can keep the final product selling price highly competitive.

(F) Low-resistance anode and cathode wire technology

New high-efficiency driving modules and narrow border panels require densely packed circuits within the effective panel wiring space, inevitably reducing the size of the anode and cathode wire circuits. Using existing metal circuits will encounter brightness unevenness issues. Improvements in the design structure of the metal circuits are needed to reduce resistance. The unique structure of the anode in this case has a resistance of less than $0.04\ \Omega$, effectively improving panel uniformity and simultaneously enhancing component conversion efficiency.

D. System integration

The Company's CAN bus series of smart displays, such as the CAN TFT 3.5", 3.9", 4.3", 5", 7", and 10.1", as well as the 3.55" OLED CAN bus series (CAN bus Smart Display), have been successively developed, launched, and well-received in the market. The applications are diverse, with strong market demand. The standard products are categorized into three types: industrial control, medical, and automotive. Customers from each category have adopted the standard products, with some medical professionals directly using standard products and designing their own user interfaces for immediate mass production of end products. This demonstrates the promising future market for CAN display.

Currently, we have completed the development of the RS485 interface for traditional industrial control and the UART interface widely used in experimental environments, gradually expanding their application scope. The RS485 interface is mature and widely used in the field of industrial control. In addition to being fully compatible with past products, it also supports the colorization of industrial control instrument panels or the upgrade of advanced functions. Customized cases are determined based on customer requirements for size and function, providing integrated hardware, firmware, and software services for customers based on a wide range of technical fields and diverse design capabilities for system integration. Subsequently, design products with functions and interfaces that meet customer needs.

The Company's Smart Display, with a product combination that can reduce customer development costs and accelerate product development and market launch, has been recognized with a Taiwan invention patent. The Smart Display, an intelligent display, includes a Winstar standard display module and built-in UI graphics control objects, allowing customers to quickly develop using built-in firmware encoding. Smart Display Application Software GUI Builder supports the Windows operating system development environment. It provides a graphical user interface (GUI) for Smart Display, accelerating customers' screen design with drag-and-drop tools (Widgets) preview function. This approach shortens customer design time through a "what you see is what you get" method.

The emulator function allows customers to confirm display effects and functions through the emulator before purchasing hardware.

3. R&D expenses spent by the company during the preceding fiscal year and in the current fiscal year up to the date of the publication of the report

Unit: NTD thousand

Item	2019	2020	2021	2022	2023
R&D expenses	83,625	91,223	101,484	124,141	118,794
Net operating revenue	1,892,695	1,839,102	2,237,901	2,999,262	2,229,230
Proportion of net operating amount	4.42%	4.96%	4.53%	4.14%	5.33%

Data Source: Financial statements audited or reviewed by accountants for the years 2019 to 2023.

4. Success of development in technologies or products

The Company specializes in the development and application of various display module technologies. Recent developments in related products are as follows:

Item	Success of development in technologies or products
Application development of Wireless Organic Light-Emitting Diode (OLED) display products.	This project was supported by the Central Taiwan Science Park Administration in 2022 under the Emerging Technology Application Program and was conducted in collaboration with National Taiwan University. The project aims to establish various organic materials and structures for white OLED displays, conduct simulation optimization, and transfer them to Raystar for trial production and validation. Simultaneously, innovative concept designs for new back covers are developed to address issues related to product defects caused by cutting, resulting in the development of improved mass-produced white OLED pixel-type displays. Furthermore, by integrating hardware, firmware, and software technologies related to wireless technology, the Company aims to establish its own key core technologies and innovate Wireless-OLED products for application in the emerging smart AIoT market.
Integrated cover OLED solution	In response to the diverse needs of customers, Winstar launched an integrated OLED cover solution, which helps customers achieve the same color tone in both the display area and the non-display area, enhancing the appearance and texture of customer products. Currently, the development of integrated black and integrated mirror finishes has been completed, and mass production has been introduced to customers.
Economical OLED solution	To meet the increasingly competitive market demands, the Company is developing modules that are more competitively priced and directly replaceable in the market, expanding the Company's product line.
Automotive OLED solution	To meet the demand for OLEDs in cars, Winstar has proposed high-temperature resistant (~105C) OLEDs, and the Company has obtained IATF16949 certification, with actual cases already in progress.

Item	Success of development in technologies or products
Development of transmissive organic light-emitting diode displays	<p>This project was supported by the Central Taiwan Science Park Administration in 2021 under the Emerging Technology Application Program and was conducted in collaboration with National Taiwan University. The main focus is on developing two new technology application products, namely, deep red displays and transmissive OLEDs with patented technology for metal transmissive electrodes and TCO upper electrodes.</p> <p>Among them, the TCO upper electrode technology and the carrier injection/buffer/protection layer structure will be matched with high-performance organic materials, luminescent materials, and high-efficiency OLED stack structures for component fabrication and testing, achieving high transparency and high efficiency in transparent OLED components. Simultaneously, detailed optoelectronic property analysis will be conducted on components with TCO upper electrodes, including upper/lower light emission characteristics, viewing angle luminance and color performance, optical transparency/transmission spectrum, and so on. It is planned to achieve an EQE of 17% for high-efficiency transparent OLEDs, making the component's IV characteristics and efficiency similar to traditional bottom-emitting OLED components, and achieving a high transparency of >70%. This will further enhance Raystar's technical capabilities in transmissive displays.</p>
Development of deep red organic light emitting diode components	<p>The project was supported by the Central Taiwan Science Park Administration's R&D Enhancement Industry-Academia Collaboration Program in 2020, and was in collaboration with Yuan Ze University. The project aims to develop deep red organic light-emitting diode (OLED) components, achieving tangible results. It has discovered a material structure suitable for mass production, enhancing the red light technology to a deeper red, shifting the CIE coordinates towards the lower right, and developing into a mass-producible model of deep red light displays.</p> <p>Simultaneously, it has successfully developed a "high-performance medical and aesthetic deep red OLED electronic comb," obtaining patents and receiving recognition with the "Excellent Vendor Innovation Award" from the Central Taiwan Science Park.</p>
Promoting the application of complexes in the development of new high-efficiency white OLED structures.	<p>The project was supported by the Central Taiwan Science Park Administration's R&D Enhancement Industry-Academia Collaboration Program in 2019, and was in collaboration with National Taiwan University and Ming Chi University of Technology. Successfully developed high-efficiency Exciplex white OLED technology.</p>
Promoted the application of complexes in the development of high-efficiency OLED fluorescent materials and component technologies.	<p>The project was supported by the Central Taiwan Science Park Administration's "R&D Enhancement Industry-Academia Collaboration Program" in 2018, and was in collaboration with National Taiwan University. Successfully developed high-efficiency Exciplex yellow and orange OLED technology.</p>

Item	Success of development in technologies or products
Development of aerospace-type PMOLED film encapsulation equipment	This project is supported by the Central Taiwan Science Park Administration's 2018 project for "Enhancement of Regional Cooperation to Promote the Upgrading of Smart Machinery and Aerospace Industries in Central and Southern Taiwan," and reflects industry-research collaboration with the Industrial Technology Research Institute and Syskey Technology Co., Ltd. The project successfully developed the first PECVD_ALD dual-mode thin film encapsulation equipment. It successfully deposited SiNx and ALD Al ₂ O ₃ thin films using low-temperature 80°C plasma-enhanced chemical vapor deposition. This solution addresses the issues of slow production capacity with single ALD use and non-dense single PECVD film layers in encapsulation. As a result, the device products are more efficient in reducing the need for glass back covers and overall weight, marking a significant milestone in OLED device encapsulation.
Narrow bezel organic light emitting diode technology development	This project was supported by the Taichung City Government Economic Development Bureau in 2017 and was carried out in collaboration with National Taiwan University. The narrow bezel technology development project aims to increase the effective display area by reducing the width of the panel encapsulation area. The key lies in improving the wiring width and encapsulation technology to reduce the encapsulation area width to below 1 millimeter, thereby enhancing the product's competitiveness in the consumer electronics field.
Narrow bezel OLED module	OLED products are often used in small-sized products such as smart wristbands. Customer demand for narrow bezels is increasing. Currently, Winstar has completed the development of narrow bezel OLEDs, with the bezel width expected to shrink to 1mm, expanding the acceptable range for customer designs.
Long life OLED	OLED constitutes an organic light-emitting diode, and its luminous lifetime has always been a focus of research and development. Based on the original 50K-hour lifespan, Winstar has extended the usable time, achieving a usage time of 100K hours on a 2.4-inch panel.
PCB integrated OLED	In addition to the general Chip-On-Glass (COG) structure OLEDs, Winstar has introduced as many as dozens of PCB-integrated OLEDs, addressing the previous issues customers faced with fixing COG structure OLEDs and the problem of multiple power supplies, thereby significantly reducing customers' Time-to-Market (TTM) for product development.
Rotary knob integrated OLED	Due to the surface-emitting characteristics of OLEDs, they are well-suited for applications with non-fixed viewing angles, such as center console applications. The rotary knob integrated OLED display is a new product developed by Winstar that integrates input and output simultaneously. The Company has successfully developed two products, sized 1.2" and 0.96". The rotary knob integrated OLED display combines rotary knob input operation with OLED display output, enabling customers to design product applications directly with the Company's developed products.

Item	Success of development in technologies or products
In-cell touch OLED	The original plug-in touch panel can no longer meet all customer needs. In pursuit of the thinnest touch OLED thickness, the Company has developed an in-cell OLED product that integrates display lines and touch detection lines into one. This product can reach a minimum thickness of approximately 1.2mm while also featuring touch functionality, making it easy to design for products with extreme thickness requirements.
Esports specifications OLED module	OLED products have characteristics such as high contrast and fast response times, making them suitable for use with gaming products. Winstar has successfully developed several products suitable for gaming, which have been incorporated into customer products.
Display touch technology "Hover Touch"	A 7-inch TFT display combined with Hover Touch technology has been completed, achieving a suspended touch technology distance of 10-30mm, improving the problem of suspended touch interference by the display. This technology is mainly in response to the evolution of user demand for contactless touch products and can be applied to elevators, vending machines, medical products, and other applications.
Antibacterial solutions for TFT display	The development of antibacterial glass or antibacterial film combined with TFT Display or Touch Panel lamination processes has been completed. This process technology utilizes high-temperature ion exchange to effectively combine silver ions with other ions in glass, resisting bacteria on displays or touch panels. Currently, it can be successfully used on Winstar's 1.0" to 15.0" TFT products.
Smart Display_CAN Series.	The Smart Display CAN Bus series standard products, in sizes of 3.5"/3.9"/4.3"/5.0"/7.0"/10.1", have been successfully developed and are in mass production. The main purpose of smart displays is to make it easy for customers to use. In addition to the smart display product units, a software tool called GUI Builder has been developed for easy operation, allowing customers to design their own user interfaces (UI) without writing any code.
Smart Display_RS485 Series.	The RS485 standard product series of smart displays, in sizes of 4.3"/5.0"/7.0" and others, have been successfully developed and are in mass production. To maintain the simplicity and ease of use of Smart Display products, mainstream RS485 series products for industrial control interfaces have been developed.
HMI for forklift 3.5"/5"	We have successfully introduced custom CAN Bus system integration products, used for the human-machine interface of forklifts. The functions and operation interface are specified by the customer. The Company developed the hardware and firmware to assist customers in designing projects, and has successfully entered mass production.
Bluetooth display module for HUD 0.96"	Customized head-up display (HUD) cases, installed inside helmets, connect to smartphones via Bluetooth. They retrieve information from the phone and project relevant information into the user's field of vision, significantly enhancing the safety of motorcycle riders.
HMI for elevator 12.3"/8.8"/2.4"	In the case of customized human-machine interface (HMI) for luxury residential elevators, the 12.3"/8.8" displays are built-in HMIs inside the elevator, while the 2.4" display serves as the elevator call screen. In accordance with customers' specification requirements, the Company successfully develops hardware and firmware to assist customers in designing projects and has started trial mass production.

Item	Success of development in technologies or products
Smart Display_CAN series Gen.2 with Custom CAN-ID function	Based on market feedback regarding the demand for the first-generation CANopen protocol, the Smart Display must be CAN ID configurable to support CAN2.0A & B while being integrated into the customer's existing system. Therefore, the second-generation product, Custom CAN-ID, has been developed under the framework of a shared hardware platform.
Smart HMI	Both Smart Display Gen.1 and Gen.2 use the system interface CAN Bus to change the display screen status. Without commands from the control host (HOST), the display module cannot execute any functions. Therefore, the concept of the third generation Smart HMI is introduced, providing GPIO for customer-defined commands. Objects can also be bound to each other, and after configuration, the human-machine interface functions can be executed independently. This product was also showcased at the Embedded World 2023 Forum in Nuremberg, receiving a warm response from customers.
STN high contrast display	Successful development includes the use of special materials, a dedicated high-frequency scanning LCD driver IC, and an ultra-high-brightness LED backlight to achieve a high-contrast display VATN. Depending on customer needs, the mold design and process can be adjusted to transform the high-contrast display VATN into a full-view angle VATN display.
STN LCD Panel combined with touch function	Successful research led to the design of a capacitive touch point in the LCD panel, complemented by a dedicated ICON-style touch IC on the PCB board. This allows customers to significantly reduce material costs.
STN low power display module	The use of a dedicated LCD driver IC, combined with careful material selection and product design, reduces the module's power consumption. This makes it easier for customers to design and use the product in handheld devices, significantly extending battery life.
STN LCD Panel multi-color printing	While STN products use monochrome LCD panels, the colorful printing process is time-consuming and has a high scrap rate. The Company has developed a method using color film to greatly reduce process time and increase yield.
STN COG standard module products	After years of evolution, STN IC has faced challenges such as material shortages and rising costs due to the recent pandemic. In response to these factors, the Company has provided more stable IC supply and alternative solutions to maintain stable supply and prevent production stoppages, ensuring customers can continue mass-producing their products. The Company has expanded its range of STN COG standard module products to seamlessly replace the original STN module products for customers.

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

1. Short-term business development plan

- A. Optimize at a small-scale, diversify order operation model, and expand business to M-type and L-type international customers.
- B. Deepen engagement with existing customers, maintain good customer relationships, and establish close cooperation.
- C. Rapid quotation and shortened delivery times, strengthening price competitiveness.

- D. Utilize online marketing tools to increase WINSTAR brand exposure, enhancing brand value.
 - E. Participate in international exhibitions to develop new customer sources and increase WINSTAR brand awareness.
 - F. Strengthen the success rate of new customer development and new cases.
 - G. Expand WINSTAR's cooperation with channel partners in various countries, striving to introduce new product design and development capabilities into the end customer supply chain to adopt the Company's products.
 - H. Accelerate the development of various touch panel and cover plate solutions in response to the increasing market demand for touch panels and cover plates.
 - I. Expand the promotion of weatherproof, rugged, energy-efficient, long-life, high-contrast, high-resolution display products.
 - J. Develop a variety of product line combinations, including STN, TFT, OLED, and other series products, which can support each other for alternative applications, extending the product life cycle.
 - K. Accelerate the development of COG structure module derived products for STN and OLED product categories, assisting customers in shortening product development and implementation schedules.
 - L. Strengthen customized service capabilities and system integration solution services.
 - M. Actively expand niche industrial applications, such as special automotive fields, smart IoT, industrial control, and network communication.
 - N. Promote ESG green products, develop displays that are energy-efficient, environmentally friendly, and low power-consuming.
2. Medium and long-term business development plans
- A. Expand investment in Taiwan in response to government policies, anchoring here to create a clustering effect in our industries.
 - B. Incentivize innovative technologies and strategically deploy intellectual property.
 - C. Enhance employee benefits to retain and cultivate talent, ensuring mastery of core technologies.
 - D. Foster international business talent to continuously expand our global business footprint.
 - E. Expand overseas operational bases to provide customers with more timely business and technical services, deeply cultivating overseas clients.
 - F. Strengthening comprehensive system integration services, introduce Human-Machine Interface (HMI) systems for production and sales, and increase the value and gross margin of our products and services.

G. Transition from a manufacturing-oriented model to a cross-disciplinary system integration model, becoming the premier provider of display solutions.

2. Overview of production and sales by markets

(1) Market Analysis

1. Main product (service) sales (provision) areas

Unit: NTD thousand, %

Year Sales regions		2022		2023	
		Operating revenues	Percentage (%)	Operating revenues	Percentage (%)
Domestic sales	Taiwan	236,710	7.89%	164,390	7.37%
Export	Asia	755,838	25.20%	608,805	27.31%
	America	565,217	18.85%	392,663	17.62%
	Europe	1,418,016	47.28%	1,041,697	46.73%
	Others	23,481	0.78%	21,675	0.97%
Total		2,999,262	100%	2,229,230	100%

2. Market share

The Company is a professional manufacturer of display modules, with a complete product line and a wide range of application areas, making it difficult to clearly quantify the figures as the basis for calculating market share. The Company's products can be divided into LCD displays and PMOLED displays. Therefore, the Company compares its market share and competitive situation with domestic LCD display module manufacturers and PMOLED manufacturers, explaining the market share and competitive situation of the Company's products in the domestic market.

A. Liquid crystal display module (LCM)

The Company's production of LCD modules includes STN-LCM and TFT-LCM, with products primarily used in industrial, medical, automotive, home, entertainment, networking, and green energy sectors. Domestic competitors, such as Midas Components, United Radiant Technology, Powertip Technology, and Ampire, all publicly listed companies, have similar revenue scales. Due to our strategy of operating with small quantities and a wide product range, we have successfully differentiated ourselves in the market from competitors, making it challenging to clearly define the position of LCM. We continue to enhance product competitiveness and expand the market, expecting our

market share to continuously increase.

B. OLED display module and panel

The Company is a major PMOLED manufacturer in Taiwan alongside WiseChip and Ritdisplay. The largest capacity company, Ritdisplay, has recently shifted its focus to the energy sector, leading to a significant decrease in PMOLED revenue contribution. In contrast, the Company is actively enhancing PMOLED technology research and development, and capacity investment. As the second-largest specialized PMOLED manufacturer after WiseChip and Ritdisplay, the Company continues to expand its market share and profitability in PMOLED products.

3.Future supply and demand status and growth of the market

Due to the development of the Internet of Things (IoT) and the Industrial Internet of Things (IIoT), displays are increasingly used in a wide range of fields such as industrial control, automotive, wearable devices, medical, network communication, energy, and smart home appliances. This has led to an increase in demand for LCD panels driven by the increased need for human-machine interface applications in various products. According to market research firm Omdia's estimate, the demand for LCD panels will increase by 8% in 2024, driven by the hosting of large sports events and the trend towards larger TV sizes. However, with no new factories entering operation in 2024, and panel manufacturers orderly adjusting capacity utilization, the supply is estimated to increase by 1.6% in 2024. Overall, the supply-demand relationship is expected to gradually improve.

OLED panels are used in automotive equipment, wearable devices, industrial instruments, smart medical devices, and smart home appliances. Due to its advantage of not requiring a backlight, OLED is more easily and widely used compared to LCD. Coupled with the continuous development of diverse applications such as AR/VR devices, the market demand for OLED panels is continuously growing. According to research by the market research firm Omdia, total shipments of OLED display panels in 2023 were driven by major Korean manufacturers to reach 800,000 units, a year-on-year increase of 140%. It is expected that the shipment volume will further increase to 1.9 million units in 2024, a year-on-year increase of 137.5%. In terms of OLED supply, panel manufacturers such as Samsung, LG Display, Japan Display Inc. (JDI), BOE, Tianma, and Visionox have actively invested in OLED production lines. Particularly, China vigorously supports OLED panel manufacturers with national policies, accelerating the global expansion of OLED production capacity.

4.Competitive niche

A. The customer base is primarily in the industrial control market, with long product life cycles and long-term stable orders.

The Company's main product applications are in the industrial control industry, while the consumer industry market exhibits high product replaceability, with product life cycles

typically ranging from one to two years before new models are introduced. In contrast, products in the industrial control specification field have application life cycles of at least three to five years or more. Some products, such as air conditioners and refrigerators, can have life cycles of over ten years. Additionally, these products are often customized, and if customer requirements are successfully met, customers generally prefer stable, long-term supply, resulting in long-term stable orders. The Company maintains good and long-term cooperative relationships with suppliers, and all raw materials are sourced from two or more suppliers to ensure supply stability and establish the ability for long-term stable supply.

- B. The application of products is diversified across industries, making it less susceptible to the business cycles of a single industry.

The Company implements a multi-channel sales strategy to expand its global market. Its customers are worldwide, and this business model facilitates the expansion of market sales scale and the diversification of risks from single customers or countries. Therefore, the Company's product applications cover more than 173 industries, making it less susceptible to the business cycles of a single industry.

- C. The Company owns an OLED panel production line, providing flexibility in OLED panel supply and cost advantages.

The Company has its own PMOLED panel production line, which offers flexibility in production and supply lead times. In recent years, our professional R&D team has continuously optimized material applications and processes, effectively improving production yield and reducing production costs. To meet the increasing market demand for OLED, the Company has planned to expand its production line to meet future needs.

- D. Product line fully meets customers' one-stop shopping needs

As one of the few display module manufacturers in the world offering STN, TFT, OLED, and system integration products, the Company boasts the industry's widest range of finished product models for each product category. This fulfills customers' needs for one-stop shopping and enables us to provide customers with optimized display solutions.

- E. With the industry's strongest online marketing capabilities, we offer global customers real-time online services.

The Company is committed to internet marketing operations, using 24-hour online official website services to provide customers with instant product information, accelerate service efficiency, and provide technical support.

- F. Ability to manage small-quantity, diversified orders through the implementation of IT systems and automated production operations management

The Company is advancing towards the development of a smart factory through the implementation of IT systems, management dashboards, and automated production operations management. In addition to the PLM, EPR, CRM, BI, and management

dashboards already in use, in 2021, the company introduced Robotic Process Automation (RPA) intelligent operating systems to various departments. Through the RPA intelligent system, repetitive and routine tasks of personnel are replaced, reducing the time-consuming and error-prone routine work, and improving the productivity of individuals and units.

G. Deep cultivation of industry R&D teams for steady growth and strong technical capabilities

The Company boasts a robust R&D team that continuously innovates, progressing from monochrome LCD displays to color TFT LCD modules, and further to high-contrast, wide-angle-view OLED technology. It is actively transitioning into a display system integration service provider, offering customers advantages in software, firmware, and hardware technology integration. The Company provides one-stop services for display R&D, design, and manufacturing. Through patent applications to protect our R&D achievements, the Company uses the ISO 9001 system for quality control and further implements the ISO 14001 system for environmental sustainability. Our products comply with the RoHS and REACH green environmental regulations. In March 2023, the Company obtained the IATF 16949 automotive industry quality management system certification in order to provide customers with more secure and guaranteed automotive displays. We are strategically positioned to offer customers the most competitive display products.

5. Favorable and unfavorable factors for development prospects, and response measures

A. Positive factors

- a. Cloud communications, Big Data, and IoT drive steady growth in the display market: The development of 5G applications, IoT, wireless communications, and other technologies is driving continued growth in demand for displays in various application products. This includes industrial instruments and equipment, electric vehicles, smart appliances, smart homes, handheld or portable devices, health monitoring devices, and remote monitoring devices, all of which will continue to boost the display application market.
- b. Increasing Demand in the PMOLED Industry: PMOLED, with its bright, slim, and energy-efficient characteristics, is widely used in industrial control, home appliances, medical devices, and wearable applications. Furthermore, the Company utilizes its R&D and production experience, as well as high-flexibility ordering services for standard products with no minimum order quantity, to meet customer demands for upgrading from STN to PMOLED and for product upgrades. This has led to the continuous growth in demand for PMOLED in the market.
- c. PMOLED manufacturers are dominated by a few players: The main competitors of global PMOLED manufacturers are domestic companies such as WiseChip and Ritdisplay, China's Visionox and Trulyopto, as well as Japan's Pioneer and NIPPON SEIKI. Among them, Visionox has focused on developing AMOLED in recent years,

while Japanese companies Pioneer and NIPPON SEIKI primarily supply the Japanese market. Therefore, there are currently few actual PMOLED competitors. Additionally, due to high capital expenditures and difficulties in acquiring machinery and equipment, there have been no new competitors entering the PMOLED market. Ritdisplay, the company with the largest PMOLED capacity globally, is actively transforming itself into an energy-centric business. Therefore, the Company is actively seizing the PMOLED market, optimizing processes, improving yield rates, and expanding production lines to increase capacity and market share.

B. Unfavorable factors and response measures

- a. Environmental and occupational safety awareness is rising, with standards becoming increasingly stringent

In recent years, the impacts and effects of global climate change on the economy, society, and the environment have become increasingly severe, leading to a growing emphasis on environmental protection awareness worldwide. Improving awareness of occupational safety and protecting the safety of the work environment have also been major goals promoted by the government in recent years. Therefore, related standards and regulations are becoming increasingly stringent, leading to higher costs.

Countermeasures:

The Company complies with environmental regulations in the control of emissions, wastewater, waste, and so on in the production process. We also reuse existing process detergents and recycle water in the pure water system to reduce waste and achieve the goal of water resource reuse and conservation.

The Company continues to optimize process equipment parameters to reduce power consumption. Energy-saving measures are also adopted for nighttime processes, achieving an effective energy-saving efficiency of 20%. Finished and semi-finished products comply with the RoHS and EU REACH:SVHC regulations. The Company has obtained SGS ISO9001:2015 and SGS ISO14001:2015 factory production certifications, and since 2023, it has also achieved ISO-14064:2008 greenhouse gas third-party verification. These efforts align with a friendly green production policy, demonstrating the Company's commitment to environmental protection.

- b. Intense competition from peers with market price undercutting

The small and medium-sized display industry is primarily led by manufacturers from China and Taiwan. Chinese STN and TFT display manufacturers compete for orders through price reductions, creating a saturated market for LCD displays. In the OLED sector, although there are relatively few global PMOLED panel manufacturers, each company adopts a strategy of aggressively bidding for larger projects at low prices to expand market share, leading to a general decline in profit margins.

Countermeasures:

The Company has a strong and professional R&D team with the ability to compete in key technological areas. We actively develop high-quality, differentiated niche products and use a variety of strategies to successfully segment the market, thus avoiding price competition among peers. Furthermore, we deeply cultivate customer relationship management, providing customers with the fastest service. We also flexibly manufacture and deliver products in small quantities to meet the annual contractual needs of brand customers and agents. With an IT-based intelligent inventory management system, we strengthen customer relations, leading to high customer loyalty and trust in the Company.

c. It is not easy to develop professional talent

The talent pool required for OLED display production covers the application of materials, as well as expertise in chemistry, mechanics, equipment, and electronics. These professionals are essential to support customer product development, enhance process capability and yield rate, and develop products with different characteristics. In addition to providing a wide range of standard services, we also offer tailor-made system integration solutions for customers. As technology in the high-tech industry advances rapidly, the complexity of product R&D design requirements is increasing. Experienced professionals are needed to meet customer needs. However, cultivating excellent professionals requires a considerable amount of time and experience. Therefore, the development of professionals is not easy, which affects the progress of our market development.

Countermeasures:

The Company has implemented a Robotic Process Automation (RPA) system to automate repetitive tasks across departments. RPA effectively replaces repetitive and routine tasks performed by personnel and can operate 24 hours a day, year-round. This significantly saves manpower and enhances productivity, allowing personnel to develop professional skills and focus their time and energy on tasks such as product research and development as well as customer service.

(2) Major use of core product and manufacturing process

1. Major use of core product

Main products	Application
STN display module	Including: Character LCD display, graphic LCD display, COG LCD display, VATN LCD display, LCD glass. Applications: Measurement instruments, fuel dispenser equipment, vending machines, coffee machines, elevators, audio systems, in-car devices, access control monitoring, POS systems, home appliances, communication equipment, automation equipment, charging piles, medical instruments, etc.

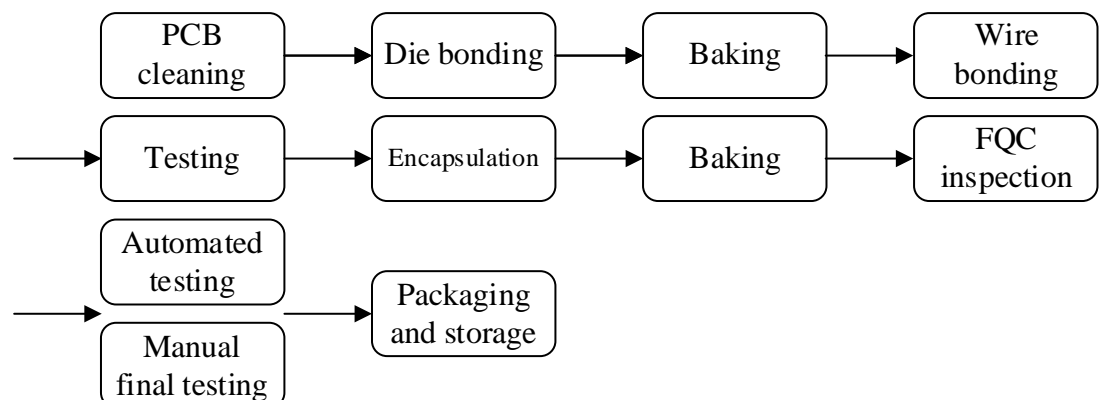
Main products	Application
TFT display modules	<p>Including: Standard TFT-LCD module, TFT module with control board, high-brightness TFT-LCD module, MIPI series TFT module, MONO monochrome TFT, long-type TFT-LCD module, wide-temperature TFT-LCD module, HDMI TFT module.</p> <p>Applications: Industrial instrument equipment, medical instruments, GPS navigation, coffee machines, washing machines, white goods, smart home electronics, energy systems, charging piles, POS systems, vending machines, parking lot fee machines, Internet of Things (IoT), smart appliances, etc.</p>
OLED display modules	<p>Including: Graphic OLED Display, character OLED Display, and ICON OLED display (customized product).</p> <p>Applications: Industrial instruments, medical equipment, white goods, wearable devices, in-car displays, game consoles, elevators, motorcycle meters, mixers, audiovisual systems, electrolyzed water machines, sewing machines, household electric meters, gas meters, smart electric meters, welding machines, musical instrument tuners, lighting, hard disk access, printers, charging piles, smart appliances, etc.</p>
System integration	<p>Including: Human-machine interface solutions, industrial controller solutions, medical instrument solutions, special engineering vehicle HMIs, elevator human-machine interfaces, automotive instruments, charging piles, IoT HMI equipment, wireless HMI equipment, device head-up displays, audiovisual entertainment systems, communication instrument HMIs, etc.</p>

2. Manufacturing processes for the company's main products

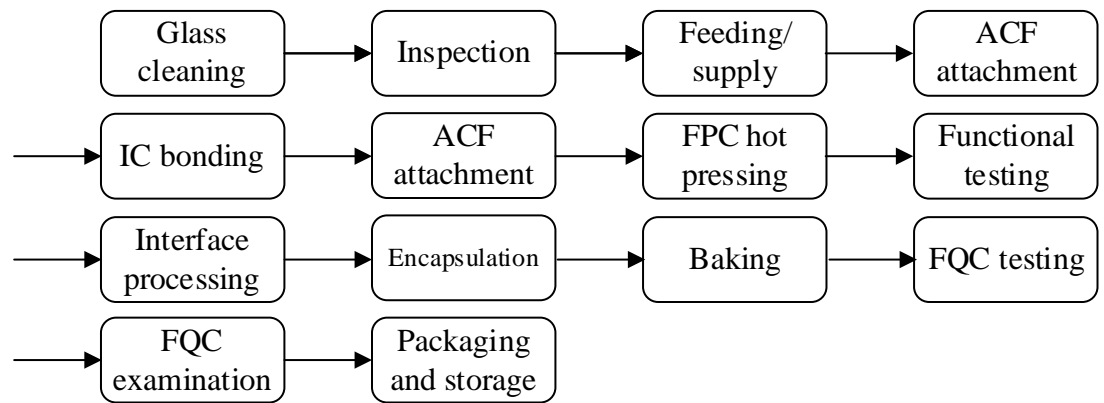
The Company's main product lines include STN display module, TFT display module, OLED display module, and system integration design, manufacturing, and sales. The production processes of each product are described below:

A. STN display modules

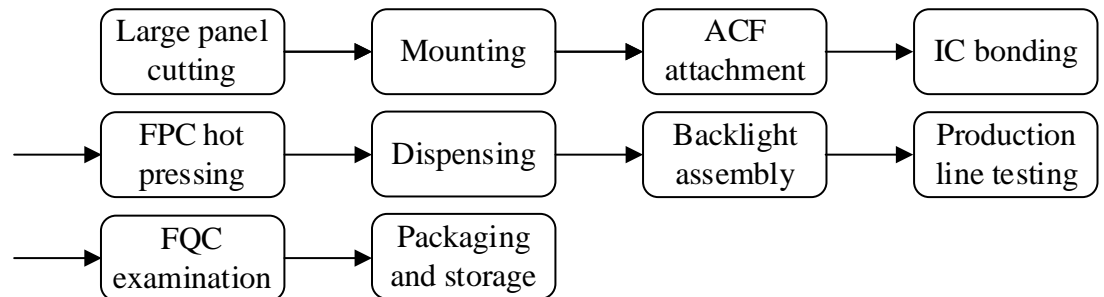
(A)COB process



(B)COG process

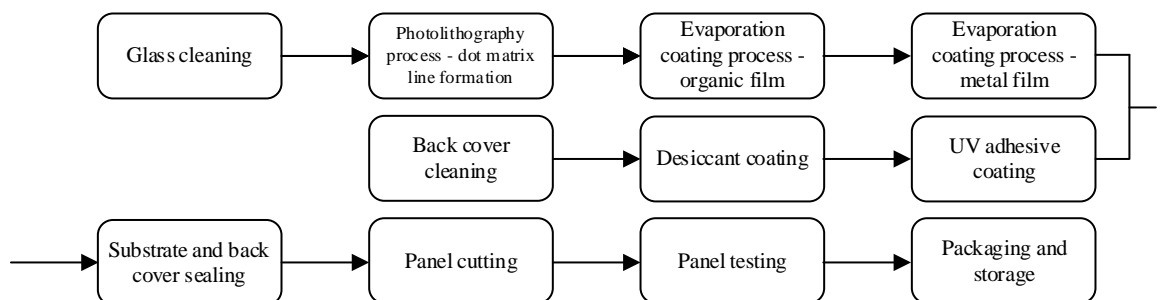


B. TFT display modules

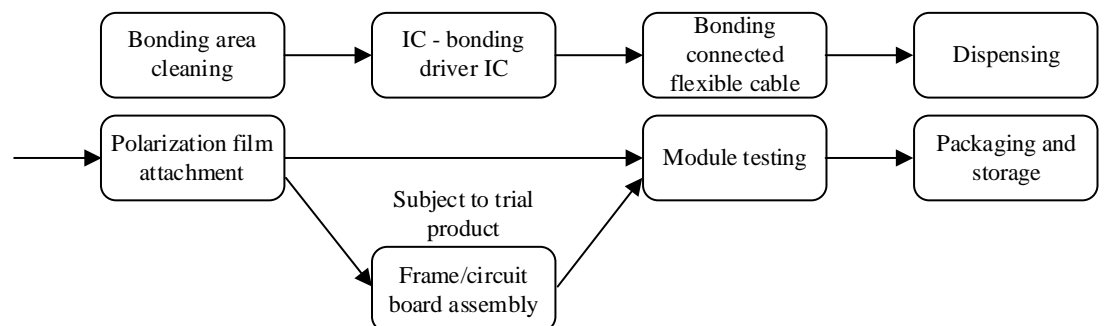


C.OLED display module

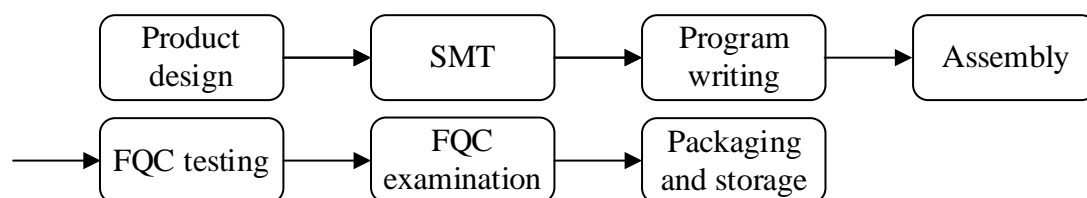
(A)Panel process



(B)Module manufacturing process



D. System integration



(3) Supply of raw materials

The main raw materials for our products include glass substrates, cover plates, driver ICs, and luminescent materials. We maintain strong supply relationships with various suppliers and sources to ensure stable procurement.

