

【Translation】



TWSE: 3714

Ennostar Inc.

2021 Annual Report

Printed on March 1, 2022

Website to inquire annual reports

- MOPS website: <http://mops.twse.com.tw>
- Ennostar Inc. website: <http://www.ennostar.com>

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson & Deputy Spokesperson

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IV. Auditors

Name of auditors : Tien-Yi Li , Chien-Hung Chou
Name of Accouting Firm : Pricewaterhouse Coopers, Taiwan
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TEL : +886 2 2729-6666

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable.

VI. Corporate Website: <http://www.ennostar.com>

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One. Letter to Shareholders

The macroeconomy has not held up under the impact of COVID-19, but Ennostar was not affected due to its steady and safe operation, and has shown a brilliant achievement in the first year of establishment. The consolidated revenue of the Company was NT\$36.425 billion; the net operating profit was NT\$2.110 billion; the net income attributed to the parent company was NT\$2.178 billion; and the after-tax earnings per share (EPS) was NT\$3.21. There has been a significantly improvement compared with the losses of EPISTAR and LEXTAR group in 2020.

Insight into Future Needs, Continue to Innovate, and Become the Best Investment Platform of Compound Semiconductor

Prior to the establishment of Ennostar, the Group's subsidiaries had insight into the changes of LED industry and transferred the business focus from general lighting, which still had a large market share at that time, to high-tech and high value-added applications such as the new-generation display, vehicle lighting, sensing lighting and special lighting, and extended its core competence of III-V compound semiconductor epitaxy and process to the new-generation compound semiconductor, in the hope that the core competence-based business layout could make the profitability of the Group more versatile. Although many challenges were encountered in the process, with the joint efforts of all employees and partners of the Group, each of the problems was gradually solved, and the achievements brewing for many years were finally seen in the first year of Ennostar's establishment:

- 1. Display:** Through cooperation with well-known international brands, the Group has taken the lead in launching the world's first mass-produced mini LED backlight product, setting a milestone in new high-quality displays for the tablet PC and laptop segments around the world, and the proportion of mini LED in the Group's revenue has also increased to 25%. We foresee that driven by international benchmark brands, the demand for mini LED will continue to grow, and Ennostar will further apply its mini LED mass-production experience and ability to the realization of micro LED products, and help the industry quickly achieve the goal of micro LED mass production.
- 2. Automotive:** In addition to maintaining the high market share in the automotive market, we work with our partners to develop large-size and high brightness mini backlight displays and a number of innovative automotive products to meet the need of electric self-driving, such as in-vehicle driving monitoring system (DMS), advanced driving assistance system (ADAS), and 3D gesture recognition application. We hope to use the Group's product technology and quality improvement to help car factories provide a safer and more convenient driving environment.
- 3. Sensing:** In response to the diverse sensing needs of the market, Ennostar actively improved the technical power of products and went deep into the industrial layout. Internally, we showed extremely high R&D energy and developed the world's first optical power short wave infrared technology that can be applied to the detection of special physiological data; externally, we invested in Tyntek Corporation to strengthen the light receiving technology and integrate the sensing light-emitting elements to achieve a complete sensing layout.

4. **Special lighting:** Professional lighting that integrates light, machinery and electricity and plant lighting that requires high efficiency are the main directions of our development. In addition, as the demand for sterilization has increased significantly since the outbreak of COVID-19, Ennostar has provided a UVC LED integration solution; the sterilization effect of our products reaches 99.9%, and can cater to different lighting angles to meet the needs of all-round sterilization. At present, we have cooperated with many famous international brands, and have introduced products into many application fields such as white appliances, water purification equipment, sweeping robots and medical institutions.
5. **New-generation compound semiconductors:** Unikorn Semiconductor, one of the three subsidiaries of Ennostar, has the OEM technology and ability of compound semiconductors such as class III semiconductors, 5G, power device and microwave components. At present, it is carrying out a capacity expansion plan in line with the needs of customers, and we hope to let you see the layout results in the year 2023.

To realize the future demand and create a leading position in the industry is not only the original intention, but also the business direction of Ennostar. We expect to start from our core competence, integrate the resources and strength of the Group and partners, and continue to invest in innovative R&D, so as to realize the blueprint of the latest generation of compound semiconductors, and become the "best compound semiconductor investment platform" in the world.

Give Play to the Key Influence of the Enterprise, Embed ESG into the DNA of the Group and Jointly Create the Power for "Happy Life" With ESG

ESG is one of the hottest topics in recent years, and major enterprises have announced their ESG goals and plans. Although the subsidiaries of Ennostar have also actively developed and participated in relevant activities in the past few years, they always do it quietly as a "humble hero". However, with the establishment of Ennostar, we are aware that as a leading enterprise with resources, we should not only do a good job in our own business, but also give full play to the influence of the enterprise to drive the supply chain, and become a benchmark for others to follow. Therefore, in 2022, Ennostar officially established a dedicated ESG unit and an ESG enterprise sustainability committee, with the operation levels from the board of directors to the three subsidiaries. In addition to setting short, medium and long-term goals, Ennostar established a group sustainability college to create an ESG atmosphere to let ESG go deep into every corner of the Group, in a hope to develop ESG with our core competencies to let the enterprise create the power of "well-being" from inside to outside, and internalize ESG into the Group's DNA, so as to continue to plough deep and grow upward in a virtuous cycle and a create higher enterprise value.

Chairman Biing-Jye Lee

Two. Company Introduction

I. Date of Incorporation: January 6, 2021

Ennostar Inc. was jointly established in January 2021 by EPISTAR and Lextar via share conversion, and is committed to becoming a transnational investment platform for the compound semiconductor industry.

Ennostar group not only dedicates to the technology research and development but also excels in the manufacturing of compound semiconductors. With the product portfolio covering epitaxial wafers and dies, packaged LEDs and modules, Ennostar provides customers with one-stop service for vertical integration in various applications, such as displays, professional lighting, automotive, sensing, 5G communication and power devices.

Ennostar's name comes from 'Innovation' & 'Star' representing the self-expectation of a shining star in the compound semiconductor industries with the continuous efforts in innovation.

II. Company History

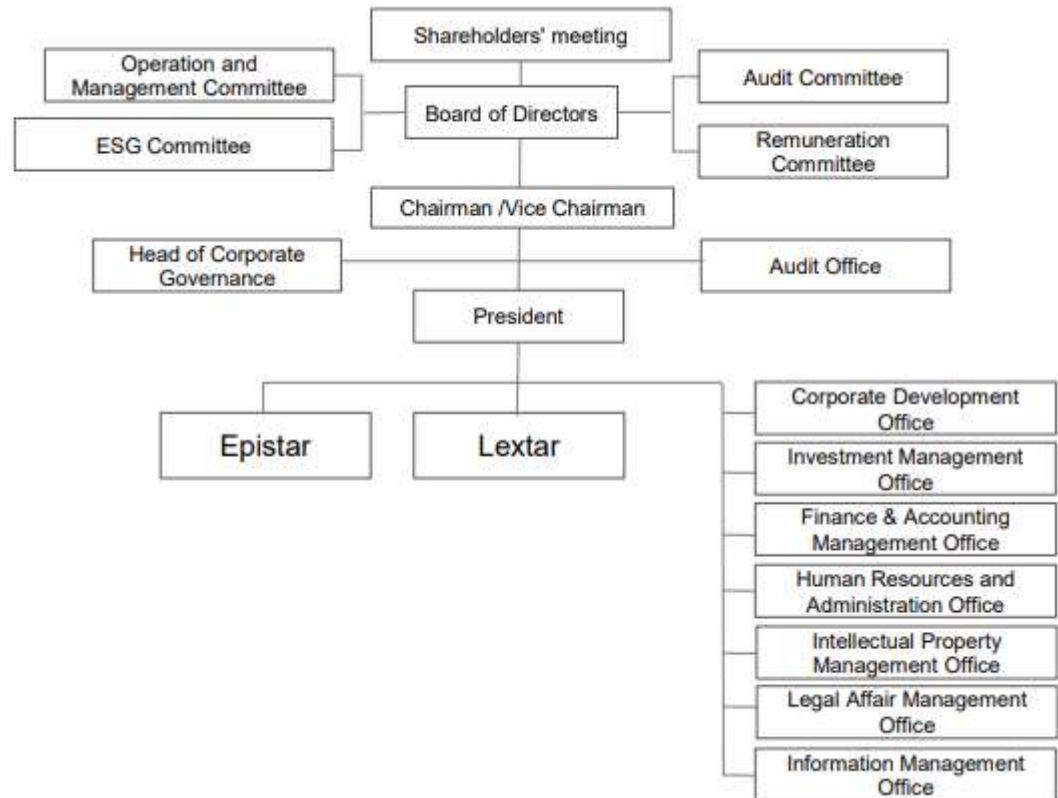
August 2020	On August 7, 2020, the special shareholders' meeting of EPISTAR Corporation and Lextar Electronics Co., Ltd. resolved to jointly establish Ennostar Inc. through share conversion, and apply for stock listing and trading pursuant to the related regulations.
January 2021	Approved by the Taiwan Stock Exchange on September 8, 2020 and September 24, 2020, the shares of EPISTAR and Lextar Electronics were delisted and terminated trading on January 6, 2021. And Ennostar Inc. became public listed on the same day for trading; the listed industry category and stock code are "Optoelectronics" and "3714," respectively.
September 2021	The "Quantum Dot Light Emitting Diode Packaging Technology Development Program" of the subsidiary Lextar, was recognized as an excellent program by the Ministry of Economic Affairs
November 2021	The subsidiary EPISTAR won the Prix Aurora Award, as the Top Ten Supply Chain Stars of LED Display Chips, and Award of Innovative Annual Product of LED Display Supply Chain
November 2021	The subsidiary, Lextar won the Prix Aurora Award, as the Top Ten Supply Chain Stars of UVC & UVA, and Top Ten Supply Chain Stars of Mini LED Backlight Module
November 2021	The first mass-produced automotive VCSEL in the industry supplied by the subsidiary Lextar, has been steadily delivered to European and the U.S. car makers.

December 2021	Ennostar won the MAPECT Taiwan M&A Award as the Most Representative M&A Award of the Year.
December 2021	The subsidiary EPISTAR, won the Product of the Year Award at the GG LED Golden Globe Awards
January 2021	<p>The high-power UVC air-conditioning sterilization module jointly developed by the subsidiary Lextar and its partners, was successfully applied in the negative pressure wards of medical centers in Taiwan</p> <p>The subsidiary, EPISTAR released the first optical power short-wave infrared product in the world</p>

Three. Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Operation of Major Department

Name of Department	Major Function
Operation and Management Committee	Analyze the industry evolutions and improve the Group's operations, and formulate the short, medium and long-term strategic planning and implementation; formulate inter-group strategic collaboration and resource integration plans; supervise the long-term cultivation programs for the successors of the Group management and its implementation; evaluate and propose for the Group's organizational adjustments.

Name of Department	Major Function
ESG Corporate Sustainability Committee	Formulate ESG missions, visions, policies, and goals Identify ESG risk and opportunities, to determine the relevant investment strategies Oversee ESG strategic planning and implementation Supervise ESG performance and information disclosure
Chairman's Office	In supervision of various business targets, development roadmap, and the relevant matters of holding directors' meetings.
President's Office	Responsible for setting up company business strategies to achieve the annual business goals expected by the Board of Directors.
Corporate Governance Officer	Responsible for promoting corporate governance and to effectively unleash the function of directors, to deepen the culture of corporate governance and corporate social responsibility, enhance the quality of information disclosure and strengthen compliance with relevant laws and regulations.
Audit Office	Responsible for the inspection of and response to the deficiencies in the internal control system, and provide suggestions for corrections and produce follow-up reports on a regular basis.
Corporate Development Office	Responsible for industry analysis, the formulation and implementation of the Group's strategic positioning and investment deployment plans; assist the Group to continue to exert its advantages in existing fields and applications to achieve outcomes; actively invest in the LED and third-generation semiconductor industries, to create new applications and opportunities, and obtain the industrial leadership in new fields, to utilize the long-term competitive advantages and create the Group's value.

Name of Department	Major Function
Investment Management Office	Responsible for investment strategy analysis, recommendations and post-investment management, also responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Finance & Accounting Management Office	Responsible for the finance and accounting, investor relations and shareholder services, credit management affairs, and assistance to subsidiaries in promoting the establishment of risk awareness and crisis management mechanism, while being responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Intellectual Property Management Office	Responsible for intellectual property related affairs in the Company, also responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Human Resources and Administration Office	Responsible for the Company's human resources, general affairs and administration related affairs, also responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Legal Affair Management Office	Responsible for the legal affairs of the Company, and responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Information Management Office	Responsible for formulating the Company's information management strategies, and planning the information management system, continuously optimizing and integrating the Company's information platform, and responsible for the management and control, policy instruction and

Name of Department	Major Function
	supervision to the implementation at the same function in each subsidiary.