(4) Names of customers who accounted for more than 10% of total purchases (sales) in any of the most recent two years and their purchase (sales) amounts and proportions, and explanations of any increase or decrease:

Over the past two years and up to the date of this annual report, no single customer accounted for more than ten percent of the Company's total purchases or sales.

(5) Production quantity and value in the most recent two years

Unit: NTD thousand

Production quantity and value of the year	2022			2023		
	Capability	Quantity	Output value	Capability	Quantity	Output value
Main product						
STN display module	Note 1	14,208	1,092,295	Note 1	9,787	641,475
OLED display panels and modules			512,565			383,886
TFT display modules			682,827			429,217
Others			16,342			14,911
Total			2,304,029			1,469,489

Note 1: The Company offers custom and semi-custom mold design services, operating on a model of small-quantity, diversified orders. The products are diverse in type and specifications, and are manufactured according to the specifications required by customers, making their production capacity unique and not quantifiable. Therefore, production volume and value are only calculated based on product categories.

Change analysis: Due to the decrease in order demand in the current year, the output value and output decreased compared with the prior year.

(6) Sales quantity in the most recent two years

Unit: NTD thousand

Sales quantity and value of the year	2022				2023			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main product								
STN display module	1,298	108,261	12,771	1,396,995	1,166	64,437	12,771	984,160
OLED display panels and modules		57,214		613,613		62,352		450,291
TFT display modules		67,732		725,917		36,195		604,678
Others		3,503		26,027		1,406		25,711
Total		236,710		2,762,552		164,390		2,064,840

Change analysis: As the Company's operations have decreased, both internal and external sales have shown a downward trend.

3. Information of employees in the latest two years and as of the publication date of the annual report

Units: Individuals; %

Year		2022	2023	Current year through March 31, 2024
Number of employees	Managers	23	26	28
	Production line employees	249	230	257
	General staff	478	475	471
	Total	750	731	756
Average age (years)		37	39	39
Average years of service (years)		6.41	7.27	7.04
Education distribution percentage	Doctorate	0.40%	0.41%	0.40%
	Master's	9.20%	10.26%	10.58%
	College	51.20%	53.21%	54.10%
	High school	18.93%	18.88%	18.12%
	Below high school	20.27%	17.24%	16.80%

4. Environmental protection expenditure information:

In the most recent year and as of the date of publication of the annual report, losses due to environmental pollution (specifying compensation and environmental protection audit results that violate environmental protection regulations, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. When reasonable estimation cannot be provided, explanation for the such cases should be offered: No such circumstances.

5. Labor relations

- (1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

Labor-management harmony is the driving force behind the Company's business development. With the shared belief of all employees in the Company, under the principles of mutual trust, mutual assistance, and mutual understanding, we have worked together with one heart and one mind, cooperated hand in hand, and established a stable working environment and a good corporate culture that has lasted for a long time. This has also promoted the continuous growth and development of the Company. In the future, we will continue to maintain this, and at the same time, the Company will continue to promote the following work to create better business performance and strive for the welfare of the Company's shareholders and all employees.

1. Employee welfare measures

- (1) Year-end bonus, holiday bonuses (for Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival), mid-year performance bonus, proposal improvement bonus.
- (2) Staff cafeteria, parking lot, and lactation room are set up.
- (3) Year-end banquet and health check-ups, lunch subsidy, and afternoon snack provision.
- (4) Allowances and insurance - shift (meal) allowance, group insurance.
- (5) Allocate statutory employee welfare funds, establish an employee welfare committee, handle various employee welfare activities, including but not limited to holiday vouchers, birthday vouchers, subsidies for weddings, funerals, and celebrations, departmental dinner subsidies, and employee special shops.

2. Further education and training

- (1) Each department shall submit an "Annual Education and Training Plan" in the fourth quarter for the following year. After approval by the department head, it shall be forwarded to the education and training unit for follow-up.
- (2) Source of the annual education and training plan: Based on organizational development needs, the Company's short/medium/long-term strategies, and Company business objectives, it serves as a training planning direction for talent cultivation and development.
- (3) The annual education and training plan shall include: pre-job training, general education training, professional training, environmental safety training, and supervisor training.

3. Retirement system and its implementation status

To standardize employee retirement management and protect employees' post-retirement lives, the company has formulated a retirement management method in accordance with the Labor Standards Act and the labor retirement pension regulations. It specifies matters such as employee retirement conditions, retirement pension payment standards, retirement application, and retirement pension payment. In accordance with regulations, the Company makes monthly contributions to the labor retirement reserve fund, which is stored in a dedicated account. Employees subject to the retirement pension system under the said regulations make monthly contributions to the retirement pension, which is stored in individual accounts established by the Labor Insurance Bureau.

4. Agreements between labor and management and various measures to protect the rights and interests of employees

The Company values the interaction between labor and management, convening regular labor-management meetings every three months to promote rational communication between both sides, advocate for human-centered management, and provide a direct channel for individuals to express their opinions through complaint boxes and proper channels. Adjustments to and improvements in the company's relevant management regulations are made appropriately in response to employee needs. The Company also complies with relevant laws and regulations, striving to uphold employee rights.

- (2) For the most recent year and up to the date of publication of the annual report, state any losses suffered due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the

regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: No such circumstances.

6. Cybersecurity management

- (1) State the information security risk management framework, the information security policy, the specific management plan, resources invested in information security, etc.

1. Organization

The Company's information security policy aims to protect the confidentiality, integrity, and availability of information assets. This ensures the secure and effective operation of information processing operations and enhances confidence in information services. In consideration of information security, the company provides the most comprehensive services. It has established the Information Security and Operations Division as the responsible unit in the information department. The company has also appointed an information security manager and dedicated personnel in accordance with regulations. It systematically monitors compliance with information security requirements through relevant management measures and policies.

2. Cybersecurity policies

Enhance personnel awareness, prevent data leakage, implement daily operations, and ensure service availability.

The Company's information security goals are as follows:

- (1) Ensure that the key core systems of the Company maintain a certain level of system availability.
- (2) Protect the integrity of the Company's information operations management and the accuracy of its data, and prevent unauthorized access and modification.
- (3) Conduct information security education and training to enhance personnel understanding of information security responsibilities and awareness of protecting information assets, reducing the risk of information security incidents.
- (4) Regularly conduct audit operations to ensure the implementation of information security management.

3. Specific management plan and resources invested in information security

- (1) According to the permissions controlled by job responsibilities: Apply for system usage permissions according to the requirements of personnel duties, and the unit shall fulfill its supervisory and advocacy responsibilities.
- (2) The Company's network is equipped with firewalls to control internal and external network security.
- (3) Control of information storage devices: To prevent improper access by personnel, access to storage devices is prohibited. If there are special requests, they must be approved by senior management.

- (4) Information security backup and backup operations: Purchase is made of backup hardware equipment that can perform data protection or recovery operations immediately in the event of hard drive damage. The system and database perform data backup operations on a regular basis, and important data and files also need to be backed up remotely when necessary. The backup should be checked and recorded intermittently.
 - (5) Regularly update and install anti-virus software: To avoid external malicious hacker attacks, the IT Department regularly plans and evaluates anti-virus software.
 - (6) Data classification and control: Documents are classified according to the level of confidentiality and corresponding control methods. Depending on their level, they should be marked with warnings, watermarks, etc. For confidential levels, a dedicated person must be assigned to manage them properly.
 - (7) Physical and environmental safety management: The data center and physical environment storing information security hardware equipment are subject to necessary protective measures implemented by the IT Department, such as: necessary locking, uninterrupted power system configuration, regular maintenance of environmental electrical safety, regular monitoring of environmental temperature, humidity, and air conditioning, regular inspection and updating of environmental consumables, and regular spot checks of data center facilities.
 - (8) Personnel education and training and regular advocacy: Regular or intermittent information security education and training are conducted for personnel, with enhanced daily advocacy, to strengthen all employees' measures and awareness of information security protection.
 - (9) Personnel control and audit: Employees share the responsibility of maintaining information security and have the obligation to safeguard data and documents. Therefore, if there is a possibility of endangering information security, all personnel in the unit are responsible for immediately reporting to the IT Department and taking corresponding measures.
- (2) State losses suffered due to major information security incidents in the most recent year and as of the publication date of publication of the annual report, possible impact, and response measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: No such circumstances.

7. Important contracts:

Nature of contract	Contractor	Start and end dates	Summary	Restrictions
Contracts for the purchase and sale of movable property	Lantech Service Co., Ltd.	2018/01/18	Encapsulation chamber equipment	None
Land and buildings Lease Contract	Central Taiwan Science Park Bureau, Ministry of Science and Technology	2023/01/01-2024/12/31	Lease of land and factories	None
Bank financing contracts	E.Sun Bank	2023/09/21-2024/09/21	Short-term loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Working capital loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Material purchase loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Tariff guarantees/Bookkeeping guarantees	None
Bank financing contracts	Taishin Bank	2023/06/19-2024/06/19	Short-term secured	None
Bank financing contracts	Shanghai Bank	2022/07/04-2025/07/04	Medium and Long-term Loans	None
Bank financing contracts	First Bank	2023/05/10-2024/05/10	Short-term loans	None
Bank financing contracts	CTBC Bank	2024/01/01-2024/12/31	Short-term secured loans	None
Bank financing contracts	Taiwan Cooperative Bank	2023/05/08-2024/05/08	Short-term secured loans	None
Bank financing contracts	Fubon Bank	2023/08/28-2026/08/28	Medium and Long-term Loans	None
Bank financing contracts	Yuanta Bank	2024/01/02-2025/01/02	Working capital loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Working capital loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Tariff guarantees/Bookkeeping guarantees	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Material purchase loans	None
Bank financing contracts	Shanghai Bank	2023/01/13-2026/01/13	Medium and Long-term Loans	None
Bank financing contracts	Shanghai Bank	2024/02/21-2029/02/21	Medium and Long-term Loans	None
Bank financing contracts	Taiwan Cooperative Bank	2023/09/28-2024/09/28	Short-term secured loans	None
Bank financing contracts	Taiwan Cooperative Bank	2020/12/09-2025/12/09	Medium-term secured loans	None
Bank financing contracts	First Bank	2023/05/10-2024/05/10	Medium and Long-term Loans	None
Bank financing contracts	E.Sun Bank	2023/09/21-2024/09/21	Short-term loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Working capital loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Material purchase loans	None
Bank financing contracts	Mega International Commercial Bank	2023/05/09-2024/06/30	Tariff guarantees/Bookkeeping guarantees	None

VI. Financial Overview

1. Condensed balance sheet and income statement for the most recent five years

(1) Concise Balance Sheet

1. Consolidated Concise Balance Sheet — International Financial Reporting Standards

Unit: NTD thousand

Item \ Year		The Most Recent Five Fiscal Years financial data (Note 1)				
		2019	2020	2021	2022	2023
Current assets		777,894	898,876	1,294,110	1,604,755	1,516,466
Property, plant and equipment		555,245	454,561	386,714	327,723	296,190
Intangible assets		2,702	1,047	1,567	976	1,112
Other assets		479,788	476,019	446,612	424,324	484,916
Total assets		1,815,629	1,830,503	2,129,003	2,357,778	2,298,684
Current liabilities	Before distribution	1,065,367	1,062,563	1,320,757	1,246,774	919,751
	After distribution (Note 3)	1,090,367	1,092,563	1,352,757	1,303,024	990,626 (Note 2)
Non-current liabilities		227,152	276,170	173,178	155,960	213,111
Total indebtedness	Before distribution	1,292,519	1,338,733	1,493,935	1,402,734	1,132,862
	After distribution (Note 3)	1,317,519	1,368,733	1,525,935	1,458,984	1,203,737 (Note 2)
Interests attributed to owners of the parent company		522,269	490,932	633,685	952,941	1,162,904
Capital stock		400,000	400,000	500,000	525,000	675,000
Capital surplus		33,357	33,356	35,471	66,078	186,294
Retained earnings	Before distribution	93,590	73,913	105,454	366,307	317,839
	After distribution (Note 3)	68,590	43,913	73,454	235,057	246,964 (Note 2)
Other equity		(4,678)	(16,337)	(7,240)	(4,444)	(16,229)
Treasury shares		-	-	-	-	-
Non-controlling interests		841	838	1,383	2,103	2,918
Total equity	Before distribution	523,110	491,770	635,068	955,044	1,165,822
	After distribution (Note 3)	498,110	461,770	603,068	898,794	1,094,947 (Note 2)

Note 1: The aforesaid financial statements have been audited and attested by CPAs.

Note 2: The proposal for the distribution of cash dividends from the earnings of the Company for the year 2023 was approved by the Board of Directors on March 12, 2024, but has not yet been submitted to the shareholders' meeting for approval.

Note 3: The figures after distribution mentioned above are filled in based on the resolutions of the shareholders' meeting for the following year.

2. Individual Concise Balance Sheet – International Financial Reporting Standards

Unit: NTD thousand

Item \ Year		The Most Recent Five Fiscal Years financial data (Note 1)				
		2019	2020	2021	2022	2023
Current assets		312,513	348,421	638,547	778,801	750,405
Property, plant and equipment		17,041	11,736	8,480	8,257	9,587
Intangible assets		-	-	-	-	-
Other assets		1,042,025	948,320	848,493	1,051,751	1,147,167
Total assets		1,371,579	1,308,477	1,495,520	1,838,809	1,907,159
Current liabilities	Before distribution	793,943	736,879	816,409	820,663	648,828
	After distribution (Note 3)	818,943	766,879	848,409	876,913	719,703 (Note 2)
Non-current liabilities		55,367	80,666	45,426	65,205	95,427
Total indebtedness	Before distribution	849,310	817,545	861,835	885,868	744,255
	After distribution (Note 3)	874,310	847,545	893,835	942,118	815,130 (Note 2)
Interests attributed to owners of the parent company		522,269	490,932	633,685	952,941	1,162,904
Capital stock		400,000	400,000	500,000	525,000	675,000
Capital surplus		33,357	33,356	35,471	66,078	186,294
Retained earnings	Before distribution	93,590	73,913	105,454	366,307	317,839
	After distribution (Note 3)	68,590	43,913	73,454	235,057	246,964 (Note 2)
Other equity		(4,678)	(16,337)	(7,240)	(4,444)	(16,229)
Treasury shares		-	-	-	-	-
Total equity	Before distribution	522,269	490,932	633,685	952,941	1,162,904
	After distribution (Note 3)	497,269	460,932	601,685	896,691	1,092,029 (Note 2)

Note 1: Financial statements have been audited and certified by accountants.

Note 2: The proposal for the distribution of cash dividends from the earnings of the Company for the year 2023 was approved by the Board of Directors on March 12, 2024, but has not yet been submitted to the shareholders' meeting for approval.

Note 3: The figures after distribution mentioned above are filled in based on the resolutions of the shareholders' meeting for the following year.

(2) Concise consolidated profit and loss statement

1. Concise consolidated profit and loss statement – International Financial Reporting Standards

Units: All amounts in NTD thousands except for EPS in NTD per share

Item \ Year	The Most Recent Five Fiscal Years financial data (Note 1)				
	2019	2020	2021	2022	2023
Operating revenues	1,982,695	1,839,102	2,237,901	2,999,262	2,229,230
Operating gross profits	381,826	390,626	471,958	816,924	576,595
Operating Income	42,747	55,873	85,584	351,666	126,606
Non-operating income and expenses	(18,274)	(41,192)	(28,231)	43,000	15,202
Profit Before Income Tax	24,473	14,681	57,353	394,666	141,808
Net income for the period from continuing operations	8,190	2,762	61,863	289,856	81,031
Loss of discontinuing operations	-	-	-	-	-
Net profit (loss) for the period	8,190	2,762	61,863	289,856	81,031
Other comprehensive income (loss) for the period (net of income tax)	(17,689)	(9,660)	8,785	5,942	(9,816)
Total comprehensive income for the period	(9,499)	(6,898)	70,648	295,798	71,215
Net profit attributed to owners of the parent company	(26,458)	3,303	61,847	289,757	80,809
Net profit attributed to non-controlling interest	34,648	(541)	16	99	222
Total comprehensive income attributable to owners of parent company	(37,373)	(6,336)	70,638	295,649	70,997
Total comprehensive income, attributable to non-controlling interests	27,874	(562)	10	149	218
Earnings per share	(0.66)	0.08	1.54	5.02	1.33

Note 1: The aforesaid financial statements have been audited and attested by CPAs.

2. Individual concise consolidated profits and loss statement – International Financial Reporting Standards

Units: All amounts in NTD thousands except for EPS in NTD per share

Item \ Year	The Most Recent Five Fiscal Years financial data (Note 1)				
	2019	2020	2021	2022	2023
Operating revenues	1,457,615	1,314,482	1,604,767	2,217,117	1,644,918
Operating gross profits	252,377	247,007	365,106	387,841	282,811
Operating Income	84,688	84,232	162,017	139,724	34,590
Non-operating income and expenses	(111,609)	(76,409)	(82,414)	221,398	81,909
Profit Before Income Tax	(26,921)	7,823	79,603	361,122	116,499
Net income for the period from continuing operations	(26,458)	3,303	61,847	289,757	80,809
Loss of discontinuing operations	-	-	-	-	-
Net profit (loss) for the period	(26,458)	3,303	61,847	289,757	80,809
Other comprehensive income (loss) for the period (net of income tax)	(10,915)	(9,639)	8,791	5,892	(9,812)
Total comprehensive income for the period	(37,373)	(6,336)	70,638	295,649	70,997
Net profit attributed to owners of the parent company	(26,458)	3,303	61,847	289,757	80,809
Net profit attributed to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	(37,373)	(6,336)	70,638	295,649	70,997
Total comprehensive income, attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(0.66)	0.08	1.54	5.02	1.33

Note 1: Financial statements have been audited and certified by accountants.

(3) CPAs and audit opinions for most recent five years

Year	Accounting firm	CPA	Audit Opinion
2019	Deloitte and Touche	Amy Chiang	Unqualified Opinion
2020	Deloitte and Touche	Amy Chiang, Eddy Su	Unqualified Opinion
2021	Deloitte and Touche	Amy Chiang, Eddy Su	Unqualified Opinion
2022	Deloitte and Touche	Amy Chiang, Eddy Su	Unqualified Opinion
2023	Deloitte and Touche	Amy Chiang, Eddy Su	Unqualified Opinion

2. Financial analysis for the most recent five fiscal years

(1) Financial Analysis - International Financial Reporting Standards (Consolidated Financial Statements)

Item \ Year		Financial Analysis for the Most Recent Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	71.19	73.13	70.17	59.49	49.28
	Long-term fund to property, plant and equipment ratio	135.12	168.94	209.00	339.01	465.56
Solvency (%)	Current ratio	73.02	84.60	97.98	128.71	164.88
	Quick ratio	37.70	45.63	51.17	77.48	124.53
	Times interest earned	1.97	1.77	4.53	21.73	11.90
Operating ability	Receivables Turnover (times)	5.81	9.57	8.78	10.27	9.33
	Average Days to Collect Receivables	62.82	38.14	41.57	35.54	39.12
	Inventory Turnover (times)	3.26	3.37	3.35	3.43	3.13
	Average Days to Sell Inventory	111.96	108.31	108.96	106.41	116.61
	Payables Turnover (times)	4.28	4.97	4.32	4.88	4.93
	Property, plant and equipment Turnover rate (times)	3.47	3.64	5.32	8.40	7.15
	Total Assets Turnover (times)	0.95	1.01	1.13	1.34	0.96
Profitability	Return on Assets (%)	1.36	0.99	3.78	13.60	3.93
	Return on Equity (%)	1.36	0.54	10.98	36.46	7.64
	Net income before tax to paid-in capital ratio (%)	6.12	3.67	11.47	75.17	21.01
	Net Profit Margin (%)	0.41	0.15	2.76	9.66	3.63
	Earnings per share (NTD) (Note 1)	(0.66)	0.08	1.54	5.02	1.33
Cash flow	Cash flow ratio (%)	31.56	19.61	2.35	40.41	32.77
	Cash flow adequacy ratio (%)	139.57	164.30	103.09	156.34	193.43
	Cash reinvestment ratio (%)	38.41	19.32	0.09	31.69	13.84
Degree of Leverage	Operating Leverage	3.81	2.99	2.22	1.33	1.83
	Degree of financial leverage	2.45	1.52	1.23	1.06	1.11

Reason for the change in finance ratio during the most recent two years. (Skip if increase/decrease less than 20%)

1. Long-term capital to property, plant and equipment ratio increased: Mainly due to the increase in total equity in 2023.
2. Current ratio increased: Mainly due to the decrease in accounts payable and borrowings in 2023, resulting in a decrease in current liabilities.
3. Quick ratio increased: Mainly due to the decrease in accounts payable and borrowings in 2023, resulting in a decrease in current liabilities.
4. Debt service coverage ratio decreased: Mainly due to the decrease in pre-tax profit from 2023 tax and interest expenses.
5. Decline in total assets turnover: Mainly due to the slowdown in market demand in 2023 that reduced net operating income.
6. Decline in all profitability ratios: Mainly due to the slowdown in market demand in 2023 that resulted in a decrease in net operating income and a decrease in net profit after tax.
7. Cash flow adequacy ratio increased: Mainly due to the increase in net cash inflow from operating activities in 2023.
8. Cash reinvestment ratio decreased: Mainly due to the decrease in net cash inflow from operating activities in 2023 and an increase in operating funds.
9. Increase in operating leverage: Primarily due to the decrease in profits in 2023.

Note 1: Refers to basic earnings per share.

(2) Financial Analysis - International Financial Reporting Standards (Individual Financial Statements)

<div style="display: flex; align-items: center;"> <div style="flex: 1; text-align: right;">Year</div> <div style="flex: 1; text-align: left;">Item</div> </div>		Financial Analysis for the Most Recent Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	61.92	62.48	57.63	48.18	39.02
	Long-term fund to property, plant and equipment ratio	3,389.68	4,870.47	8,008.38	12,330.70	13,125.39
Solvency (%)	Current ratio	39.36	47.28	78.21	94.90	115.66
	Quick ratio	33.43	41.13	71.74	87.78	108.20
	Times interest earned	(1.56)	1.97	11.62	43.96	16.54
Operating ability	Receivables Turnover (times)	6.43	7.60	6.26	7.57	7.70
	Average Days to Collect Receivables	56.77	48.03	58.31	48.22	47.40
	Inventory Turnover (times)	19.17	21.06	24.70	31.64	23.53
	Average Days to Sell Inventory	19.04	17.33	14.78	11.54	15.51
	Payables Turnover (times)	6.03	3.34	3.72	5.27	4.66
	Property, plant and equipment Turnover rate (times)	70.26	91.36	158.76	264.94	184.37
	Total Assets Turnover (times)	1.10	0.98	1.14	1.33	0.88
Profitability	Return on Assets (%)	(1.36)	0.73	4.84	17.78	4.63
	Return on Equity (%)	(4.95)	0.65	11.00	36.52	7.64
	Net income before tax to paid-in capital ratio (%)	(6.73)	1.96	15.92	68.79	17.26
	Net Profit Margin (%)	(1.82)	0.25	3.85	13.07	4.91
	Earnings per share (NTD) (Note 1)	(0.66)	0.08	1.54	5.02	1.33
Cash flow	Cash flow ratio (%)	59.07	11.61	6.03	34.29	(Note 2)
	Cash flow adequacy ratio (%)	165.69	176.96	172.72	217.55	180.93
	Cash reinvestment ratio (%)	99.63	13.34	3.23	26.57	(Note 2)
Degree of Leverage	Operating Leverage	1.18	1.15	1.08	1.09	1.34
	Degree of financial leverage	1.14	1.11	1.05	1.06	1.28

Reason for the change in finance ratio during the most recent two years. (Skip if increase/decrease less than 20%)

1. Current ratio increased: Mainly due to the decrease in accounts payable in 2023, resulting in a decrease in current liabilities.
2. Quick ratio increased: Mainly due to the decrease in accounts payable in 2023, resulting in a decrease in current liabilities.
3. Debt service coverage ratio decreased: Mainly due to the decrease in pre-tax profit from 2023 tax and interest expenses.
4. Inventory turnover rate and average sales days: Inventory turnover rate decreased and average sales days increased mainly due to the decrease in operating costs in 2023.
5. Decline in property, plant and equipment turnover: Mainly due to the slowdown in market demand in 2023 that reduced net operating income.
6. Decline in total assets turnover: Mainly due to the slowdown in market demand in 2023 that reduced net operating income.
7. Decline in all profitability ratios: Mainly due to the slowdown in market demand in 2023 that resulted in a decrease in net operating income and a decrease in net profit after tax.
8. Decrease in various cash flow ratios: Mainly due to the decrease in profit in 2023, resulting in net cash outflow from operating activities.
9. Increase in leverage ratios: Primarily due to the decrease in profits in 2023.

Note 1: Refers to basic earnings per share.

Note 2: This ratio is negative.

Note 3: The calculation formulas for the above two financial analysis tables are as follows:

1. Financial structure:

(1) Debt Ratio = Total Liabilities / Total Assets.

(2) Long fund to Property, Plant and Equipment ratio = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment.

2. Solvency:

(1) Current Ratio = Current assets / current liabilities.

- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
- (3) Times Interest Earned = Net Benefit before Income Tax and Interest Expense / Interest Expense This Period.

3. Operating ability:

- (1) Receivables (including receivables and bills receivable generated from operating) Turnover = Net Sales / Average Bills Receivable (including receivables and bills receivable generated from operating) Balance.
- (2) Average collection days = 365 days / Average Collection Turnover.
- (3) Inventory Turnover = Sales Costs / Average Inventory Amount.
- (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold/average payables in each period (including accounts payable and bills payable due to business) balance.
- (5) Average Days to Sell Inventory = 365 days / Average Inventory Turnover.
- (6) Property, Plant and Equipment Turnover = Net Sales / Net Amount Average Property, Plant and Equipment.
- (7) Total Assets Turnover = Net Sales / Average Total Assets.

4. Profitability:

- (1) Return on Assets = [Profit or Loss After Tax + Interest Expense \times (1 - tax rate)] / Average Total Assets.
- (2) Return on Equity = Profit or Loss After Tax / Average equity total amount.
- (3) Net Profit Margin = Profit or Loss After Tax / Net Sales.
- (4) Earnings per share = (attributed to owners of the parent company's loss or profit - Preferred stock dividends) / Weighted Average Issued Number of Shares.

5. Cash flow:

- (1) Cash Flow Ratio = operating activities net cash flow / Current Liabilities.
- (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
- (3) Cash Reinvestment ratio = (Operating Activities Net Cash Flow - cash dividends) / (Property, Plant and Equipment gross + Long-Term Investment + Other Non-Current Assets + Operation Fund).

6. Leverage

- (1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expense) / Operating Income.
- (2) Degree of Financial Leverage = Operating Income / (Operating Income - Interest Expense).

3. Audit Committee review report of the most recent financial statements

Winstar Display Co., Ltd. Audit Committee's Report

The Board of Directors has prepared the Company's business report, financial statements and earnings distribution proposal for 2023, in which the financial statements have been audited by Chaing, Shu-Chin and Su, Ting-Chien, CPAs of Deloitte Taiwan, and have issued an independent auditor's report. the Company's financial statements and earnings distribution proposal have been reviewed by the Audit Committee and found no nonconformity. We hereby submit the above report for approval in accordance with the Securities and Exchange Act and the Company Act.