II. Information about Directors, supervisors, president, vice presidents, assistant vice presidents, and department and branch managers
(I) Information about directors and supervisors

Title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (inauguration) Date	Term	Date First Elected	Shareholding When Elected				Current Shareholding				Shareholding of spouse and minor children				Shareholding in others' name				Experience & Education	Current Positions at the Company and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship
							Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %			
Chairman	R.O.C.	Bling-Jye Lee	Male/ 61-70	August 7, 2020	3 years	August 7, 2020	732,247	0.11%	732,247	0.11%	732,247	0.11%	737,298	0.11%	0	0.00%							Note 1	No	No
Vice Chairman	R.O.C.	AU Optonics Corp Representative Shuan-Lang Peng	Not applicable	August 7, 2020	3 years	August 7, 2020	21,565,073	3.16%	26,318,898	3.84%			0	0.00%		0.00%							No	No	No
Director	R.O.C.	Feng Cheng Su	Male/ 61-70	August 7, 2020	3 years	August 7, 2020	946,012	0.14%	946,012	0.14%	0	0.00%	0	0.00%		0.00%							Note 2	No	No
Director	R.O.C.	Chin-Yung Fan	Male/ 51-60	August 7, 2020	3 years	August 7, 2020	133,506	0.02%	133,506	0.02%			31,576	0.00%	0	0.00%							Note 3	No	No
Independent Director	R.O.C.	Wei-Min Sheng	Male/ 61-70	August 11, 2021	2 years	August 11, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%		0.00%							Note 4	No	No
																							Note 5	No	No

Title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (inauguration) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Current Positions at the Company and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship
							Shares	Share holding %	Shares	Share holding %	Shares	Share holding %	Shares	Share holding %			Relationship
Independent Director	R.O.C.	Sheng-Tai Weng	Male/ 71-80	August 11, 2021	2 years	August 11, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD in Accounting, Purdue University Vice Chairman, Ability Enterprise Co., Ltd Independent Director, Lextar Electronics Corp. MBA, Rutgers, The State University of New Jersey Chairman, TAINET Communication System Corp. Independent Director, EPISTAR Corporation MBA, NCCU Bachelor, Department of Chemical Engineering, National Tsing Hua University	Note 2	No No No
Independent Director	R.O.C.	Ji-Yen Liang	Male/ 61-70	August 11, 2021	2 years	August 11, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%		Note 7	No No No
Independent Director	R.O.C.	Hsien-He Sheng	Male/ 61-70	August 11, 2021	2 years	August 11, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%		Note 8	No No No
Independent Director	R.O.C.	Wei-Cheng Wang	Male/ 60-69	August 11, 2021	2 years	August 11, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	CPA and Partner, PwC Department of Accounting, NCCU	Note 9	No No No

- Any relevant information where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

With the comprehensive considerations of the board members' independent, and the competency and necessity of managerial officers, and to enhance the operation and management efficiency and execution of decision-making, pursuant to Article 4 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the seats of independent directors were added to five in 2021, and became the majority of the all board members. it is believed that the governance framework of the board is sufficient to oversee the Company's key decision-making and protect the shareholders' value.

Note:

1. Chairman, Biing-Jye Lee concurrently serves as Director of Unikorn Semiconductor Corporation; Chairman of Gan Force Corporation; Chairman of Harvestar Investment Corp; Chairman of Calystar Investment Corp.; Chairman of Tyntek Corporation (TWSE: 2426); Director of Kaistar Lighting (Xiamen) Co., Ltd.; Director of FormoLight Technologies, Inc.; Chairman of Epistar JV Holding (BVI) Co., Ltd.; Chairman of GV Semiconductor Inc. The abovementioned companies are all direct or indirect reinvestees of Ennostar. Director of Long Benefit Investment Co., Ltd.; Chairman of TEK Holding Co., Ltd; and Chairman of Keyway International L.L.C. The three companies are all direct or indirect reinvestees of Tyntek Corporation.
2. Director Shuan-Lang Peng concurrently serves as Chairman of AU Optonics Corp (TWSE: 2409); Director of Qisda Corporation; Chairman of AU Optonics (Suzhou) Corp., Ltd.; Chairman of AU Optonics (Xiamen) Corp., Ltd.; Chairman of AU Optonics (Shanghai) Corp., Ltd.; Chairman of AU Optonics (Kunshan) Corp., Ltd.; Executive Director of AUO Trading (Shanghai) Co., Ltd; Chairman of AUO Singapore Pte. Ltd.; Director of AU OPTRONICS (L) CORP; Chairman of Kang Li Investment Co., Ltd.; Chairman of Long Li Investment Co., Ltd.; Director of AUO Digitech (CAYMAN) Limited; Director of AUO Digitech Holding Limited; Director of AUO Digitech Pte. Ltd., and Chairman of AUO Digital Service (Suzhou) Ltd.
3. Director Feng Cheng Su concurrently serves as Chairman and CEO of Lextar Electronics Corp.; Chairman of Yenrich Technology Corporation; Chairman of Liang Li Venture Corp.; Chairman of Wellybond Corporation; Director of Wellypower Optonics Corporation; Director of Apower Optonics Corporation; Chairman of Hexawave, Inc. and WellyWave Semiconductors Inc.; Chairman of Trendylite Corporation; Chairman of Vogito Innovation Co., Ltd.; Director of WELLYHERTZ ELECTRONICS CORP.; Director of Wellybond Optonics (H.K.) Corporation; Director of LEXTAR ELECTRONICS (XIAMAN) CO., LTD; Director of LEXTAR ELECTRONICS (CHUZHOU) CORP. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
4. Director, Chin-Yung Fan, concurrently serves as Chairman and CEO of EPISTAR Corporation; Chairman of Lighting Investment Corp.; Director of Luxlite (Shenzhen) Corporation Limited; Director of Epicrystal Corporation (ChangZhou) Ltd.; Director of Jiangsu Canyang Optoelectronics Ltd.; Director of Shenzhen Epikylin Optoelectronics Co.,Ltd.; Director of TE OPTO CORPORATION; Director of Episky(Hong Kong)Ltd.; Chairman of Lighting Investment Ltd.; Director of LiteStar JV Holding (BVI) Co., Ltd.; Director of Epicrystal (Hong Kong) Co., Ltd.; Director of Luxlite (HK) Corporation Limited; Director of HUGA Holding (Samoa) Limited; Director of Epistar (Hong Kong) Limited; and Chairman of Can Yang Investments Limited. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
5. Independent Director, Wei-Min Sheng concurrently serves as the Independent Director and member of the Remuneration Committee of Episil-Precision Inc. (TWSE: 3016); Independent Director of Advanced Lithium Electrochemistry (Cayman) Co., Ltd. (TPEX: 5227); and Independent Director and member of the Remuneration Committee of UPI Semiconductor Corp (TWSE: 6719).
6. Independent Director, Sheng-Tai Weng concurrently serves as the Independent Director and member of the Remuneration Committee of ONANO INDUSTRIAL CORP. (TWSE: 6405); Independent Director and member of the Remuneration Committee of GEM Services (TWSE: 6525); Director of E-PIN OPTICAL INDUSTRY CO., LTD., and Director of TaiYi International Investment Ltd.

7. Independent Director, Ji-Yen Liang concurrently serves as Director of FLEXIUM INTERCONNECT INC (TWSE: 6269), Independent Director and member of the Remuneration Committee of Excellance MOS Corporation (TPEX: 5299); Member of the Remuneration Committee of Sesoda Corp (TWSE: 1708); Member of the Remuneration Committee of SHINKONG TEXTILE CO., LTD. (TWSE: 1419); Supervisor of NTUT Star JV Co., Ltd, and Director of Yuwei Asset Management Co., Ltd.
 8. Independent Director, Hsien-He Sheng concurrently serves as Director of Anpec Electronics Corporation. (TPEX: 6138); Director of C Sun MFG. Ltd (TWSE: 2467); Director of TAIWAN SURFACE MOUNTING TECHNOLOGY CORP. (TWSE: 6278), and Director of CHEM TEC CORPORATION CO., LTD.
 9. Independent Director, Wei-Cheng Wang concurrently serves as Independent Director and member of the Remuneration Committee of Taiwan mask corporation (TWSE: 2338); Director and member of the Remuneration Committee of FEATURE INTEGRATION TECHNOLOGY INC. (Emerging: 4951).
- Mr. Wei-Cheng Wang has served as the CPA stationed in Hsinchu Science Park of PwC, Taiwan (hereafter "PwC") for a long time (30 years). He is very experienced in finance and accounting, while growing along with the high technology industries in Taiwan, with deep knowledge of the needs of the Company and the industry. During 1998 to 2006, he served as the attesting CPAs for EPISTAR, and retired from PwC in June 2018. He is qualified for the independence requirements set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies

Major shareholders of corporate shareholders

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding percentage (%)
AU Optronics Corp (Note)	Qisda Corporation	6.90
	Trusted property account of the employee shareholding trust management committee, AU Optronics Corp, custody of SinoPac Commercial Bank	4.88
	Quanta Computer Incorporated	4.61
	Global Depository Receipt Account of AU Optronics Corp, trusted to Citibank	2.63
	Dedicate Account of Yuanta Taiwan Dividend Plus ETF, under custody of CTBC	1.40
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.05
	Labor retirement fund (New system)	0.91
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.79
	Goldman Sach Investment Account, under custody of Taipei Branch, HSBC	0.77
	Fubon Life Insurance Co., Ltd.	0.62

Note: record on the shareholder roster at the book closure day, June 28, 2021.

The major shareholders of the major shareholder in the table above are corporate

Name of corporate	Major shareholder of corporate	Shareholding percentage (%)
Qisda Corporation (Note 1)	AU Optronics Corp	17.04
	Acer Incorporated	4.15
	Kang Li Investment Co., Ltd.	2.55
	DARFON ELECTRONICS CORP	1.86
	UBS Europe SE Investment Account, under custody of CITI (Taiwan) Commercial Bank	1.12
	Norges Bank Investment Account under custody of CITI (Taiwan) Commercial Bank	1.06
	Citibank Taiwan Ltd. acting as custodian for the investment account of Polunin Emerging Market Funds	1.02
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1.00
	Trust Account for Employee's Shareholding of Qisda Corporation, under custody of	0.94

Name of corporate	Major shareholder of corporate	Shareholding percentage (%)
	Taishin International Commercial Bank	
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.91
Quanta Computer Incorporated (Note 2)	Chien Yu Investment Co., Ltd	14.82
	Barry Lam	10.76
	Citibank Taiwan Ltd. acting as custodian for Government of Singapore Investment Account	2.84
	Chee-Chun Leung	2.14
	Labor retirement fund (New system)	2.13
	Proprietary Account for Properties of Ms. Ho, Sa, under custody of Mega Bank	2.07
	Yi Chia Hsin Investment Co., Ltd	1.64
	Cathay Life Insurance Co., Ltd.	1.64
	Nan Shan Life Insurance Company, Ltd.	1.60
	Hsin Ming Investment Co., Ltd	1.57
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.00

Note 1: information recorded in the shareholder roster at the book closure date, April 26, 2021.

Note 2: information recorded in the shareholder roster at the book closure date, April 20, 2021.

Title	Condition Name	Gender	Age range	Professional knowledge and skills		Major experience		Concurrent Managerial officers	Term of Office			Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
				Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		3 years under	3-9 years	9 years or more		
Chairman	Bling-Jye Lee	Male	61-70 years old	✓	✓	✓	✓	✓	✓			Not applicable	0
Vice Chairman	Shuan-Lang Peng	Male	61-70 years old		✓		✓	✓	✓			Not applicable	0
Director	Feng Cheng Su	Male	61-70 years old	✓	✓	✓	✓	✓	✓			Not applicable	0
Director	Chin-Yung Fan	Male	51-60 years old		✓		✓	✓	✓			Not applicable	0
Independent Director	Wei-Min Sheng	Male	61-70 years old	✓	✓		✓		✓			Please refer to Page 16~18	3
Independent Director	Sheng-Tai Weng	Male	71 years old or more	✓	✓		✓		✓				2
Independent Director	Ji-Yen Liang	Male	61-70 years old	✓	✓		✓		✓				1
Independent Director	Hsien-He Sheng	Male	61-70 years old	✓	✓		✓		✓				0
Independent Director	Wei-Cheng Wang	Male	61-70 years old	✓			✓		✓				2

Note: Mark "✓" if the condition is met

- The board members are all nationals of the R.O.C., without circumstance specified in Article 30 of the Company Act, nor related to each other as spouse or relatives within 2nd degree kinship.
- The average age of the directors is 64 years old, and 33% of the directors also serve as the employees of the Company; 56% of them are independent directors, and 0% of them are female. In the future, for the nominees of board members, Ennostar does not exclude the possibility of introducing female directors.
- All the independent directors of the first term do not serve more than three terms in row.

Board diversity policy and information of independence

The board of directors prudently evaluates and makes decisions on the business strategies and guidelines of Ennostar, to enhance the Company's performance and protects shareholders' interest; meanwhile, Ennostar strictly observe the relevant laws and regulations to determine and evaluate the independence of independent directors. In addition to arranging continuing education for directors every year, the continual assessment to individual director is conducted, to ensure that the board maintains new perspectives and continues to optimize corporate governance.

All members of the board of directors have rich experiences and expertise in terms of knowledge, skills, industry knowledge, finance, commercial and management required to perform their duties. All independent directors are able to exercise their powers objectively, and meet the independence qualifications required by laws and regulations. The Company has added five seats of independent directors in 2021, and the number of independent directors exceeds half of all directors.

Through self-assessment, the professional competence and industry analysis of Ennostar's board members is described as follows:

Title	Condition Name	Make judgments about operations ability	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective.	Leadership ability	Decision-making ability
Chairman	Bling-Jye Lee	✓	✓	✓	✓	✓	✓	✓	✓
Vice Chairman	Shuan-Lang Peng	✓		✓	✓	✓	✓	✓	✓
Director	Feng Cheng Su	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chin-Yung Fan	✓		✓	✓	✓		✓	✓
Independent Director	Wei-Min Sheng	✓	✓	✓	✓	✓		✓	
Independent Director	Sheng-Tai Weng	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Ji-Yen Liang	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Hsien-He Sheng	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei-Cheng Wang		✓			✓			

Note: Mark "✓" if the condition is met

I. Directors serving as managerial officers

Bling-Jye Lee, Chin-Yung Fan, and Feng Cheng Su are all the key managerial officers of the Company, in charge of leading Ennostar's industrial cooperation strategies from upstream to downstream.