Sincerely,

2024 General Meeting of Shareholders of Winstar Display Co., Ltd.

Audit Committee Convener: Hsiang-Tsai Chiang

March 12, 2024

- 4. The most recent annual financial statements: Please see Appendix 1**
- 5. Individual financial statements for the most recent fiscal year that have been audited by accountants: Please see Appendix 2**
- 6. 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, the annual report shall explain how said difficulties will affect the company's financial situation: None.**

VII. Financial status, and review and analysis of financial performance and risk issues

1. Financial status

Unit: NTD thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,604,755	1,516,466	(88,289)	(5.50)
Property, plant and equipment	327,723	296,190	(31,533)	(9.62)
Intangible assets	976	1,112	136	13.93
Other assets	424,324	484,916	60,592	14.28
Total assets	2,357,778	2,298,684	(59,094)	(2.51)
Current liabilities	1,246,774	919,751	(327,023)	(26.23)
Non-current liabilities	155,960	213,111	57,151	36.64
Total indebtedness	1,402,734	1,132,862	(269,872)	(19.24)
Capital stock	525,000	675,000	150,000	28.57
Capital surplus	66,078	186,294	120,216	181.93
Retained earnings	366,307	317,839	(48,468)	(13.23)
Other equity	(4,444)	(16,229)	(11,785)	265.19
Non-controlling interests	2,103	2,918	815	38.75
Total equity	955,044	1,165,822	210,778	22.07
Description:				
For items with a change rate exceeding 20% in the most recent two years and a change amount exceeding NT\$10 million:				
1. Current liabilities: Mainly due to the decrease in short-term borrowings and accounts payable in 2023.				
2. Non-current liabilities: Mainly due to the increase in long-term borrowings and the increase in deferred income tax liabilities due to the recognition of investment gains and losses under the equity method in 2023.				
3. Share capital: Mainly due to increases capitalization of retained earnings and cash capital increase in 2023.				
4. Additional paid-in capital: Mainly due to the issuance of new shares at a premium from cash capital increase in December 2023.				
5. Other equity: Primarily due to the allocation of special reserve in 2023 in accordance with the law.				
6. Total equity: Mainly due to the cash capital increase and continued profitability in 2023.				

2. Financial performance

Unit: NTD thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Operating revenues	2,999,262	2,229,230	(770,032)	(25.67)
Operating costs	2,182,338	1,652,635	(529,703)	(24.27)
Operating gross profits	816,924	576,595	(240,329)	(29.42)
Operating expenses	465,258	449,989	(15,269)	(3.28)
Operating net profit	351,666	126,606	(225,060)	(64.00)
Non-operating income and expenses	43,000	15,202	(27,798)	(64.65)
Profit Before Income Tax	394,666	141,808	(252,858)	(64.07)
Income tax expenses	104,810	60,777	(44,033)	(42.01)
Net profit of the period	289,856	81,031	(208,825)	(72.04)
Explanation: For items with a change rate exceeding 20% in the most recent two years and a change amount exceeding NT\$10 million:				
1. Operating revenue, operating costs, and gross profit: Mainly due to the economic cycle in 2023, the slowing market demand resulted in a decrease in operating revenue, operating costs, and gross profit.				
2. Operating net profit: Mainly due to the economic cycle in 2023, the slowing market demand resulted in a decrease in operating revenue.				
3. Non-operating income and expenses: Mainly due to the decrease in net foreign exchange gains in 2023.				
4. Net profit before tax: Mainly due to the decrease in operating net profit in 2023.				
5. Income tax expense: Mainly due to the decrease in pre-tax net income in 2023.				
6. Net profit for the period: Mainly due to the decrease in net profit before tax in 2023.				

3. Cash flow

(1) Analysis of changes in cash flows for the most recent year:

Unit: NTD thousand

Item \ Year	2022	2023	Change increase (decrease)	
	Amount	Amount	Amount	%
Cash inflows from operating activities	503,774	301,392	(202,382)	(40.17)
Cash outflows from investing activities	(81,380)	(47,494)	33,886	41.64
Cash (out)flows from financing activities	(122,374)	16,660	139,034	113.61
Changes in cash flow:				
1. Operating activities: The decrease in net cash inflows was mainly due to the decreases in net profit before tax and accounts payable.				
2. Investing activities: The decrease in net cash outflow from investing activities is mainly due to the disposal of financial assets measured at amortized cost.				
3. Financing activities: The increase in net cash inflow was mainly due to the cash capital increase in 2023.				

(2) Plans for improvement in liquidity: None.

(3) Cash liquidity analysis for the coming year

Unit: NTD thousand

Beginning cash balance	Estimated net cash flow from operating activities for the year	Estimated net cash flows from investing and financing activities for the year:	Estimated cash surplus (deficit) amount	Remedial measures for estimated cash deficit	
				Investment plan	Financing plan
854,430	496,228	(347,040)	1,003,618	—	—
1. Analysis of changes in cash flows for the coming year:					
(1) Operating activities: Estimated cash inflows generated from operating profits.					
(2) Investment and financing activities: Expected cash outflows for cash dividends and capital expenditures for capacity expansion.					
2. Remedial measures for expected cash shortages: Not applicable.					

4. The impact of major capital expenditures in recent years on financial operations: None.

5. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year:

- (1) Reinvestment policy: The Company's investment policy is based on considerations of sustainable operation and operational growth. The Company has established the "Procedure for Acquisition or Disposal of Assets" in accordance with the guidelines set forth by regulatory authorities as the basis for the Company's investment in affiliated businesses to grasp the relevant business and financial conditions. In addition, in order to enhance supervision and management of invested companies, the Company has established monitoring and management methods for subsidiaries in the internal control system, setting relevant specifications for their information disclosure, finance, operations, inventory, and financial management, enabling the Company's investment projects to achieve maximum effectiveness.

- (2) Main reasons for profit or loss of reinvestments in the most recent year, and improvement plans:

Unit: NTD thousand

Investee	Principal Business	Investment income (loss) recognized in 2023	Main reasons for profit or loss	Improving plan
Raystar Optronics, Inc.	Engaged in research and development, manufacturing, and trading of OLED display modules	(52,678)	Recognized losses from invested companies	None
Winbest Technology LLC.	Operation of reinvestment business	149,966	Recognize gains from investee company.	None
Wincaelum Global (Samoa) Co., Ltd.	Operation of reinvestment business	(4,060)	Recognized losses from invested companies.	Continuously evaluate the possibility of resuming operations at subsidiary Kenstar in order to improve profitability in the future.
Fairlink Group Ltd.	Operation of reinvestment business	(14,627)	Recognized losses from invested companies.	None
Winstar Display Inc.	Import and export of electronic components	1,993	Operating conditions are good.	None
Winstar Display (Changshu) Co. Ltd.	Manufacturing and processing of various LCD displays and modules	149,966	Operating conditions are good.	None
Winstar Display (Dongguan) Co., Ltd.	Manufacturing and processing of various LCD displays and modules	(14,627)	Recognized losses from invested companies.	None
Kenstar Display Co., Ltd.	Manufacturing, processing, and trading of various liquid crystal displays and modules	(4,061)	The main purpose is to cover general management expenses incurred due to idle production lines at the subsidiary.	Continuously evaluate the possibility of resuming operations in order to improve profitability in the future.
Midas Components Ltd.	Trading of electronic components	72	Operating conditions are good.	None
Winstar Display GmbH	Import and export of electronic components	(17)	Not yet officially operational and profitable	The German subsidiary was established in August 2023, thus incurring only expenses without yet generating operational profits.

- (3) Investment plan for the coming year: None.

6. Risk matter analysis and assessment

- (1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the company's profits (losses) of interest rate fluctuations and response measures to be taken in the future

(1) Impact

The Company's interest expense amounts in 2022 and 2023 were NT\$19,042 thousand and NT\$13,007 thousand respectively, accounting for 0.63% and 0.58% of each year's operating revenues. The proportions were very low, so their impact on the Company was limited. The Company maintains good credit relationships with its banks.

(2) Response measures

To cope with interest rate fluctuations, the Company will closely monitor interest rate trends in the future, adjust its borrowing structure in a timely manner, and take necessary measures to hedge against the risk of rising interest rates.

2. The effect upon the company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future

(1) Impact

The foreign exchange gains and losses for the Company in 2022 and 2023 were NT\$46,222 thousand and NT\$10,995 thousand, respectively, accounting for 1.54% and 0.49% of the respective annual operating revenues. The Company's primary sales markets are global, with many transactions denominated in US dollars, thus exchange rate fluctuations still have a certain impact on the Company's profits.

(2) Response measures

The Company's sales are primarily export-oriented, with funds mainly sourced from US dollar-denominated foreign currency generated from operating income. Therefore, exchange rate fluctuations will have a certain degree of impact on the Company. In addition to adopting natural hedging methods for some accounts receivable to mitigate exchange rate risks, the Company also closely monitors international exchange rate trends and information to respond to the impact of exchange rate fluctuations, which should reduce the extent of the impact of exchange rate risks on the Company.

3. The impact of inflation on the Company's profit and loss and future response measures

Due to the global rise in raw material prices, the overall economic environment is experiencing a trend of currency inflation. However, the Company maintains close and mutually beneficial relationships with suppliers and customers. It closely monitors fluctuations in raw material market prices and adjusts product prices and raw material inventories as necessary. As of now, there has been no immediate material impact due to currency inflation.

- (2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

The Company has always adhered to the principles of focusing on its core business and being pragmatic in its operations. Its financial policy is based on the principles of prudence and conservatism. As of the date of printing of this annual report, the Company has not engaged in high-risk or highly leveraged investments, nor has it engaged in lending funds to others or trading in derivative products. Considering operational risks, if the Company intends to engage in lending funds to others or trading in derivative products in the future, it will do so in accordance with the Company's established Operational Procedures for Loaning Funds to Others and its Procedures for Acquiring or Disposing of Assets. Counterparties of endorsements and guarantees provided by the

Company are its subsidiaries. The Company has established Operational Procedures for Endorsements/Guarantees, and all related matters are conducted in compliance with the regulations.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work

(1) Future research and development plans:

The Company plans research and development projects for major product categories based on market and technology trends, in response to subsequent customer needs, and in accordance with the Company's operational strategies, in order to provide marketable and future-oriented products and technologies. The main development directions of each product are as follows:

- A. Development of wireless communication functions for STN, TFT, OLED display modules, and the development of system integration technologies for wireless communication technology, including hardware, firmware, and software, to seize emerging application markets, such as electric vehicles, green energy, medical applications, AIoT, and 5G.
- B. Introduction of new display technologies and development of products for new application markets, such as large and high-resolution displays, high-reliability outdoor applications with sunlight visibility, power-saving, low-power consumption, and high and low-temperature resistant products for harsh environments.
- C. Development of new technologies for touch panels and covers, such as: Waterproof, antibacterial, suspended touch panels for industrial glove use, and the development of 3D gesture technology.
- D. Development of smart display firmware and software APP one-click update function, providing customers with download and update of APP software.
- E. Development of products compliant with automotive communication protocol J1939, marine communication protocol NMEA2000, and customized control area network identification (Custom CAN ID) that customers can plan for their own exclusive communication protocol.
- F. Development of automotive market products such as charging piles and other human-machine interface products, combining smart display software, firmware, and hardware solutions, and developing smart display multi-system interface products.
- G. Research and development of new encapsulation process technologies to improve OLED product yield.
- H. Development of high-voltage OLED products.
- I. Development of OLED embedded touch technology (in-cell).
- J. Research and development of transmissive OLED products.
- K. Development of next-generation high-lifespan OLED products.
- L. Portable OLED advertising machine.

(2) Further expenditures expected for research and development work:

R&D expenses for the current year are estimated at approximately NT\$115,801 thousand. Future R&D expenses will be allocated according to the progress of new product and technology development. With the growth of revenue, it is not ruled out that R&D expenses will gradually increase to support future R&D projects. We will acquire R&D-related equipment and recruit capable R&D personnel to enhance our R&D capabilities and thereby improve our competitive advantage.

(4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company's operations have consistently adhered to relevant domestic and international laws and regulations. We continuously monitor developments in domestic and international policies, as well as changes in regulations, to fully grasp market environment changes. We proactively propose responsive measures as necessary. As of the most recent year and up to the date of printing of this annual report, the Company has not been significantly affected financially or operationally by significant changes in domestic and international policies or laws.

(5) Effect on the company's financial operations of developments in science and technology (including cybersecurity risk) as well as industrial change, and measures to be taken in response:

The Company constantly monitors technological changes and the evolution of industry-related technologies, swiftly grasping industry trends. By continuously enhancing its R&D capabilities, the Company protects various innovative concepts and design developments through patent applications. It actively expands into future market application areas to respond to the impact of technological changes and industry developments. Additionally, the Company has established a cybersecurity policy to safeguard its information and communication security. In the most recent year and as of the date of this Annual Report, there have been no material adverse impacts on the Company's financial operations from technological changes (including information security risks) or industry changes.

(6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

Since its establishment, the Company has adhered to relevant laws and regulations, actively strengthened internal management, and devoted itself to providing excellent products to win customer favor. At the same time, it maintains harmonious labor-management relations to uphold an excellent corporate image. In the most recent year and as of the date of this Annual Report, there have been no incidents affecting corporate image or any crisis situations.

(7) Expected benefits and possible risks of mergers and acquisitions, and response measures:

As of the latest fiscal year and the date of printing of this annual report, the Company has no plans to acquire other companies. If there are any merger plans in the future, they will be carefully evaluated and handled in accordance with relevant laws and internal control systems.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

By resolution of the Board of Directors in December 2022, the Company's subsidiary, Raystar Optronics, Inc., initiated an investment project for Line 3 production line. This investment was primarily in response to future operational growth requirements and to meet customer demands. In addition to increasing production scale and reducing costs, the investment would effectively enhance production efficiency and flexibility, ensuring product quality and production capacity stability. This will help the Company strengthen its order-taking capabilities, expand its operational scale, seize profit opportunities, enhance industry competitiveness, and consolidate its position in the industry. It is expected to have a positive impact on the Group's future operations, and after the

completion of this production line, it is expected to increase production capacity by approximately 5,000 units.

- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Risks associated with consolidation of purchasing operations and mitigation measures being taken

As of the latest fiscal year and the date of printing of this annual report, there have been no circumstances where purchases from a single supplier have exceeded 10%, hence there is no procurement concentration risk. The Company maintains good and stable cooperative relationships with all suppliers to ensure the security of major raw material supplies. It also maintains appropriate inventory levels to avoid the risk of supply shortages or interruptions.

2. Risks associated with consolidation of sales and mitigation measures being taken

As of the latest fiscal year and the date of printing of this annual report, there have been no circumstances where sales to a single customer have exceeded 10%, hence there is no sales concentration risk. The Company will continue to assess the financial status of major customers and the actual receipt of payments, and regularly evaluate the possibility of accounts receivable recovery.

- (10) The influence and risk of a large-scale transfer of shares or the replacement of the directors, supervisors, or major shareholders holding more than 10% of the shares issued by the Company, and the response: None.
- (11) The impact, risks, and countermeasures of a change of management rights on the Company: None.
- (12) In respect to litigation or non-litigation events, listing should be made of material litigation or non-litigation events or administrative disputes confirmed or still being adjudicated of the Company and its directors, President, principals in charge, major shareholders holding more than 10% of shares, and affiliated companies. If the outcome may have a material impact on shareholders' equity or the price of securities, then the facts in dispute, the amount involved, the start date of the lawsuit, the main parties involved in the lawsuit, and the handling situation as of the publication date of the annual report shall be disclosed: None.
- (13) Other important risks, and mitigation measures being or to be taken: None.

7. Other important matters: None.

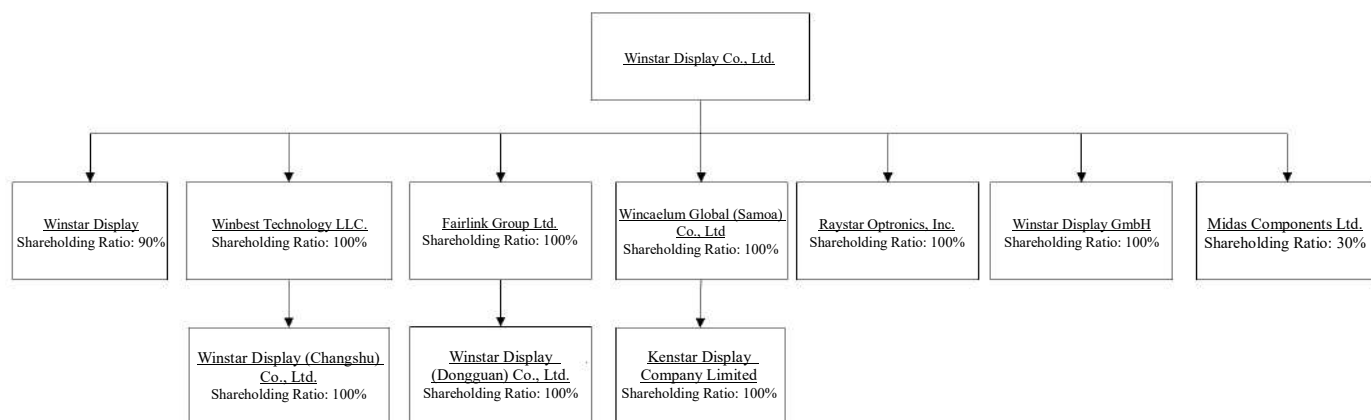
VIII. Special Records

1. Information on affiliated enterprises

(1) Business report on the merger of related enterprises.

1. Organization Charts of Affiliated Enterprises

Date: December 31, 2023



2. Basic information of each affiliated enterprise

Unit: NTD thousand; December 31, 2023

Company Name	Date of Incorporation	Address	Paid-in capital	Main businesses or production activities
Raystar Optronics, Inc.	2007/08/09	Taichung	321,471	Engaged in the research, development, manufacturing, and trading of OLED display panels.
Winstar Display	2019/11/12	California, USA	3,023	Import and export of electronic components
Wincaelum Global (Samoa) Co., Ltd	2017/04/12	Samoa	159,782	Operation of reinvestment matters
Fairlink Group Ltd.	2009/12/30	Hong Kong, China	173,883	Operation of reinvestment matters
Winbest Technology LLC.	2001/04/10	USA Delaware	204,630	Operation of reinvestment matters
Midas Components Ltd.	2000/07/31	United Kingdom	4	Trading of electronic components
Winstar Display (Changshu) Co., Ltd.	2001/06/28	Changshu, China	126,964	Manufacturing, processing, and trading of various LCD display modules
Winstar Display (Dongguan) Co., Ltd.	2010/05/19	Dongguan, China	170,045	Manufacturing and processing of various LCD displays and modules
Kenstar Display Company Limited	2015/06/30	Myanmar	155,138	Manufacturing and processing of various LCD displays and modules
Winstar Display GmbH	2023/08/10	Germany Munich	837	Import and export of electronic components

3. Information on shareholders with presumed control or affiliate relationships: None.

4. Industries covered by affiliated business operations as a whole:

The industries covered by the overall related party operations mainly include investment holding, research, development, manufacturing, and processing of LCD modules and OLED modules, as well as import and export trade.

5.Names of directors, supervisors, and general managers of related enterprises and their holdings or contributions to the enterprise:

Company Name	Job title	Name or Representative	Shareholding	
			Number of Shares	Shareholding ratio
Raystar Optronics, Inc.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
	Director	Winstar Corporate Director Representative: Hsueh-Wen Chen	-	0.00%
	Director	Winstar Corporate Director Representative: Chien-Chih Lin	-	0.00%
	Supervisor	Winstar Corporate Director Representative: Wen-Chin Chang	-	0.00%
Winstar Display	Chairman	Winstar Corporate Director Representative: Huan-Hsing Chuang	10,000	10.00%
Wincaelum Global (Samoa) Co., Ltd.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
Fairlink Group Ltd.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
Winbest Technology LLC.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
Midas Components Ltd.	Chairman	Michael John Halpin	-	47.00%
Winstar Display (Changshu) Co., Ltd.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
	Director	Winstar Corporate Director Representative: Yao-Wen Tsai	-	0.00%
	Director	Winstar Corporate Director Representative: Chien-Chih Lin	-	0.00%
	Supervisor	Winstar Corporate Director Representative: Ssu-Chun Sung	-	0.00%
Winstar Display (Dongguan) Co., Ltd.	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
	Supervisor	Winstar Corporate Director Representative: Yao-Wen Tsai	-	0.00%
Kenstar Display Company Limited	Chairman	Winstar Corporate Director Representative: Yu-Pin Liao	-	0.00%
	Director	Winstar Corporate Director Representative: Yao-Wen Tsai	-	0.00%

6.Operations overview of affiliated enterprises

December 31, 2023; Unit: NTD thousand

Company Name	Capital Amount	Total assets	Total indebtedness	Net Value	Operating revenues	Operating (loss) profits	Net income (loss) for the period
Raystar Optronics, Inc.	321,471	544,285	250,282	294,003	493,421	(65,019)	(59,896)
Winstar Display	3,023	31,870	23,051	8,819	72,353	2,647	2,215
Wincaelum Global (Samoa) Co., Ltd	159,782	87,441	62	87,379	-	(4,265)	(4,060)
Fairlink Group Ltd.	173,883	27,543	25,817	1,726	87,116	(14,787)	(14,627)
Winbest Technology LLC.	204,630	996,343	429,200	567,143	1,768,826	150,977	149,966
Midas Components Ltd.	4	19,011	5,688	13,323	143,452	1,975	241
Winstar Display (Changshu) Co., Ltd.	126,964	996,264	428,995	567,269	1,768,826	150,977	149,966
Winstar Display (Dongguan) Co., Ltd.	170,045	27,543	25,817	1,726	87,116	(14,787)	(14,627)
Kenstar Display Company Limited	155,138	87,252	62	87,190	-	(4,265)	(4,061)
Winstar Display GmbH	837	833	7	826	-	(17)	(17)

(2) Consolidated financial statements of affiliated enterprises:

For the year 2023 (January 1, 2023 to December 31, 2023), the Company complies with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” in that the companies that should be included in the preparation of the consolidated financial statements of the affiliated companies are the same as the companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies in accordance with IFRS 10. In addition, the relevant information that should be disclosed in the consolidated financial statements of the associated companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies of the former disclosure. Therefore, there is no separate preparation of the consolidated financial statements of associated companies.

(3) Related enterprise reports: Not applicable.

2. **Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: No such circumstances.**
3. **Status of holding or disposing of the Company’s stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: No such circumstances.**
4. **Other necessary supplementary explanations: No such circumstances.**

IX. In the most recent year and as of the printing date of the annual report, if there is any occurrence of matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36, Paragraph 3, Item 2 of the Securities and Exchange Act: None.

1. Consolidated Financial Statements and Independent Auditor's Report

Winstar Display Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years
Ended December 31, 2023 and 2022 and
Independent Auditors' Report

Address: 2F., No. 43, Keya Road, Daya District,
Taichung City
Tel: (04)25689987

Declaration of consolidation of financial statements of affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023(From January 1, 2023 to December 31, 2023) are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Company Name: Winstar Display Co., Ltd.

President: Yu-Pin Liao

March 12, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Winstar Display Co., Ltd.:

Opinion

We have completed our audit of Winstar Display Co., Ltd. and its subsidiaries (collectively referred to as Winstar Group) Consolidated Balance Sheet for December 31, 2023 and 2022; and Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) for January 1 – December 31, 2023 and 2022.

In our opinion, the consolidated financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC) and SIC Interpretation(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and fairly present the consolidated financial position of Winstar Group as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We have performed entrusted audit work in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our

report. Our personnel subject to standards of independence have maintained detached independence from Winstar Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and have performed other responsibilities under that Norm. We believe that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing an audit opinion.

Key Audit Matter

Key audit matters refer to the most important matters for the audit of Winstar Group's 2023 consolidated financial statements based on our professional judgment. The matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matter.

The key audit matter for the Group's 2023 consolidated financial statements is stated as follows:

Authenticity of revenue recognition from specific customers

Winstar Group's operating revenue mainly comes from the production and sales of LCD modules and OLED display modules. The operating revenue in 2023 decreased from the previous year due to changes in market demand. As transaction amount of a specific customer is material to operating revenue as a whole, authenticity of revenue recognition for specific customers is listed as a key audit matter. Please refer to Note 4 to the financial statements for the relevant accounting policies for revenue recognition.

In response to this key audit matter, we perform the following audit procedures:

1. Understand and evaluate the effectiveness of the design and execution of internal control related to audit risks in the sales and collection cycle.
2. We select a sample of the operating revenue of specific customers, and review the relevant documents and payment vouchers for the operating revenue recognized to confirm the authenticity of the operating revenue recognized.

Other Matters

Winstar Display Co., Ltd. has prepared parent company only financial statements for 2023 and 2022, and the audit reports with unmodified opinions that we have issued are on file for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When compiling the consolidated financial statements, management's responsibilities also include disclosing the evaluation of Winstar Group's ability to continue as a going concern and related matters, and the adoption of a going concern basis of accounting unless management intends to liquidate Winstar Group or to cease operations or there is no practical alternative to liquidation or closure.

The units charged with governance of Winstar Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards, we exercise professional judgment and skepticism throughout the audit. We also:

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

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Winstar Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Winstar Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may result in Winstar Group no longer having the ability to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the constituent entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have

complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Winstar Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Winstar Display Co., Ltd. and Subsidiaries

Consolidated balance sheets

December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 854,430	37	\$ 591,149	25
1136	Financial assets at amortized cost - current (Note 4, 7 and 29)	79,382	4	106,349	4
1150	Notes receivable (Note 4, 9, 21 and 27)	2,300	-	14,644	1
1170	Trade receivables (Note 4, 9, 21 and 28)	206,323	9	250,325	11
1200	Other receivables	2,057	-	1,066	-
1220	Current tax assets (Note 4 and 23)	106	-	10	-
130X	Inventories (Note 4 and 10)	326,831	14	581,938	25
1470	Other current assets (Note 16)	45,037	2	59,274	2
11XX	Total current assets	1,516,466	66	1,604,755	68
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	11,457	-	10,196	-
1535	Financial assets at amortized cost - non-current (Note 4, 7 and 29)	23,392	1	15,803	1
1550	Investments accounted for using the equity method (Note 4 and 12)	12,661	1	12,376	-
1600	Property, Plant and Equipment (Note 4, 13 and 29)	296,190	13	327,723	14
1755	Right-of-use assets (Note 4, 14, 28 and 29)	149,929	7	135,445	6
1760	Investment property (Note 4, 15 and 29)	83,259	4	83,538	4
1780	Intangible assets	1,112	-	976	-
1840	Deferred tax assets (Note 4 and 23)	79,157	3	67,576	3
1990	Other non-current assets (Note 16)	125,061	5	99,390	4
15XX	Total non-current assets	782,218	34	753,023	32
1XXX	Total assets	\$ 2,298,684	100	\$ 2,357,778	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 17 and 29)	\$ 336,786	15	\$ 417,174	18
2130	Contract liabilities - current (Note 4, 21 and 28)	75,601	3	75,529	3
2150	Notes payable	11,422	1	25,144	1
2170	Trade payables (Note 27)	240,696	11	393,412	17
2200	Other payables (Note 18)	166,246	7	203,799	8
2230	Current tax liabilities (Note 4 and 23)	17,811	1	39,750	2
2280	Lease liabilities - current (Note 4, 14 and 28)	32,538	1	25,660	1
2320	Current portion of long-term borrowings (Note 17 and 29)	33,202	1	63,767	3
2399	Other current liabilities	5,449	-	2,539	-
21XX	Total current liabilities	919,751	40	1,246,774	53
	Non-current liabilities				
2540	Long-term borrowings (Note 17 and 29)	45,280	2	24,693	1
2570	Deferred tax liabilities (Note 4 and 23)	62,350	3	33,367	1
2580	Lease liabilities - non-current (Note 4, 14 and 28)	94,226	4	83,862	3
2640	Net defined benefit liabilities - non-current (Note 4 and 19)	11,255	-	14,038	1
25XX	Total non-current liabilities	213,111	9	155,960	6
2XXX	Total liabilities	1,132,862	49	1,402,734	59
	Equity attributable to owners of the parent company				
3110	Ordinary shares	675,000	30	525,000	22
3200	Capital surplus	186,294	8	66,078	3
	Retained earnings				
3310	Legal reserve	66,981	3	37,695	2
3320	Special reserve	4,444	-	3,526	-
3350	Unappropriated earnings	246,414	11	325,086	14
3400	Other equity	(16,229)	(1)	(4,444)	-
31XX	Total equity attributable to owners of the parent company	1,162,904	51	952,941	41
36XX	Non-controlling interests	2,918	-	2,103	-
3XXX	Total equity	1,165,822	51	955,044	41
	Total liabilities and equity	\$ 2,298,684	100	\$ 2,357,778	100

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

Winstar Display Co., Ltd. and Subsidiaries
Consolidated statements of comprehensive income
For the years ended December 31, 2023 and 2022

Unit: In thousands of New Taiwan Dollars,
except that Earnings Per Share are stated in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 21 and 28)	\$ 2,229,230	100	\$ 2,999,262	100
5000	Operating costs (Note 10 and 22)	<u>1,652,635</u>	<u>74</u>	<u>2,182,338</u>	<u>73</u>
5950	Gross profit	<u>576,595</u>	<u>26</u>	<u>816,924</u>	<u>27</u>
	Operating expenses (Note 22)				
6100	Selling and marketing expenses	128,458	6	113,454	4
6200	General and Administrative expenses	205,542	9	225,317	7
6300	Research and Development expenses	118,794	5	124,141	4
6450	Expected credit loss (gain) (Note 4 and 9)	(<u>2,805</u>)	<u>-</u>	<u>2,346</u>	<u>-</u>
6000	Total operating expenses	<u>449,989</u>	<u>20</u>	<u>465,258</u>	<u>15</u>
6900	Profit from operations	<u>126,606</u>	<u>6</u>	<u>351,666</u>	<u>12</u>
	Non-operating income and expenses				
7010	Other income	12,284	1	12,711	-
7020	Other gains and losses	(4,324)	-	(621)	-
7050	Financial costs (Note 4, 22 and 28)	(13,007)	(1)	(19,042)	(1)
7060	Share of profit and loss of associates (Note 4 and 12)	72	-	1,845	-
7100	Interest income	9,182	-	1,885	-
7230	Net gain (loss) on foreign currency exchange (Note 22)	<u>10,995</u>	<u>1</u>	<u>46,222</u>	<u>2</u>
7000	Total non-operating and expenses	<u>15,202</u>	<u>1</u>	<u>43,000</u>	<u>1</u>

(to be continued)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	Profit before income tax	\$ 141,808	7	\$ 394,666	13
7950	Income tax expense (Note 4 and 23)	<u>60,777</u>	<u>3</u>	<u>104,810</u>	<u>3</u>
8200	Net profit for the year	<u>81,031</u>	<u>4</u>	<u>289,856</u>	<u>10</u>
	Other comprehensive income(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 19)	2,466	-	3,870	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	1,261	-	(8,346)	-
8349	Income tax relating to items that will not be reclassified (Note 23)	(493)	-	(774)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	(16,311)	(1)	13,977	-
8399	Income tax related to items that may be reclassified (Note 23)	<u>3,261</u>	<u>-</u>	(<u>2,785</u>)	<u>-</u>
8300	Other comprehensive income for the year, net of income tax	(<u>9,816</u>)	(<u>1</u>)	<u>5,942</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 71,215</u>	<u>3</u>	<u>\$ 295,798</u>	<u>10</u>
8600	Net profit attributable to:				
8610	Owners of the company	\$ 80,809	4	\$ 289,757	10
8620	Non-controlling interests	<u>222</u>	<u>-</u>	<u>99</u>	<u>-</u>
		<u>\$ 81,031</u>	<u>4</u>	<u>\$ 289,856</u>	<u>10</u>
	Total comprehensive income attributable to:				
8710	Owners of the company	\$ 70,997	3	\$ 295,649	10
8720	Non-controlling interests	<u>218</u>	<u>-</u>	<u>149</u>	<u>-</u>
8700		<u>\$ 71,215</u>	<u>3</u>	<u>\$ 295,798</u>	<u>10</u>

(to be continued)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
	Earnings per share (Note 24)				
9750	Basic	\$ <u>1.33</u>		\$ <u>5.02</u>	
9850	Diluted	\$ <u>1.33</u>		\$ <u>4.99</u>	