(I) Chairman, Bling-Jye Lee

Concurrently serving as the president of Ennostar. With the background of Ph. D degree in Chemical Engineering and electro-optics, he focuses on laser diodes epitaxy R&D and mass-production method, and is a pioneer in MOCVD technology development in Taiwan. He has the expertise to lead the team commercialize the patented technologies into end-products. He is one of the founder of the subsidiary, EPISTAR and the chairman of Tyntek.

(II) Director, Feng Cheng Su

Dr. Feng Cheng Su joined GE in the U.S. in 1986, engaging in the research of aviation electronic application of TFT-LCD. In 1990, he returned to Taiwan and joined Unipac Optoelectronics Corporation, and served as head of R&D, QA, and manufacturing of TFT-LCD, and participated in building the first TFT-LCD plant in Taiwan. Joined AU Optonics Corp in 2001 as the President of Consumer Display Business Group, and founded Lextar Electronics Corp. in 2008.

(III) Director, Chin-Yung Fan

Worked in the subsidiary, EPISTAR for more than two decades, and has experience in various functions inside EPISTAR, from AlGaInP and Nitride LED manufacturing management, Quality control management, Logistics management, to Sales & Marketing. Currently, he is the chairman and president of EPISTAR, in charge of managing EPISTAR and leading the development of LED, long wave-length laser epitaxy and crystal grain business

II. Independent directors with industrial background and fully qualified for independence

Ennostar's independent board member of the first term are all recommended by the board of directors of Ennostar. Most of the members are from the independent directors of Epistar and Lextar. Their long-term seniority, is beneficial for them to offer insights regarding the Company's operating strategies, and positive to the overall benefits of the Company.

The Company reviews if the independent directors continuously conforms to the independence requirements set forth by laws and regulations. As of now, all the independent directors of the Company conform to the independence requirements set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies Including but not limited to the independent directors, their spouse, relatives within the second degree of kinship serving as director, supervisor, or employee of the company or any of its affiliates; not holding the Company's share, nor their spouse, the person's spouse, relatives within the second degree of kinship, or held by the person under others' names; not servicing as director, supervisor, or employee of the company having special relationship with the Company (please refer to subparagraph

5-8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and subparagraph 5-8, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange; not providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years or receiving corresponding compensation

- (I) Independent Director, Wei-Min Sheng
PhD. in Accounting, Purdue University; currently serves as Professor of Department of Public Finance in National Taichung University of Science and Technology for more than 15 years. He has experience in semiconductor, electronic components and electronic industries. He was an independent director of EPISTAR Corporation. He used to serve as an independent director and the Remuneration Committee member of Siliconware Precision Industries Co., Ltd., and participated in the share conversion for investment holding between ASE Semiconductor Engineering Inc. and Siliconware Precision Industries Co., Ltd.
- (II) Sheng-Tai Weng Independent Director
MBA, Rutgers, The State University of New Jersey; he has the industrial experience in imaging optics, opto-electronic glass slimming, and power semiconductor packaging and testing. He served as the independent director of Lextar Electronics and Vice Chairman, Ability Enterprise Co., Ltd
- (III) Ji-Yen Liang Independent Director
MBA, NCCU; with a business management and engineering background, he was an independent director of EPISTAR Corporation. He used to be the chairman of TAINET Communication System Corp. He has experience in the communication network, electronic components and semiconductor industries. He also served as a part-time lecturer in a college.
- (IV) Independent Director, Hsien-He Sheng
Having the electronic engineering background; served as independent director of Lextar Electronics Corp., as well as VP and Plant Chief of UMC, and VP of AU Optonics Corp.
- (V) Wei-Cheng Wang Independent Director
Served as the CPA stationed in Hsinchu Science Park of PwC, Taiwan; experienced in finance and accounting, while growing along with the high technology industries in Taiwan, with deep knowledge of the needs of the Company and the industry.

III. Representative of corporate shareholder who has an industrial background
Chairman of AUO, Shuang-Lang Peng, is also the vice chairman of Ennosar, and has been involved in the technology industry for more than three decades. The expertise and knowledge accumulated during this period have established his authoritative position in the display industry. Through the cooperation between the two companies, the next-generation display technology is jointly developed. Ennosar is responsible for the production of epitaxy and crystal grains in the upstream of the Micro LED industry chain, and AUO offers the experience and technologies developed during their long-time engagement of display industry. It is expected to have a deeper understanding to crystal grains and panel design, and further accelerate the pace of realizing the integration of crystal grains and panel in the future, achieving the goal of Micro LED mass production.

Succession planning and operation of key management

In addition to good communication skills, rich knowledge and skills, excellent performance and potential for development, the basic conditions required by the Company when planning the management succession program, the values identical to the Company's are also essential.

The Company conducts the successful model function evaluations for the mid-level managers and above, and develops the talents and successor team by referring to the evaluation results. In addition to allowing the talents to exert their personal expertise on-job, they are rotated to perform different tasks; and through the participation of various operating decision-making meetings, they foster the ability to formulate strategies as the development of a successor team.

The training pattern for executive successors is divided into management ability training, professional ability test, personal development plan and job rotation. The content includes production, sales, HR, R&D, and finance. Moreover, based on the results of the annual leadership and talent development assessment, the chairman and the president coach the managers; meanwhile, with the ability training at the professional institutions, participation in industry strategic planning seminars, to enable the trainees integrate and apply what they learn as the development of decision-making ability. The successor team are appointed to serve as the presidents and director of the subsidiaries (please refer to the sections of related affiliate information), to cultivate the executives to join the board of directors, and enable them to get familiar with the works of the board, as well as the business of each function of the Group. Through the trainings in subsidiaries and joint ventures, they are cultivated for the comprehensive and cross-field strategic perspective.

In addition to executives, the entry-level managers are trained actively to embrace challenges, and the gender equality policy guideline of Taiwan is implemented to increase female's participation in the Company's trainings and management.

The Company has established the “Operation and Management Committee” under the board of director, with the same term of office as the board. The chair is the chairman of the board inherently. The chair recommended three members (i.e. Shuan-Lang Peng, Chinyung Fan, Feng Cheng Su), approved by the board of directors. The Operation and Management Committee convenes meeting monthly, and may convene meeting if required. Up to now, the meetings are held regularly every month, and the 100% attendance rate of the four members demonstrate their active participation.

The powers of the “Operation and Management Committee” are as following:

- I. Analyze industry evolutions and improve the operation of the Group, formulate short, medium and long-term strategic planning and implementation, to achieve the Group's operating goals.
 - II. Formulate inter-group strategic collaboration and resource integration plans, including investment, capital increase/decrease, acquisition and disposal of major assets and financing.
 - III. Supervise the long-term cultivation plan of management successors and its implementation, and plan the job rotation and appointment of management successors in Ennostar, Epistar, Lextar Electronics and Unikorn, among the key subsidiaries.
 - IV. Changes in the chairman and CEO (general manager) of the publicly issued companies and non-100%-owned subsidiaries within the group.
 - V. Evaluate and propose the Group's organizational adjustment. (Refers to the Group's highest-level organizational structure; the organizational changes of individual companies shall be implemented based on the division of accountability measures)
- Resolutions on the aforesaid matters shall be approved by more than half of all the committee members, and the Company's authority of approval or resolution of the board is applied, as the case may be.

(II) The general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

Shareholding base date: February 28, 2022; unit: thousand shares

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Positions concurrently serving in other companies	Managerial officer who is the spouse of relative within 2nd degree kinship		
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relationship
President (Note 2)	R.O.C.	Bling-Jye Lee	Male	January 6, 2021	732,247	0.11%	737,298	0.11%	0	0.00%	President of Epistar Corporation Research fellow/supervisor, Institute of Photonics Technologies in Industrial Technology Research Institute (ITRI) Ph. D., Institute of Chemical Engineering, National Tsing Hua University	Note 1	No	No	No
Vice President	R.O.C.	Po-Yi Chang	Male	January 6, 2021	10,450	0.00%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Assistant VP, Accounting Center, AU Optonics Corp Master, CEIBS	Note 1	No	No	No
Vice President	R.O.C.	Lin-Tien Yang	Male	November 10, 2021	398	0.00%	127	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant VP, SOUTH EPITAXY CORP. Master, Institute of Business and Management, NCTU	Note 1	No	No	No
Vice President	R.O.C.	Wei, Shi	Male	January 6, 2021	15,350	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master in EE, University of South California	Note 1	No	No	No
Subsidiary CEO	R.O.C.	Feng Cheng Su	Male	January 6, 2021	946,012	0.14%	419,984	0.06%	0	0.00%	Chairman, Lextar Electronics Corp. Senior VP, AU Optonics Corp Ph.D., Materials Science and Engineering, State University of New York, Stony Brook	Note 1	No	No	No
Subsidiary President	R.O.C.	Chin-Yung Fan	Male	January 6, 2021	133,506	0.02%	31,576	0.00%	0	0.00%	President of Epistar Corporation M.A., Institute of Physics, National Central University	Note 1	No	No	No
Subsidiary President	R.O.C.	Siou Mu Tang	Male	January 6, 2021	221,730	0.04%	0	0.00%	0	0.00%	President, Lextar Electronics Corp. Vice President, Technology Integration Center, EPISTAR Corporation PhD, Chemical Engineering, National Tsing Hua University	Note 1	No	No	No

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Positions concurrently serving in other companies	Managerial officer who is the spouse of relative within 2nd degree kinship		
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relationship
Subsidiary Vice President	R.O.C.	Chen Ou	Male	January 6, 2021	1,542	0.00%	49	0.00%	0	0.00%	Vice President, EPISTAR Corporation PhD NCTU	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Ming-Da Jin	Male	January 6, 2021	100,000	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master, Institute of Electrophysics	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Ming-Xun Hsieh	Male	January 6, 2021	337	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation PhD, Power Mechanical Engineering, National Tsing Hua University.	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chih-Jie Lai	Male	January 6, 2021	0	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant VP, Neo Solar Power Co., Ltd. Bachelor, Department of Applied Mathematics, NCTU	No	No	No	No
Subsidiary Vice President	R.O.C.	Li-Cheng Hung	Female	January 6, 2021	0	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation B.A., Department of Electrical and Electronics Engineering, Kun Shan College	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chung-Ming Weng	Male	November 10, 2021	30,000	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant President, DARWIN PRECISIONS CORPORATION Master, Institute of Photonics, NCTU	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chia-Lin Chen	Male	November 10, 2021	0	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master, Institute of Management Science, NCTU Master, Institute of Chemical Engineering	No	No	No	No
Subsidiary Vice President	R.O.C.	Meng-Yi Lin	Male	January 6, 2021	243,646	0.04%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Vice President, EPISTAR Corporation PhD, Physics, Purdue University	Note 1	No	No	No

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Positions concurrently serving in other companies	Managerial officer who is the spouse of relative within 2nd degree kinship		
					Shares	Share holding %	Shares	Share holding %	Shares	Share holding %			Title	Name	Relationship
Subsidiary Vice President	R.O.C.	Cun Jhong Li	Male	January 6, 2021	19,250	0.00%	5,000	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. CSO and COO, NICHE-TECH GROUP LIMITED MBA, UC Berkeley	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chao-Nien Huang	Male	January 6, 2021	112,751	0.02%	6,500	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Vice President, EPISTAR Corporation Master, Institute of Mining and Material Engineering, NCKU	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Wan-Ji Hsu	Male	January 6, 2021	323	0.00%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Assistant VP, AU Optonics Corp M.A., Institute of Physics, National Central University	Note 1	No	No	No

Note 1: Please refer to the information of directors and supervisors of the affiliates under the section of Special items to be included in the annual report (page 202-210) for the positions in the affiliates that the managerial officers concurrently serve.

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

With the comprehensive considerations of the board members' independent, and the competency and necessity of managerial officers, and to enhance the operation and management efficiency and execution of decision-making, pursuant to Article 4 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the seats of independent directors were added to five in 2021, and became the majority of the all board members. it is believed that the governance framework of the board is sufficient to oversee the Company's key decision-making and protect the shareholders' value.

(III) Remuneration Paid to Directors, General Manager and Vice President in the most recent year

1. Remuneration Paid to Directors

Title	Name	Director Remuneration						Total of the Four Items (A+B+C+D) as a% of Net Income after tax		Compensation for serving as employee concurrently				Total of the Seven Items (A+B+C+D+E+F+G) as a% of Net Income after tax		Any remuneration outside of subsidiaries from reinvestment businesses or the parent company		
		Compensation (A)		Pension (B)		Compensation to Directors (C)		Expenses of conducting business (D)		Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee remunerations (G)			Total: 44,463 Ratio: 2.04	Total: 102,426 Ratio: 4.70
		The Company	Finance All companies in the report	The Company	Finance All companies in the report	The Company	Finance All companies in the report	The Company	Finance All companies in the report	Cash amount	Share amount	Cash amount	Share amount					
Chairman	Bling-Jye Lee																	
Vice Chairman	AU Optonics Corp																	
	Representative: Shuan-Lang Peng																	
Director	Feng Cheng Su	6,019	6,019	0	0	14,876	14,876	460	460	16,628	40,967	0	25,524	6,480	0	14,580	0	
Director	Chin-Yung Fan																	
Previous director (Note 1)	Ming-Han Investment Ltd.																	
	Representative: Shi-Hsien Chang																	
Independent Director	Wei-Min Sheng																	
Independent Director	Sheng-Tai Weng																	
Independent Director	Ji-Yen Liang	3,033	3,033	0	0	5,364	5,364	280	280	0	0	0	0	0	0	0	0	
Independent Director	Hsien-He Sheng																	
Independent Director	Wei-Cheng Wang																	

Note 1: Discharged upon the by-election of independent directors on August 11, 2021.

Note 2: The five independent directors were appointed for the first time on August 11, 2021.

Note 3: The Company is a new company incorporated by means of share conversion pursuant to Business Mergers And Acquisitions Act. Mr. Bing-Jye Lee retired from EPISTAR Corporation. The retirement benefits of employees and severance payment comply with the "Procedures for Retirement and Severance of Appointed Managerial Officers and Director Concurrently Serving as Employees." Mr. Shi-Hsien Chang was CFO of EPISTAR Corporation, and retired on September 30, 2021, and receives pension from retirement pursuant to laws.

Note 4: In 2021, for the remuneration received by directors for providing services to all companies in the financial report (such as serving as a non-employee consultant), except that Chairman Bing-Jye Lee served as a representative of the corporate director in the reinvestee, GCS Holding (TPEX: 4991), and received the said company's transportation subsidy for attending the board meetings, no director received any remuneration for positions other than directors or employees of all companies in the financial report (i.e. the Company or its subsidiaries).

A: Remuneration to directors in 2021 (including director's salary, duty allowance, severance pay, bonus and reward, et al.)

B: the provision

C: Amount of distributed remuneration to directors approved by the board in 2021 (temporarily accounted as the proposed amount for directors and supervisors).

D: 2021 expense for directors to conduct business (transportation subsidy, allowance, various subsidies, or provision in kind, e.g. dorm and car).

E: Salaries, allowance, severance pay, bonus, incentives, transportation subsidy, special disbursement, subsidies, or provision in kind, e.g. dorm and car, as well as the compensations expenses recognized based on IFRS 2, "Share-Based Payment received by the directors for their concurrent service as the employee (including concurrently serving as president, vice president, other managerial officers or employee in 2021).

F: Retirement benefits and payment of severance pay comply with the regulations, and the Company's "Procedures for Resignation and Retirement of the Appointed Managerial Officers and Directors Serving as Labor."

G: For the amount of 2021 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage of EPISTAR and Lextar.

Net income after tax: refers to the net income after tax in 2021 parent-only financial statements, NT\$2,178,349 thousand

Range of Remuneration

Unit: NT\$

Range of Remuneration Paid to Each Director	Name of Directors			
	Total of first four remunerations (A to D)		Total of first seven remunerations (A to G)	
	The Company	All companies in financial reports	The Company	Parent and all reinvestees
NT\$0~ NT\$ 999,999	No	No	No	No
NT\$1,000,000 ~ NT\$1,999,999	Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng Hsien He, Sheng, Wei-Cheng Wang	Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng Hsien He, Sheng, Wei-Cheng Wang	Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng Hsien He, Sheng, Wei-Cheng Wang	Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng Hsien He, Sheng, Wei-Cheng Wang
NT\$2,000,000 ~ NT\$3,499,999	Ming-Han Investment Ltd. and the representative, Shi-Hsien Chang	Ming-Han Investment Ltd. and the representative, Shi-Hsien Chang	No	No
NT\$3,500,000 ~ NT\$4,999,999	AU Optronics and the Representative: Shuan-Lang Peng, Chin-Yung Fan, Feng Cheng Su	AU Optronics and the Representative: Shuan-Lang Peng, Chin-Yung Fan, Feng Cheng Su	AU Opti and the Representative: Shuan-Lang Peng, Chin-Yung Fan, Feng Cheng Su Ming-Han Investment Ltd. and the representative, Shi-Hsien Chang	AU Optronics and the Representative: Shuan-Lang Peng
NT\$5,000,000 ~ NT\$9,999,999	Bling-Jye Lee	Bling-Jye Lee	No	Ming-Han Investment Ltd. and the representative, Shi-Hsien Chang
NT\$10,000,000 ~ NT\$14,999,999	No	No	No	Chin-Yung Fan, Feng Cheng Su
NT\$15,000,000 ~ NT\$29,999,999	No	No	Bling-Jye Lee	Bling-Jye Lee
NT\$30,000,000~ NT\$49,999,999	No	No	No	No
NT\$50,000,000 ~ NT\$99,999,999	No	No	No	No
Over NT\$100,000,000	No	No	No	No
Total	10	10	10	10

Directors Bling-Jye Lee and Shi-Hsien Chang who also serve as the Company's employees, received pension from the retirement from EPISTAR Corporation, and thus the remuneration range changed.

Supervisor's remuneration

December 31, 2021 Unit: NT\$ thousand										
Title	Name	Supervisor's remuneration						Total of the Four Items (A+B+C) as a% of Net Income after tax		Any remuneration outside of subsidiaries from re-investments or the parent company
		Salary (A)		Compensation (B)		Expenses of conducting business (C)		The Company	All companies in financial reports	
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports			
Previous supervisor	Yu-De Hung									
Previous supervisor	Kang Li Investment Co., Ltd.	1,190	1,190	4,234	4,234	120	120	Total: 5,543 Ratio: 0.25	Total: 5,543 Ratio: 0.25	None
	Representative: Yi-Liang Chen									

Note: All supervisors were discharged when five independent directors were elected and form the Audit Committee to replace supervisors on August 11, 2021

A: Fixed supervisor's compensation.

B. Amount of distributed remuneration to supervisors approved by the board in 2021 (temporarily accounted as the proposed amount for directors and supervisors).

C. 2021 supervisors' expenses of conducting business (transportation subsidy included).

Net income after tax: refers to the net income after tax in 2021 parent-only financial statements, NT\$2,178,349 thousand

Range of Remuneration

Unit: NT\$

Range of remuneration paid to each supervisors	Name of supervisor	
	Total of first three remunerations (A to C)	
	The Company	All companies in financial reports
NT\$0~ NT\$ 999,999	No	No
NT\$1,000,000 ~ NT\$1,999,999	No	No
NT\$2,000,000 ~ NT\$3,499,999	Yu-De Hung, Kang Li Investment Co., Ltd., and its Representative, Yi-Liang Chen	Yu-De Hung, Kang Li Investment Co., Ltd., and its Representative, Yi-Liang Chen
NT\$3,500,000 ~ NT\$4,999,999	No	No
NT\$5,000,000 ~ NT\$9,999,999	No	No
NT\$10,000,000 ~ NT\$14,999,999	No	No
NT\$15,000,000 ~ NT\$29,999,999	No	No
NT\$30,000,000~ NT\$49,999,999	No	No
NT\$50,000,000 ~ NT\$99,999,999	No	No
Over NT\$100,000,000	No	No
Total	2	2

3. Remuneration Paid to President and Vice President

December 31, 2021 Unit: NT\$ thousand														
Title	Name	Salary (A)		Pension (B)		Bonus and allowance (C)		Amount of employee's remuneration (D)				Total of (A+B+C+D) and percentage to net income after tax (%)		Any remuneration outside of subsidiaries from re-invested businesses or the parent company
		The Company	All companies in financial reports	The Company	All companies in financial reports	The Company	All companies in financial reports		The Company	All companies in consolidated financial report				
							Cash amount	Share amount			Cash amount	Share amount		
President	Bling-Jye Lee													
Vice President	Po-Yi Chang													
Vice President	Lin-Tien Yang (Note 2)													
Vice President	Wei, Shi													
Vice President	Teng Huei Huang													
Vice President	Shi-Hsien Chang (Note 1)													
CEO of the subsidiary	Feng Cheng Su													
President of the subsidiary	Chin-Yung Fan													
President of the subsidiary	Siou Mu Tang													
Vice President of the subsidiary	Chen Ou	17,104	68,414	0	26,784	8,730	52,989	15,590	0	51,680	0	Total: 41,424 Ratio: 1.90	Total: 199,867 Ratio: 9.18	648
Vice President of the subsidiary	Ming-Da Jin													
Vice President of the subsidiary	Ming-Xun Hsieh													
Vice President of the subsidiary	Chih-Jie Lai													
Vice President of the subsidiary	Li-Cheng Hung													
Vice President of the subsidiary	Chung-Ming Weng													
Vice President of the subsidiary	Chia-Lin Chen													
Vice President of the subsidiary	Meng-Yi Lin													
Vice President of the subsidiary	Cun Jhong Li													
Vice President of the subsidiary	Chao-Nien Huang													
Vice President of the subsidiary	Wan-Ji Hsu													

Note 1: Vice President, Mr. Teng Huei Huang, and Mr. Shi-Hsien Chang, retired on December 30, 2021 and September 30, 2021, respectively. Mr. Biing-Jye Lee retired from Epistar on January 5, 2021.

Note 2: Newly appointed as a managerial officer on November 10, 2021.

A: 2021 salaries, allowance, and severance pay of the president and vice president.

B: the provision

C: Bonus, incentives, transportation subsidy, special disbursement, subsidies, or provision in kind, e.g. dorm and car, as well as the compensations expenses recognized based on IFRS 2, "Share-Based Payment received by the president and vice presidents in 2021."

D: For the amount of 2021 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage of EPISTAR and Lextar.

Net income after tax: refers to the net income after tax in 2021 parent-only financial statements, NT\$2,178,349 thousand

Range of Remuneration

Remuneration Range Paid to President and Vice Presidents	Name of President and Vice Presidents		Unit: NT\$
	The Company	Parent and all reinvestees	
NT\$0~ NT\$ 999,999	No	No	
NT\$1,000,000 ~ NT\$1,999,999	No	Chia-Lin Chen, and Chung-Ming Weng	
NT\$2,000,000 ~ NT\$3,499,999	Shi-Hsien Chang	No	
NT\$3,500,000 ~ NT\$4,999,999	Teng Huei Huang, Lin-Tien Yang, Wei Shi	Teng Huei Huang, Lin-Tien Yang,	
NT\$5,000,000 ~ NT\$9,999,999	Po-Yi Chang	Siou Mu Tang, Po-Yi Chang, Wei Shi, Wan-Ji Hsu, Chih-Jie Lai, Meng-Yi Lin,	
		Chao-Nien Huang, Cun Jhong Li, Shi-Hsien Chang, Li-Cheng Hung	
		Feng Cheng Su, Chen Ou, Chin Ming-Ta, Ming-Xun Hsieh	
		Chin-Yung Fan	
NT\$10,000,000 ~ NT\$14,999,999	No	Bling-Jye Lee	
NT\$15,000,000 ~ NT\$29,999,999	No	No	
NT\$30,000,000~ NT\$49,999,999	No	No	
NT\$50,000,000 ~ NT\$99,999,999	No	No	
Over NT\$100,000,000	No	No	
Total	6	20	

Note 1: Mr. Lin-Tien Yang, Mr. Chia-Lin Chen, and Mr. Chung-Ming Weng were appointed as managerial officers by the board of directors on November 10, 2021; and their remuneration calculation period starts from the month when the board of directors appointed them as managerial officers.

Note 1: Mr. Teng Huei Huang, and Mr. Shi-Hsien Chang, retired on December 30, 2021 and September 30, 2021, respectively.

Name of Managerial Officers Received Employee Remunerations and the Distribution

Title and Name				December 31, 2021			Unit: NT\$ thousand
Title	Name	Title	Name	Share amount	Cash amount	Total	Total to the net income after tax (%)
President	Bling-Jye Lee	Vice President of the subsidiary	Ming-Xun Hsieh	0	51,680	51,680	2.37
Vice President	Po-Yi Chang	Vice President of the subsidiary	Chih-Jie Lai				
Vice President	Lin-Tien Yang	Vice President of the subsidiary	Li-Cheng Hung				
Vice President	Wei, Shi	Vice President of the subsidiary	Chung-Ming Weng				
President of the subsidiary	Chin-Yung Fan	Vice President of the subsidiary	Chia-Lin Chen				
CEO of the subsidiary	Feng Cheng Su	Vice President of the subsidiary	Meng-Yi Lin				
President of the subsidiary	Siou Mu Tang	Vice President of the subsidiary	Cun Jhong Li				
Vice President of the subsidiary	Chen Ou	Vice President of the subsidiary	Chao-Nien Huang				
Vice President of the subsidiary	Ming-Da Jin	Vice President of the subsidiary	Wan-Ji Hsu				

Note 1: For the amount of 2021 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage of EPISTAR and Lextar.

Note 2: Net income after tax: refers to the net income after tax in 2021 parent-only financial statements, NT\$2,178,349 thousand.

(IV) Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Remunerations of directors (independent director include) and supervisors.

The remuneration of directors is recommended by the Remuneration Committee, and submitted to the board of directors for resolution:

- (1) Variable remuneration (i.e. director's remuneration distributed from earnings) is determined by the board of directors based on the percentage set forth in the Articles of Incorporation (i.e. 1% of the profit for the year), by the resolution adopted by the majority of the attending directors in a meeting attended by two-thirds of the board of directors for distribution, and reported to the shareholders' meeting; the independent directors are eligible for distribution.

The Company prescribed the relevant measures for the performance evaluation of the board and each functional committee in 2021. Every year, the self-evaluation is conducted regularly for the board of directors, individual directors, or members of various functional committees. The results of their performance evaluation are included in the consideration of individual remuneration.

(2) Fixed remuneration

By considering that independent directors are required to possess work or industrial experience in professional fields, expertise in corporate governance and ESG, and considerable understanding of the Company for them to offer deep insights for the Company's business strategy, and being obviously helpful when judging and performing duties; Also, by considering the laws and regulations impose independent directors for certain responsibilities and obligations, and based on the degree of participation of directors/independent directors in the Company's operations and the value of their contributions, while referring to industry standards and benchmark companies in other industries, each director/independent director is paid with a fixed annual salary. If a director also serves as the chair of a functional committee, the weight will be multiplied by a certain percentage.

(3) Attendance subsidy

The attendance of directors and members of functional committees will be subsidized for attendance allowance/transportation subsidies.