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

Winstar Display Co., Ltd. and Subsidiaries
Consolidated statements of changes in equity
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Equity attributable to owners of the parent company (Note 20)											
Code		Ordinary shares	Capital surplus	Retained earnings			Other equity		Total	Non-controlling interests	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income			
A1	Balance on January 1, 2022	\$ 500,000	\$ 35,471	\$ 31,541	\$ 3,526	\$ 70,387	(\$ 9,946)	\$ 2,706	\$ 633,685	\$ 1,383	\$ 635,068
	Appropriation of 2021 earnings:										
B1	Legal reserve	-	-	6,154	-	(6,154)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(32,000)	-	-	(32,000)	-	(32,000)
D1	Net income for the year ended December 31, 2022	-	-	-	-	289,757	-	-	289,757	99	289,856
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,096	11,142	(8,346)	5,892	50	5,942
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	292,853	11,142	(8,346)	295,649	149	295,798
E1	Capital increase in cash	25,000	30,000	-	-	-	-	-	55,000	-	55,000
N1	Share-based Payment	-	607	-	-	-	-	-	607	571	1,178
Z1	Balance on December 31, 2022	525,000	66,078	37,695	3,526	325,086	1,196	(5,640)	952,941	2,103	955,044
	Appropriation of 2022 earnings:										
B1	Legal reserve	-	-	29,286	-	(29,286)	-	-	-	-	-
B3	Special reserve	-	-	-	918	(918)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	(56,250)	-	-	(56,250)	-	(56,250)
B9	Stock dividends to shareholders of the Company	75,000	-	-	-	(75,000)	-	-	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	80,809	-	-	80,809	222	81,031
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,973	(13,046)	1,261	(9,812)	(4)	(9,816)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	82,782	(13,046)	1,261	70,997	218	71,215
E1	Capital increase in cash	75,000	117,327	-	-	-	-	-	192,327	-	192,327
N1	Share-based Payment	-	2,889	-	-	-	-	-	2,889	597	3,486
Z1	Balance on December 31, 2023	\$ 675,000	\$ 186,294	\$ 66,981	\$ 4,444	\$ 246,414	(\$ 11,850)	(\$ 4,379)	\$ 1,162,904	\$ 2,918	\$ 1,165,822

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

Winstar Display Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before tax for the year	\$ 141,808	\$ 394,666
A20000	Adjustment for:		
A20100	Depreciation expenses	104,393	114,735
A20200	Amortization expenses	1,064	1,261
A20300	Expected credit loss recognized (reversed) on trade receivables	(2,805)	2,346
A20900	Finance costs	13,007	19,042
A21200	Interest income	(9,182)	(1,885)
A21300	Dividend income	(55)	(45)
A21900	Compensation cost related to share-based payment	3,486	1,178
A22400	Share of profits of associates accounted for using equity method	(72)	(1,845)
A22500	Loss on disposal of property, plant and equipment	16	355
A23800	Inventory valuation losses	35,925	25,881
A24100	Unrealized net loss (gain) in foreign currency exchange	837	(3,859)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	12,217	(4,916)
A31150	Trade receivables	28,883	55,099
A31180	Other receivables	(1,151)	(102)
A31200	Inventory	207,509	(53,012)
A31240	Other current assets	13,724	15,664
A32130	Notes payable	(13,262)	16,135
A32150	Trade payables	(135,230)	(75,872)
A32180	Other payables	(37,453)	36,104
A32230	Other current liabilities	3,118	2,586
A32240	Net defined benefit liabilities	(317)	(426)
A33000	Cash generated from operations	366,460	543,090
A33100	Interest received	9,182	1,885
A33200	Dividend received	55	1,151
A33300	Interest paid	(11,362)	(17,283)
A33500	Income tax paid	(62,943)	(25,069)
AAAA	Net cash generated from operating activities	<u>301,392</u>	<u>503,774</u>

(to be continued)

(continued)

Code		2023	2022
	Cash flows from investing activities		
B00040	Payments for financial assets at amortized cost	(\$ 22,585)	(\$ 32,881)
B00050	Proceeds from disposal of financial assets at amortized cost	41,454	-
B02700	Payments for property, plant and equipment	(30,667)	(23,627)
B02800	Proceeds from disposal of property, plant and equipment	106	631
B03700	Increase in refundable deposits	(744)	(3,767)
B03800	Decrease in refundable deposits	3,992	1,159
B04500	Payments for intangible assets	(1,200)	(670)
B07100	Increase in prepayments for equipment	(37,850)	(22,225)
BBBB	Net cash used in investing activities	(47,494)	(81,380)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	459,667	567,784
C00200	Repayments of short-term borrowings	(537,993)	(640,495)
C01600	Proceeds from long-term loans	63,000	55,000
C01700	Repayments of long-term borrowings	(72,978)	(93,046)
C04020	Repayments of the principal portion of lease liabilities	(31,113)	(34,617)
C04500	Dividends paid to owners of the company	(56,250)	(32,000)
C04600	Capital increase in cash	192,327	55,000
CCCC	Net cash generated from (used in) financing activities	16,660	(122,374)
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(7,277)	6,544
EEEE	Net increase in cash and cash equivalents	263,281	306,564
E00100	Cash and cash equivalents at the beginning of the year	591,149	284,585
E00200	Cash and cash equivalents at the end of the year	\$ 854,430	\$ 591,149

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

Winstar Display Co., Ltd. and Subsidiaries
Notes to consolidated financial statements
For the years ended December 31, 2023 and 2022
(expressed in NTD thousand and foreign currency, unless stated otherwise)

1. History

Winstar Display Co., Ltd. ("the Company") was established in June 1998. The main business items are the manufacturing, processing, and trading of various displays and modules.

The Company has been listed on the Taiwan Stock Exchange since December 5, 2023.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. Date and procedures for approval of financial statements

The consolidated financial statements were approved by the Company's board of directors on March 12, 2024.

3. Application of new, amended and revised standards and interpretations

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively, the "Group").

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective date of issuance per the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	Monday, January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Monday, January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	Monday, January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	Monday, January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	Wednesday, January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies information

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;

2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 3. Level 3 inputs are unobservable inputs for an asset or liability.
- (3) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting date; and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting date, and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Assets and liabilities that are not classified as current are classified as non-current.

- (4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the “subsidiaries”). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions or up to the effective dates of disposals. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. When compiling the consolidated financial statements, all transactions, account balances, and gains and losses between subsidiaries have been eliminated in full. Total comprehensive income of subsidiaries is

attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 11, Table 7 and Table 8 for detailed information on subsidiaries, percentage of ownership and main business.

(5) Foreign currencies

When each individual entity compiles financial statements, transactions in currencies other than the entity's functional currency (i.e., in foreign currency) shall be converted into the functional currency recorded at the exchange rate on the day of the transaction.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from delivery of monetary items or translation of monetary items are recognized in profit or loss in the year in which they occur.

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and any resulting exchange difference is listed as profit or loss for that year except when the change in fair value is recognized in other comprehensive income, in which case the resulting exchange difference is listed in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

When preparing consolidated financial statements, the assets and liabilities of foreign operations are translated into New Taiwan Dollars at the exchange rate on each balance sheet date (including subsidiaries and associates operating in countries or using currencies that differ from those of the Company). Income and expense items are translated at the current year average exchange rate, and the resulting exchange differences are listed in other comprehensive income, and are respectively attributed to owners of the Company owners and to non-controlling interest.

If the Group disposes of all interests related to a foreign operation, all of the accumulated exchange differences attributable to the owners of the Company related to the foreign operation will be reclassified to profit or loss.

(6) Inventories

Inventories include raw materials, work-in-progress, semi-finished products, and finished goods, which are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(7) Investments in Associates

An associate is an enterprise that the Group has significant influence over but is not a subsidiary.

The Group adopts the equity method for investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost, and the book value after acquisition will increase or decrease with the Group's share of the associate's profit or loss, other comprehensive income, and earnings distributions. In addition, changes in the equity of an associate are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the net fair value share of the identifiable assets and liabilities of an associate to which the Group is entitled on the acquisition date is listed as goodwill, which is included in the book value of the investment and cannot be amortized. The excess of the

share of the net fair value of the identifiable assets and liabilities of the associate over the acquisition cost is listed as current period profit or loss.

When assessing impairment, the Group treats the entire carrying amount of the investment as a single asset and tests for impairment by comparing its recoverable amount and carrying amount. Any impairment loss recognized is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

Profits and losses arising from upstream, downstream, and lateral transactions between the Group and associates shall be recognized in the consolidated financial statements only to the extent that they are not connected to the Group's rights and interests in the associate.

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction is recognized at cost. Cost includes professional fees and borrowing costs eligible for capitalization. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Each material component of property, plant and equipment is depreciated separately on a straight-line basis over its useful life. The Group shall review estimated service life, residual value, and depreciation method at the end of each year at a minimum, and it shall defer the effect of changes in applicable accounting estimates.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property is held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Group adopts a straight-line basis for depreciation.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis within useful lives. The estimated useful lives, residual values and amortization methods are reviewed at the end of each fiscal year, with the effects of any changes in the accounting estimates for on a prospective basis.

Upon derecognition of intangible assets, the difference between the net disposal price and the asset carrying amount is to be recognized in current year profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Group evaluates at each balance sheet date whether there is any evidence that impairment has occurred among property, plant and equipment, right-of-use assets, investment properties, and intangible assets. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the

resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit, less amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

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

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial asset

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1. Measurement category

The types of financial assets held by the Group are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

(1) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

A. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

B. The contractual terms of the financial asset give rise on

specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the original recognition of financial assets measured at cost after amortization (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other receivables, and refundable deposits), these are measured at the amortized cost of the gross carrying amount determined using the effective interest method less any impairment losses, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- A. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- B. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

(2) Equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments, which are not held for trading or as contingent consideration recognized by an acquirer in a business combination, as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2. Impairment of Financial assets

The Group measures the impairment loss based on expected credit losses ("ECLs") on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Group measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Group recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significantly increased since initial recognition.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For internal credit risk management purposes, the Group determines, without regard to the collateral held, that a default on a financial asset has occurred in the following circumstances:

- (1) There is internal or external information indicating that the debtor is incapable of paying off its debts.
- (2) Overdue for more than 180 days, unless there is reasonable and corroborative information showing that the delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the book value of the contra account.

3. Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets expire or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

Financial liability

1. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2. Derecognition of financial liabilities

On derecognition, the difference between the carrying amount of a financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction prices of the material finance components will not be adjusted.

Revenue from sale of goods

Revenue from sales of goods is recognized when the customer obtains control over the asset promised; that is, when the goods are delivered to the designated location and meet the performance obligations. Advance receipts from sales of goods are recognized as contract liabilities before the Group has met its performance obligations.

(14) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases accounted for by applying a recognition exemption and short-term leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit

in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the lease term, the Group remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(15) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of these assets, until the time when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Except for the above, all other borrowing costs are recognized as profit or loss in the year in which they are incurred.

(16) Government Grants

Government subsidies related to income are recognized only when there is reasonable assurance that the Group will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies are recognized on a systematic basis in the period in which the related costs for which they are intended to be reimbursed are recognized as expenses by the Group.

Government subsidies are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Group and have no future related costs.

(17) Employee benefits

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service costs for current period) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense on occurrence. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) constitute shortfalls (surpluses) in defined benefit plan contributions. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(18) Share-based payment agreement

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately. The grant date is the date on which the Company

confirms the number of employee shares and the subscription price reserved for employee shares as a capital increase in cash.

Employee stock options granted to employees of subsidiaries

Employee stock options granted by the Company to employees of a subsidiary in exchange for the Company's equity instruments are regarded as capital investment in the subsidiary. They are measured based on the fair value of the equity instrument on the grant date, and is recognized as an increase in the carrying amount of the investment in the subsidiary within the vesting period. Furthermore, there is a corresponding adjustment in capital reserve-employee stock options.

(19) Taxation

Income tax expense is the sum of the current year income tax and deferred income tax.

1. Income tax of the current year

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences. If a temporary difference arises due to the initial recognition of other assets and liabilities, and the transaction does not affect taxable income or accounting profit at that time, it shall not be

recognized as deferred income tax assets and liabilities.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates expected in the year in which the liabilities are settled or the assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax for the year

Current year and deferred income taxes are recognized in profit or loss, with the exception that such items connected to items recognized in other comprehensive income or directly included in equity are to be respectively recognized in other comprehensive income or directly

included in equity.

5. Material accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of climate change and related government policies and regulations and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions inflation and interest rate fluctuations volatility in and financial and energy and foreign currency markets its economic environment implications when making its material accounting estimates on the cash flow projection, growth rate, discount rate, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 677	\$ 610
Checking accounts and demand deposits	597,287	532,060
Restricted bank deposits (Note 29)	9,411	15,803
Cash equivalents		
Time deposits with banks	247,055	42,676
	<u>\$ 854,430</u>	<u>\$ 591,149</u>
<u>Annual interest rates (%)</u>		
Demand deposits	0.00-1.45	0.01-1.05
Time deposits with banks	1.10-5.40	0.98-4.35

7. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
<u>Current</u>		
Pledged time deposits	\$ 48,230	\$ 61,920
Restricted bank deposits	16,037	38,462
Time deposits with original maturity over three months	15,115	5,967
	<u>\$ 79,382</u>	<u>\$ 106,349</u>
<u>Non-current</u>		
Restricted bank deposits	<u>\$ 23,392</u>	<u>\$ 15,803</u>
<u>Annual interest rates (%)</u>		
Pledged time deposits	3.05-3.85	0.42-3.40

Restricted bank deposits	0.51-1.30	0.39-1.30
Time deposits with original maturity over three months	0.54-0.55	1.25

Please refer to Note 29 for information related to investments in financial assets at amortized cost pledged as security.

8. Financial assets at fair value through other comprehensive income -non-current

<u>Investment in equity instruments</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Domestic listed stocks	\$ 11,457	\$ 10,196

The Group invests in the above-mentioned corporate equity instruments for medium and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Group's long-term investment strategy.

9. Notes receivable and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,300	\$ 14,644
Less: Allowance for impairment loss	-	-
	<u>\$ 2,300</u>	<u>\$ 14,644</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 206,626	\$ 254,304
Less: Allowance for impairment loss	(303)	(3,979)
	<u>\$ 206,323</u>	<u>\$ 250,325</u>

(1) Notes receivable

The Group individually reviews the recoverable amount of the notes receivable at the balance sheet date to ensure that an appropriate impairment loss has been recorded for the notes receivable that cannot be recovered. If a note receivable is not cashed out at maturity, it is deemed to be overdue and the full amount of impairment loss is recognized. The aging of notes receivable was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 2,300	\$ 14,644
Overdue	-	-
	<u>\$ 2,300</u>	<u>\$ 14,644</u>

(2) Trade receivables

The credit period for the Group's sales depends on the sales target, region and conditions. No interest is accrued on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that unrecoverable receivables have been allocated to the appropriate impairment losses. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. Expected lifetime credit losses are calculated using a provision matrix that considers the customer's past default record and the current financial status and economic conditions in the industry, as well as simultaneously considering GDP forecasts and industry outlook. As the Group's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably expect a recoverable amount, the Group shall directly write off the relevant accounts receivable while still continuing to pursue recourse activities, and any recovered amount shall be recognized in profit or loss.

The Group measures allowances for uncollectable accounts of accounts receivable in accordance with the provision matrix as follows:

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
<u>December 31, 2023</u>						
Expected credit loss rate (%)	0.00-0.14	0.00-9.97	3.65-28.82	4.96-31.65	100	
Gross carrying amount	\$ 172,894	\$ 33,305	\$ 34	\$ 260	\$ 133	\$ 206,626
Loss allowance (Lifetime ECLs)	(<u>40</u>)	(<u>110</u>)	(<u>5</u>)	(<u>15</u>)	(<u>133</u>)	(<u>303</u>)
Amortized cost	<u>\$ 172,854</u>	<u>\$ 33,195</u>	<u>\$ 29</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ 206,323</u>
	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
<u>December 31, 2022</u>						
Expected credit loss rate (%)	0.01-0.14	0.07-8.57	4.76-19.05	8.68-22.73	100	
Gross carrying amount	\$ 219,662	\$ 33,028	\$ 630	\$ 74	\$ 910	\$ 254,304
Loss allowance (Lifetime ECLs)	(<u>2,467</u>)	(<u>519</u>)	(<u>69</u>)	(<u>14</u>)	(<u>910</u>)	(<u>3,979</u>)
Amortized cost	<u>\$ 217,195</u>	<u>\$ 32,509</u>	<u>\$ 561</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 250,325</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Beginning balance	\$ 3,979	\$ 1,804
Impairment loss recognized (reversed)	(2,805)	2,346
Amounts written off	(860)	(191)
Effect of exchange rate changes	(<u>11</u>)	<u>20</u>
Ending balance	<u>\$ 303</u>	<u>\$ 3,979</u>

10. Inventory

	December 31, 2023	December 31, 2022
Raw materials	\$ 102,889	\$ 187,537
Work in progress	62,180	80,497
Semi-finished products	77,000	129,436
Finished good	81,760	184,026
Inventory in transit	<u>3,002</u>	<u>442</u>
	<u>\$ 326,831</u>	<u>\$ 581,938</u>

The nature of the cost of goods sold related to inventories is as follows:

	2023	2022
Cost of inventory sold	\$ 1,597,919	\$ 2,139,387
Inventory valuation losses	35,925	25,881
Unamortized manufacturing overhead	18,791	17,070
	<u>\$ 1,652,635</u>	<u>\$ 2,182,338</u>

11. Subsidiaries

The entities included in these consolidated financial statements are as follows:

Investor	Subsidiary	Shares (equity) held (%)	
		December 31, 2023	December 31, 2022
The Company	RAYSTAR OPTRONICS, INC. (RAYSTAR)	100	100
	WINBEST TECHNOLOGY LLC (WINBEST)	100	100
	WINCAELUM GLOBAL (SAMOA) CO., LTD. (WINCAELUM)	100	100
	WINSTAR DISPLAY (WINSTAR USA)	90	90
	FAIRLINK GROUP LIMITED (FAIRLINK)	100	100
	Winstar Display GmbH (WINSTAR GER)	100	-
WINBEST	WINSTAR DISPLAY (CHANGSHU) CO., LTD (WINSTAR CHANGSHU)	100	100
FAIRLINK	VANSTAR TECHNOLOGY CO., LTD. (VANSTAR)	100	100
WINCAELUM	KENSTAR DISPLAY COMPANY LIMITED (KENSTAR)	100	100

In order to expand the European market, the Company invested and established WINSTAR GER in August 2023 with an investment of NTD 837 thousand (Euro 25 thousand).

Please refer to Tables 7 and 8 for the information on the main business items of the above-mentioned subsidiaries and the countries of incorporation of the companies.

12. Investments accounted for using the equity method

Investments in Associates	December 31, 2023		December 31, 2022	
Non-listed company	Amount	Shareholding (%)	Amount	Shareholding (%)
Midas Components Ltd. (MIDAS)	<u>\$ 12,661</u>	30	<u>\$ 12,376</u>	30

Please refer to Table 7 for the information on the main business items of the above-mentioned associates and the countries of incorporation of the companies.

Investments under the equity method and the Group's share of profit or

loss and other comprehensive income are recognized based on the financial statements audited by the accountant in the same period.

13. Property, plant and equipment

	December 31, 2023					December 31, 2022	
Self-use	<u>\$ 296,190</u>					<u>\$ 327,723</u>	
2023	Building	Leasehold improvements	Machinery Equipment	Office equipment	Other Equipment	Construction in progress	Total
<u>Cost</u>							
Beginning balance	\$ 115,051	\$ 200,905	\$ 560,573	\$ 34,213	\$ 97,870	\$ 300	\$ 1,008,912
Additions	-	5,978	20,136	997	2,444	3,187	32,742
Disposals	(4,513)	(997)	(13,409)	(494)	(4,724)	-	(24,137)
Reclassifications	-	5,729	7,730	-	(130)	(300)	13,029
Effect of exchange rate changes	(1,772)	(255)	(2,081)	(68)	(453)	-	(4,629)
Ending balance	<u>\$ 108,766</u>	<u>\$ 211,360</u>	<u>\$ 572,949</u>	<u>\$ 34,648</u>	<u>\$ 95,007</u>	<u>\$ 3,187</u>	<u>\$ 1,025,917</u>
<u>Accumulated depreciation and impairment</u>							
Beginning balance	\$ 42,831	\$ 128,410	\$ 398,664	\$ 29,243	\$ 82,041	\$ -	\$ 681,189
Depreciation expenses	6,067	18,919	43,566	1,619	4,981	-	75,152
Disposals	(4,513)	(998)	(13,361)	(488)	(4,655)	-	(24,015)
Reclassifications	-	-	130	-	(130)	-	-
Effect of exchange rate changes	(1,093)	(12)	(1,127)	(45)	(322)	-	(2,599)
Ending balance	<u>\$ 43,292</u>	<u>\$ 146,319</u>	<u>\$ 427,872</u>	<u>\$ 30,329</u>	<u>\$ 81,915</u>	<u>\$ -</u>	<u>\$ 729,727</u>
Closing net amount	<u>\$ 65,474</u>	<u>\$ 65,041</u>	<u>\$ 145,077</u>	<u>\$ 4,319</u>	<u>\$ 13,092</u>	<u>\$ 3,187</u>	<u>\$ 296,190</u>
2022							
<u>Cost</u>							
Beginning balance	\$ 109,284	\$ 201,290	\$ 594,633	\$ 38,293	\$ 109,553	\$ 100	\$ 1,053,153
Additions	-	699	16,874	2,011	2,020	200	21,804
Disposals	(479)	(1,119)	(51,703)	(7,006)	(15,227)	-	(75,534)
Reclassifications	-	-	(1,958)	524	-	-	(1,434)
Effect of exchange rate changes	6,246	35	2,727	391	1,524	-	10,923
Ending balance	<u>\$ 115,051</u>	<u>\$ 200,905</u>	<u>\$ 560,573</u>	<u>\$ 34,213</u>	<u>\$ 97,870</u>	<u>\$ 300</u>	<u>\$ 1,008,912</u>
<u>Accumulated depreciation and impairment</u>							
Beginning balance	\$ 35,900	\$ 110,583	\$ 400,289	\$ 33,636	\$ 86,031	\$ -	\$ 666,439
Depreciation expenses	6,312	18,915	47,429	2,369	10,292	-	85,317
Disposals	(479)	(1,119)	(50,784)	(6,995)	(15,171)	-	(74,548)
Effect of exchange rate changes	1,098	31	1,730	233	889	-	3,981
Ending balance	<u>\$ 42,831</u>	<u>\$ 128,410</u>	<u>\$ 398,664</u>	<u>\$ 29,243</u>	<u>\$ 82,041</u>	<u>\$ -</u>	<u>\$ 681,189</u>
Closing net amount	<u>\$ 72,220</u>	<u>\$ 72,495</u>	<u>\$ 161,909</u>	<u>\$ 4,970</u>	<u>\$ 15,829</u>	<u>\$ 300</u>	<u>\$ 327,723</u>

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Plants	20~40 years
Others	5~10 years
Leasehold improvements	2~10 years
Machinery Equipment	2~20 years
Office equipment	2~20 years
Other Equipment	2~20 years

Please refer to Note 29 for the amount of property, plant and equipment pledged to secure borrowings.

14. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount		
Land	\$ 28,649	\$ 30,349
Buildings	120,342	104,605
Transportation Equipment	938	491
	<u>\$ 149,929</u>	<u>\$ 135,445</u>
	2023	2022
Additions to right-of-use assets	<u>\$ 45,630</u>	<u>\$ 7,756</u>
Depreciation expenses for right-of-use assets		
Land	\$ 1,020	\$ 1,025
Buildings	27,064	26,935
Transportation Equipment	878	1,178
	<u>\$ 28,962</u>	<u>\$ 29,138</u>

Except for the above additions and depreciation expenses recognized, there was no material sublease or impairment of the Group's right-of-use assets in 2023 and 2022. Please refer to Note 29 for the amount of right of use assets pledged as collateral for borrowings.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying Amount		
Current	<u>\$ 32,538</u>	<u>\$ 25,660</u>
Non-current	<u>\$ 94,226</u>	<u>\$ 83,862</u>

The discount rate (%) of lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Land	2.20	2.20
Buildings	1.80-3.76	1.80-3.62
Transportation Equipment	2.81	1.80

(3) Important leasing activities and terms

In 2006, WINSTAR CHANGSHU acquired land use rights in a Taiwan-funded industrial park in Xinzhuang Town, Changshu City, Jiangsu Province, China, with a useful life of 45 years. In 2013, WINSTAR CHANGSHU acquired land use rights in Dalingshan Town, Dongguan City, Guangdong Province, China, with a useful life of 35 years. The purpose of the land is for the construction of production plants, offices, and employee dormitories. According to local laws and regulations, the company is entitled to the right to allocate, transfer, lease and mortgage the land use rights

within the useful life.

KENSTAR acquired the right to use land in Bago, Yangon, Myanmar, in 2016 with a validity period of 30 years. The land purpose is for the construction of production plants, offices, and employee dormitories. Due to Myanmar's land policy restrictions, it was not possible to register the land in the name of KENSTAR. Therefore, the land use rights were registered in the name of a local employee, with whom a land registration contract was signed. The land use rights may not be bought, sold, transferred, or encumbered without consent.

The Group also leases certain land and buildings for plants and offices, with lease terms of 1 to 10 years. Upon termination of the lease terms, there are no preferential rights to purchase the leased property; and it is agreed that the subject of the lease, in whole or in part, may not be subleased or transferred without the consent of the lessor.

(4) Other lease information

	2023	2022
Expenses relating to short-term leases	\$ 744	\$ 265
Expenses relating to low-value asset leases	\$ 257	\$ 251
Total cash outflow for leases	\$ 34,649	\$ 38,345

The Group has elected to apply the recognition exemption for leases of buildings and office equipment that qualify as short-term leases and low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

15. Investment properties

2023	Beginning balance	Increase	Ending balance
<u>Cost</u>			
Land	\$ 79,346	\$ -	\$ 79,346
Buildings	5,589	-	5,589
	84,935	\$ -	84,935
<u>Accumulated depreciation</u>			
Buildings	1,397	\$ 279	1,676
	\$ 83,538		\$ 83,259
2022			
<u>Cost</u>			
Land	\$ 79,346	\$ -	\$ 79,346
Buildings	5,589	-	5,589
	84,935	\$ -	84,935
<u>Accumulated depreciation</u>			
Buildings	1,117	\$ 280	1,397
	\$ 83,818		\$ 83,538

Except for depreciation expenses recognized, there were no material additions, disposals, or impairments of the Group's investment properties in 2023 and 2022.

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
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In response to future operational expansion needs, the Company and a non-related party purchased land in Xiuya Section, Daya District, Taichung City in 2013. Since the acquired land was farmland, and due to legal restrictions the transfers could not be made under the name of the Company, the land was registered separately with the Company's Chairman Yu-Pin Liao and Director Yao-Wen Tsai and contracts have been signed with them; no rights may be transferred or established without the consent of the Company. Since comparable market transactions are infrequent and reliable alternative fair value estimates are not available for this lot, fair value cannot be determined.

The fair value of the investment property as of December 31, 2021 was determined to be NTD 104,845 thousand by reference to the most recent transaction prices of similar properties in the vicinity. Evaluation by management of the Company indicates that, compared to December 31, 2021, there were no material changes to fair value as at December 31, 2023.

Please refer to Note 29 for the amount of investment property pledged as collateral for borrowings.

16. Other assets

	December 31, 2023	December 31, 2022
<u>Current</u>		
Prepaid expenses	\$ 12,838	\$ 10,818
Overpaid sales tax	12,333	17,853
Prepayment for purchase	10,018	17,481
Supplies inventory	5,932	6,708
Input tax	3,180	3,954
Others	736	2,460
	<u>\$ 45,037</u>	<u>\$ 59,274</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 113,900	\$ 85,446
Refundable deposits	9,629	12,925
Others	1,532	1,019
	<u>\$ 125,061</u>	<u>\$ 99,390</u>

17. Borrowings

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	\$ 336,786	\$ 375,446
Credit loans	-	41,728
	<u>\$ 336,786</u>	<u>\$ 417,174</u>
<u>Annual interest rates (%)</u>		
Secured borrowings	2.09-5.17	1.96-6.16
Credit loans	-	4.35-4.59

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	\$ 78,482	\$ 88,460
Less: Current portions	(33,202)	(63,767)
Long-term borrowings	<u>\$ 45,280</u>	<u>\$ 24,693</u>
Annual interest rates (%)	2.20-3.35	2.20-3.23
Maturity	113.1-117.5	112.1-114.12

The secured borrowings referred to above are secured by the Group's assets (see Note 29) and with senior management jointly and severally assuming liability.

The Company has entered into a credit agreement with Taipei Fubon Commercial Bank. According to the provisions of the credit agreement, the financial ratios that should be complied with in the annual consolidated financial statements during the credit period after drawdown are as follows:

1. Debt ratio shall not be higher than 220%;
2. Debt service coverage ratio shall not be less than 5 times.

All financial ratio items of the Group are in compliance with the contractual requirements.

18. Other payables

	December 31, 2023	December 31, 2022
Salaries payable	\$ 72,053	\$ 87,093
Pension and insurance premiums payable	34,933	46,604
Remuneration payable to employees and directors	9,186	19,148
Others	<u>50,074</u>	<u>50,954</u>
	<u>\$ 166,246</u>	<u>\$ 203,799</u>

19. Retirement benefit plans

(1) Defined contribution plan

The Company and RAYSTAR Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Employees of subsidiaries in mainland China participate in social insurance plans managed and coordinated by local government agencies. The pension plan is a defined-contribution plan that pays the pension insurance premiums for the government-managed social insurance plan.

FAIRLINK, WINBEST, and WINCAELUM are holding companies and therefore do not have pension plans and systems in place.

KENSTAR, WINSTAR USA, and WINSTAR GER do not have pension plans and systems in place.

(2) Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of

the Group's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 21,278	\$ 23,339
Fair value of plan assets	(10,023)	(9,301)
Net defined benefit liabilities	<u>\$ 11,255</u>	<u>\$ 14,038</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 26,429</u>	(\$ 8,095)	<u>\$ 18,334</u>
Interest expense (income)	<u>165</u>	(<u>52</u>)	<u>113</u>
Recognized in profit or loss	<u>165</u>	(<u>52</u>)	<u>113</u>
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(615)	(615)
Actuarial gains			
- changes in financial assumption	(2,391)	-	(2,391)
- experience adjustments	(864)	-	(864)
Recognized in other comprehensive income	(3,255)	(615)	(3,870)
Contributions from employer	-	(539)	(539)
December 31, 2022	<u>23,339</u>	(<u>9,301</u>)	<u>14,038</u>
Interest expense (income)	<u>350</u>	(<u>144</u>)	<u>206</u>
Recognized in profit or loss	<u>350</u>	(<u>144</u>)	<u>206</u>
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(55)	(55)
Actuarial loss (gain)			
- changes in financial assumption	20	-	20
- experience adjustments	(2,431)	-	(2,431)
Recognized in other comprehensive income	(2,411)	(55)	(2,466)
Contributions from employer	-	(523)	(523)
December 31, 2023	<u>\$ 21,278</u>	(<u>\$ 10,023</u>)	<u>\$ 11,255</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2. Interest rate risk: A decrease in government bond and corporate bond interest rates would increase the present value of defined benefit obligations, while the return on debt investments of plan assets would also increase accordingly and the impact of these two factors on net defined benefit liabilities would have a partial offsetting effect.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25%	1.50%
Expected growth rate of salary	3.25%	3.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ 527)	(\$ 629)
0.25% decrease	<u>\$ 546</u>	<u>\$ 652</u>
Expected growth rate of salary		
0.25% increase	<u>\$ 524</u>	<u>\$ 628</u>
0.25% decrease	(\$ 509)	(\$ 609)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	\$ 540	\$ 529
The average duration of the defined benefit obligation	10 years	11 years

20. Equity

(1) Ordinary shares

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of shares issued and fully paid (in thousand)	<u>67,500</u>	<u>52,500</u>
Shares issued	<u>\$ 675,000</u>	<u>\$ 525,000</u>

In May 2023, the Company's General Meeting of Shareholders resolved to distribute 7,500 thousand shares as stock dividends. By resolution of the Board of Directors, July 7, 2023 was designated as the ex-rights record date, and effective registration was approved by the Securities and Futures Bureau of the Financial Supervisory Commission in June 2023.