2. Remuneration of president and vice presidents

The remuneration of the president and vice presidents includes salary, bonus, employee remuneration and rewards as share-based payment.

(1) Fixed salary

It has to maintain competitiveness with the market standards. The salary adjustment multitude is based on the consideration of personal performance, operational performance of department, business strategy capability and the Company's operating conditions, for planning budgets while complying with the Company's HR regulations. The Remuneration Committee provide advice based on the salary level among peers, for the resolution of the board.

(2) Employee remuneration

Employee remuneration is determined pursuant to the Articles of Incorporation, i.e. within 10% to 20% of the profit for the year (currently, the estimation basis is 10%), and it shall be resolved by the majority of the attending directors in a meeting attended by two-thirds of the board of directors for distribution, and reported to the shareholders' meeting. Of which, the remunerations of the president and vice presidents will refer to the Company's operating performance, combining the core ability to develop ESG, and internalize ESG into the Group's DNA, while properly linking the ESG management guidelines and implementation effectiveness, as an reference for promotion goals of ESG and the Sustainability Committee.

(3) Reward with share-based payment

A. Treasury Shares

The subsidiary Epistar repurchased treasury shares from November 15 2018 to January 11, 2019 for the purpose of transferring to employees. Pursuant to the "Procedures for Transferring Repurchased Shares to Employees," the shares were transferred to employees on August 31, 2021. For the purpose of employee retention, the transfer list does not involve managerial officers.

B. Restricted Stock Awards ("RSA")

The subsidiary, Lextar Electronics Corp. issued RSA in 2018. Pursuant to the Procedures of RSA, the vested shares were calculated based on the EPS indicator in Lextar's financial reports, and the personal performance of employees. The RSA has the last tranche of 935,000 shares, and will be expired on March 20, 2022 (based on the EPS indicator in Lextar's financial reports multiplied by personal performance). The shares will be cancelled if the vesting conditions are not met.

Title	Remuneration of Directors, Supervisors, Presidents and Vice Presidents to Net Income After Tax in Parent-Only Financial Statements (%)			
	2020		2021	
	The Company	All companies in financial reports	The Company	All companies in financial reports
Director	Not applicable	Not applicable	1.38	1.38
Supervisor	Not applicable	Not applicable	0.25	0.25
Presidents and Vice Presidents	Not applicable	Not applicable	1.90	9.18

Note 1: The Company was incorporated on January 6, 2021; the net income after tax in 2021 parent-only financial statements was NT\$2,178,349 thousand.

Note 2: mainly receiving pensions from the subsidiaries (EPISTAR and Lextar Electronics), and the variable bonus (incentive bonuses and performance bonuses) based on operating; the employees remuneration (bonus-sharing) is the proposed amount.

III. Implementation of Corporate Governance

(I) Board of Directors Meeting Status

Ten (A) meetings were held by the board of directors in 2021 (meeting dates: January 6, March 9, May 13, May 28, June 24, July 13, August 12, August 31, November 10, and December 16). The attendance of the directors as the following:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Actual attendance rate (B/A)	Remarks
Chairman	Biing-Jye Lee	10	0	100.0%	
Vice Chairman	AU Optronics Corp Representative: Shuan-Lang Peng	10	0	100.0%	
Director	Feng Cheng Su	10	0	100.0%	
Director	Chin-Yung Fan	10	0	100.0%	
Independent Director	Wei-Min Sheng	4	0	100.0%	Newly-elected on August 11, 2021
Independent Director	Sheng-Tai Weng	4	0	100.0%	Newly-elected on August 11, 2021
Independent Director	Ji-Yen Liang	4	0	100.0%	Newly-elected on August 11, 2021

Title	Name	Attendance in Person (B)	Attendance By Proxy	Actual attendance rate (B/A)	Remarks
Independent Director	Wei-Min Sheng	4	0	100.0%	Newly-elected on August 11, 2021
Independent Director	Wei-Cheng Wang	4	0	100.0%	Newly-elected on August 11, 2021
Director	Ming-Han Investment Ltd. Representative: Shi-Hsien Chang	6	0	100.0%	Discharged on August 11, 2021
Supervisor	Yu-De Hung	6	0	100.0%	Discharged on August 11, 2021
Supervisor	Kang Li Investment Co., Ltd. Representative: Yi-Liang Chen	6	0	100.0%	Discharged on August 11, 2021

Note: Total actual attendance rates/total attendance rates to be fulfilled] of all directors attained 100% in 2021.

Other matters to be specified

1、Where the Board of Directors' operation meets any of the following circumstances, please clearly state the

directors' meeting date, term, contents of motions and resolution thereof, opinions of all independent directors and the Company's handling of said opinions:

- (1) Securities and Exchange Act §14-3 resolutions: the Company has established the Audit Committee, and the Securities and Exchange Act §14-3 is not applicable. For the explanations of circumstances specified in Securities and Exchange Act §14-5, please refer to the operation of the Audit Committee (Page 40).
- (2) Other than the aforesaid matters, other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: none.

2、Recusals of Directors due to conflicts of interests

Term/Meeting Date	Proposal	Recused director	Status
1-2 January 6, 2021	Appointing the president	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Appointing the accounting officer, financial officer, audit officer, and corporate governance officer.	Director, Shi-Hsien Chang	Director Shi-Hsien Chang recused himself from discussion and voting; other directors approve the proposal without dissent.

Term/Meeting Date	Proposal	Recused director	Status
	Appointing the vice presidents	Director, Shi-Hsien Chang	Director Shi-Hsien Chang recused himself from discussion and voting; other directors approve the proposal without dissent.
	Approve the managerial officers for competing and concurrently serving as managerial officers in other companies.	Director, Shi-Hsien Chang	Director Shi-Hsien Chang recused himself from discussion and voting; other directors approve the proposal without dissent.
1-3 March 9, 2021	Recommendation of salaries to the managerial officers	Chairman, Biing-Jye Lee; Director, Shi-Hsien Chang	Directors Biing-Jye Lee and Shi-Hsien Chang both serve as the Company's employees, and thus recused from discussion. The remaining directors approve the proposal.
	Procedures for retirement compensation to employees concurrently serving the chairman and/or president.	Chairman Biing-Jye Lee; Directors Feng Cheng Su, Chin-Yung Fan, and Shi-Hsien Chang	Chairman Biing-Jye Lee; Directors Feng Cheng Su, Chin-Yung Fan, and Shi-Hsien Chang also serve as the Company's employees, and thus recused from discussion. The remaining directors approve the proposal.
	Recommendation of salary adjustment and incentives to managerial officers in 2021	Chairman, Biing-Jye Lee; Director, Shi-Hsien Chang	Directors Biing-Jye Lee and Shi-Hsien Chang both serve as the Company's employees, and thus recused from discussion. The remaining directors approve the proposal.
1-4 May 13, 2021 1-4 May 13, 2021	It is intended to participate in the 2021 cash capital increase of Unikorn by issuing common shares	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee, recused himself by leaving the seat as he serves the Representative of Corporate Shareholders for Unikorn Semiconductor Corporation, without participating discussion and voting; the remaining directors approved without dissent.
	Agree to the managerial officers to compete and serve as managerial officers concurrently.	Chairman Biing-Jye Lee; Directors Chin-Yung Fan, and Shi-Hsien Chang	Chairman Biing-Jye Lee; Directors Chin-Yung Fan, and Shi-Hsien Chang left the seat or recused, not participated the discussion and voting; other directors approved without dissent.
1-6 June 24, 2021	Approved the permission for directors to compete.	Chairman, Biing-Jye Lee, Directors	Chairman, Biing-Jye Lee, Directors Shuan-Lang Peng and Chin-Yung Fan recused themselves by leaving seats

Term/Meeting Date	Proposal	Recused director	Status
		Shuan-Lang Peng and Chin-Yung Fan	respectively, without participating discussion and voting; the remaining directors approved without dissent.
1-8 August 12, 2021	The Company intends to acquire common shares of Amengine Corporation from related parties.	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee recused himself by leaving the seat as he serves a director of Amengine Corporation, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
	The Company and the 100% owned Harvestar Investment intend to jointly increase the investment in Tyntek Corporation (TWSE: 2426).	Chairman, Biing-Jye Lee, Directors Feng Cheng Su and Chin-Yung Fan	Mr. Biing-Jye Lee as a director of Tyntek Corporation, Mr. Chin-Yung Fan as a director of Epitstar, and Mr. Feng Cheng Su, as director of Lextar, recused themselves by leaving seats, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
	The Company and the 100% owned Harvestar Investment intend to jointly increase the investment in GCS HOLDINGS, INC. (TPEX: 4991).	Chairman, Biing-Jye Lee	Mr. Biing-Jye Lee as a director of GCS, and Mr. Chin-Yung Fan, as a director of Epitstar, recused themselves by leaving seats, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
	The Company intends to cancel the participation 2021 cash capital increase of Unikorn by subscribing shares for NT\$100 million.	Chairman, Biing-Jye Lee, Director Chin-Yung Fan	Mr. Biing-Jye Lee as a director of Unikorn, and Mr. Chin-Yung Fan, as a director of Epitstar, recused themselves by leaving seats, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
	Transfer equity of ProLight Opto Technology Corporation (emerging stock: 5277) held by the subsidiary	Director, Feng-Cheng Su and Chin-Yung Fan	Mr. Chin-Yung Fan, as a director of Lighting, and Mr. Feng-Cheng Su, as a director of Lextar Electronics recused themselves by leaving seats, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
1-9 August 31, 2021	EPISTAR intends to acquire the epitaxy and crystal	Director, Feng-Cheng Su and Chin-	Mr. Chin-Yung Fan, as a director of Epitstar, and Mr. Feng-Cheng Su, as a director

Term/Meeting Date	Proposal	Recused director	Status
	grain equipment for business use and plant of Lextar Electronics at Gongye E. 3rd Road.	Yung Fan	of Lextar Electronics recused themselves by leaving seats, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
1-10 November 10, 2021	Issued a "Letter of Intent for Cooperation of Lead Investors" to the National Development Fund to participate in "Unikorn Semiconductor Corporation."	Chairman, Biing-Jye Lee	Mr. Biing-Jye Lee recused himself by leaving the seat as he serves a director of Unikorn, without participating discussion and voting; the remaining attending directors approved the proposal as it was.
	Approved the proposal for managerial officers to compete and serve as managerial officers in other companies concurrently.	Chairman, Biing-Jye Lee	Mr. Biing-Jye Lee recused himself by leaving the seat as he concurrently serves as director and managerial officer, without participating discussion and voting; the remaining attending directors approved the proposal as it was.

3、evaluation period of the board of director

evaluation cycles	evaluation periods	evaluation scope	method of evaluation	evaluation content
Once a year	January 6 2021 to December 31, 2021	Board of director	Evaluation to each other within the board	A. Degree of participation in the company's operations B. Improvement of the quality of the board of directors' decision making; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control; and F. Corporate sustainable operation
Once a year	January 6 2021 to December 31, 2021	Individual board member	Self-assessment of director	A. Alignment of the goals and missions of the company; B. Awareness of the duties of a director C. Participation in the operation of the company; D. Management of internal relationship and communication; E. The director's professionalism and continuing education; F. Internal control

evaluation cycles	evaluation periods	evaluation scope	method of evaluation	evaluation content
Once a year	August 11, 2021 to December 31, 2021	The Audit Committee	Self-assessment of independent director	A. Participation in the operation of the company; B. The recognition of the duties of the functional committee. C. Improvement in the quality of decision making by the functional committee. D. The composition of the functional committee, and election and appointment of committee members. E. Internal control
Once a year	January 6 2021 to December 31, 2021	Remuneration Committee	Self-assessment of member	A. Participation in the operation of the company; B. The recognition of the duties of the functional committee. C. Improvement in the quality of decision making by the functional committee. D. The composition of the functional committee, and election and appointment of committee members.

Note: The composition dates of the Audit Committee and the Remuneration Committee were August 11, 2021 and January 6, 2021, respectively.

4、Evaluation of the goals to strengthen the functions of the board of directors and implementation in the current year and the most recent year

- (1) In order to enhance the depth of corporate governance, on August 11, 2021, the special shareholders' meeting completed the by-election of five independent directors, making independent directors more than half of all directors, and the Audit committee composed of all independent directors.
- (2) The Remuneration Committee is appointed by the Board of Directors with four independent directors.
- (3) In 2021, a dedicated ESG unit was officially established, and the ESG Corporate Sustainability Committee was established. The operation level ranges from the board of directors to the three major subsidiaries. Other than setting short, medium and long-term goals, the Group Sustainability Institute was also established to create an ESG atmosphere, enabling ESG to penetrate deeply to every corner of the Group. It is sought to develop ESG by combining with core capabilities, so that enterprise creates the power of "well-being" from the inside out, and internalize ESG into the Group's DNA, to continue to cultivate downward and grow upward with a cycle of goodness, and create higher enterprise value.
- (4) The chair of each committee regularly report to the board of directors on the activities and actions of the relevant committees, and invite attesting accountant to attend the Audit Committee, to fully communicate and discuss with the attesting accountants on the results of the quarterly financial report review or audit, and other relevant legal requirements, as the reference of recommendation; the separate communications between the accountants and the independent directors, and between the audit officer and independent directors are conducted, too.

5、Responsibilities of the composition of supervisors

- (1) Communication between supervisors, employees, and shareholders
It is a via the stakeholder communication channel on the Company's official website.

(2) Communication between supervisors and internal audit officers and accountants
The Company was formally incorporated on January 6, 2021; and supervisors discharged after the special shareholders' meeting on August 11, 2021.