In September 2023, the Company's Board of Directors decided to undertake a cash capital increase by issuing 7,500 thousand new shares with par value of NTD 10 per share before the initial listing of the stock. Effective registration was approved by the Taiwan Stock Exchange as of October 2023, with December 1, 2023 set as the record date for capital increase. The aforementioned cash capital increase was issued at a premium at NTD 26.84 per share through a weighted average price at competitive auction, and the offering price through public subscription was NTD 24 per share. The full share payment was collected in December 2023 and the amount after deducting relevant underwriting expenses was NTD 192,327 thousand.

In July 2022, the Board of Directors resolved to issue 2,500 thousand new shares for cash capital increase with a par value of NTD 10 per share. September 23, 2022 was set as the capital increase record date at a premium of NTD 22 per share. Effective registration of the above cash capital increase was approved by the Central Taiwan Science Park Bureau, Ministry of Science and Technology in October 2022.

In response to the aforementioned cash capital increases in 2023 and 2022, the Company reserves 10% of the total amount of new shares issued for subscription by employees in accordance with provisions of the Company Act. Grant recipients include employees of the Company and of subsidiaries

who meet specific conditions, who can exercise the shares in accordance with the regulations governing the subscription of shares. On the dates when the numbers of shares subscribed by employees and the prices were determined, 636,000 shares (grant date of November 21, 2023) and 100,000 shares (grant date of September 16, 2022) were granted respectively. For employees giving up their portions of share subscriptions, the Company's Chairman was authorized to contact designated individuals for subscription. Based on the Black-Scholes valuation model, the fair value of each stock option was NTD 4.54 and NTD 6.07, respectively. In 2023 and 2022, the employee compensation costs were recognized at NTD 2,889 thousand and NTD 607 thousand, respectively. Parameters used in the valuation model are as follows:

	November, 2023	September, 2022
Fair value per share on the grant date	NT\$28.54	NT\$27.95
Exercise price	NT\$24	NT\$22
Expected volatility	27.30%	38.12%
Projected time to maturity	7 days	58 days
Risk-free rate	0.94%	0.74%

Projected volatility is the average annualized standard deviation of the Company's daily rate of return for the most recent six months prior to the payment due to its peers.

(2) Capital surplus

	December 31, 2023	December 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Stock premium for common shares	\$ 152,938	\$ 32,722
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	22,112	22,112
Arising from treasury share transactions	<u>11,244</u>	<u>11,244</u>
	<u>\$ 186,294</u>	<u>\$ 66,078</u>

Such capital reserves can be used to make up for losses, and can also be used for issuance of cash dividends or transfers of share capital when the Company has no losses. However, transfers of share capital are limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend policy

In accordance with the dividend policy stipulated by the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes should first be paid and accumulated losses covered. Thereupon, another 10% should be set aside as legal reserve. However, this does not apply when legal has reached the amount of paid-in capital. The remainder shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is any remaining balance, then it shall be combined with cumulative Unappropriated earnings and an earnings distribution proposal drafted by the Board of Directors for submission to the shareholders' meeting for resolution on the distribution of shareholder dividends.

The Company's dividend policy adopts the principle of stability and balance, and takes into account factors such as profitability, financial structure, and future development. The Company appropriates 10% to 90% of the distributable earnings of the current year as dividends, of which cash dividends shall not be less than 10% of the total dividend. If the dividend per share is less than NTD 0.1, the Board of Directors may propose to withhold the distribution, and the resolution will be submitted to the shareholders' meeting.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings in May 2023 and June 2022, respectively, were as follows:

	2022	2021
Legal reserve	\$ 29,286	\$ 6,154
Special reserve	918	-
Cash dividends	56,250	32,000
Stock dividends	75,000	-
Cash dividends per share (NT\$)	1.071428	0.64
Stock dividends per share (NTD)	1.428571	-

The appropriation of earnings for 2023, which were proposed by the Company's board of directors in March 2024, were as follows:

	2023
Legal reserve	\$ 8,278
Special reserve	11,785
Cash dividends	70,875
Cash dividends per share (NT\$)	1.05

The appropriation of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held in May 2024.

(4) Special reserve

When the Company initially adopted IFRS accounting standards, the amount of NTD 3,526 thousand transferred from accumulated translation adjustments to retained earnings was set aside as a special reserve of the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the assigned surplus must be reversed in proportion to the original provision for special reserve.

21. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 2,229,230	\$ 2,999,262

	December 31, 2023	December 31, 2022	January 1, 2022
<u>Contract balance</u>			
Notes and accounts receivable (Note 9)	\$ 208,623	\$ 264,969	\$ 313,238

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Sales of goods	\$ 37,523	\$ 59,726	\$ 72,440
Others	<u>38,078</u>	<u>15,803</u>	<u>-</u>
	<u>\$ 75,601</u>	<u>\$ 75,529</u>	<u>\$ 72,440</u>

The change in contract liabilities mainly comes from the difference between the time when performance obligations are met and the time when customers make payment. The recognized revenue amounts from contract liabilities at the beginning of the year in 2023 and 2022 were NTD 52,133 thousand and NTD 60,877 thousand, respectively.

Please refer to Note 33 for the breakdown of revenue.

22. Comprehensive income for the year

(1) Employee benefits, depreciation, and amortization expenses

Nature	Recognized in operating costs	Recognized in operating expenses	Total
<u>2023</u>			
Employee benefit expenses			
Salaries	\$ 161,738	\$ 259,833	\$ 421,571
Post-employment benefits			
Defined contribution plan	9,729	9,364	19,093
Defined benefit plan	-	206	206
Share-based Payment			
Equity delivery	-	3,486	3,486
Others employee benefits	29,291	35,413	64,704
Depreciation expenses	88,633	15,760	104,393
Amortization expenses	314	750	1,064
<u>2022</u>			
Employee benefit expenses			
Salaries	164,091	261,480	425,571
Post-employment benefits			
Defined contribution plan	10,755	9,576	20,331
Defined benefit plan	-	113	113
Share-based Payment			
Equity delivery	-	1,178	1,178
Others employee benefits	29,815	32,384	62,199
Depreciation expenses	99,226	15,509	114,735
Amortization expenses	624	637	1,261

(2) Employees' compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company allocates no less than 1% and no more than 5% of the profits before tax of the current year as the remuneration of employees and the remuneration of directors, respectively. For estimated employee remuneration and director

remuneration for 2023 and 2022, the Board of Directors' resolutions in March 2024 and April 2023 were as follows:

Cash	2023		2022	
	Estimated proportions	Amount	Estimated proportions	Amount
Employees' compensation	3.33%	\$ 4,186	2.29%	\$ 8,648
Directors' remuneration	3.98%	5,000	1.99%	7,500

If there are any further changes in the amounts after the publication of the annual consolidated financial statements, then they will be treated as changes in accounting estimates and adjusted and recorded in the following year.

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and directors' remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(3) Finance costs

	2023	2022
Interest on bank loans	\$ 11,631	\$ 17,283
Interest on lease liabilities	2,535	3,212
Less: Amounts included in the cost of qualifying assets	(<u>1,159</u>)	(<u>1,453</u>)
	<u>\$ 13,007</u>	<u>\$ 19,042</u>

Information on interest capitalization is as follows:

	2023	2022
Amount of capitalized interest	\$ 1,159	\$ 1,453
Interest capitalization rate (%)	1.39-3.74	1.68-2.77

(4) Foreign exchange gain or loss

	2023	2022
Gross gains on foreign exchange	\$ 46,339	\$ 179,280
Gross losses on foreign exchange	(<u>35,344</u>)	(<u>133,058</u>)
Net profit	<u>\$ 10,995</u>	<u>\$ 46,222</u>

23. Taxation

(1) Major components of income tax recognized in profit or loss are as follows :

	2023	2022
Current income tax		
In respect of the current year	\$ 32,225	\$ 57,198
Income tax on unappropriated earnings	6,258	1,169
Adjustment for prior year	<u>2,565</u>	<u>(487)</u>
	<u>41,048</u>	<u>57,880</u>
Deferred tax		
In respect of the current year	20,539	31,603
Adjustment for prior year	<u>(810)</u>	<u>5,490</u>
Changes in tax rate	<u>-</u>	<u>9,837</u>
	<u>19,729</u>	<u>46,930</u>
Income tax recognized in profit or loss	<u><u>\$ 60,777</u></u>	<u><u>\$ 104,810</u></u>

A reconciliation of accounting profit and income tax recognized in profit or loss is as follows:

	2023	2022
Income tax expense calculated at the statutory rate	\$ 34,865	\$ 106,092
Nondeductible expenses in determining taxable income	5,339	5,013
Tax-exempt income	<u>(426)</u>	<u>(9,692)</u>
Unrecognized loss carryforwards	15,126	-
Income tax on unappropriated earnings	6,258	1,169
Investment credits/loss carryforwards used in the current year	<u>(2,140)</u>	<u>(12,612)</u>
Changes in tax rate	<u>-</u>	<u>9,837</u>
Adjustment for prior year	<u>1,755</u>	<u>5,003</u>
Income tax recognized in profit or loss	<u><u>\$ 60,777</u></u>	<u><u>\$ 104,810</u></u>

(2) Changes in deferred tax assets and liabilities

2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehens ive income	Effect of exchange rate changes	Ending balance
<u>Deferred tax assets</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 22,171	\$ 9,554	\$ -	\$ -	\$ 31,725
Inventory valuation losses	12,090	1,606	-	(157)	13,539
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	9,200	(1,142)	-	(252)	7,806
Others	<u>5,761</u>	<u>(444)</u>	<u>2,768</u>	<u>(32)</u>	<u>8,053</u>
	60,428	9,574	2,768	(441)	72,329
Loss carryforwards	<u>7,148</u>	<u>(320)</u>	<u>-</u>	<u>-</u>	<u>6,828</u>
	<u><u>\$ 67,576</u></u>	<u><u>\$ 9,254</u></u>	<u><u>\$ 2,768</u></u>	<u><u>(\$ 441)</u></u>	<u><u>\$ 79,157</u></u>

(to be continued)

(continued)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	Ending balance
2023					
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 31,944	\$ 30,406	\$ -	\$ -	\$ 62,350
Others	<u>1,423</u>	<u>(1,423)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 33,367</u>	<u>\$ 28,983</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,350</u>
2022					
<u>Deferred tax assets</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 27,294	(\$ 5,123)	\$ -	\$ -	\$ 22,171
Inventory valuation losses	15,842	(3,898)	-	146	12,090
Impairment loss on property, plant and equipment	11,206	-	-	-	11,206
Other payables	16,298	(7,364)	-	266	9,200
Others	<u>8,402</u>	<u>(1,886)</u>	<u>(774)</u>	<u>19</u>	<u>5,761</u>
	<u>79,042</u>	<u>(18,271)</u>	<u>(774)</u>	<u>431</u>	<u>60,428</u>
Loss carryforwards	<u>7,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,148</u>
	<u>\$ 86,190</u>	<u>(\$ 18,271)</u>	<u>(\$ 774)</u>	<u>\$ 431</u>	<u>\$ 67,576</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Investments accounted for using the equity method	\$ 1,599	\$ 30,345	\$ -	\$ -	\$ 31,944
Others	<u>324</u>	<u>(1,686)</u>	<u>2,785</u>	<u>-</u>	<u>1,423</u>
	<u>\$ 1,923</u>	<u>\$ 28,659</u>	<u>\$ 2,785</u>	<u>\$ -</u>	<u>\$ 33,367</u>

- (3) Unused loss carryforwards of deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2023	December 31, 2022
Loss carryforwards		
Expiring in 2030	\$ 73,024	\$ 73,024
Expiring in 2033	<u>56,733</u>	<u>-</u>
	<u>\$ 129,757</u>	<u>\$ 73,024</u>

- (4) Information on unused loss carryforwards

As of December 31, 2023, information on loss carryforwards is as follows:

Unused balance	Expiry year
\$ 31,154	118
76,010	119
<u>56,733</u>	122
<u>\$ 163,897</u>	

(5) Income tax assessments

Income tax returns of the Company, and RAYSTAR of the Group's subsidiaries located in Taiwan through 2021 have been assessed by the tax authorities.

24. Earnings per share

	Net profit	Number of shares (in thousand shares)	Earnings per share (NTD)
<u>2023</u>			
Basic earnings per share			
Net profit attributable to owners of the parent company	\$ 80,809	60,616	<u>\$ 1.33</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	199	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 80,809</u>	<u>60,815</u>	<u>\$ 1.33</u>
<u>2022</u>			
Basic earnings per share			
Net profit attributable to owners of the parent company	\$ 289,757	57,765	<u>\$ 5.02</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	294	
Diluted earnings per share			
Profit for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 289,757</u>	<u>58,059</u>	<u>\$ 4.99</u>

The impact of stock dividends has been adjusted retrospectively in calculating earnings per share, and the record date of the stock dividends was set at July 7, 2023. Changes in basic and diluted earnings per share for 2022 due to retrospective adjustments were as follows:

	Unit: NTD per share	
	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	<u>\$ 5.73</u>	<u>\$ 5.02</u>
Diluted earnings per share	<u>\$ 5.70</u>	<u>\$ 4.99</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares, and the resulting potential

shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. Cash flow information

(1) Non-cash transactions

In addition to disclosures made in other notes, the Group conducted the following non-cash investment and financing activities in 2023 and 2022:

Cash paid by the Group for the purchase of property, plant and equipment in 2023 and 2022, respectively, was as follows:

	2023	2022
Increase in property, plant and equipment	\$ 32,742	\$ 21,804
Net change in equipment payable	(2,075)	1,823
Amount of cash paid	<u>\$ 30,667</u>	<u>\$ 23,627</u>

(2) Changes in liabilities from financing activities

			Non-cash changes			
			New leases	Changes in foreign exchange rates		Ending balance
2023	Beginning balance	Cash flows from			Finance costs	
Short-term borrowings	\$ 417,174	(\$ 78,326)	\$ -	(\$ 2,062)	\$ -	\$ 336,786
Long-term borrowings	88,460	(9,978)	-	-	-	78,482
Lease liabilities	<u>109,522</u>	<u>(31,113)</u>	<u>45,630</u>	<u>190</u>	<u>2,535</u>	<u>126,764</u>
	<u>\$ 615,156</u>	<u>(\$ 119,417)</u>	<u>\$ 45,630</u>	<u>(\$ 1,872)</u>	<u>\$ 2,535</u>	<u>\$ 542,032</u>
2022						
Short-term borrowings	\$ 489,221	(\$ 72,711)	\$ -	\$ 664	\$ -	\$ 417,174
Long-term borrowings	126,506	(38,046)	-	-	-	88,460
Lease liabilities	<u>129,079</u>	<u>(34,617)</u>	<u>7,756</u>	<u>4,092</u>	<u>3,212</u>	<u>109,522</u>
	<u>\$ 744,806</u>	<u>(\$ 145,374)</u>	<u>\$ 7,756</u>	<u>\$ 4,756</u>	<u>\$ 3,212</u>	<u>\$ 615,156</u>

26. Capital management

The Group conducts capital management to ensure that each company in the Group can continue to operate and maximize shareholder returns by optimizing the balance of debt and equity.

The capital structure of the Group consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., ordinary share capital, capital

reserves, retained earnings, and total other equity interest) of the Group.

The senior management of the Group regularly re-examines the capital structure of the Group, including consideration of the cost of each type of capital and the associated risk. Based on recommendations of the key management, the Group may balance its overall capital structure by the means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts.

27. Financial instruments

(1) Information on fair value

1. Financial instruments measured at fair value - Financial instruments measured at fair value on a recurring basis

Fair value hierarchy

The following table provides an analysis of the financial instruments measured at fair value after initial recognition. The measurement is based on the extent to which the fair value is observable, and is divided into Levels 1 to 3.

<u>Fair value hierarchy</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	\$ 11,457	\$ -	\$ -	\$ 11,457
<u>December 31, 2022</u>				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	\$ 10,196	\$ -	\$ -	\$ 10,196

The Group made no transfers between Level 1 and Level 2 measurements at fair value in 2023 and 2022.

2. Financial instruments not measured at fair value

The fair value of financial assets and financial liabilities is determined by the following means:

- (1) For total investment in financial instruments such as cash and cash equivalents, financial assets measured at amortized cost, notes receivable and payable, other receivables, refundable deposits,

short-term borrowings, other payables, and refundable deposits where date of expiration or future payment price is similar to the carrying amount, the carrying amount on the consolidated balance sheet date is used to estimate the fair value.

- (2) The fair value of long-term borrowings (including maturities within one year) is estimated based on the discounted value of their future cash flows. The Company's long-term borrowings are at floating interest rates, and the carrying value constitutes the fair value.

(2) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial asset</u>		
At amortized cost (Note 1)	\$ 1,177,513	\$ 992,261
Financial assets at fair value through other comprehensive income	11,457	10,196
<u>Financial liability</u>		
At amortized cost (Note 2)	833,632	1,127,989

Note 1: Balances include financial assets measured at cost after amortization such as cash and cash equivalents, financial assets measured at cost after amortization, notes receivable and accounts receivable, other receivables, and refundable deposits.

Note 2: Balances constitute measured at amortized cost including short-term borrowings, notes payable, trade payable, other payables, and long-term borrowings.

(3) Financial risk management objectives and policies

The Group's primary financial instruments include cash and cash equivalents, equity investments, accounts receivable, trade payable, borrowings, and lease liabilities. The Financial Management Department of the Group provides services for each business unit, coordinates domestic and international financial market operations, and monitors and manages financial risks related to the operations of the Group by analyzing internal risk reports according to the degree and breadth of the risk. Such risks include market risk, credit risk, and liquidity risk.

1. Market risk

The main financial risks borne by the Group due to its operating activities are the risk from foreign currency exchange rate change and interest rate change risk.

There has been no change to the Group's exposure to market risks and the management and measurement of such exposures.

(1) Foreign currency risk

The Group engages in sales and purchase transactions denominated in foreign currencies, resulting in exchange rate risk.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in nonfunctional currencies (including the monetary items denominated in nonfunctional currencies eliminated in the consolidated financial statements) on the balance sheet date are provided in Note 31.

Sensitivity analysis

The Group was mainly exposed to the risk of exchange rate fluctuation of the US Dollar.

The following table shows a sensitivity analysis of the Group when the exchange rate of the functional currency changes by 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Group to report exchange rate risk to senior management, and also represents the management's assessment of the reasonable possible range of changes in foreign currency exchange rate. The sensitivity analysis includes only the outstanding monetary items in foreign currencies, and the translation at the end of the year is adjusted based on a 1% change in exchange rates. The positive numbers in the table below represent the amounts that would increase net profit before tax when the functional currency appreciates by 1% relative to each relevant currency; when the functional currency depreciates by 1% against each relevant foreign currency, its impact on net profit

before tax will be a negative number of the same amount. The impact of exchange rate changes on profit and loss is as follows:

Currency type	2023	2022
USD	\$ 6,253	\$ 4,287

Management believes that the sensitivity analysis cannot represent the inherent risk of exchange rates, as the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure during the year.

(2) Interest rate risk

The Group's interest rate risk mainly arises from fixed and floating interest rate bank deposits, cash equivalents, financial assets measured at cost after amortization, bank loans, and lease liabilities, which generate interest rate exposure.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial asset	\$ 296,794	\$ 109,757
Financial liability	126,764	197,444
Cash flow interest rate risk		
Financial asset	643,689	602,934
Financial liability	415,268	417,712

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. The rate of change used in the Group's internal reporting of interest rates to senior management is 25 basis points, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates had changed, and all other variables remained unchanged, the Group's net profit before tax for 2023 and 2022 would have changed by NTD 571 thousand and NTD 463

thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults in its contractual obligations and causes financial losses to the Group. As of the balance sheet date, the maximum credit risk exposures of the Group that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the Group are mainly derived from the book value of financial assets recognized in the consolidated balance sheet.

The Group uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitors credit risk exposure and the credit ratings of counterparties, and distributes the total transaction amount among customers with qualified credit ratings. Credit risk is controlled through the counterparty's credit limits that are reviewed and approved by the management each year.

3. Liquidity risk

The Group has established an appropriate liquidity risk management framework in order to respond to the needs for funding and liquidity management in the short, medium and long term. The Group manages liquidity risk by maintaining bank financing facilities, continuously monitoring expected and actual cash flows, and matching the maturities of financial assets and liabilities. As of December 31, 2023 and 2022, the unused bank facilities of the Group totaled NTD 402,696 thousand and NTD 220,460 thousand, respectively.

The following liquidity and interest rate risk tables illustrate the remaining contractual maturities of the Group's non-derivative financial liabilities with agreed repayment periods. The tables are based on the earliest possible dates on which the Group may be required to repay and are prepared based on the undiscounted cash flows of financial liabilities, which includes cash flows of interest and principal.

Non derivative financial liabilities	Within 3 months	3 months~1 year	1~5 years	5~10 years
<u>December 31, 2023</u>				
Non-interest bearing liabilities	\$ 418,364	\$ -	\$ -	\$ -
Lease liabilities	8,254	24,311	100,044	-
Floating rate instruments	48,925	321,063	45,280	-
	<u>\$ 475,543</u>	<u>\$ 345,374</u>	<u>\$ 145,324</u>	<u>\$ -</u>
<u>December 31, 2022</u>				
Non-interest bearing liabilities	\$ 622,355	\$ -	\$ -	\$ -
Lease liabilities	7,852	22,063	75,157	12,929
Fixed rate instruments	22,058	65,864	-	-
Floating rate instruments	70,224	322,795	24,693	-
	<u>\$ 722,489</u>	<u>\$ 410,722</u>	<u>\$ 99,850</u>	<u>\$ 12,929</u>

(4) Transfers of financial assets

In 2023 and 2022, the Group transferred some of the bank's acceptance receivables that are not receivable by banks with higher credit ratings in mainland China to the supplier for payment amounts of NTD 3,620 thousand and NTD 8,736 thousand, respectively. According to the contract, if the bank's acceptance receivable cannot be collected upon expiry, the transferee has the right to request the Group to pay the outstanding balance. Therefore, the Group did not transfer the material risk and return of the bank acceptance receivable, and the Group continued to recognize the bank acceptance receivable.

As of December 31, 2023 and 2022, the carrying amounts of transferred bank acceptance notes receivable that had not been derecognized were NTD 1,093 thousand and NTD 6,113 thousand, respectively; and the carrying amounts of relevant liabilities were NTD 1,093 thousand and NTD 6,113 thousand, respectively.

In 2023 and 2022, the Group endorsed and transferred some of the bank acceptance notes receivable accepted by banks with higher credit ratings in mainland China to suppliers to pay trade payable. As substantially all the risks and rewards of these notes have been transferred, the Group excludes the transferred bank acceptance notes receivable and corresponding trade payable. However, if the bank acceptances that have been derecognized are not cashed when they are due, the supplier still has the right to require the Group to pay off, so the Group continues to participate in these notes.

The maximum loss exposure amount for the Group's continued participation in the delisted bank acceptance notes is the face amount of the bank acceptance notes that have been transferred but have not yet matured. As of December 31, 2023 and December 31, 2022, they were NTD 393 thousand and NTD 18,687 thousand, respectively. The respective notes will mature within 2 months and within 1 to 5 months after the balance sheet dates. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continuing participation is not material.

In 2023 and 2022, the Group did not recognize any gain or loss on the transfer of bank acceptances receivable, and no profit or loss has been recognized during the current year and accumulated by these notes from their continued participation.

28. Transactions with related parties

Consolidated transactions, account balances, income, and expenses have been eliminated upon consolidation and are not disclosed in these Notes. In addition to those disclosed in other Notes, transactions with other related parties are as follows:

(1) Related parties and relationship

<u>Related parties</u>	<u>Relationship with the Group</u>
MIDAS	Associate
Yu-Pin Liao	Senior management (Chairman)
Yao-Wen Tsai	Senior management (directors)
Szu-Chun Sung	Senior management (directors)
I-Feng Liao	Other related parties (first-degree relatives of the Chairman)

(2) Operating revenue

<u>Related parties category/name</u>	<u>2023</u>	<u>2022</u>
Associate		
MIDAS	<u>\$ 22,807</u>	<u>\$ 30,146</u>

The finished products sold by the Group to associates are individually priced based on product differences and market conditions.

(3) Accounts receivable, net

Related parties category/name	December 31, 2023	December 31, 2022
Associate		
MIDAS	<u>\$ 1,696</u>	<u>\$ 3,409</u>

The allowance for uncollectable accounts for accounts receivable outstanding is measured according to the provision matrix.

(4) Contract liabilities

Related parties category/name	December 31, 2023	December 31, 2022
Associate		
MIDAS	<u>\$ 621</u>	<u>\$ 931</u>

(5) Lease agreements

Related parties category/name	2023	2022
<u>Acquisition of right-of-use assets</u>		
Other related parties		
I-Feng Liao	<u>\$ 149</u>	<u>\$ -</u>

Financial Statement			
Account	Related parties category/name	December 31, 2023	December 31, 2022
Lease liabilities	Other related parties		
	I-Feng Liao	<u>\$ 83</u>	<u>\$ 12</u>

Related parties category/name	2023	2022
<u>Finance costs</u>		
Other related parties		
I-Feng Liao	<u>\$ 3</u>	<u>\$ 1</u>

This is primarily for warehouse rental. The rent is negotiated by both parties with reference to the neighboring market prices and the leased area.

(6) Acquisition of endorsements/guarantees

Related parties	December 31, 2023	December 31, 2022
Yu-Pin Liao, Yao-Wen Tsai and Szu-Chun Sung		
Guaranteed amounts	<u>\$ 8,638</u>	<u>\$ 12,694</u>
Actual Amount Borrowed	<u>\$ 8,638</u>	<u>\$ 12,694</u>
Yu-Pin Liao and Yao-Wen Tsai		
Guaranteed amounts	<u>\$ 214,028</u>	<u>\$ 442,441</u>
Actual Amount Borrowed	<u>\$ 94,027</u>	<u>\$ 317,441</u>
Yu-Pin Liao		
Guaranteed amounts	<u>\$ 509,559</u>	<u>\$ 182,013</u>
Actual Amount Borrowed	<u>\$ 312,603</u>	<u>\$ 87,239</u>

A portion of the Group's borrowings are jointly and severally guaranteed by the above-mentioned senior management personnel and other

related parties.

(7) Remuneration of senior management

	2023	2022
Short-term employee benefits	\$ 37,717	\$ 39,575
Post-employment benefits	778	810
Share-based Payment	138	109
	<u>\$ 38,633</u>	<u>\$ 40,494</u>

The remuneration to directors and other senior management is determined based on individual performance and market trends.

29. Assets pledged as collateral or for security

The following assets have been provided as collateral for the Group's borrowings and bank acceptances, and as project funds for the agreed purposes of the joint development plan:

	December 31, 2023	December 31, 2022
Financial assets at amortized cost	\$ 87,659	\$ 116,185
Investment property	83,259	83,538
Right-of-use assets	21,632	23,203
Property, plant and equipment	17,896	113,255
Restricted bank deposits	9,411	15,803
	<u>\$ 219,857</u>	<u>\$ 351,984</u>

30. Other material matters and unrecognized commitments

The Group's unrecognized commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	<u>\$ 71,176</u>	<u>\$ 51,558</u>

31. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the entities in the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023					
Financial assets	Foreign currency		Exchange rate		NTD
<u>Monetary items</u>					
USD	\$	13,264	30.66	(USD:NTD)	\$ 406,674
USD		16,779	7.152	(USD:CNY)	514,444
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		6,822	30.66	(USD:NTD)	209,163
USD		2,825	7.152	(USD:CNY)	86,615

December 31, 2022					
Financial assets	Foreign currency		Exchange rate		NTD
<u>Monetary items</u>					
USD	\$	18,352	30.66	(USD:NTD)	\$ 562,672
USD		12,139	6.995	(USD:CNY)	372,182
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD		11,085	30.66	(USD:NTD)	339,866
USD		5,425	6.995	(USD:CNY)	166,331

The realized and unrealized foreign currency exchange gains and losses of the Group in 2023 and 2022 constituted gains of NTD 10,995 thousand and NTD 46,222 thousand, respectively. Due to the variety of foreign currency transactions and entity functional currencies, it is not possible to disclose each exchange gain and loss in foreign currencies that had material impact.

32. Separately disclosed items

(1) Information about significant transactions

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 3.
4. Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.
10. Others: Intercompany relationships and significant intercompany transactions: Table 6.

(2) Information on investees: Table 7.

(3) Information on investments in mainland China

1. Name of mainland China investee company, major operating items, paid-in capital amount, investment method, capital remittance in and out, shareholding ratio, profit or loss for the current year and recognized investment gains or losses, investment book amount at year end, repatriated investment gains and losses, and investment limit in mainland China: Table 8.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - (1) Amounts and percentages of purchases and the balance and

percentages of relevant payables at the end of the year: Table 4.

- (2) Amounts and percentages of sales and the balance and percentages of relevant receivables at the end of the year: Table 4.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) Ending balance of note endorsement/guarantee or provision of collateral and its purpose: Table 2
- (5) Maximum balance, ending balance, interest rate range, and total interest of the current year for capital financing: Table 1.
- (6) Other transactions having material impact on current year profit or loss or financial status, such as the provision or receipt of labor services, etc.: None.

- (4) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

33. Segment information

The information provided to the major operational decision-makers for allocating resources and evaluating the performance of the segments, with a focus on operating regions. The Group is mainly engaged in the manufacturing and sales of various LCDs and modules. The production process and marketing strategies are the same, but due to factors such as different cultures, environments, and economic characteristics, management must be differentiated according to localities. The Group's reportable segments were as follows:

Domestic operations - Production and sales in the domestic region.

Asian operations - Production and sales in Asia.

Others - Sales in other regions.

(1) Segment revenue and operating result

Revenue and operating results of the Group's continuing operations are analyzed by reporting segment as follows:

	Segment revenue		Segment profit or loss	
	2023	2022	2023	2022
Domestic operations	\$ 1,901,335	\$ 2,551,666	\$ 99,173	\$ 324,347
Asian operations	255,535	379,658	20,301	23,256
Others	<u>72,360</u>	<u>67,938</u>	<u>7,132</u>	<u>4,063</u>
Total from continuing operations	<u>\$ 2,229,230</u>	<u>\$ 2,999,262</u>	126,606	351,666
Net gain on foreign currency exchange			10,995	46,222
Finance costs			(13,007)	(19,042)
Interest income			9,182	1,885
General revenue and profit of the Company			12,356	14,556
General expenses and losses of the Company			(<u>4,324</u>)	(<u>621</u>)
Profit before income tax			<u>\$ 141,808</u>	<u>\$ 394,666</u>

Segment profit refers to the profit earned by each segment, excluding interest income, finance costs, net gain or loss from foreign currency exchange, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

(2) Segment total assets and liabilities

Segment assets	December 31, 2023	December 31, 2022
Continuing operations		
Domestic operations	\$ 1,305,901	\$ 1,341,268
Asian operations	856,805	899,630
Others	<u>32,703</u>	<u>26,732</u>
Total segment assets	2,195,409	2,267,630
Unallocated assets	<u>103,275</u>	<u>90,148</u>
Consolidated total assets	<u>\$ 2,298,684</u>	<u>\$ 2,357,778</u>
Segment liabilities		
Continuing operations		
Domestic operations	\$ 703,470	\$ 811,672
Asian operations	362,016	549,783
Others	<u>5,026</u>	<u>7,912</u>
Segment total liabilities	1,070,512	1,369,367
Unallocated liabilities	<u>62,350</u>	<u>33,367</u>
Consolidated total liabilities	<u>\$ 1,132,862</u>	<u>\$ 1,402,734</u>

For the purpose of monitoring segment performance and allocating resources to each segment, all assets and liabilities are allocated to reportable departments, other than financial assets at fair value through other comprehensive income, investments recognized using the equity method,

and deferred tax assets and liabilities.

(3) Revenue from major products

	2023	2022
STN display module	\$ 1,048,597	\$ 1,505,256
TFT display modules	640,873	793,649
OLED display panels and modules	512,643	670,827
Others	27,117	29,530
	<u>\$ 2,229,230</u>	<u>\$ 2,999,262</u>

(4) Geographic information

The Group's continuing operating revenue from external customers by customer location is given as follows:

	2023	2022
Europe	\$ 1,041,697	\$ 1,418,016
Asia	608,805	755,838
America	392,663	565,217
Taiwan	164,390	236,710
Others	21,675	23,481
	<u>\$ 2,229,230</u>	<u>\$ 2,999,262</u>

(5) Major customers

In 2023 and 2022, no revenue from a single customer accounted for more than 10% of the Group's total revenues.

Winstar Display Co., Ltd. and Subsidiaries

Financing provided to others

For the year ended December 31, 2023

Table 1

Units: NTD and foreign currency, in thousands

Serial No.	Lending company	Borrower	Associated items	Whether a related party	Highest balance in the current year	Ending balance	Actual Amount Borrowed (Note 1)	Range of interest rates	Nature of loan	Business transaction amount	Reasons for short term financing	Amount of provision for losses	Collateral		Limit of loans to individual borrowers	Total loan limit
													Item	Value		
1	WINSTAR CHANGSHU	VANSTAR	Other payables - related parties	Yes	\$ 17,440 (CNY 4,000)	\$ 17,148 (CNY 4,000)	\$ 4,287	4.6%	Necessity of short-term financing	\$ -	Operating turnover	\$ -	—	\$ -	\$ 134,366 (Note 2)	\$ 226,906 (Note 3)

Note 1: The consolidated financial statements have been eliminated.

Note 2: The total amount of loans to a single company shall not exceed 40% of the net worth of the borrower in its latest financial statements, and shall be limited to the amount of paid-in capital.

Note 3: The amount shall not exceed 40% of the net worth of the borrower in its latest financial statements.

Winstar Display Co., Ltd. and Subsidiaries
Endorsements/guarantees provided
For the year ended December 31, 2023

Table 2 Units: NTD and foreign currency, in thousands

Serial No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	The maximum balance of endorsements/ guarantees in the current year	Balance of endorsements/ guarantees at the end of the year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Company Name	Relationship										
0	The Company	RAYSTAR	(Note 1)	(Note 2)	\$ 129,778	\$ 129,083	\$ 32,083	\$ -	11	\$ 1,162,904	Y	—	—
		WINSTAR CHANGSHU	(Note 1)	(Note 2)	195,791 (CNY 44,700)	191,629 (CNY 44,700)	43,786	8,788	17	1,162,904	Y	—	Y

Note 1: Please refer to Note 11.

Note 2: The cumulative amount of endorsements made by the Company and its subsidiaries for a single enterprise shall not exceed 10% of the Company's net worth, except when the counterparty of the endorsement or guarantee is a company directly or indirectly held by the Company with 100% of voting rights.

Note 3: The Company and its subsidiaries as a whole may make endorsements/guarantees for the total amount up to the net amount stated in the Company's most recent financial statements.

Winstar Display Co., Ltd. and Subsidiaries
 Marketable securities held at the end of the year
 December 31, 2023

Table 3

Unit: NT\$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	Year-end			
				Shares	Carrying amount	Percentage of ownership (%)	Fair value
The Company	<u>Stock</u> Tradetool Auto Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	445,638	\$ 9,804	-	\$ 9,804
	Orange Electronic Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	55,089	1,653	-	1,653

Winstar Display Co., Ltd. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

Unit: NT\$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Abnormal transaction and reason		Notes/Trade receivables (payables)		Remarks
			Purchase/sale	Amount	Percentage of total purchase (sale) %	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes and accounts receivable (payable) %	
The Company	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	\$ 1,283,631	84	60 days end of month	(Note 2)	No significant difference from other general manufacturers	(\$ 183,705)	(78)	
RAYSTAR	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	205,288	69	60 days end of month	(Note 2)	No significant difference from other general manufacturers	(17,678)	(40)	
WINSTAR CHANGSHU	The Company	(Note 1)	(Sale)	(158,103)	(32)	90 days end of month	(Note 2)	No significant difference from other general customers	33,166	61	
		(Note 1)	(Sale)	(1,283,631)	(73)	60 days end of month	(Note 2)	No significant difference from other general customers	183,705	73	
		(Note 1)	(Sale)	(205,288)	(12)	60 days end of month	(Note 2)	No significant difference from other general customers	17,678	7	
		(Note 1)	Purchases of goods	158,103	16	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(33,166)	(13)	

Note 1: Please refer to Note 11.

Note 2: The prices of purchases and sales transactions with related parties are negotiated separately based on product differences, market conditions, and internal transfer pricing policies.

Note 3: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2023

Table 5Unit: NT\$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of receivables from related parties (Note 2)	Turnover rate (times)	Overdue		Amount collected in subsequent period	Amount of provision for losses
					Amount	Action taken		
WINSTAR CHANGSHU	The Company	(Note 1)	Trade receivables \$183,705	6.02	\$ -	—	\$ 183,705	\$ -

Note 1: Please refer to Note 11.

Note 2: The consolidated financial statements have been eliminated.

Winstar Display Co., Ltd. and Subsidiaries
Intercompany relationships and significant intercompany transactions
For the year ended December 31, 2023

Table 6

Unit: NT\$ thousand

Serial No.	Company Name	Counterparty	Relationship (Note)	Transaction Details			
				Financial statement account	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%)
0	The Company	WINSTAR CHANGSHU	1	Operating cost	\$ 1,283,631	60 days end of month	58
				Trade receivables	29,778	90 days end of month	1
				Trade payables	183,705	60 days end of month	8
1	RAYSTAR	RAYSTAR	1	Operating cost	24,575	30 days end of month	1
		WINSTAR CHANGSHU	2	Operating revenue	158,103	90 days end of month	7
				Operating cost	205,288	60 days end of month	9
				Trade receivables	33,166	90 days end of month	1
2	WINSTAR CHANGSHU	VANSTAR	2	Operating cost	87,116	30 days end of month	4
		WINSTAR USA	2	Operating revenue	43,780	60 days end of month	2

Note: No. 1 represents the transactions from parent company to subsidiary.
No. 2 represents the transactions between subsidiaries.

Winstar Display Co., Ltd. and Subsidiaries
Investee company information, locations, and other related information
For the year ended December 31, 2023

Table 7 Units: NTD and foreign currency, in thousands

Investor	Investee (Note 1)	Location	Principle business activity	Initial investment		Year-end holdings			Investee company current year profit (loss)	Investment profit (loss) recognized by the Company	Remarks
				Current year end	Prior year end	Number of shares (in thousand shares)	Shares %	Carrying amount			
The Company	RAYSTAR	Republic of China	Engaged in research and development, manufacturing, and trading of OLED display modules	\$ 321,471	\$ 321,471	32,147	100	\$ 288,783	(\$ 59,896)	(\$ 52,678)	Subsidiary
	WINBEST	United States	Operation of reinvestment business	204,630	204,630	-	100	565,059	149,966	149,966	Subsidiary
	WINCAELUM	Samoa	Operation of reinvestment business	159,782	159,782	8,000	100	87,379	(4,060)	(4,060)	Subsidiary
	FAIRLINK	Hong Kong	Operation of reinvestment business	173,883	173,883	20,000	100	1,726	(14,627)	(14,627)	Subsidiary
	WINSTAR USA	United States	Import and export of electronic components	2,721	2,721	90	90	5,901	2,215	1,993	Subsidiary
	WINSTAR GER	Germany	Import and export of electronic components	837	-	25	100	826	(17)	(17)	Subsidiary
	MIDAS	United Kingdom	Trading of electronic components	9,148	9,148	-	30	12,661	241	72	Associates accounted for using the equity method
WINCAELUM	KENSTAR	Myanmar	Manufacturing, processing, and trading of various liquid crystal displays and modules	155,138 (USD 4,956)	155,138 (USD 4,956)	496	100	87,190 (USD 2,844)	(4,061) (USD 131)	(Note 2)	Subsidiary

Note 1: The consolidated financial statements have been eliminated.

Note 2: May be omitted as per the regulations.

Winstar Display Co., Ltd. and Subsidiaries
Information on investments in mainland China
For the year ended December 31, 2023

Table 8

Units: NTD and foreign currency, in thousands

Investee (Note 1)	Principle business activity	Total paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the current year	Investment amount remitted or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the current year	Investee company current year profit (loss)	The Company's direct or indirect percentage of ownership	Investment profit (loss) recognized in the current year (Note 3)	Book value of investments at the end of the year	Investment income repatriated by the end of the year
					outflow	inflow						
WINSTAR CHANGSHU	Manufacturing and processing of various LCD displays and modules	\$ 126,964 (CNY 31,958)	Note 2	\$ 203,281 (USD 6,557)	\$ -	\$ -	\$ 203,281 (USD 6,557)	\$ 149,966 (CNY 34,215)	100%	\$ 149,966 (CNY 34,215)	\$ 567,269 (CNY 132,322)	\$ -
VANSTAR	Manufacturing and processing of various LCD displays and modules	170,045 (CNY 36,955)	Note 2	170,045 (USD 5,670)	-	-	170,045 (USD 5,670)	(14,627) (CNY 3,337)	100%	(14,627) (CNY 3,337)	1,726 (CNY 403)	-

Cumulative amount of investment remitted from Taiwan to mainland China at the end of the current year	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 4)
\$ 373,326 (USD 12,227)	\$ 373,326 (USD 12,227)	(Note 5)

Note 1: The consolidated financial statements have been eliminated.

Note 2: This refers to the reinvestment in companies in mainland China through reinvestment in an existing company in a third region.

Note 3: Investment gains and losses are recognized based on the financial statements audited by the same CPA firm as that engaged by the parent company in Taiwan.

Note 4: The limit is calculated in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China.

Note 5: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by the Investment Review Commission on August 29, 2008, the Company has obtained certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs attesting that it complies with the operation scope of the operational headquarters. There is no upper limit on the amount of investment in the Mainland China area.

Winstar Display Co., Ltd.
Information of major shareholders
December 31, 2023

Table 9

Unit: shares

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership (%)
Kenstar Investment Co., Ltd.	10,636,783	15.75
Jastar Investment Co., Ltd.	8,527,909	12.63
Yu-Pin Liao	6,005,672	8.89
Huatsen Investment Co., Ltd.	4,949,392	7.33
Sunglowed International Ltd.	4,581,988	6.78
Chienchuang Investment Co., Ltd.	4,095,000	6.06

Note: The information of major shareholders is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2023. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

2. Individual Financial Statements and Independent Auditor's Report

Winstar Display Co., Ltd.

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report

Address: 2F., No. 43, Keya Road, Daya District,
Taichung City
Tel: (04)25689987

Independent Auditors' Report

To the Board of Directors and Shareholders of Winstar Display Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Winstar Display Co., Ltd. (the "Company") which comprise the balance sheet as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policies information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and fairly present the individual financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We have performed entrusted audit work in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that sufficient and appropriate audit evidence has been obtained to serve as a basis for expressing an audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matter for the Company's 2023 financial statements is stated as follows:

Authenticity of revenue recognition from specific customers

The company's operating revenue mainly comes from the production and sales of LCD modules and OLED display modules. The operating revenue in 2023 decreased from the previous year due to changes in market demand. As transaction amount of a specific customer is material to operating revenue as a whole, authenticity of revenue recognition for specific customers is listed as a key audit matter. Please refer to Note 4 to the financial statements for the relevant accounting policies for revenue recognition.

In response to this key audit matter, we perform the following audit procedures:

1. Understand and evaluate the effectiveness of the design and execution of internal control related to audit risks in the sales and collection cycle.
2. We select a sample of the operating revenue of specific customers, and review the relevant documents and payment vouchers for the operating revenue recognized to confirm the authenticity of the operating revenue recognized.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2023 financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such

communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chin Chiang and Ting-Chien Su.

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 12, 2024

Winstar Display Co., Ltd.
Balance sheets
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 463,793	24	\$ 412,286	23
1136	Financial assets at amortized cost - current (Note 4, 7 and 27)	53,923	3	55,080	3
1150	Notes receivable (Note 4, 9 and 19)	1,207	-	2,470	-
1170	Trade receivables from unrelated parties (Note 4, 9 and 19)	142,849	8	168,209	9
1180	Trade receivables from related parties (Note 4, 19 and 26)	33,462	2	76,718	4
1200	Other receivables (Note 4 and 26)	6,177	-	5,374	-
130X	Inventories (Note 4 and 10)	43,061	2	53,269	3
1470	Other current assets	<u>5,933</u>	<u>-</u>	<u>5,395</u>	<u>-</u>
11XX	Total current assets	<u>750,405</u>	<u>39</u>	<u>778,801</u>	<u>42</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	11,457	1	10,196	1
1535	Financial assets at amortized cost - non-current (Note 4, 7 and 27)	15,835	1	15,803	1
1550	Investments accounted for using the equity method (Note 4 and 11)	962,335	51	896,500	49
1600	Property, Plant and Equipment (Note 4, 12 and 27)	9,587	-	8,257	-
1755	Right-of-use assets (Note 4, 13 and 26)	6,365	-	7,055	-
1760	Investment property (Note 4, 14 and 27)	83,259	4	83,538	5
1840	Deferred tax assets (Note 4 and 21)	39,163	2	27,656	1
1990	Other non-current assets	<u>28,753</u>	<u>2</u>	<u>11,003</u>	<u>1</u>
15XX	Total non-current assets	<u>1,156,754</u>	<u>61</u>	<u>1,060,008</u>	<u>58</u>
1XXX	Total assets	<u>\$ 1,907,159</u>	<u>100</u>	<u>\$ 1,838,809</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term borrowings (Note 15 and 27)	\$ 273,000	14	\$ 258,000	14
2130	Contract liabilities - current (Note 19)	30,742	2	36,314	2
2150	Notes payable	13	-	1,006	-
2170	Trade payables to unrelated parties	45,487	2	103,636	6
2180	Trade payables to related parties (Note 26)	189,968	10	244,362	13
2200	Other payables (Note 16 and 26)	65,248	4	85,049	5
2230	Current tax liabilities (Note 4 and 21)	13,344	1	33,938	2
2280	Lease liabilities - current (Note 4, 13 and 26)	6,116	-	5,333	-
2320	Current portion of long-term borrowings (Note 15 and 27)	19,167	1	46,124	3
2399	Other current liabilities (Note 26)	<u>5,743</u>	<u>-</u>	<u>6,901</u>	<u>-</u>
21XX	Total current liabilities	<u>648,828</u>	<u>34</u>	<u>820,663</u>	<u>45</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 15 and 27)	21,528	1	16,013	1
2570	Deferred tax liabilities (Note 4 and 21)	62,350	3	33,367	2
2580	Lease liabilities - non-current (Note 4, 13 and 26)	294	-	1,787	-
2640	Net defined benefit liabilities - non-current (Note 4 and 17)	<u>11,255</u>	<u>1</u>	<u>14,038</u>	<u>-</u>
25XX	Total non-current liabilities	<u>95,427</u>	<u>5</u>	<u>65,205</u>	<u>3</u>
2XXX	Total liabilities	<u>744,255</u>	<u>39</u>	<u>885,868</u>	<u>48</u>
	Equity				
3110	Ordinary shares	675,000	35	525,000	28
3200	Capital surplus	186,294	10	66,078	4
	Retained earnings				
3310	Legal reserve	66,981	4	37,695	2
3320	Special reserve	4,444	-	3,526	-
3350	Unappropriated earnings	246,414	13	325,086	18
3400	Other equity	<u>(16,229)</u>	<u>(1)</u>	<u>(4,444)</u>	<u>-</u>
3XXX	Total equity	<u>1,162,904</u>	<u>61</u>	<u>952,941</u>	<u>52</u>
	Total liabilities and equity	<u>\$ 1,907,159</u>	<u>100</u>	<u>\$ 1,838,809</u>	<u>100</u>

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

Winstar Display Co., Ltd.

Statements of comprehensive income

For the years ended December 31, 2023 and 2022

Unit: In thousands of New Taiwan Dollars,
except that Earnings Per Share are stated in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 4, 19 and 26)	\$ 1,644,918	100	\$ 2,217,117	100
5000	Operating costs (Note 10, 20 and 26)	<u>1,362,123</u>	<u>83</u>	<u>1,829,548</u>	<u>83</u>
5900	Gross profit	282,795	17	387,569	17
5910	Unrealized gain on transations	(2,084)	-	(2,100)	-
5920	Realized gain on transations	<u>2,100</u>	<u>-</u>	<u>2,372</u>	<u>-</u>
5950	Realized gross profit	<u>282,811</u>	<u>17</u>	<u>387,841</u>	<u>17</u>
	Operating expenses (Note 20 and 26)				
6100	Selling and marketing expenses	83,866	5	60,244	3
6200	General and Administrative expenses	120,035	7	143,692	6
6300	Research and Development expenses	45,337	3	43,025	2
6450	Expected credit loss (gain) (Note 4 and 9)	(<u>1,017</u>)	<u>-</u>	<u>1,156</u>	<u>-</u>
6000	Total operating expenses	<u>248,221</u>	<u>15</u>	<u>248,117</u>	<u>11</u>
6900	Profit from operations	<u>34,590</u>	<u>2</u>	<u>139,724</u>	<u>6</u>
	Non-operating income and expenses				
7070	Share of profit or loss of subsidiaries and associates (Note 4)	80,649	5	197,235	9
7100	Interest income	3,728	-	1,245	-
7010	Other income (Note 26)	5,078	-	5,663	-

(to be continued)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
7020	Other gains and losses	(\$ 1)	-	(\$ 3)	-
7050	Financial costs (Note 20 and 26)	(7,495)	-	(8,406)	-
7630	Net gain (loss) on foreign currency exchange (Note 20)	(50)	-	25,664	1
7000	Total non-operating expenses	81,909	5	221,398	10
7900	Profit before income tax	116,499	7	361,122	16
7950	Income tax expense (Note 4 and 21)	35,690	2	71,365	3
8200	Net profit for the year	80,809	5	289,757	13
	Other comprehensive income(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 17)	2,466	-	3,870	-
8316	Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	1,261	-	(8,346)	-
8349	Income tax relating to items that will not be reclassified (Note 21)	(493)	-	(774)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange difference on translating foreign operations	(16,307)	(1)	13,927	-
8399	Income tax related to items that may be reclassified (Note 21)	3,261	-	(2,785)	-
8300	Other comprehensive income for the year, net of income tax	(9,812)	(1)	5,892	-
8500	Total comprehensive income for the year	\$ 70,997	4	\$ 295,649	13

(to be continued)

(continued)

Code		2023		2022	
		Amount	%	Amount	%
	Earnings per share (Note 22)				
9750	Basic	\$ <u>1.33</u>		\$ <u>5.02</u>	
9850	Diluted	\$ <u>1.33</u>		\$ <u>4.99</u>	

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

Winstar Display Co., Ltd.
Statements of changes in equity
For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		Ordinary shares (Note 18)	Capital surplus (Note 18)	Retained earnings (Note 18)			Other equity		Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translating foreign operations	Unrealized gain (loss) of financial assets at fair value through other comprehensive income	
A1	Balance on January 1, 2022	\$ 500,000	\$ 35,471	\$ 31,541	\$ 3,526	\$ 70,387	(\$ 9,946)	\$ 2,706	\$ 633,685
	Appropriation of 2021 earnings:								
B1	Legal reserve	-	-	6,154	-	(6,154)	-	-	-
B5	Cash dividends	-	-	-	-	(32,000)	-	-	(32,000)
D1	Net income for the year ended December 31, 2022	-	-	-	-	289,757	-	-	289,757
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,096	11,142	(8,346)	5,892
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	292,853	11,142	(8,346)	295,649
E1	Capital increase in cash	25,000	30,000	-	-	-	-	-	55,000
N1	Share-based Payment	-	607	-	-	-	-	-	607
Z1	Balance on December 31, 2022	525,000	66,078	37,695	3,526	325,086	1,196	(5,640)	952,941
	Appropriation of 2022 earnings:								
B1	Legal reserve	-	-	29,286	-	(29,286)	-	-	-
B3	Special reserve	-	-	-	918	(918)	-	-	-
B5	Cash dividends	-	-	-	-	(56,250)	-	-	(56,250)
B9	Stock dividends	75,000	-	-	-	(75,000)	-	-	-
D1	Net income for the year ended December 31, 2023	-	-	-	-	80,809	-	-	80,809
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,973	(13,046)	1,261	(9,812)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	82,782	(13,046)	1,261	70,997
E1	Capital increase in cash	75,000	117,327	-	-	-	-	-	192,327
N1	Share-based Payment	-	2,889	-	-	-	-	-	2,889
Z1	Balance on December 31, 2023	\$ 675,000	\$ 186,294	\$ 66,981	\$ 4,444	\$ 246,414	(\$ 11,850)	(\$ 4,379)	\$ 1,162,904

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

Winstar Display Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before tax for the year	\$ 116,499	\$ 361,122
A20000	Adjustment for:		
A20100	Depreciation expenses	11,122	11,676
A20200	Amortization expenses	774	786
A20300	Expected credit loss recognized (reversed) on trade receivables	(1,017)	1,156
A20900	Finance costs	7,495	8,406
A21200	Interest income	(3,728)	(1,245)
A21300	Dividend income	(55)	(45)
A21900	Compensation cost related to share-based payment	2,249	404
A22400	Share of profit or loss of subsidiaries and associates accounted for using the equity method	(80,649)	(197,235)
A22500	Loss on disposal of property, plant and equipment	1	3
A23800	Inventory valuation losses	1,040	7,507
A23900	Unrealized profit from sales	2,084	2,100
A24000	Realized profit from sales	(2,100)	(2,372)
A24100	Unrealized net gain in foreign currency exchange	(1,741)	(2,791)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	1,263	1,896
A31150	Trade receivables	64,015	81,371
A31180	Other receivables	(803)	(3,570)
A31200	Inventory	6,545	(12,806)
A31240	Other current assets	(538)	(193)
A32130	Notes payable	(993)	855
A32150	Trade payables	(105,184)	9,817
A32180	Other payables	(19,408)	40,260
A32230	Other current liabilities	(6,730)	(6,542)
A32240	Net defined benefit liabilities	(317)	(426)
A33000	Cash generated from (used in) operations	(10,176)	300,134
A33100	Interest received	3,728	1,245
A33200	Dividend received	55	1,151
A33300	Interest paid	(7,119)	(8,245)
A33500	Income tax paid	(36,040)	(12,864)
AAAA	Net cash generated from (used in) operating activities	(49,552)	281,421

(to be continued)

(continued)

Code		2023	2022
	Cash flows from investing activities		
B00040	Payments for financial assets at amortized cost	(\$ 22,141)	(\$ 13,436)
B00050	Proceeds from disposal of financial assets at amortized cost	23,266	-
B01800	Payments for investments accounted for using the equity method	(837)	-
B02700	Payments for property, plant and equipment	(3,160)	(4,007)
B03700	Increase in refundable deposits	(744)	(3,669)
B03800	Decrease in refundable deposits	3,895	1,160
B04500	Payments for intangible assets	(1,200)	(560)
B07100	Increase in prepayments for equipment	(<u>21,190</u>)	(<u>1,421</u>)
BBBB	Net cash used in investing activities	(<u>22,111</u>)	(<u>21,933</u>)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	378,000	307,961
C00200	Repayments of short-term borrowings	(363,000)	(370,256)
C01600	Proceeds from long-term loans	30,000	55,000
C01700	Repayments of long-term borrowings	(51,442)	(56,714)
C04020	Repayments of the principal portion of lease liabilities	(6,465)	(6,562)
C04500	Dividends paid to owners of the company	(56,250)	(32,000)
C04600	Capital increase in cash	<u>192,327</u>	<u>55,000</u>
CCCC	Net cash generated from (used in) financing activities	<u>123,170</u>	(<u>47,571</u>)
EEEE	Net increase in cash and cash equivalents	51,507	211,917
E00100	Cash and cash equivalents at the beginning of the year	<u>412,286</u>	<u>200,369</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 463,793</u>	<u>\$ 412,286</u>

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

Winstar Display Co., Ltd.

Notes to financial statements

For the years ended December 31, 2023 and 2022

(expressed in NTD thousand and foreign currency, unless stated otherwise)

1. History

Winstar Display Co., Ltd. ("the Company") was established in June 1998. The main business items are the manufacturing, processing, and trading of various displays and modules.

The Company has been listed on the Taiwan Stock Exchange since December 5, 2023.

The financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. Date and procedures for approval of financial statements

The financial statements were approved by the Company's board of directors on March 12, 2024.

3. Application of new, amended and revised standards and interpretations

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

(2) IFRSs endorsed by the FSC for application starting from 2024

New, amended and revised standards and interpretations	Effective date of issuance per the International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 "Lease Liability in A Sale-and-Leaseback"	Monday, January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Monday, January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	Monday, January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	Monday, January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee applies the amendments to IFRS16 retrospectively to sale and leaseback transactions entered into after the date of initial application.

Note 3: The initial application of the amendments is exempted from certain disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(3) New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New, amended and revised standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	Wednesday, January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied for annual reporting periods beginning on or after January 1, 2025. When the amendments are applied for the first time, the effect will be recognized in the retained earnings on the date of the initial application. When the Company uses a non-functional currency as the presentation currency, the effect will be adjusted with respect to the exchange differences of foreign operations under equity on the date of initial application.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies information

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the company basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the reporting date;
and
3. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting date,
and
3. Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Assets and liabilities that are not classified as current are classified as non-current.

(4) Foreign currency

In preparing the financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from delivery of monetary items or translation of monetary items are recognized in profit or loss in the year in which they occur.

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and any resulting exchange difference is listed as profit or loss for that year except when the change in fair value is recognized in other comprehensive income, in which case the resulting exchange difference is listed in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

(5) Inventory

Inventories include raw materials, work-in-progress, Semi-finished products, and finished goods, which are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on

individual items, except for inventories of the same category. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Inventory cost is determined using the weighted-average method.

(6) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. In addition, the Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity for any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

When assessing impairment, the Company considers the cash-generating units and compares the recoverable amount and carrying amount based on the entirety of the financial statements. If the recoverable amount of the investment subsequently increases, the Company recognizes a gain as a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount, in which no impairment losses were recognized, net of amortization. Any impairment loss recognized for goodwill is not reversible in subsequent periods.

Unrealized profit or loss resulting from downstream transactions between the Company and subsidiaries is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions between the Company and subsidiaries and transactions between subsidiaries is recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Investments in Associates

An associate is an enterprise that the Company has significant influence over but is not a subsidiary.

The Company adopts the equity method for investment in associates.

Under the equity method, an investment in an associate is initially recognized at cost, and the book value after the acquisition is adjusted by the Company's share of the profit or loss and other comprehensive income of the associate. In addition, changes in the equity of an associate are recognized based on the shareholding ratio.

The acquisition cost exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the associate on the date of acquisition is recognized as goodwill. The goodwill is included in the book value of the investment and shall not be amortized. The share of net identifiable assets and liabilities net fair value of the associate exceeding the acquisition cost is recognized in the current profit or loss.

When assessing impairment, the Company treats the entire carrying amount of the investment as a single asset and tests for impairment by comparing its recoverable amount and carrying amount. Any impairment loss recognized is also part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

Profits and losses arising from upstream, downstream, and lateral transactions between the Company and associates shall be recognized in the parent company only financial statements only to the extent that they is not connected to the Company's rights and interests in the associate.

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction is recognized at cost. Cost includes professional service fees. These assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Each material component of property, plant and equipment is depreciated separately on a straight-line basis over its useful life. The Company shall review estimated service life, residual value, and depreciation method at the end of each year at a minimum, and it shall defer the effect of changes in applicable accounting estimates.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment property

Investment property is held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for which the future use has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company adopts a straight-line basis for depreciation.

When investment property is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(10) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible

assets are to be amortized on a straight-line basis within their service lives. The Company shall review estimated service life, residual value, and amortization method at the end of each year at a minimum, and it shall defer the effect of changes in applicable accounting estimates.

Upon derecognition of intangible assets, the difference between the net disposal price and the asset carrying amount is to be recognized in current year profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

The Company evaluates at each balance sheet date whether there is any evidence that impairment has occurred among property, plant and equipment, right-of-use assets, investment properties, and intangible assets. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit, less amortization or depreciation. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheets when the Company becomes a party to the contractual provisions of the instruments.

On initial recognition of a financial asset or a financial liability, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at fair value plus any transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial asset

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1. Measurement category

The types of financial assets held by the Company are financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

(1) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

After the original recognition of financial assets measured at cost after amortization (including cash and cash equivalents, notes receivable measured at amortized cost, accounts receivable, other receivables, and refundable deposits), these are measured at the amortized cost of the gross carrying amount determined using the effective interest method less any impairment losses, and any foreign currency exchange gains or losses are recognized in profit

or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- A. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.
- B. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset from the second reporting period after the impairment.

A financial asset is credit impaired when: there are significant financial difficulty of the issuer or borrower or a breach of contract; it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of an active market for a financial asset due to financial difficulties.

(2) Equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments, which are not held for trading or as contingent consideration recognized by an acquirer in a business combination, as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly

represent a recovery of part of the cost of the investment.

2. Impairment of Financial assets

The Company measures the impairment loss based on expected credit losses (“ECLs”) on financial assets at amortized cost (including trade receivables) on each balance sheet date.

The Company measures a loss allowance at an amount equal to lifetime ECLs on trade receivables. For other financial assets, the Company recognizes the loss allowance for 12 months ECLs if there has not been a significant increase in credit risk since initial recognition or recognizes the loss allowance for the lifetime ECLs if such credit risk has significantly increased since initial recognition.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Company, without considering the collateral held, determines that the following situations represent a default on a financial asset:

- (1) There is internal or external information indicating that the debtor is incapable of paying off its debts.
- (2) Overdue for more than 180 days, unless there is reasonable and corroborative information showing that the delayed default standard is more appropriate.

The impairment loss of all financial assets is based on the reduction of the book value of the contra account.

3. Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the assets expire or when it

transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

Financial liability

1. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2. Derecognition of financial liabilities

On derecognition, the difference between the carrying amount of a financial liability and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts in which the transfer of goods or services and the receipt of consideration are within one year, the transaction prices of the material finance components will not be adjusted.

Revenue from sale of goods

Revenue from sales of goods is recognized when the customer obtains control over the asset promised; that is, when the goods are delivered to the designated location and meet the performance obligations. Advance receipts from sales of goods are recognized as contract liabilities before the Company has met its performance obligations.

(14) Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases accounted for by applying a recognition exemption and short-term leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If there is a change in the lease term, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

(15) Employee benefits

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including service costs for current period) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense on occurrence. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) constitute shortfalls (surpluses) in defined benefit plan contributions. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(16) Share-based payment agreement

Employee stock warrants granted to employees

The fair value of equity instrument at the grant date of employee stock warrants is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares that are expected to ultimately vest, with a corresponding adjustment to capital surplus - employee stock warrants. It is recognized as an expense in full at the grant date if vested immediately. The grant date is the date on which the Company

confirms the number of employee shares and the subscription price reserved for employee shares as a capital increase in cash.

Employee stock options granted to employees of subsidiaries

Employee stock options granted by the Company to employees of a subsidiary in exchange for the Company's equity instruments are regarded as capital investment in the subsidiary. They are measured based on the fair value of the equity instrument on the grant date, and is recognized as an increase in the carrying amount of the investment in the subsidiary within the vesting period. Furthermore, there is a corresponding adjustment in capital reserve-employee stock options.

(17) Income tax

Income tax expense is the sum of the current year income tax and deferred income tax.

1. Income tax of the current year

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized when it is probable that taxable income will be available to deduct the temporary differences. If a temporary difference arises due to the initial recognition of other assets and liabilities, and the transaction does not affect taxable income

or accounting profit at that time, it shall not be recognized as deferred income tax assets and liabilities.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates expected in the year in which the liabilities are settled or the assets realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred

taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of climate change and related government policies and regulations and the economic environment implications of the military conflict between Russia and Ukraine and related international sanctions inflation and interest rate fluctuations volatility in and financial and energy and foreign currency markets its economic environment implications when making its material accounting estimates on the cash flow projection, growth rate, discount rate, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 306	\$ 245
Demand deposits	353,069	402,141
Cash equivalents		
Time deposits with banks	110,418	9,900
	<u>\$ 463,793</u>	<u>\$ 412,286</u>
<u>Annual interest rate (%)</u>		
Demand deposits	0.01-1.45	0.39-1.05
Time deposits with banks	1.10-5.10	0.98

7. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
<u>Current</u>		
Pledged time deposits	\$ 34,180	\$ 48,277
Time deposits with original maturity over three months	15,115	-
Restricted bank deposits	4,628	6,803
	<u>\$ 53,923</u>	<u>\$ 55,080</u>
<u>Non-current</u>		
Restricted bank deposits	<u>\$ 15,835</u>	<u>\$ 15,803</u>

(to be continued)

(continued)

	December 31, 2023	December 31, 2022
<u>Annual interest rates (%)</u>		
Pledged time deposits	3.45-3.85	0.42-3.40
Time deposits with original maturity over three months	0.54-0.55	-
Restricted bank deposits	0.53	0.39-0.85

Please refer to Note 27 for information on financial assets measured at amortized cost pledged.