A. After the audit report and tracking report are reviewed, they will be delivered to the supervisors for review by the end of the following month. The supervisors offer suggestions on the report, and the audit officer replies the supplementary explanations in writing and via email. The audit officer regularly report the audit operation to the supervisor in board meetings, and communicate with the supervisor for the results of the audit report and the implementation of the tracking report.

B. At the quarterly board meetings, the attesting accountants report to the supervisor on the review or audit results of the financial statements of the Company and its international and domestic subsidiaries as well as the internal control audit status.

C. The communication situation is as following

Date	Key point of communication	Result of communication
January 6, 2021	1. Established the "Internal Control System," the "Enforcement Rules for Internal Audit" and the "Measures for Self-Assessment of Internal Control System" and drafted the "2021 Annual Audit Plan."	No opinion
March 9, 2021	1. Internal audit implementation report from Q4 2020 to the end of January 2021	No opinion
May 13, 2021	1. 2021 Q1 internal audit implementation report 2. Amend some provisions of the "Internal Control System" and the "Enforcement Rules for Internal Audit"	No opinion

6、Where any supervisor expresses the opinions when participating board meetings, the date of meeting, the period, the content of the proposal, the results of the resolutions adopted by the board of directors, and the Company's treatment of the supervisors' opinions shall be specified: None.

(II) Operation of the Audit Committee

Total of five (A) Audit Committee meetings were held in 2021 (on August 12, August 31, November 10, and December 16). The independent directors' attendance is as below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Independent Director	Wei-Min Sheng	4	0	100.0%	Convener
Independent Director	Sheng-Tai Weng	4	0	100.0%	
Independent Director	Ji-Yen Liang	4	0	100.0%	
Independent Director	Hsien-He Sheng	4	0	100.0%	
Independent Director	Wei-Cheng Wang	4	0	100.0%	

Other matters to be specified

1、Matters deliberated by the Audit Committee and key tasks in 2021, mainly include:

- (1) Establish or amend the internal control system pursuant to Article 14-1 of the Securities and Exchange Act
- (2) Assess the effectiveness of the internal control system
- (3) To establish or amend the operational procedures for major financial and business conducts, including acquiring or disposing of assets, engaging in derivative trading, loaning of funds to others, or making endorsement/guarantee for others pursuant to Article 36-1 of the Securities and Exchange Act
- (4) Matters involving the interests of directors
- (5) Material asset transactions or derivative trading
- (6) Material loaning of funds, making endorsement or guarantee
- (7) Offering, issuing or private placing securities in equity nature
- (8) Appointment, dismissal or compensations of attesting accountants
- (9) Appointment and discharge of the head of finance, accounting, or internal audit
- (10) Annual financial report signed or stamped by the chairman, managerial officers, and accounting officer, and the Q2 financial report required to be audited and certified by accountants
- (11) Other material matters set forth by the Company or competent authorities

2、Where the Audit Committee's operation meets any of the following circumstances, please specify the meeting date, term, contents of proposal, independent directors' dissent, qualified opinion, or key recommendation, and resolution of the Audit Committee, as well as the Company's treatment of the Audit Committee's opinions:

(1) Matters set forth Article 14-5 of the Securities and Exchange Act and its implementation:

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
1-1 August 12, 2021	2021 Q2 financial report	All independent directors affirmed their approval and approved the proposal as it was by all the audit committee members.	The board of directors approved all proposals based on the recommendations of the Audit Committee.
	The Company intends to acquire the common share of "Amengine Corporation" from related parties		
	The Company and the 100% owned Harvestar Investment intend to jointly increase the investment in Tyntek Corporation (TWSE: 2426).		
	The Company and the 100% owned Harvestar Investment intend to jointly increase the investment in GCS HOLDINGS, INC. (TPEX: 4991).		
	The Company intends to cancel the participation 2021 cash capital increase of Unikorn by subscribing shares for NT\$100 million.		
	Transfer equity of ProLight Opto Technology Corporation (emerging		

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
	stock: 5277) held by the subsidiaries		
1-2 August 31, 2021	EPISTAR intends to acquire the epitaxy and crystal grain equipment for business use and plant of Lextar Electronics at Gongye E. 3rd Road.		
1-3 November 10, 2021	2021 Q3 financial report 2022 audit plan		
1-4 December 16, 2021	Assessing the independence and competency of the attesting accountants, and their audit of the 2022 annual remuneration of Ennostar		

(2) Except for the aforesaid matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

3、Implementation of independent directors' recusal for proposals involve personal interest: None.

4、Communications between independent directors and internal audit officers and accountants

(1) Method of communication

- A. After the audit report and tracking report are reviewed, they will be delivered to the supervisors for review by the end of the following month. The supervisors offer suggestions on the report, and the audit officer replies the supplementary explanations in writing and via email. The audit officer regularly report the audit operation to the supervisor in board meetings, and communicate with the supervisor for the results of the audit report and the implementation of the tracking report.
- B. At the quarterly board meetings, the attesting accountants report to the supervisor on the review or audit results of the financial statements of the Company and its international and domestic subsidiaries as well as the internal control audit status.
- C. In addition to the two said points, in Audit Committee meetings, all the participants would leave the meeting, to leave the internal audit officer and the accountants, for individually communicating with the independent directors.

(2) Summary of the communication between independent directors and internal audit officer

The Company adopted the independent director system early, and elected the independent directors in the special shareholder's meeting on August 11, 2021; the major communications in 2021 are summarized as the follows:

Date	Key point of communication	Result of communication
August 12, 2021	1. 2021 Q2 internal audit implementation report	No opinion
November 10, 2021	1. 2021 Q3 internal audit implementation report 2. 2022 audit plan	No opinion
December 16, 2021	Private discussion and communication between the independent directors and the audit officer: 1. Updated regulations: "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" 2. The internal audit officer replies to the questions raised by the independent directors.	1. Establish operating procedures and amend the internal audit system pursuant to laws and regulations, and submitted to the Audit Committee and the board of directors for approval. 2. No opinion

(3) Summary of the communication between independent directors and the external auditor

The Company adopted the independent director system early, and elected the independent directors in the special shareholder's meeting on August 11, 2021; the major communications in 2021 are summarized as the follows:

Date	Key point of communication	Result of communication
August 12, 2021	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q2 in 2021. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Independence of CPAs	The financial statements were approved by the Audit Committee, submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.
November 10, 2021	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q3 in 2021. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Independence of CPAs	The financial statements were approved by the Audit Committee, submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.

Implementation of corporate governance, the variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
I. Does the Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance principles?	✓		The Company has established the "Corporate Governance Best Practice Principles" to regulate the aspects of protecting shareholders' interests, enhancing the functions of the board, respecting the stakeholders interests, and improving information transparency. For the Company's Corporate Governance Best Practice Principles, please check at MOPS and the official website.
II. Shareholding Structure & Shareholders' Rights (I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		The Company has the following channels to ensure timely and fair disclosure of information that may affect shareholders' decision-making. 1. Spokesperson and acting spokesperson. 2. Investor's mailbox: IR@Ennostar.com. 3. Channels including the Company's website to handle shareholders' suggestions or disputes.
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The professional shareholder service agent would be responsible for handling it, None and controlling the information about shares held by insiders according to the information about changes of insiders' equity on a monthly basis.
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		The responsibilities between the Company and its affiliates were defined clearly and definitely. The investment projects were handled in accordance with acquisition or disposal procedures of assets, the internal control system and related laws and regulations to control the financial and operating information from time to time. Meanwhile, the motion for lifting the non-competition restrictions on directors and managers was submitted to the shareholders' meeting and directors' meeting for resolution.

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
(IV) Has the Company established internal regulations to prohibit the insiders from trading securities with the information not disclosed to the market?	✓		The Company established the operating procedure for prevention of insider trading. The subjects referred to therein include but are not limited to insiders, including their related parties, persons who forfeit the identity of insider for less than 6 months, and persons who access the information from said persons. Company personnel are required to exercise due diligence and act in good faith during the performance of their duties. Confidentiality agreements should be signed for major events. They must not divulge any material inside information to other parties or profit from non-public information. The Company also requires employees to undergo education and training at various times (please refer to Page 120 herein). At the time of publication, the Company has received no complaints relating to the aforementioned matters and there were no incidents of insider trading in violation of Article 157 of the Securities and Exchange Act.
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors formulated and implemented a diversity policy regarding the composition of its members, with concrete management targets? (II) Other than the Remuneration Committee and the Audit Committee that are required by law, does the Company plan to set up other Board committees?	✓ ✓		No material variance No material variance
			Please refer to page 16-24 of the annual report As the international investors and industrial chains value the environment, social and corporate issues, to enhance and implement the Company's great emphasis on the corporate and economic sustainable development, the Company established the ESG Corporate Sustainability Committee in 2021 as a functional committee under the board of directors. Two independent directors serve as members.

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	
(III) Has the Company established regulations governing board performance evaluation and the method of evaluation? Are performance evaluations conducted every year with the outcomes of the performance evaluation reported to the Board of Directors and used as a reference in deciding the remuneration of individual directors and their nomination for re-appointment?	✓		In 2021 the Company approved the "Procedures for the Performance Evaluation of the Board of Directors and Various Functional Committees," and completed the performance evaluation of the board, and submitted it to the board of directors by the end of February 2022. The results of the board performance evaluation will be appropriately linked to director remuneration payments. For the measurement items, content and methods of directors' self-assessment for performance, please refer to page 38-39 in the annual report.
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		No material variance

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	
			<p>5、The CPA doesn't provide any non-auditing services that might affect the audit directly.</p> <p>6、The CPA doesn't act as a broker of the stock or other securities issued by the Company.</p> <p>7、The CPA doesn't act as the Company's advocate, or settle the dispute between the Company and a third party on behalf of the Company.</p> <p>8、The CPA has no kinship relationship with any of the Company's directors or managerial officers, or any persons who hold the position that might affect the audit materially.</p>
IV. If a TWSE/TPEX listed company, is there an adequate number of corporate governance personnel, and a chief corporate governance officer appointed in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings in accordance with the law, and producing minutes of boarding meetings and shareholders meetings)?	✓		<p>Since the date of incorporation, Mr. Shi-Hsien Chang, who was the CFO and corporate governance officer of EPISTAR Corporation, as the Company's corporate governance officer. Later, due to re-appointment in the Group, Mr. B. Y. Chang was approved by the board of directors on August 12, 2021 to be appointed as the corporate governance officer. On the same day, the "Corporate Governance Best Practice Principles" were approved by the board of directors, to be in charge of the supervision and planning of corporate governance. This meets the qualification requirements of corporate governance officers specified in Paragraph 1, Article 3 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies Although the corporate governance officer is concurrently held by the CFO, he effectively performs and maintains independence when performing the original duties and concurrent duties, without conflict of interest or violation of the internal control system.</p> <p>Handle matters related to the board meetings and shareholders' meetings pursuant to laws, and assist the Company to comply with the relevant laws and regulations relevant to the board of directors and shareholders' meetings. The scope is described as below:</p> <p>1、Taking the meeting minutes of board meeting and shareholders meeting.</p> <p>2、Assisting the directors in onboarding and continuing education.</p>

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	
			<p>3 、 Providing the directors with the information relating to perform the duties.</p> <p>4 、 Assisting the directors to comply with the law and regulation.</p> <p>5 、 Report to the Audit Committee and the board of directors on the operation of corporate governance.</p> <p>To assist in reminding directors when they execute the business or approving a formal resolution during Board of Directors meeting, they should comply with the laws and regulations and related suggestions. Responsible for reviewing the important information releasing issues over vital resolutions of the board of directors meeting and ensure the lawfulness and correctness of the published contents in a timely manner after the board of directors meeting to protect investors' right on equivalence of transaction information.</p> <p>he continuing education and training about corporate governance. For details, please refer to Pages 91~92 herein.</p>
<p>V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?</p>	✓		<p>The Company is a holding company. The communication channels currently established on the official website focus on investor relations, public relations and ESG. In the future, it is not ruled out to set up an exclusive "stakeholder section" for Ennostar; while its three major subsidiaries, namely EPISTAR, Lextar Electronics and Unikorn have set up "Stakeholders Section" on their respective official websites.</p> <p>In 2021, Ennostar, as a holding company, jointly identified eight types of stakeholders with three subsidiaries, EPISTAR, Lextar Electronics and Unikorn: shareholders/investors, governmental competent authorities , media, employees, insurance companies, customers, suppliers/contractors, and banks. Communicate with stakeholders through various channels, to understand their needs and expectations to the Company, other than immediate response, these understandings serve as a reference for the Company to promote sustainable development plans.</p> <p>Upstream suppliers or contractors outside the organization may learn</p>

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	
			Summary about the relevant laws and regulations of products through buyers, and downstream customers often learn about the Company and product through customer service mailboxes/ telephones/ sales. Other stakeholders such as investors/ banks/ government agencies/ insurance companies may track the latest financial or other relevant information of the Company through the Company's official website, TV interviews, media reports, among other things. Employees may, in addition to internal communication channels, also communicate through external channels. In terms of ethical reporting, all of them are handled by the Company's designated personnel.
VI.Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		No material variance
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		No material variance
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		No material variance