8. Financial assets at fair value through other comprehensive income -non-current

<u>Investment in equity instruments</u>	December 31, 2023	December 31, 2022
Domestic listed stocks	<u>\$ 11,457</u>	<u>\$ 10,196</u>

The Company invests in the above-mentioned equity instruments for medium and long-term strategic purposes, and expects to make profits through long-term investments. Accordingly, the management elected to designate these investments as at financial assets at fair value through other comprehensive income as it believes that recognizing the short-term fluctuations of fair value in profit or loss would not be consistent with the Company's long-term investment strategy.

9. Notes receivable and accounts receivable - non-related parties, net

	December 31, 2023	December 31, 2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,207	\$ 2,470
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 1,207</u>	<u>\$ 2,470</u>
<u>Accounts receivable - non-related parties</u>		
At amortized cost		
Gross carrying amount	\$ 143,025	\$ 170,262
Less: Allowance for impairment loss	(<u>176</u>)	(<u>2,053</u>)
	<u>\$ 142,849</u>	<u>\$ 168,209</u>

(1) Notes receivable

The Company individually reviews the recoverable amount of the notes receivable at the balance sheet date to ensure that an appropriate impairment loss has been recorded for the notes receivable that cannot be recovered. If a note receivable is not cashed out at maturity, it is deemed to be overdue and the full amount of impairment loss is recognized. The aging of notes receivable was as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 1,207	\$ 2,470
Overdue	<u>-</u>	<u>-</u>
	<u>\$ 1,207</u>	<u>\$ 2,470</u>

(2) Accounts receivable - non-related parties

The credit period for the Company's sales depends on the sales target, region and conditions. No interest is accrued on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. Expected lifetime credit losses are calculated using a provision matrix that considers the customer's past default record and the current financial status and economic conditions in the industry, as well as simultaneously considering GDP forecasts and industry outlook. As the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups, and only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, the Company will directly write off the relevant accounts receivable, but will continue to collect the receivables, and the amount recovered will be recognized in profit or loss.

The Company measures allowances for uncollectable accounts of accounts receivable in accordance with the provision matrix as follows:

	Not past due	Overdue 1 to 60 days	Overdue 61 to 120 days	Overdue 121 to 180 days	Overdue over 181 days	Total
<u>December 31, 2023</u>						
Expected credit loss rate (%)	0.04	0.19-9.97	16.33-28.82	31.42-31.65	100	
Gross carrying amount	\$ 113,435	\$ 29,486	\$ 3	\$ -	\$ 101	\$ 143,025
Loss allowance (Lifetime ECLs)	(<u>27</u>)	(<u>47</u>)	(<u>1</u>)	-	(<u>101</u>)	(<u>176</u>)
Amortized cost	<u>\$ 113,408</u>	<u>\$ 29,439</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,849</u>
<u>December 31, 2022</u>						
Expected credit loss rate (%)	0.03	0.13-0.74	11.13-19.05	17.39-18.18	100	
Gross carrying amount	\$ 146,609	\$ 22,073	\$ 619	\$ 74	\$ 887	\$ 170,262
Loss allowance (Lifetime ECLs)	(<u>1,047</u>)	(<u>37</u>)	(<u>69</u>)	(<u>13</u>)	(<u>887</u>)	(<u>2,053</u>)
Amortized cost	<u>\$ 145,562</u>	<u>\$ 22,036</u>	<u>\$ 550</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 168,209</u>

The movements of the loss allowance of trade receivables were as follows:

	2023	2022
Beginning balance	\$ 2,053	\$ 897
Impairment loss recognized (reversed)	(1,017)	1,156
Amounts written off	(<u>860</u>)	-
Ending balance	<u>\$ 176</u>	<u>\$ 2,053</u>

10. Inventory

	December 31, 2023	December 31, 2022
Raw materials	\$ 11,306	\$ 14,254
Work in progress	11,155	11,706
Semi-finished products	-	7
Finished good	15,790	20,063
Inventory in transit	<u>4,810</u>	<u>7,239</u>
	<u>\$ 43,061</u>	<u>\$ 53,269</u>

The nature of the cost of goods sold related to inventories is as follows:

	2023	2022
Cost of inventory sold	\$ 1,361,083	\$ 1,822,041
Inventory valuation losses	<u>1,040</u>	<u>7,507</u>
	<u>\$ 1,362,123</u>	<u>\$ 1,829,548</u>

11. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	\$ 949,674	\$ 884,124
Investments in Associates	12,661	12,376
	<u>\$ 962,335</u>	<u>\$ 896,500</u>

The Company measures the above subsidiaries and associates using the equity method. Please refer to Tables 6 and 7 for information on their main business items and the countries of incorporation of the companies.

(1) Investments in subsidiaries

Subsidiary	December 31, 2023		December 31, 2022	
	Amount	Shareholding %	Amount	Shareholding %
<u>Non-listed company</u>				
WINBEST TECHNOLOGY LLC (WINBEST)	\$ 565,059	100	\$ 431,445	100
RAYSTAR OPTRONICS, INC. (RAYSTAR)	288,783	100	340,821	100
WINCAELUM GLOBAL (SAMOA) CO., LTD. (WINCAELUM)	87,379	100	91,381	100
FAIRLINK GROUP LIMITED (FAIRLINK)	1,726	100	16,532	100
WINSTAR DISPLAY (WINSTAR USA)	5,901	90	3,945	90
Winstar Display GmbH (WINSTAR GER)	826	100	-	-
	<u>\$ 949,674</u>		<u>\$ 884,124</u>	

In order to expand the European market, the Company invested and established WINSTAR GER in August 2023 with an investment of NTD 837 thousand (Euro 25 thousand).

(2) Investments in Associates

Name of associate	December 31, 2023	December 31, 2022
<u>Non-listed company</u>		
Midas Components Ltd. (Midas)	<u>\$ 12,661</u>	<u>\$ 12,376</u>

12. Property, plant and equipment

		December 31, 2023		December 31, 2022	
Self-use		\$ 9,587		\$ 8,257	
2023	Leasehold improvements	Machinery Equipment	Office equipment	Other Equipment	Total
<u>Cost</u>					
Beginning balance	\$ 9,542	\$ 11,409	\$ 25,048	\$ 16,764	\$ 62,763
Additions	-	1,595	903	-	2,498
Disposals	-	(985)	(158)	(1,605)	(2,748)
Reclassifications	-	3,338	-	-	3,338
Ending balance	<u>\$ 9,542</u>	<u>\$ 15,357</u>	<u>\$ 25,793</u>	<u>\$ 15,159</u>	<u>\$ 65,851</u>
<u>Accumulated depreciation</u>					
Beginning balance	\$ 7,995	\$ 7,515	\$ 22,462	\$ 16,534	\$ 54,506
Depreciation expenses	1,286	2,082	931	206	4,505
Disposals	-	(985)	(157)	(1,605)	(2,747)
Ending balance	<u>\$ 9,281</u>	<u>\$ 8,612</u>	<u>\$ 23,236</u>	<u>\$ 15,135</u>	<u>\$ 56,264</u>
Closing net amount	<u>\$ 261</u>	<u>\$ 6,745</u>	<u>\$ 2,557</u>	<u>\$ 24</u>	<u>\$ 9,587</u>
2022					
<u>Cost</u>					
Beginning balance	\$ 8,971	\$ 9,664	\$ 24,385	\$ 16,748	\$ 59,768
Additions	571	1,584	1,803	82	4,040
Disposals	-	(45)	(1,664)	(66)	(1,775)
Reclassifications	-	206	524	-	730
Ending balance	<u>\$ 9,542</u>	<u>\$ 11,409</u>	<u>\$ 25,048</u>	<u>\$ 16,764</u>	<u>\$ 62,763</u>
<u>Accumulated depreciation</u>					
Beginning balance	\$ 6,790	\$ 6,086	\$ 23,199	\$ 15,213	\$ 51,288
Depreciation expenses	1,205	1,474	924	1,387	4,990
Disposals	-	(45)	(1,661)	(66)	(1,772)
Ending balance	<u>\$ 7,995</u>	<u>\$ 7,515</u>	<u>\$ 22,462</u>	<u>\$ 16,534</u>	<u>\$ 54,506</u>
Closing net amount	<u>\$ 1,547</u>	<u>\$ 3,894</u>	<u>\$ 2,586</u>	<u>\$ 230</u>	<u>\$ 8,257</u>

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	2~5 years
Machinery Equipment	5 years
Office equipment	5 years
Other Equipment	2~5 years

Please refer to Note 27 for the amount of property, plant and equipment

pledged to secure borrowings.

13. Lease arrangements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying Amount		
Buildings	\$ 5,427	\$ 6,564
Transportation Equipment	938	491
	<u>\$ 6,365</u>	<u>\$ 7,055</u>
	2023	2022
Additions to right-of-use assets	<u>\$ 5,648</u>	<u>\$ 5,051</u>
Depreciation expenses for right-of-use assets		
Buildings	\$ 5,460	\$ 5,228
Transportation Equipment	878	1,178
	<u>\$ 6,338</u>	<u>\$ 6,406</u>

Except for the above additions and depreciation expenses recognized, there was no material sublease or impairment of the Company's right-of-use assets in 2023 and 2022.

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying Amount		
Current	<u>\$ 6,116</u>	<u>\$ 5,333</u>
Non-current	<u>\$ 294</u>	<u>\$ 1,787</u>

The discount rate (%) of lease liabilities is as follows:

	December 31, 2023	December 31, 2022
Buildings	1.80-2.90	1.80
Transportation Equipment	2.81	1.80

(3) Important leasing activities and terms

The Company leases certain buildings for offices with lease terms of 1 to 3 years. Upon termination of the lease terms, the Company has no preferential rights to purchase the leased buildings. Furthermore, it agrees that the Company shall not sublease or transfer all or part of the lease subject matter without the consent of the lessor.

(4) Other lease information

	2023	2022
Expenses relating to short-term leases	<u>\$ 596</u>	<u>\$ 89</u>
Expenses relating to low-value asset leases	<u>\$ 57</u>	<u>\$ 63</u>
Total cash outflow for leases	<u>\$ 7,225</u>	<u>\$ 6,875</u>

The Company has elected to apply the recognition exemption for leases of buildings and office equipment that qualify as short-term leases and low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

14. Investment properties

2023	Beginning balance	Increase	Ending balance
<u>Cost</u>			
Land	\$ 79,346	\$ -	\$ 79,346
Buildings	5,589	-	5,589
	<u>84,935</u>	<u>\$ -</u>	<u>84,935</u>
<u>Accumulated depreciation</u>			
Buildings	1,397	\$ 279	1,676
	<u>\$ 83,538</u>		<u>\$ 83,259</u>
2022			
<u>Cost</u>			
Land	\$ 79,346	\$ -	\$ 79,346
Buildings	5,589	-	5,589
	<u>84,935</u>	<u>\$ -</u>	<u>84,935</u>
<u>Accumulated depreciation</u>			
Buildings	1,117	\$ 280	1,397
	<u>\$ 83,818</u>		<u>\$ 83,538</u>

Except for depreciation expenses recognized, there were no material additions, disposals, or impairments of the Company's investment properties in 2023 and 2022.

The Company's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
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In response to future operational expansion needs, the Company and a non-related party purchased land in Xiuya Section, Daya District, Taichung City in 2013. Since the acquired land was farmland, and due to legal restrictions the transfers could not be made under the name of the Company, the land was registered separately with the Company's Chairman Yu-Pin Liao and Director Yao-Wen Tsai and contracts have been signed with them; no rights may be transferred or established without the consent of the Company. Since comparable market transactions are infrequent and reliable alternative fair value estimates are not available for this lot, fair value cannot be determined.

The fair value of the investment property as of December 31, 2021 was

determined to be NTD 104,845 thousand by reference to the most recent transaction prices of similar properties in the vicinity. Evaluation by management of the Company indicates that, compared to December 31, 2021, there were no material changes to fair value as at December 31, 2023.

Please refer to Note 27 for the amount of investment property pledged as collateral for borrowings.

15. Borrowing Costs

(1) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	<u>\$ 273,000</u>	<u>\$ 258,000</u>
Annual interest rates (%)	2.09-2.77	1.97-2.83

The secured borrowings referred to above are secured by the Company's assets (see Note 27) and with senior management jointly and severally assuming liability.

(2) Long-term borrowings

	December 31, 2023	December 31, 2022
Secured borrowings	\$ 40,695	\$ 62,137
Less: Current portions	(<u>19,167</u>)	(<u>46,124</u>)
Long-term borrowings	<u>\$ 21,528</u>	<u>\$ 16,013</u>
Annual interest rates (%)	2.85-3.35	2.24-3.23
Maturity	113.1-115.8	112.7-114.7

The secured borrowings referred to above are secured by the Company's assets (see Note 27) and with senior management jointly and severally assuming liability.

The Company has entered into a credit agreement with Taipei Fubon Commercial Bank. According to the provisions of the credit agreement, the financial ratios that should be complied with in the annual consolidated financial statements during the credit period after drawdown are as follows:

1. Debt ratio shall not be higher than 220%;
2. Debt service coverage ratio shall not be less than 5 times.

All financial ratio items of the Group are in compliance with the contractual requirements.

16. Other payables

	December 31, 2023	December 31, 2022
Salaries payable	\$ 36,203	\$ 48,853
Employee remuneration and director remuneration payable	9,186	16,148
Payables to related parties (Note 26)	5,979	4,791
Others	13,880	15,257
	<u>\$ 65,248</u>	<u>\$ 85,049</u>

17. Retirement benefit plans

(1) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plan

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 21,278	\$ 23,339
Fair value of plan assets	(<u>10,023</u>)	(<u>9,301</u>)

	December 31, 2023	December 31, 2022
Net defined benefit liabilities	<u>\$ 11,255</u>	<u>\$ 14,038</u>

Movements in net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2022	<u>\$ 26,429</u>	<u>(\$ 8,095)</u>	<u>\$ 18,334</u>
Interest expense (income)	<u>165</u>	<u>(52)</u>	<u>113</u>
Recognized in profit or loss	<u>165</u>	<u>(52)</u>	<u>113</u>
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(615)	(615)
Actuarial gains			
- changes in financial assumption	(2,391)	-	(2,391)
- experience adjustments	(864)	-	(864)
Recognized in other comprehensive income	(3,255)	(615)	(3,870)
Contributions from employer	<u>-</u>	<u>(539)</u>	<u>(539)</u>
December 31, 2022	<u>23,339</u>	<u>(9,301)</u>	<u>14,038</u>
Interest expense (income)	<u>350</u>	<u>(144)</u>	<u>206</u>
Recognized in profit or loss	<u>350</u>	<u>(144)</u>	<u>206</u>
Remeasurement			
Return on plan assets (net of amount included in net interests)	-	(55)	(55)
Actuarial loss (gain)			
- changes in financial assumption	20	-	20
- experience adjustments	(2,431)	-	(2,431)
Recognized in other comprehensive income	(2,411)	(55)	(2,466)
Contributions from employer	<u>-</u>	<u>(523)</u>	<u>(523)</u>
December 31, 2023	<u>\$ 21,278</u>	<u>(\$ 10,023)</u>	<u>\$ 11,255</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in government bond and corporate bond interest rates would increase the present value of defined benefit obligations, while the return on debt investments of plan assets would

also increase accordingly and the impact of these two factors on net defined benefit liabilities would have a partial offsetting effect.

3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions on the valuation date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.25%	1.50%
Expected growth rate of salary	3.25%	3.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
0.25% increase	(\$ 527)	(\$ 629)
0.25% decrease	<u>\$ 546</u>	<u>\$ 652</u>
Expected growth rate of salary		
0.25% increase	<u>\$ 524</u>	<u>\$ 628</u>
0.25% decrease	(\$ 509)	(\$ 609)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	\$ 540	\$ 529
The average duration of the defined benefit obligation	10 years	11 years

18. Equity

(1) Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Number of shares authorized (in thousands)	<u>80,000</u>	<u>80,000</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Number of shares issued and fully paid (in thousands)	<u>67,500</u>	<u>52,500</u>
Shares issued	<u>\$ 675,000</u>	<u>\$ 525,000</u>

In May 2023, the Company's General Meeting of Shareholders resolved to distribute 7,500 thousand shares as stock dividends. By resolution of the Board of Directors, July 7, 2023 was designated as the ex-rights record date, and effective registration was approved by the Securities and Futures Bureau of the Financial Supervisory Commission in June 2023.

In September 2023, the Company's Board of Directors decided to undertake a cash capital increase by issuing 7,500 thousand new shares with par value of NTD 10 per share before the initial listing of the stock. Effective registration was approved by the Taiwan Stock Exchange as of October 2023, with December 1, 2023 set as the record date for capital increase. The aforementioned cash capital increase was issued at a premium at NTD 26.84 per share through a weighted average price at competitive auction, and the offering price through public subscription was NTD 24 per share. The full share payment was collected in December 2023 and the amount after deducting relevant underwriting expenses was NTD 192,327 thousand.

In July 2022, the Board of Directors resolved to issue 2,500 thousand new shares for cash capital increase with a par value of NTD 10 per share. September 23, 2022 was set as the capital increase record date at a premium of NTD 22 per share. Effective registration of the above cash capital increase was approved by the Central Taiwan Science Park Bureau, Ministry of Science and Technology in October 2022.

In response to the aforementioned cash capital increases in 2023 and 2022, the Company reserves 10% of the total amount of new shares issued for subscription by employees in accordance with provisions of the Company Act. Grant recipients include employees of the Company and of subsidiaries who meet specific conditions, who can exercise the shares in accordance with the regulations governing the subscription of shares. On the dates when the numbers of shares subscribed by employees and the prices were determined,

636,000 shares (grant date of November 21, 2023) and 100,000 shares (grant date of September 16, 2022) were granted respectively. For employees giving up their portions of share subscriptions, the Company's Chairman was authorized to contact designated individuals for subscription. Based on the Black-Scholes valuation model, the fair value of each stock option was NTD 4.54 and NTD 6.07, respectively. In 2023 and 2022, the employee compensation costs were recognized at NTD 2,889 thousand and NTD 607 thousand, respectively. Parameters used in the valuation model are as follows:

	November, 2023	September, 2022
Fair value per share on the grant date	NT\$28.54	NT\$27.95
Exercise price	NT\$24	NT\$22
Expected volatility	27.30%	38.12%
Projected time to maturity	7 days	58 days
Risk-free rate	0.94%	0.74%

Projected volatility is the average annualized standard deviation of the Company's daily rate of return for the most recent six months prior to the payment due to its peers.

(2) Capital surplus

	December 31, 2023	December 31, 2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Stock premium for common shares	\$ 152,938	\$ 32,722
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	22,112	22,112
Arising from treasury share transactions	11,244	11,244
	<u>\$ 186,294</u>	<u>\$ 66,078</u>

Such capital reserves can be used to make up for losses, and can also be used for issuance of cash dividends or transfers of share capital when the Company has no losses. However, transfers of share capital are limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend policy

In accordance with the dividend policy stipulated by the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, taxes should first be paid and accumulated losses covered. Thereupon,

another 10% should be set aside as legal reserve. However, this does not apply when legal has reached the amount of paid-in capital. The remainder shall be set aside or reversed as special reserve in accordance with laws and regulations. If there is any remaining balance, then it shall be combined with cumulative Unappropriated earnings and an earnings distribution proposal drafted by the Board of Directors for submission to the shareholders' meeting for resolution on the distribution of shareholder dividends.

The Company's dividend policy adopts the principle of stability and balance, and takes into account factors such as profitability, financial structure, and future development. The Company appropriates 10% to 90% of the distributable earnings of the current year as dividends, of which cash dividends shall not be less than 10% of the total dividend. If the dividend per share is less than NTD 0.1, the Board of Directors may propose to withhold the distribution, and the resolution will be submitted to the shareholders' meeting.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2022 and 2021 were approved in the shareholders' meetings in May 2023 and June 2022, respectively, were as follows:

	2022	2021
Legal reserve	\$ 29,286	\$ 6,154
Special reserve	918	-
Cash dividends	56,250	32,000
Stock dividends	75,000	-
Cash dividends per share (NT\$)	1.071428	0.64
Stock dividends per share (NTD)	1.428571	-

The appropriation of earnings for 2023, which were proposed by the Company's board of directors in March 2024, were as follows:

	2023
Legal reserve	\$ 8,278
Special reserve	11,785
Cash dividends	70,875
Cash dividends per share (NT\$)	1.05

The appropriation of earnings for 2023 are subject to the resolution of the shareholders in their meeting to be held in May 2024.

(4) Special reserve

When the Company initially adopted IFRS accounting standards, the amount of NTD 3,526 thousand transferred from accumulated translation adjustments to retained earnings was set aside as a special reserve of the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the assigned surplus must be reversed in proportion to the original provision for special reserve.

19. Revenue

	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 1,644,918	\$ 2,217,117

	December 31, 2023	December 31, 2022	January 1, 2022
<u>Contract balance</u>			
Notes and accounts receivable (Note 9)	\$ 177,518	\$ 247,397	\$ 335,519
<u>Contract liabilities</u>			
Sales of goods	\$ 30,742	\$ 36,314	\$ 42,236

The change in contract liabilities mainly comes from the difference between the time when performance obligations are met and the time when customers make payment. The recognized revenue amounts from contract liabilities at the beginning of the year in 2023 and 2022 were NTD 31,886 thousand and NTD 36,214 thousand, respectively.

Please refer to Schedule 10 for the breakdown of revenue.

20. Comprehensive income for the year

(1) Employee benefits, depreciation, and amortization expenses

Nature	Recognized in operating costs	Recognized in operating expenses	Total
<u>2023</u>			
Employee benefit expenses			
Salaries	\$ 15,101	\$ 148,811	\$ 163,912
Labor and health insurance expenses	1,791	14,528	16,319
Post-employment benefits			
Defined contribution plan	383	6,894	7,277
Defined benefit plan	-	206	206
Directors' remuneration	-	6,592	6,592
Share-based Payment			
Equity delivery	-	2,249	2,249
Others employee benefits	1,005	8,186	9,191
Depreciation expenses	4,242	6,880	11,122
Amortization expenses	52	722	774
<u>2022</u>			
Employee benefit expenses			
Salaries	14,713	154,423	169,136
Labor and health insurance expenses	1,572	12,328	13,900
Post-employment benefits			
Defined contribution plan	355	6,048	6,403
Defined benefit plan	-	113	113
Directors' remuneration	-	7,902	7,902
Share-based Payment			
Equity delivery	-	404	404
Others employee benefits	975	8,193	9,168
Depreciation expenses	4,492	7,184	11,676
Amortization expenses	232	554	786

The Company's average number of employees in 2023 and 2022 were 223 and 203 respectively. Among them, the number of directors not concurrently serving as employees were 5 and 2 respectively. The calculation basis is consistent with employee benefit expense. In 2023 and 2022, the average employee benefit expense was NTD 914 thousand and NTD 991 thousand, and the average employee salary expense was NTD 752 thousand and NTD 841 thousand, respectively. The adjusted change in average employee salary expense decreased by 10.6%.

The Company has established an Audit Committee to replace the functions and powers of supervisors.

The remuneration policy of the Company's directors and managers is mainly based on their participation in the Company's operations and the value of their contributions, and they are paid with reference to industry standards. Remuneration policies, structures, and standards have been reviewed and approved by the Remuneration Committee.

Including salaries, bonuses, and employee compensation, the Company's employee remuneration is handled in accordance with salary management procedures and related assessment work management procedures. This is done in accordance with the attributes of the department and the nature of the work, and refers to labor market salary trends, while evaluating the achievement status participation in the Company's operations and the value of contribution and performance to provide reasonable remuneration.

(2) Employees' compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company allocates no less than 1% and no more than 5% of the profits before tax of the current year as the remuneration of employees and the remuneration of directors, respectively. For estimated employee remuneration and director remuneration for 2023 and 2022, the Board of Directors' resolutions in March 2024 and April 2023 were as follows:

Cash	2023		2022	
	Estimated proportions	Amount	Estimated proportions	Amount
Employees' compensation	3.33%	\$ 4,186	2.29%	\$ 8,648
Directors' remuneration	3.98%	5,000	1.99%	7,500

If there are any further changes in the amounts after the publication of the annual parent company only financial statements, then they will be treated as changes in accounting estimates and adjusted and recorded in the following year.

There was no difference between the actual amounts of employees' compensation and directors' remuneration paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and directors'

remuneration resolved by the Company's board of directors' meeting is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(3) Finance costs

	2023	2022
Interest on bank loans	\$ 7,388	\$ 8,245
Interest on lease liabilities	107	161
	<u>\$ 7,495</u>	<u>\$ 8,406</u>

(4) Foreign exchange gain or loss

	2023	2022
Gross gains on foreign exchange	\$ 6,186	\$ 94,683
Gross losses on foreign exchange	(6,236)	(69,019)
Net gain (loss)	<u>(\$ 50)</u>	<u>\$ 25,664</u>

21. Taxation

(1) Major components of income tax recognized in profit or loss are as follows: :

	2023	2022
Current income tax		
In respect of the current year	\$ 7,433	\$ 34,082
Income tax on unappropriated earnings	6,258	1,169
Adjustment for prior year	<u>1,755</u>	<u>1,924</u>
	<u>15,446</u>	<u>37,175</u>
Deferred tax		
In respect of the current year	20,664	28,700
Adjustment for prior year	(420)	<u>5,490</u>
	<u>20,244</u>	<u>34,190</u>
Income tax recognized in profit or loss	<u>\$ 35,690</u>	<u>\$ 71,365</u>

A reconciliation of accounting profit and income tax recognized in profit or loss is as follows:

	2023	2022
Income tax expense calculated at the statutory rate	\$ 23,300	\$ 72,224
Nondeductible expenses in determining taxable income	4,808	18
Tax-exempt income	(11)	(9,460)
Income tax on unappropriated earnings	6,258	1,169
Adjustment for current income tax from prior years	<u>1,335</u>	<u>7,414</u>
Income tax recognized in profit or loss	<u>\$ 35,690</u>	<u>\$ 71,365</u>

(2) Changes in deferred tax assets and liabilities

2023	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 22,171	\$ 9,554	\$ -	\$ 31,725
Defined benefit plan	2,807	(63)	(493)	2,251
Inventory valuation losses	2,021	(150)	-	1,871
Others	657	(602)	3,261	3,316
	<u>\$ 27,656</u>	<u>\$ 8,739</u>	<u>\$ 2,768</u>	<u>\$ 39,163</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 31,944	\$ 30,406	\$ -	\$ 62,350
Others	1,423	(1,423)	-	-
	<u>\$ 33,367</u>	<u>\$ 28,983</u>	<u>\$ -</u>	<u>\$ 62,350</u>
2022	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 27,294	(\$ 5,123)	\$ -	\$ 22,171
Defined benefit plan	3,667	(86)	(774)	2,807
Inventory valuation losses	859	1,162	-	2,021
Others	2,141	(1,484)	-	657
	<u>\$ 33,961</u>	<u>(\$ 5,531)</u>	<u>(\$ 774)</u>	<u>\$ 27,656</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investments accounted for using the equity method	\$ 1,599	\$ 30,345	\$ -	\$ 31,944
Others	324	(1,686)	2,785	1,423
	<u>\$ 1,923</u>	<u>\$ 28,659</u>	<u>\$ 2,785</u>	<u>\$ 33,367</u>

(3) Income tax assessments

Income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. Earnings per share

	Net profit	Number of shares (in thousand shares)	Earnings per share (NTD)
<u>2023</u>			
Basic earnings per share			
Net profit attributable to common shareholders	\$ 80,809	60,616	<u>\$ 1.33</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>199</u>	
Diluted earnings per share			
Net profit attributable to common shareholders plus the effect of potential common shares	<u>\$ 80,809</u>	<u>60,815</u>	<u>\$ 1.33</u>
<u>2022</u>			
Basic earnings per share			
Net profit attributable to common shareholders	\$ 289,757	57,765	<u>\$ 5.02</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>294</u>	
Diluted earnings per share			
Net profit attributable to common shareholders plus the effect of potential common shares	<u>\$ 289,757</u>	<u>58,059</u>	<u>\$ 4.99</u>

The impact of stock dividends has been adjusted retrospectively in calculating earnings per share, and the record date of the stock dividends was set at July 7, 2023. Changes in basic and diluted earnings per share for 2022 due to retrospective adjustments were as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	<u>\$ 5.73</u>	<u>\$ 5.02</u>
Diluted earnings per share	<u>\$ 5.70</u>	<u>\$ 4.99</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. Cash flow information

(1) Non-cash transactions

In addition to disclosures made in other notes, the Company conducted the following non-cash investment and financing activities in 2023 and 2022:

Cash paid by the Company for the purchase of property, plant and equipment in 2023 and 2022, respectively, was as follows:

	2023	2022
Increase in property, plant and equipment	\$ 2,498	\$ 4,040
Net change in equipment payable	662	(33)
Amount of cash paid	<u>\$ 3,160</u>	<u>\$ 4,007</u>

(2) Changes in liabilities from financing activities

2023	Beginning balance	Cash flows from	Non-cash changes		Ending balance
			New leases	Finance costs	
Short-term borrowings	\$ 258,000	\$ 15,000	\$ -	\$ -	\$ 273,000
Long-term borrowings	62,137	(21,442)	-	-	40,695
Lease liabilities	<u>7,120</u>	<u>(6,465)</u>	<u>5,648</u>	<u>107</u>	<u>6,410</u>
	<u>\$ 327,257</u>	<u>(\$ 12,907)</u>	<u>\$ 5,648</u>	<u>\$ 107</u>	<u>\$ 320,105</u>
<u>2022</u>					
Short-term borrowings	\$ 320,295	(\$ 62,295)	\$ -	\$ -	\$ 258,000
Long-term borrowings	63,851	(1,714)	-	-	62,137
Lease liabilities	<u>8,470</u>	<u>(6,562)</u>	<u>5,051</u>	<u>161</u>	<u>7,120</u>
	<u>\$ 392,616</u>	<u>(\$ 70,571)</u>	<u>\$ 5,051</u>	<u>\$ 161</u>	<u>\$ 327,257</u>

24. Capital management

The Company manages its capital to ensure its ability to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of the net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., ordinary share capital, capital reserves, retained earnings, and total other equity interest) of the Company.

The senior management of the Company regularly reviews the capital structure of the Group, including consideration of the cost of each type of capital and the associated risk. Based on recommendations of the key management, the Company may balance its overall capital structure by the

means of dividend payment, issuance of new shares, shares buyback, issuance of new debts or repayment of existing debts.

25. Financial instruments

(1) Information on fair value

1. Financial instruments measured at fair value - Financial instruments measured at fair value on a recurring basis

Fair value hierarchy

The following table provides an analysis of the financial instruments measured at fair value after initial recognition. The measurement is based on the extent to which the fair value is observable, and is divided into Levels 1 to 3.

<u>Fair value hierarchy</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	\$ 11,457	\$ -	\$ -	\$ 11,457
<u>December 31, 2022</u>				
Financial assets at fair value through other comprehensive income				
Domestic listed stocks	\$ 10,196	\$ -	\$ -	\$ 10,196

The Company made no transfers between Level 1 and Level 2 measurements at fair value in 2023 and 2022.

2. Financial instruments not measured at fair value

The fair value of financial assets and financial liabilities is determined by the following means:

- (1) For total investment in financial instruments such as cash and cash equivalents, financial assets measured at amortized cost, notes receivable and payable, other receivables, refundable deposits, short-term borrowings, other payables, and refundable deposits where date of expiration or future payment price is similar to the carrying amount, the carrying amount on the parent company only balance sheet date is used to estimate the fair value.