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
(III) Did the Company publish and report its annual financial report within two months after the end of a financial year, and publish and report its financial reports for the first, second, and third quarters as well as the operating status for each month before the specified deadline?	✓		The Company has completed the 2021 annual financial report prepared on its own by the end of February 2022, signed or sealed by the chairman, managerial officers and accounting officer, and submitted to the board for approval at the end of February 2022. Meanwhile, the public announcement and report of the annual financial report are completed; within the specified timeframe, the Q1, Q2, and Q3 financial reports and the operating conditions of each month are announced and reported as soon as possible according to the Company's manpower allocation. Within two months after the reporting deadline quarterly financial report, the financial reports in English are uploaded to MOPS and the official website.
VIII. Has the Company disclosed other information to 9 facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		<ul style="list-style-type: none"> ● Employee's interests and rights & employee care: Please see the section about management-labor relationship in the annual report (Pages 151 ~159). ● The Company has established the Investor Relations department, and disclose the contact information thereof on the Company's official website. The department is dedicated to processing shareholders' suggestions and answering investors' questions, while convening quarterly investor conferences to explain the disclosed financial and business information externally. ● The Mini LED products collaborated by the major terminal brands with Ennostar are popular among consumers. In addition to the Mini LED applications that have been mass-produced, Ennostar also actively participates in the proportion of Micro LED technology exhibitions. For promoting the mass production of Micro LED, Ennostar has sufficient capacities, and will combine the three popular themes of "smart mobility," "smart life and "Metaverse" to demonstrate the all-round deployment of products and technologies, and partners with customers to implement the evaluation of code of conducts under the Responsible Business Alliance (RBA), to ensure that the Company and the plants follow the highest social, environmental and ethical standards, and

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	
			<p>employees and suppliers' employees are treated well.</p> <ul style="list-style-type: none"> ● The professional division of work among the subsidiaries is in place. For the issues of product health and safety, marketing communication, customer satisfaction, regulatory compliance and customer privacy, customers may communicate via questionnaires, customer service emails, customer satisfaction surveys and the Company's official website, among other communication channels. The personnel in the Group visit customers from time to time, or participate in related product exhibitions, to directly understand customers and market development direction. ● For the status of directors' continuing education, please see Pages 89-91 of the annual report. ● For the risk management policies, and implementation of risk measurement criteria, please see the official website and Pages 182 of the annual report; Information Security Management Review Committee, and Trade Secrets Committee (Pages 197). ● For the Company's purchase of product liability insurance for directors, please see Pages 97 of the annual report, or access the information in the following manner: Investor relation: IR@Ennostar.com Public relation: PR@Ennostar.com Corporate sustainability: ESG@Ennostar.com
IX. Explain the the improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange, and the priority of enhancement and measures for these not yet improved: The Company was established on January 6, 2021, and it has been listed for less than one year, so it is not included in the evaluation universe of the 8th Term (2021). Provided, the Company acquired 100% equity of the previously listed companies EPISTAR and Lextar Electronics through share conversion pursuant to the Business Mergers and Acquisitions Act. For the scores of each indicator in the evaluation of the 7th Term, after comprehensive consideration of the individual governance situation of EPISTAR and Lextar Electronics in 2020, the evaluation was conducted (mainly based on the evaluation of EPISTAR), and the results of the 7th Term (2020) evaluation was announced in the name of Ennostar (TWSE: 3714). The Company was ranked in top 6% to 20% among public companies, and ranked top 11% to 20% for the electronic companies with market capital of NT\$10 billions or more (TWSE and TPEX listing companies)			

(IV) Composition, duties, and operation of the Remuneration Committee
1. Information of member (professional qualifications and experience)

Identity	Name	Professional knowledge and skills		Major experience		Independence	Number of other public companies where a member of the Remuneration Committee served concurrently
		Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		
Independent Director	Sheng-Tai Weng	✓	✓	✓		Please refer to Page 21-24	2
Independent Director	Wei-Min Sheng	✓	✓	✓	✓		2
Independent Director	Ji-Yen Liang	✓	✓	✓	✓		3
Independent Director	Hsien-He Sheng	✓	✓	✓	✓		0

Note: The members of the Remuneration Committee are all independent directors. For their “professional qualifications and experience” and “independence,” please refer to pages 21~24 of the annual report.

2. Duties

The members of the Remuneration Committee shall be appointed after being nominated by the chairman and by the resolution of the board of directors, and the number of members shall not be fewer than three. Please refer to the Company's website for the Remuneration Committee Charter.

In order to establish a remuneration system linked to performance, and faithfully perform the functions and powers entrusted by the board of directors, the Committee regularly proposes remuneration system programs or suggestions to the board of directors for discussion.

- (1) Periodically review the Remuneration Committee and suggest amendments.
- (2) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
 - A. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers by the Remuneration Committee

B. The salaries and remunerations of managerial officers other than the president shall be proposed by the president to the Remuneration Committee every year.

- (3) Regularly evaluate the achievement of performance objectives by the Company's directors, supervisors and managerial officers, and recommend the content and amount of their individual remunerations.

The said salaries and remuneration include cash compensations, share subscription warrants, dividends, retirement benefits or severance pay, various allowances and other measures with substantial incentives.

3. Implementation Status

- (1) There are currently four members of the Remuneration Committee of the Company, all of them are independent directors.
- (2) The term of the current committee members is from January 6, 2021 to August 6, 2023 (the expiry date is same as the expiry date of directors' term of office), and in 2021, the Remuneration Committee held five meetings(A).(Date: 3/9, 6/24, 8/12, 11/10, 12/16) The members' attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)
Convener	Sheng-Tai Weng	5	0	100.0%
member	Wei-Min Sheng	5	0	100.0%
member	Ji-Yen Liang	5	0	100.0%
member	Hsien-He Sheng	5	0	100.0%

Note: Appointed by the Board of Directors on January 6, 2021

(3) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-1 March 9, 2021	<ul style="list-style-type: none"> ● Suggestions of managerial officers' salaries ● Fixed remuneration for directors, supervisors and members of various functional committees of the Company ● Suggestions on the appropriation percentage for 2021 directors and supervisors' remunerations and employee remunerations ● Retirement compensation 	All members affirmed their approval, and it was approved by the Remuneration Committee.	The board of directors approved to pass the proposal as it was.

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
	measures for employees who serve concurrently as chairman and president ● 2021 salary adjustment for managerial officers and motivation and reward measures		
1-2 June 24, 2021	● Amendments to the fixed remunerations of directors, supervisors and members of various functional committees of the Company ● Suggestions on the amount of additional incentives and rewards		
1-3 August 12, 2021	● Suggestions on the revision of the percentage of employee remunerations appropriation for Ennostar and the major subsidiaries in 2021 ● Changes the corporate governance officer		
1-4 November 10, 2021	● Important Resolutions of the Remuneration Committee ● Definition and Procedures for Appointment and Dismiss for Ennostar managerial officers (and managerial officers to be) ● Appointment of managerial officers for Ennostar		
1-5 December 16, 2021	● 2022 Motivation and Rewards Measures and suggestions of structural salary adjustment ● In 2021, Ennostar estimates 10%		

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
	employee remunerations, and the proportion to be allocated to Epistar and Lextar.		

Other matters to be recorded:

- Where the board of directors does not adopt or amend the recommendations of the Remuneration Committee: None.
- For the resolutions adopted by the Remuneration Committee, where any member has objections or qualified opinion, with records or written statements: None.
- The Company refers to the market salary level and economic trend every year, and adjusts the salary of employees based on the Company's operational performance and personal performance. In the past, the salary adjustment was conducted in a way higher than the market level, aiming to narrow the gap between market and benchmark. Provided the gap is narrowed now, so the annual salary adjustment shall be based on the market level, and variable bonus are accounted, as a tool to motivate and reward; in addition, when employees are promoted, their salaries also adjusted immediately as the encouragement to talents. The Company also comprehensively integrates and adjusts the overall salary structure of the two subsidiaries, Epistar and Lextar Electronics, to maintain their fairness.

Differences in promoting sustainable development implementation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>Ennostar is committed to making contributions to the society. Extending from the corporate mission of EPISTAR and Lextar Electronics, and the team's constant discussions and direction setting, the Company has set up the "ESG Corporate Sustainability Committee" in October 2021. On December 16 of the same year, valuing its importance, the Board of Directors approved the organization, roles and responsibilities of the Committee, and 2 independent directors, who have high level of understanding of the Company and possess industrial experiences, having participated in the growth and development of the Taiwan high tech industry. In the same month, a dedicated unit, the sustainable development department was established, responsible for promoting and expanding related matters on the Group's sustainable development.</p> <p>There are four levels to the ESG Corporate Sustainability Committee. The first level is the Board of Directors, responsible for deciding the Group's ESG materiality topics and evaluating ESG performance. The second level is the ESG Committee, composed of the Group's chairperson and 2 independent directors, responsible for identifying ESG risks and opportunities, deciding the Group's ESG strategic directions and supervise ESG performance. The next level is the ESG Committee (task force), composed of the Group's corporate development office's VP, Group finance VP, IT Officer, HR Head of major subsidiaries, and</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			<p>ESG vice chair and executive secretary of major subsidiaries, responsible for establishing the Group's ESG short medium and long term goals and supervising ESG KPI performance. The fourth level is internal ESG committee of major subsidiaries, composed of members from EHS, HR, facility department, finance, sales, R&D, factories, IT and so on, responsible for setting up short medium and long term goals and realizing ESG related plans for each company.</p> <p>In driving the Group's sustainable development, each level of the ESG corporate sustainability committee will hold a meeting once a month with the major subsidiaries and ESG Committee (task force), supervising the state of ESG plans promotion. The ESG committee will hold a meeting once every quarter to compile ESG outcomes reporting to the Board once every half a year.</p> <p>For more details, please refer to of the annual report.</p>
II. 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?	✓		No significant difference

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			<p>review. All of these would then be reported to the Board of Directors.</p> <p>The Company places importance on the ESG expectations of its stakeholders. On October 29, 2021, a meeting to identify key stakeholders was convened for the Group's senior management and ESG Committee members. The assessment outcome shows eight key stakeholders, and a survey was distributed to these stakeholders. The topics identified are of concerns to the stakeholders and are of high impact level to the Company's operations. These are materiality topics. Related management directions for risks management were established in the hope to lower the risks of these topics to the Group. (For the 2021 stakeholders topics of concerns, company's management strategies, targets and implementation, please refer to 2021 ESG report.)</p> <p>The Company regularly convenes meetings of the Board of Directors and Audit Committee to supervise company operations and risk management.</p> <p>The Group is in the optoelectronic industry, a brief description on the three major entities next.</p> <p><u>EPISTAR</u></p> <p>Continuous improvements in environmental management of its management efficiency. Besides maintaining ISO 14001 environmental management system validation (since 2006 till now), ISO 14064-1 organization level verification (since 2006 till</p>
III. Environmental topic (I) Has the Company set an environmental management system designed to industry characteristics?	✓		No significant difference

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			<p>2018), the Company has in addition completed the standard introduction and verification for PAS 2050 product carbon footprint of V45H chip in 2011. Since 2011, referenced the Environmental Management Accounting System guided and introduced by the Taiwan Environmental Protection Administration (Taiwan EPA). Through environmental categorization and coding, it provides a detail and complete presentation of the Company's input in environmental protection which shows concrete results and benefits. The data analysis generated from the system is also a basis for investment or management, giving a comprehensive consideration on the overall environmental management performance. It is in the hope to achieve environmental protection and sustainability purpose through optimal economic benefits methods.</p> <p><u>Lextar Electronics</u></p> <p>In face of future environment sustainable development topics, Lextar Electronics is committed to environmental protection promotion. Since September 2010, the Company has obtained ISO 14001 verification, and continues to promote it. In 2018 up till now, it has completed the ISO 14001:2015 new version verification. To do better in environmental protection, the Company fulfills environmental management system commitments and continuous improvements, utilizing PDCA circular system, in achieving the spirit of continuous improvements. In compliance with related environmental protection laws and regulations, and other policies, the above information is circulated to every employee and disclosed to the</p>

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor																													
	Yes	No	Summary description																														
			<p>public, to form our environmental sustainable development direction.</p> <p><u>Unikom</u></p> <p>Established the ISO 14001 external third party verification, and committed to the sustainable development continuous improvement philosophy constantly enhancing the Company culture. In addition, have set targets to obtain ISO 14064 external third party TAF verification, register on EPA system, meeting ESG sustainability management concept.</p> <p>The three major entities have obtained EHS system and quality system verification for maintaining:</p> <table><tr><th colspan="2">System certification/verification</th><th>EPISTAR</th><th>Lexar Electronics</th><th>Unikom</th></tr><tr><td rowspan="6">Environmental and occupational health and safety (EHS) management system</td><td>ISO 27001 Information Security Management System (ISMS) verification</td><td>V</td><td></td><td></td></tr><tr><td>ISO 14001 Environmental management system verification</td><td>V</td><td>V</td><td>V</td></tr><tr><td>ISO 14064-1 Organization quantification and reporting of greenhouse gases</td><td>V</td><td>V</td><td></td></tr><tr><td>ISO 45001 Occupational Health and Safety (OH&S)</td><td>V</td><td>V</td><td>V</td></tr><tr><td>CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)</td><td>V</td><td></td><td>V</td></tr><tr><td>ISO9001 Quality Management System</td><td>V</td><td>V</td><td>V</td></tr></table>	System certification/verification		EPISTAR	Lexar Electronics	Unikom	Environmental and occupational health and safety (EHS) management system	ISO 27001 Information Security Management System (ISMS) verification	V			ISO 14001 Environmental management system verification	V	V	V	ISO 14064-1 Organization quantification and reporting of greenhouse gases	V	V		ISO 45001 Occupational Health and Safety (OH&S)	V	V	V	CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	V		V	ISO9001 Quality Management System	V	V	V
System certification/verification		EPISTAR	Lexar Electronics	Unikom																													
Environmental and occupational health and safety (EHS) management system	ISO 27001 Information Security Management System (ISMS) verification	V																															
	ISO 14001 Environmental management system verification	V	V	V																													
	ISO 14064-1 Organization quantification and reporting of greenhouse gases	V	V																														
	ISO 45001 Occupational Health and Safety (OH&S)	V	V	V																													
	CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	V		V																													
	ISO9001 Quality Management System	V	V	V																													