(2) The fair value of long-term borrowings (including maturities within one year) is estimated based on the discounted value of their future cash flows. The Company's long-term borrowings are mainly at floating interest rates, and the carrying value constitutes the fair value.

(2) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
At amortized cost (Note 1)	\$ 723,197	\$ 745,042
Financial assets at fair value through other comprehensive income	11,457	10,196
<u>Financial liability</u>		
At amortized cost (Note 2)	614,411	754,190

Note 1: Balances include financial assets measured at cost after amortization, including cash and cash equivalents, notes receivable and accounts receivable, other receivables, financial assets measured at cost after amortization, and refundable deposits.

Note 2: Balances constitute measured at amortized cost including short-term borrowings, notes payable, trade payable, other payables, and long-term borrowings.

(3) Financial risk management objectives and policies

The Company's primary financial instruments include cash and cash equivalents, equity investments, accounts receivable, trade payable, borrowings, and lease liabilities. The Financial Management Department of the Company provides services for each business unit, engages in overall planning and coordination of entry into financial market operations, and monitors and manages financial risks related to the operations of the Company by analyzing internal risk reports according to the degree and breadth of the risk. Such risks include market risk, credit risk, and liquidity risk.

1. Market risk

The main financial risks borne by the Company due to its operating activities are the risk from foreign currency exchange rate change and interest rate change risk.

The Company's exposure to market risks of financial instruments and the management and measurement of such exposures have not changed.

(1) Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, resulting in exchange rate risk.

For carrying amounts of the Company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 28.

Sensitivity analysis

The Company is mainly exposed to the risk of exchange rate fluctuation of the US Dollar.

The following table shows a sensitivity analysis of the Company when the exchange rate of the NTD changes by 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Company to report exchange rate risk to the senior management, and also represents the management's assessment of the reasonable possible range of changes in foreign currency exchange rate. The sensitivity analysis includes only the outstanding monetary items in foreign currencies, and the translation at the end of the year is adjusted based on a 1% change in exchange rates. The positive numbers in the table below represent the amounts that would reduce net profit before tax when the before tax will be a negative number of the same amount.

Currency type	2023	2022
USD	\$ 1,222	\$ 1,509

Management believes that the sensitivity analysis cannot represent the inherent risk of exchange rates, as the exposure to the foreign currency risk at the balance sheet date cannot reflect the risk exposure during the year.

(2) Interest rate risk

The Company's interest rate risk mainly arises from fixed and floating interest rate bank deposits, cash equivalents, financial assets measured at cost after amortization, bank loans, and lease liabilities, which generate interest rate exposure.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial asset	\$ 134,698	\$ 33,232
Financial liability	6,410	7,120
Cash flow interest rate risk		
Financial asset	398,547	449,692
Financial liability	313,695	320,137

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivative instruments at the balance sheet date. The rate of change used in the Company's internal reporting of interest rates to senior management is 25 basis points, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates had changed, and all other variables remained unchanged, the Company's net profit before tax for 2023 and 2022 would have changed by NTD 212 thousand and NTD 324 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the balance sheet date, the maximum credit risk exposures of the Company that may cause financial losses due to the performance failure of the counterparty and the financial guarantee provided by the Company are mainly derived from the book value of financial assets recognized in the balance sheet.

The Company uses other publicly available financial information and mutual transaction records to rate major customers, continuously monitors credit risk exposure and the credit ratings of counterparties, and distributes the total transaction amount among customers with qualified credit ratings. Credit risk is controlled through the counterparty's credit limits that are reviewed and approved by the management each year.

3. Liquidity risk

The Company has established an appropriate liquidity risk management framework in order to respond to the needs for funding and liquidity management in the short, medium and long term. The Company manages liquidity risk by maintaining sufficient bank financing facilities, continuously monitoring expected and actual cash flows, and matching the maturities of financial assets and liabilities. As of December 31, 2023 and 2022, the unused bank facilities of the Company totaled NTD 210,000 thousand and NTD 145,000 thousand, respectively.

The following liquidity and interest rate risk tables illustrate the remaining contractual maturities of the Company's non-derivative financial liabilities with agreed repayment periods. The tables are based on the earliest possible dates on which the Company may be required to repay and are prepared based on the undiscounted cash flows of financial liabilities, which includes cash flows of interest and principal.

Non derivative financial liabilities	Within 3 months	3 months~1 year	1~5 years
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 300,716	\$ -	\$ -
Floating rate instruments	45,417	246,750	21,528
Lease liabilities	1,549	4,648	296
	<u>\$ 347,682</u>	<u>\$ 251,398</u>	<u>\$ 21,824</u>
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 434,053	\$ -	\$ -
Floating rate instruments	22,595	281,529	16,013
Lease liabilities	1,723	3,678	1,802
	<u>\$ 458,371</u>	<u>\$ 285,207</u>	<u>\$ 17,815</u>

26. Transactions with related parties

In addition to those disclosed in other Notes, the transactions between the Company and related parties are as follows:

(1) Related parties and relationship

Related parties	Relationship with the Company
RAYSTAR	Subsidiary
Winstar Display (Changshu) Co., Ltd. (WINSTAR CHANGSHU)	Subsidiary
KENSTAR DISPLAY COMPANY LIMITED (KENSTAR)	Subsidiary
WINCAELUM	Subsidiary
WINSTAR USA	Subsidiary
Yu-Pin Liao	Senior management (Chairman)
Yao-Wen Tsai	Senior management (directors)
I-Feng Liao	Other related parties (first-degree relatives of the Chairman)

(2) Operating revenue

Related parties category/name	2023	2022
Subsidiary		
RAYSTAR	\$ 21,884	\$ 30,616
WINSTAR CHANGSHU	19,490	16,323
WINSTAR USA	4,355	6,175
	<u>\$ 45,729</u>	<u>\$ 53,114</u>

The Company's sale of finished goods to subsidiaries and the purchase of raw materials on behalf of the Company are determined based on internal transfer pricing policies, and the payment collection period is between 30 to 90 days after monthly settlement. The Company has no transactions with non-related parties to purchase raw materials on behalf of others. Amounts purchased on behalf of the Company are offset by the relevant sales revenues and costs and presented as a net amount. The offsetting amounts are as follows:

Related parties category/name	2023	2022
Subsidiary		
WINSTAR CHANGSHU	\$ 196,977	\$ 427,703
RAYSTAR	<u>7,063</u>	<u>13,624</u>
	<u>\$ 204,040</u>	<u>\$ 441,327</u>

(3) Purchases

Related parties category/name	2023	2022
Subsidiary		
WINSTAR CHANGSHU	\$ 1,283,631	\$ 1,757,165
RAYSTAR	<u>24,575</u>	<u>30,724</u>
	<u>\$ 1,308,206</u>	<u>\$ 1,787,889</u>

The Company's purchases from subsidiaries through triangular trade are determined based on product differentiation, market conditions, and internal transfer pricing policies. There are no similar transactions with non-related parties. The purchase prices of other related parties are determined based on market conditions on an individual basis. The payment terms are not materially different from those of non-related parties.

(4) Trade receivables

Related parties category/name	December 31, 2023	December 31, 2022
Subsidiary		
WINSTAR CHANGSHU	\$ 29,778	\$ 70,206
RAYSTAR	<u>3,573</u>	<u>6,179</u>
WINSTAR USA	<u>161</u>	<u>333</u>
	<u>\$ 33,512</u>	<u>\$ 76,718</u>

There is no guarantee or allowance for uncollectable accounts on outstanding accounts receivable.

(5) Trade payables

Related parties category/name	December 31, 2023	December 31, 2022
Subsidiary		
WINSTAR CHANGSHU	\$ 183,705	\$ 243,011
RAYSTAR	<u>6,263</u>	<u>1,351</u>
	<u>\$ 189,968</u>	<u>\$ 244,362</u>

There is no guarantee on the balance of trade payable outstanding.

(6) Other receivables

Related parties category/name	December 31, 2023	December 31, 2022
Subsidiary		
WINSTAR USA	\$ 3,683	\$ 2,355
RAYSTAR	<u>1,345</u>	<u>953</u>
	<u>\$ 5,028</u>	<u>\$ 3,308</u>

Receivables include processing and brand marketing revenues.

(7) Other payables

<u>Related parties category/name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
RAYSTAR	<u>\$ 5,979</u>	<u>\$ 4,791</u>

This refers to payment for management, water, and electricity related expenses.

(8) Other current liabilities

<u>Related parties category/name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary		
KENSTAR	<u>\$ 4,281</u>	<u>\$ 5,434</u>

This is a temporary payment collection item.

(9) Manufacturing overhead

<u>Related parties category/name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
RAYSTAR	<u>\$ 9,553</u>	<u>\$ 6,778</u>

This constitutes payment of processing expenses.

(10) Administrative expenses - other expenses

<u>Related parties category/name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
RAYSTAR	<u>\$ 5,061</u>	<u>\$ 5,061</u>

This refers to payment for management, water, and electricity related expenses.

(11) Other income

<u>Related parties category/name</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
WINSTAR USA	<u>\$ 2,603</u>	<u>\$ 2,181</u>

This represents revenue collected from brand marketing.

(12) Lease agreements

Related parties category/name		2023	2022
<u>Acquisition of right-of-use assets</u>			
Other related parties			
I-Feng Liao		\$ 149	\$ -
Financial Statement			
Account	Related parties category/name	December 31, 2023	December 31, 2022
Lease liabilities	Other related parties		
	I-Feng Liao	\$ 83	\$ 12
Related parties category/name		2023	2022
<u>Finance costs</u>			
Other related parties			
I-Feng Liao		\$ 3	\$ 1

This is primarily for warehouse rental. The rent is negotiated by both parties with reference to the neighboring market prices and the leased area.

(13) Acquisition of endorsements/guarantees

Related parties	December 31, 2023	December 31, 2022
Yu-Pin Liao and Yao-Wen Tsai		
Guaranteed amounts	\$ 204,028	\$ 423,356
Actual Amount Borrowed	\$ 84,028	\$ 298,357
Yu-Pin Liao		
Guaranteed amounts	\$ 319,667	\$ 41,780
Actual Amount Borrowed	\$ 229,667	\$ 21,780

The Company's borrowings are jointly and severally guaranteed by the above-mentioned senior management personnel.

(14) Remuneration of senior management

	2023	2022
Short-term employee benefits	\$ 31,241	\$ 33,627
Post-employment benefits	778	810
Share-based Payment	99	55
	\$ 32,118	\$ 34,492

The remuneration to directors and other senior management is determined based on individual performance and market trends.

27. Assets pledged as collateral or for security

The following assets have been provided as collateral for the Company's borrowings and endorsements/guarantees for subsidiaries:

	December 31, 2023	December 31, 2022
Investment property	\$ 83,259	\$ 83,538
Financial assets at amortized cost	54,643	70,883
Property, plant and equipment	-	829
	\$ 137,902	\$ 155,250

28. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

		December 31, 2023		
Financial assets	Foreign currency	Exchange rate		NTD
<u>Monetary items</u>				
USD	\$ 10,135	30.66	(USD:NTD)	\$ 310,739
<u>Non-monetary items</u>				
Subsidiaries accounted for using equity method				
USD	21,529	30.66	(USD:NTD)	660,065
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	6,150	30.66	(USD:NTD)	188,559
		December 31, 2022		
Financial assets	Foreign currency	Exchange rate		NTD
<u>Monetary items</u>				
USD	\$ 14,659	30.66	(USD:NTD)	\$ 449,445
<u>Non-monetary items</u>				
Subsidiaries accounted for using equity method				
USD	17,720	30.66	(USD:NTD)	543,303
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,736	30.66	(USD:NTD)	298,506

Material foreign currency exchange gains and losses (realized and unrealized) are as follows:

Foreign currency	2023		2022	
	Exchange rate	Net exchange loss	Exchange rate	Net exchange gain
USD	31.10 (USD:NTD)	(\$ 50)	29.74 (USD:NTD)	\$ 25,664

29. Separately disclosed items

(1) Information about significant transactions

1. Financing provided to others: Table 1.
2. Endorsements/guarantees provided: Table 2.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associates): Table 3.
4. Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
9. Trading in derivative instruments: None.

(2) Information on investees: Note 6.

(3) Information on investments in mainland China

1. Name of mainland China investee company, major operating items, paid-in capital amount, investment method, capital remittance in and out, shareholding ratio, profit or loss for the current year and recognized investment gains or losses, investment book amount at year end, repatriated investment gains and losses, and investment limit in mainland China: Table 7.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - (1) Amounts and percentages of purchases and the balance and percentages of relevant payables at the end of the year: Table 4.
 - (2) Amounts and percentages of sales and the balance and

- percentages of relevant receivables at the end of the year: Table 4.
- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
 - (4) Ending balance of note endorsement/guarantee or provision of collateral and its purpose: Table 2
 - (5) Maximum balance, ending balance, interest rate range, and total interest of the current year for capital financing: Table 1.
 - (6) Other transactions having material impact on current year profit or loss or financial status, such as the provision or receipt of labor services, etc.: None.
- (4) Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8.

Winstar Display Co., Ltd. and Subsidiaries

Financing provided to others

For the year ended December 31, 2023

Table 1

Units: NTD and foreign currency, in thousands

Serial No.	Lending company	Borrower	Associated items	Whether a related party	Highest balance in the current year	Ending balance	Actual Amount Borrowed	Range of interest rates	Nature of loan	Business transaction amount	Reasons for short term financing	Amount of provision for losses	Collateral		Limit of loans to individual borrowers	Total loan limit
													Item	Value		
1	WINSTAR CHANGSHU	VANSTAR TECHNOLOGY CO., LTD. (VANSTAR)	Other payables - related parties	Yes	\$ 17,440 (CNY 4,000)	\$ 17,148 (CNY 4,000)	\$ 4,287	4.6%	Necessity of short-term financing	\$ -	Operating turnover	\$ -	—	\$ -	\$ 134,366 (Note 1)	\$ 226,906 (Note 2)

Note 1: The total amount of loans to a single company shall not exceed 40% of the net worth of the borrower in its latest financial statements, and shall be limited to the amount of paid-in capital.

Note 2: The amount shall not exceed 40% of the net worth of the borrower in its latest financial statements.

Winstar Display Co., Ltd. and Subsidiaries
Endorsements/guarantees provided
For the year ended December 31, 2023

Table 2

Units: NTD and foreign currency, in thousands

Serial No.	Endorser/ Guarantor	Endorsee/ Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	The maximum balance of endorsements/ guarantees in the current year	Balance of endorsements/ guarantees at the end of the year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Company Name	Relationship										
0	The Company	RAYSTAR	(Note 1)	(Note 2)	\$ 129,778	\$ 129,083	\$ 32,083	\$ -	11	\$ 1,162,904	Y	—	—
		WINSTAR CHANGSHU	(Note 1)	(Note 2)	195,791 (CNY 44,700)	191,629 (CNY 44,700)	43,786	8,788	17	1,162,904	Y	—	Y

Note 1: Please refer to Note 11.

Note 2: The cumulative amount of endorsements made by the Company and its subsidiaries for a single enterprise shall not exceed 10% of the Company's net worth, except when the counterparty of the endorsement or guarantee is a company directly or indirectly held by the Company with 100% of voting rights.

Note 3: The Company and its subsidiaries as a whole may make endorsements/guarantees for the total amount up to the net amount stated in the Company's most recent financial statements.

Winstar Display Co., Ltd. and Subsidiaries
Marketable securities held at the end of the year
December 31, 2023

Table 3

Unit: NT\$ thousand

Name of holding company	Type and name of marketable securities	Relationship with the holding company	Financial Statement Account	Year-end			
				Shares	Carrying amount	Percentage of ownership (%)	Fair value
The Company	<u>Stock</u> Tradetool Auto Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	445,638	\$ 9,804	-	\$ 9,804
	Orange Electronic Co., Ltd.	—	Financial assets at fair value through other comprehensive income -non-current	55,089	1,653	-	1,653

Winstar Display Co., Ltd. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital

For the year ended December 31, 2023

Table 4

Unit: NT\$ thousand

Purchaser or seller	Counterparty	Relationship	Transaction Details				Trading terms that differ from general transactions and the causes and circumstances thereof		Notes/Trade receivables (payables)		Remarks
			Purchase/sale	Amount	Percentage of total purchase (sale) %	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes and accounts receivable (payable) %	
The Company	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	\$ 1,283,631	84	60 days end of month	(Note 2)	No significant difference from other general manufacturers	(\$ 183,705)	(78)	
RAYSTAR	WINSTAR CHANGSHU	(Note 1)	Purchases of goods	205,288	69	60 days end of month	(Note 2)	No significant difference from other general manufacturers	(17,678)	(40)	
WINSTAR CHANGSHU	The Company	(Note 1)	(Sale)	(158,103)	(32)	90 days end of month	(Note 2)	No significant difference from other general customers	33,166	61	
		(Note 1)	(Sale)	(1,283,631)	(73)	60 days end of month	(Note 2)	No significant difference from other general customers	183,705	73	
	RAYSTAR	(Note 1)	(Sale)	(205,288)	(12)	60 days end of month	(Note 2)	No significant difference from other general customers	17,678	7	
		(Note 1)	Purchases of goods	158,103	16	90 days end of month	(Note 2)	No significant difference from other general manufacturers	(33,166)	(13)	

Note 1: Please refer to Note 11.

Note 2: The prices of purchases and sales transactions with related parties are negotiated separately based on product differences, market conditions, and internal transfer pricing policies.

Winstar Display Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital

December 31, 2023

Table 5Unit: NT\$ thousand

Company recognizes the receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate (times)	Overdue		Amount collected in subsequent period	Amount of provision for losses
					Amount	Action taken		
WINSTAR CHANGSHU	The Company	(Note)	Trade receivables \$183,705	6.02	\$ -	—	\$ 183,705	\$ -

Note: Please refer to Note 11.

Winstar Display Co., Ltd. and Subsidiaries
Investee company information, locations, and other related information
For the year ended December 31, 2023

Table 6 Units: NTD and foreign currency, in thousands

Investor	Investee	Location	Principle business activity	Initial investment		Year-end holdings			Investee company current year profit (loss)	Investment profit (loss) recognized by the Company	Remarks
				Current year end	Prior year end	Number of shares (in thousand shares)	Shares %	Carrying amount			
The Company	RAYSTAR	Republic of China	Engaged in research and development, manufacturing, and trading of OLED display modules	\$ 321,471	\$ 321,471	32,147	100	\$ 288,783	(\$ 59,896)	(\$ 52,678)	Subsidiary
	WINBEST	United States	Operation of reinvestment business	204,630	204,630	-	100	565,059	149,966	149,966	Subsidiary
	WINCAELUM	Samoa	Operation of reinvestment business	159,782	159,782	8,000	100	87,379	(4,060)	(4,060)	Subsidiary
	FAIRLINK	Hong Kong	Operation of reinvestment business	173,883	173,883	20,000	100	1,726	(14,627)	(14,627)	Subsidiary
	WINSTAR USA	United States	Import and export of electronic components	2,721	2,721	90	90	5,901	2,215	1,993	Subsidiary
	WINSTAR GER	Germany	Import and export of electronic components	837	-	25	100	826	(17)	(17)	Subsidiary
	MIDAS	United Kingdom	Trading of electronic components	9,148	9,148	-	30	12,661	241	72	Associates accounted for using the equity method
WINCAELUM	KENSTAR	Myanmar	Manufacturing, processing, and trading of various liquid crystal displays and modules	155,138 (USD 4,956)	155,138 (USD 4,956)	496	100	87,190 (USD 2,844)	(4,061) (USD 131)	(Note)	Subsidiary

Note: May be omitted as per the regulations.

Winstar Display Co., Ltd. and Subsidiaries
Information on investments in mainland China
For the year ended December 31, 2023

Table 7

Units: NTD and foreign currency, in thousands

Investee	Principle business activity	Total paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the current year	Investment amount remitted or recovered during the current year		Accumulated investment amount remitted from Taiwan at the end of the current year	Investee company current year profit (loss)	The Company's direct or indirect percentage of ownership	Investment profit (loss) recognized in the current year (Note 2)	Book value of investments at the end of the year	Investment income repatriated by the end of the year
					outflow	inflow						
WINSTAR CHANGSHU	Manufacturing and processing of various LCD displays and modules	\$ 126,964 (CNY 31,958)	Note 1	\$ 203,281 (USD 6,557)	\$ -	\$ -	\$ 203,281 (USD 6,557)	\$ 149,966 (CNY 34,215)	100%	\$ 149,966 (CNY 34,215)	\$ 567,269 (CNY 132,322)	\$ -
Winstar Dongguan	Manufacturing and processing of various LCD displays and modules	170,045 (CNY 36,955)	Note 1	170,045 (USD 5,670)	-	-	170,045 (USD 5,670)	(14,627) (CNY 3,337)	100%	(14,627) (CNY 3,337)	1,726 (CNY 403)	-

Cumulative amount of investment remitted from Taiwan to mainland China at the end of the current year	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 3)
\$ 373,326 (USD 12,227)	\$ 373,326 (USD 12,227)	(Note 4)

Note 1: This refers to the reinvestment in companies in mainland China through reinvestment in an existing company in a third region.

Note 2: Investment gains and losses are recognized based on the financial statements audited by the same CPA firm as that engaged by the parent company in Taiwan.

Note 3: The limit is calculated in accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China.

Note 4: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by the Investment Review Commission on August 29, 2008, the Company has obtained certification documents issued by Industrial Development Bureau, Ministry of Economic Affairs attesting that it complies with the operation scope of the operational headquarters. There is no upper limit on the amount of investment in the Mainland China area.

Winstar Display Co., Ltd.
Information of major shareholders
December 31, 2023

Table 8

Unit: shares

Name of major shareholder	Share	
	Number of shareholding	Percentage of ownership (%)
Kenstar Investment Co., Ltd.	10,636,783	15.75
Jastar Investment Co., Ltd.	8,527,909	12.63
Yu-Pin Liao	6,005,672	8.89
Huatsen Investment Co., Ltd.	4,949,392	7.33
Sunglowed International Ltd.	4,581,988	6.78
Chienchuang Investment Co., Ltd.	4,095,000	6.06

Note 1: The information of major shareholders is based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2023. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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Winstar Display Co., Ltd.
Statement of cash and cash equivalents
December 31, 2023

Statement 1

Units: NTD and foreign currency, in thousands

Item	Summary	Amount
Cash on hand and petty cash		<u>\$ 306</u>
Deposits		
Demand deposits		302,404
Foreign currency deposits (Note 1)		<u>50,665</u>
		<u>353,069</u>
Cash equivalents		
Time deposits		39,900
Foreign time deposits (Note 2)		<u>70,518</u>
		<u>110,418</u>
		<u><u>\$ 463,793</u></u>

Note 1: Including USD 1,652 thousand (USD 1: NTD 30.66).

Note 2: Including USD 2,300 thousand (USD 1: NTD 30.66) maturing incrementally before January 2024.

Winstar Display Co., Ltd.
Statement of notes receivable
December 31, 2023

Statement 2

Unit: NT\$ thousand

Client name	Amount
Non-related party	
Uniphone Telecommunication Co., Ltd.	\$ 374
Controlnet International Inc.	189
Dynamic Trends Enterprise Inc.	104
Yizhibang Industrial Ltd.	95
Standard Electric Works Ltd.	84
Monicon Instrument Ltd.	70
Pin Ching Automatic Valves Ltd.	63
Sinletai Ltd.	62
Others (Note)	<u>166</u>
	<u>\$ 1,207</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

Winstar Display Co., Ltd.
Statement of trade receivable – non-related parties, net
December 31, 2023

Statement 3

Unit: NT\$ thousand

Client name	Amount
Non-related party	
FIRST Components SRL	\$ 11,675
VISHAY DALE CORP.	10,960
Gemtek Electronics (Kunshan) Co., Ltd.	9,077
Melchioni s.p.a.	8,260
Others (Note)	<u>103,053</u>
	143,025
Less: Allowance for impairment loss	(<u>176</u>)
	<u>\$ 142,849</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

Winstar Display Co., Ltd.

Statement of inventories

December 31, 2023

Statement 4

Unit: NT\$ thousand

Item	Cost	Market price (Note)
Raw materials	\$ 11,306	\$ 13,511
Work in progress	11,155	11,217
Finished good	15,790	20,145
Inventory in transit	<u>4,810</u>	<u>4,810</u>
	<u>\$ 43,061</u>	<u>\$ 49,683</u>

Note: Net realizable value is used in the valuation of inventories.

Winstar Display Co., Ltd.
Statement of investments accounted for using the equity method
For the year ended December 31, 2023

Statement 5

Unit: NT\$ thousand

Investee	Beginning balance		Increase in the current year		Capital surplus (Note 1)	Share of profit or loss of subsidiaries and associates accounted for using the equity method	Exchange difference on translating foreign operations	Realized gains	Ending balance			Net equity at the end of the year
	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount					Number of shares (in thousand shares)	Shareholding %	Amount	
Investments in subsidiaries												
WINBEST	-	\$ 431,445	-	\$ -	\$ -	\$ 149,966	(\$ 16,368)	\$ 16	-	100	\$ 565,059	\$ 567,143
RAYSTAR	32,147	340,821	-	-	640	(52,678)	-	-	32,147	100	288,783	294,003
WINCAELUM	8,000	91,381	-	-	-	(4,060)	58	-	8,000	100	87,379	87,379
FAIRLINK	20,000	16,532	-	-	-	(14,627)	(179)	-	20,000	100	1,726	1,726
WINSTAR USA	90	3,945	-	-	-	1,993	(37)	-	90	90	5,901	7,937
WINSTAR GER	-	-	25	837	-	(17)	6	-	25	100	826	826
		884,124		837	640	80,577	(16,520)	16			949,674	959,014
Investments in Associates												
MIDAS	-	12,376	-	-	-	72	213	-	-	30	12,661	3,997
		<u>\$ 896,500</u>		<u>\$ 837</u>	<u>\$ 640</u>	<u>\$ 80,649</u>	<u>(\$ 16,307)</u>	<u>\$ 16</u>			<u>\$ 962,335</u>	<u>\$ 963,011</u>

Note 1: Constitutes share-based payments made by the Company to its subsidiaries.

Note 2: Net equity value is calculated based on the investee company's financial statements audited by accountants as well as the Company's shareholding ratio.

Note 3: None of the above investee companies have provided guarantees or pledges.

Winstar Display Co., Ltd.
Statement of changes in right of use assets
For the year ended December 31, 2023

Statement 6

Unit: NT\$ thousand

Item	Beginning balance	Increase	Decrease	Ending balance
Cost				
Buildings	\$ 24,866	\$ 4,323	\$ 20,027	\$ 9,162
Transportation	<u>3,535</u>	<u>1,325</u>	<u>3,535</u>	<u>1,325</u>
Equipment	<u>28,401</u>	<u>\$ 5,648</u>	<u>\$ 23,562</u>	<u>10,487</u>
Accumulated depreciation				
Buildings	18,302	\$ 5,460	\$ 20,027	3,735
Transportation	<u>3,044</u>	<u>878</u>	<u>3,535</u>	<u>387</u>
Equipment	<u>21,346</u>	<u>\$ 6,338</u>	<u>\$ 23,562</u>	<u>4,122</u>
	<u>\$ 7,055</u>			<u>\$ 6,365</u>

Winstar Display Co., Ltd.
Statement of short-term borrowings
December 31, 2023

Statement 7

Unit: NT\$ thousand

Borrowing type and bank	Maturity date	Annual interest rates (%)	Amount
Secured borrowings			
Taiwan Cooperative Bank	113.05	2.19	\$ 148,000
Mega International Commercial Bank	113.05	2.09	70,000
Taishin International Bank	113.02	2.77	30,000
E.SUN Commercial Bank	113.02-113.05	2.20	20,000
First Commercial Bank	113.05	2.20	<u>5,000</u>
			<u>\$ 273,000</u>

Winstar Display Co., Ltd.
Statement of trade payable—non-related parties
December 31, 2023

Statement 8

Unit: NT\$ thousand

Vendor name	Amount
Non-related party	
Neotec Semiconductor Co., Ltd.	\$ 10,480
Professional Computer Technology Limited.	7,070
Sitronix Technology Corp.	5,762
Integrated Solutions Technology, Inc.	4,729
Supermax Global Co., Ltd.	3,548
Others (Note)	<u>13,898</u>
	<u>\$ 45,487</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance

Winstar Display Co., Ltd.
Statement of long-term borrowings
December 31, 2023

Statement 9

Unit: NT\$ thousand

Borrowing type and bank	Borrowing period	Repayment method	Annual interest rates (%)	Portion maturing within one year	Portion maturing after one year	Total
Secured borrowings						
Taipei Fubon Commercial Bank	112.08-115.08	Average monthly amortization	2.85	\$ 10,000	\$ 16,667	\$ 26,667
The Shanghai Commercial & Savings Bank, Ltd.	111.07-114.07	Average monthly amortization	2.90	8,334	4,861	13,195
The Shanghai Commercial & Savings Bank, Ltd.	110.01-113.01	Average monthly amortization	3.35	<u>833</u>	<u>-</u>	<u>833</u>
				<u>\$ 19,167</u>	<u>\$ 21,528</u>	<u>\$ 40,695</u>

Winstar Display Co., Ltd.
Statement of net operating revenue
For the year ended December 31, 2023

Statement 10

Unit: NT\$ thousand

Item	Quantity (approximate thousand PCS)	Amount
STN display module	Approx. 4,796	\$ 791,455
TFT display modules	Approx. 800	471,101
OLED display modules	Approx. 1,917	339,979
Others		<u>49,307</u>
Gross sales		1,651,842
Less: Sales returns		(4,797)
Less: Sales discounts and allowances		(<u>2,127</u>)
Net operating revenue		<u>\$ 1,644,918</u>

Winstar Display Co., Ltd.
Statement of operating costs
For the year ended December 31, 2023

Statement 11

Unit: NT\$ thousand

Item	Amount
Raw materials, beginning of year	\$ 18,522
Raw material purchased	40,032
Sale of raw material	(3,833)
Raw materials, end of year	(13,747)
Other adjustments	(<u>2,021</u>)
Direct raw material costs	38,953
Direct labor	4,787
Manufacturing expenses	<u>28,081</u>
Manufacturing cost	71,821
Work in process, beginning of year	14,136
Work in process purchased	2,576
Work in process, end of year	(13,511)
Other adjustments	(<u>2,773</u>)
Cost of work in process	72,249
Semi-finished products, beginning of year	191
Semi-finished products purchased	3,154
Sales of semi-finished products	(1,185)
Semi-finished products, end of year	(174)
Other adjustments	(<u>732</u>)
Cost of semi-finished products	73,503
Finished goods, beginning of year	30,524
Finished goods purchased	3,764
Finished goods, end of year	(24,918)
Other adjustments	(<u>2,932</u>)
Cost of finished goods	79,941
Cost of triangular trade	1,269,169
Sale of raw materials and semi-finished products	<u>5,018</u>
Cost of merchandise	1,354,128
Inventory valuation losses	1,040
Other costs	<u>6,955</u>
Operating cost	<u><u>\$ 1,362,123</u></u>

Winstar Display Co., Ltd.
Statement of operating expenses
For the year ended December 31, 2023

Statement 12

Unit: NT\$ thousand

	Selling and marketing expenses	Administrative expenses	Research and Development expenses	Expected credit loss reversed	Total
Salaries	\$ 56,944	\$ 57,915	\$ 33,952	\$ -	\$ 148,811
Insurance expense	6,069	5,782	3,437	-	15,288
Utilities expense	5	10,044		-	10,049
Depreciation expense	143	6,737	-	-	6,880
Expected credit loss reversed	-	-	-	(1,017)	(1,017)
Others	<u>20,705</u>	<u>39,557</u>	<u>7,948</u>	<u>-</u>	<u>68,210</u>
	<u>\$ 83,866</u>	<u>\$ 120,035</u>	<u>\$ 45,337</u>	<u>(\$ 1,017)</u>	<u>\$ 248,221</u>

Winstar Display Co., Ltd.

Chairman: Yu-Pin Liao



Website for annual report: <http://mops.twse.com.tw>

Winstar website: <https://www.winstar.com.tw/>