Promoting item	State of implementation					Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor								
	Yes	No	Summary description											
			System certification/verification	EPISTAR	Lexar Electronics		Unikorn							
			<table><tr><td rowspan="2">Quality system</td><td>IATF 16949 Automotive Quality Management System</td><td></td><td></td><td></td></tr><tr><td>ISO9001 Quality Management System</td><td>V</td><td>V</td><td>V</td></tr></table>	Quality system	IATF 16949 Automotive Quality Management System				ISO9001 Quality Management System	V	V	V		
Quality system	IATF 16949 Automotive Quality Management System													
	ISO9001 Quality Management System	V	V	V										
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		<p><u>EPISTAR</u> Since the Company was founded, it has upheld the life cycle idea about Environmental Management System (EMS), and voluntarily and continuously makes improvements at the stages of use, production, circulation, and waste of raw materials and supplies in order to mitigate the effect and impact produced to the environment. Meanwhile, the Company introduced the latest pollution prevention technology at the stage of construction of factory premises. The Company also upgrades the efficiency of energy utilization, builds comfortable living environment, and pursues sustainable operations by the 3R model (Reduce, Reuse and Recycle). This is for the pursuit of corporate sustainable development goal and it also became the first case in Taiwan to pass the ammonia reuse adoption.</p> <p>Our commitment to improving energy utilization efficiency rate in factories and offices, we have used energy saving lightings, air-compressors, air conditioning system and so on concrete energy saving measures to reduce operation costs and environmental impacts. By supporting the procurement of energy efficient products, services, and energy improvements performance</p>			No significant difference								

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description
			<p>designs, realizing energy management, this would bring continuous improvements to energy efficiency.</p> <p><u>Lextar Electronics</u></p> <p>1、Execute statistics and each resource utilization and control information, effectively manage all aspects of waste and resource recycling to lower environmental loads impacts.</p> <p>2、Established energy and water savings targets and waste management policies as follow:</p> <p>(1) Energy management 2021~2025 Taiwan factory site maintains an average annual energy savings rate at more than 1%, including setting up green energy capacity of more than 500kw before the end of 2025.</p> <p>(2) Water resource management 2021~2025 Taiwan factory site to maintain an average annual water savings rate at more than 1%.</p> <p>(3) Waste management 2021~2025 Taiwan factory site's waste management policy is to raise the resource recycling rate to more than 72%.</p>
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		<p><u>EPISTAR</u></p> <p>The Company has a "Corporate Social Responsibility Executive Task Force Team to support the realization of effective management for climate change, and to apply the climate change risks and opportunities governance in its company operations and assets management. Conducts assessment of the level of</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
			impacts to the Company's operations and the possibilities of occurrence for climate change related risks and opportunities. The assessment outcomes of the potential risks and opportunities of climate change to the enterprise now and in future: 1、Potential risks (legal risks and water scarcity risks) (1) Legal risks In the face of legal risks for climate change, the Company's measures are adjustments to energy allocation of operation points, which may increase operations costs or capital expenditures. (2) Water scarcity risks In the face of water scarcity risks for climate change, the Company's measures are to prepare water carts contract management during regular times, which may increase operations costs. 2、Potential opportunities (products and services opportunities) Climate change has garnered global focus on energy saving and environmental protection topics. By adapting to climate change, it could bring unlimited opportunities for the Company. This includes increasing energy utilization efficiency rate and savings costs, using low carbon energy, developing new products and services to enter new markets and to raise resilience in supply chain. The luminous efficacy of LED miniaturized technology leads to opportunities for Mini LED and Micro LED. The Company is in a leading position for the research and development of technology, laying out in the upstream and downstream, and introduced strategic partners.

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor				
	Yes	No					
	Summary description						
		<p>These bring opportunities for the Company to gain profits obtaining an advantageous position for sustainable operations and enhance the best interests of the shareholders.</p> <p>In face of climate change and radical changes of ecological environment, the Company as a member of the global village is preparing for actions. Environmental protection is a duty. As reported in the United Nations report, Taiwan belongs to the high risk group in climate change, the impacts of global warming lead to major concerns of the interchange between torrential rain and severe droughts. Even though the total precipitation has not been lesser, extreme rains and drought hazards are causing the water scarcity crisis in Taiwan to take place every year. To lower corporate operations risks from climate change, enhancing product competitiveness, the Company's responses are:</p> <table><tr><td>Flood prevention</td><td>To avoid torrential rains from climate change which will affect the plant production, the flood control gates have been set up at the entrance of the lane where it is easy for water to seep through and at important engine rooms to reduce losses from disasters. Established the flood prevention plans and operation standards. Disaster prevention drills are conducted each year on a regular basis, such as flood control gates flood prevention drills, and factory drills to set up flood control pumps.</td></tr><tr><td>Increase recycling volume</td><td>The pure water that is used to wash the chip during the manufacturing process, part of it can be collected for reuse increasing the rate of reuse.</td></tr></table>	Flood prevention	To avoid torrential rains from climate change which will affect the plant production, the flood control gates have been set up at the entrance of the lane where it is easy for water to seep through and at important engine rooms to reduce losses from disasters. Established the flood prevention plans and operation standards. Disaster prevention drills are conducted each year on a regular basis, such as flood control gates flood prevention drills, and factory drills to set up flood control pumps.	Increase recycling volume	The pure water that is used to wash the chip during the manufacturing process, part of it can be collected for reuse increasing the rate of reuse.	
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Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
		<div><div>Water utilization plan during water shortage</div><div>To avoid the restricted water measures of the Taiwan Water Corporation (TWC) from affecting part of or all of the manufacturing plants, the Company will activate the water carts to supplement water when the TWC inform of reducing pressure or suspending water and at the same time the water level of the storage tanks at the factory sites are lower than the safety standard, for non-production water restriction measures. According to the drought restricted water - emergency response plan of EPISTAR, the plan is divided into emergency observations, emergency response, crisis management, operations recovery and so on phases for the implementation of different course of action to lower the impacts to the customers.</div></div> <div><div>Enhancing water shortage crisis drill</div><div>Implements the water shortage crisis drill on a regular basis each year, and proceeds with the factory area industry water support drill.</div></div> <div><div>Energy saving and carbon reduction</div><div>Implements the electricity saving, water saving plans each year, contributing to protecting the earth and environment.</div></div> <div><u>Lextar Electronics</u> 1、In the past CSR report presented on the Lextar website, the climate change risks and opportunities to the corporate now and in the future, and the management approach on the response measures to the climate change related topics are published in the report. 2、Many management plans are established, including: energy management, water resource saving, waste management policy and greenhouse gases emissions reduction and climate related topics and their response measures, which are included in the management targets. Reviews are to be taken on its state of accomplishments.</div>	

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓	<p><u>EPISTAR</u> The Company values environmental protection. Our principal objective is “preventing pollution, enhance energy utilization efficiency and create sustainable management, with commitments to corporate social responsibility.” We have carried out a series of work in integrating reduction, raising efficiency, continuous improvements on recycling and reuse, low carbon management and green procurement. The Company has since 2008 participated in the full member vendor greenhouse gas (GHG) inventory project of Taiwan Optoelectronic Semiconductor Industry Association (TOSIA) in accordance with the ISO 14064-1 standard procedures. The Company has conducted GHG emissions inventory in its own plant, and passed the 14064-1:2018 version certification in 2021 obtaining the GHG emissions certificate. The GHG inventory data is constantly updated in cooperation with the Association by the Company using well established tools.</p> <p>In response to the government’s energy saving and carbon reduction policy deepening environmental protection consciousness, the Company has formulated ten major environmental performance indicators. The EPISTAR environmental performance baseline has been completed in 2019. Following from discussions of environmental impacts with the branch factories, a management plan for continuous improvements is created.</p> <p>Company’s countermeasures:</p>	No significant difference

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
			<ul style="list-style-type: none"> 2021 environmental protection expenditures consist of factory prevention equipment repairs and maintenance fees, and government fees, other major usage are: <ol style="list-style-type: none"> N2: Countermeasure for waste reduction, adding a sludge dryer N2: Countermeasure for energy saving, adding an electric heater and variable frequency drive (VFD) H1: Countermeasure for environmental protection legislation requirements, proceeding with wastewater recycling construction H1: Countermeasure for waste reduction, waste liquid diversion engineering Greenhouse gas emissions (GHGe) volume <p>The 2021 GHGe was 242,511 tons of CO2e, an increase of 25% as compared to the 2020 GHGe 194,092 tons of CO2e. This is due to a 46% increase in production volume in 2021 as compared to in 2020. Therefore, the increase in GHGe. However, based on calculation for production emissions density per product, the carbon emissions show a drop by 14%.</p> <p>For further measurement and management of the GHGe to reduce operations impacts from climate change, the Company has constantly built renewable energy system and completed the CDP survey on GHG scope 3 disclosure. This helps to understand the Company's GHGe structure for making adjustments to future climate change response indicators.</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
		<ul style="list-style-type: none">● Water usage volume The 2021 water usage volume was 2,058,896 tons, an increase of 24% as compared to 2020 water usage volume at 1,657,834. The 2021 water usage density is 3% lower as compared to in 2012. As the production volume soars, the Company invests in substantial amount in the water resource recycling facility each year, and there have been significant results. In 2021, the recycled water volume reached 724,581 (m3), which accounts for 35.2% of the total water usage volume, and has lowered by 2.45% as compared to 2020.● Waste volume The 2021 waste volume is 14,316 tons, an increase of 3,196 tons as compared to 2020. The main reason is due to the increase in production volume by 46% in 2020. The 2021 waste volume based on production volume per unit decreased by 19% as compared to 2020; The main reason is due to the factories continue to reduce raw materials usage and the reduction, recycling and reuse of wastes. Through developing new factory sites to develop waste recycling and reuse technologies, this will increase the recycling rate and lower the amount of waste from entering incinerators and landfills (non-recyclable waste). It is hoped to continue to lower non-recyclable waste to increase the proportion of recyclable waste, and to establish short-term goals: recycling rate for recyclable waste reaches more than 75% for 5 consecutive years (since 2015 the waste recycling rate has	

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
		<p>reached more than 75% for seven consecutive years) and medium term goals: Recyclable waste reaches more than 80% from 2020.</p> <ul style="list-style-type: none"> ● Green products <p>100% compliance to RoHS restrictions on hazardous substances and REACH Substances of very high concern (SVHC); Established hazardous substances procedures management system, SONY Green Partner certificate, and ISO 14001 (Environmental management system).</p> <p><u>Lextar Electronics</u></p> <p>1. The Company has implemented GHGe inventory and control. Hsinchu and Chunan plants have passed the 2011 ISO 14064-1:2006 GHG inventory external verification, and GHG inventory tools were established subsequently on this basis. Each year, compiles statistics for GHGe data, and constantly implements GHGe reduction.</p> <p>2. The Company's carbon and GHG reduction goals are to reduce 500 metric tons CO2 carbon equivalent and more for the average annual emissions in Taiwan plants from 2018~2020; Reduce 550 metric tons CO2 carbon equivalent and more for the average annual emissions in Taiwan plants from 2021~2025 (among which the Hsinchu plant to reduce 450 metric tons CO2 carbon equivalent and more for the average annual emissions; Chunan plant to reduce 100 metric tons CO2 carbon equivalent and more for the average annual emissions).</p>	

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			<p>3. To realize energy saving and carbon reduction, the goals are 2021 annual energy usage reduction for 1%, 2019-2021 average annual carbon emissions reduction for 550 metric tons and more. In order to achieve them, the Company has rolled out many programs in 2021 such as the "Wastewater treatment equipment electricity usage reduction," "Energy saving for FAB photolithography area," "Energy saving for ammonia recycling system," "Air compressor energy improvement," "EPI production machine energy usage reduction," "PV system connect," "Time adjustment automation for air conditioner system in office of packaging and testing plant," "Time adjustment automation for air conditioner system in lobby of testing plant."</p>
IV. Social topic (I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		<p>The Company has, at all times, complied with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities. As of end of 2021, for the major operating locations in Taiwan, the proportion in male and female gender is half. There is 1 female in senior management level</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓	<p>(insider identity). In cooperation with succession planning of important management level, the Company will promote talents and arrange rotations to implement different tasks, cultivating strategy setting capability through participation in various business decision-making meetings to develop succession echelon.</p> <p>Regarding endangering labor rights issue, the Company provides effective and appropriate complaint mechanism, and takes appropriate response to complaints reported by employees, ensuring fairness and transparency in the complaint process.</p> <p>The Company believes that the first step in realizing corporate social responsibility is to respect and take care of employees. Every employee is the most important asset of the Company. The Company values the work environment, career path development, education training and health and wellbeing of its employees. And values employee treatment and benefits. The Company regularly participates in industry salary survey and regularly reviews the linkage of the salary and benefits measures with the market, designing a salary and benefits system that is of competitiveness and motivation. If the Company makes profits for the year, it will distribute 5% to 10% as the employee remuneration. The employee salary is based on one's academic background, professional experiences, and individual performance. There will be no differential treatment based on employee gender. The starting salary of newly employed personnel will not be any different, regardless of race, religion, political position, gender, marital status or union affiliation</p>	No significant difference

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>1. Occupational health At all factory sites, there is the health service center maintaining employees health with well-rounded method, including regular health check-ups, provides the latest in health information and medical consultation. At the same time, checking on the nutrition provided at the employees cafeteria, protecting employees health.</p> <p>2. Employee relations Unimpeded internal communication channel structure, including setting up employee comments mailbox, president mailbox, welfare committee mailbox, ethics reporting mailbox, to support employees in receiving timely and effective solutions to their problems. Organize dialogue sessions between senior and junior management, and communications session with employees, allowing voices of entry-level employees to be heard for full reflection.</p> <p>3. Commencing the Employee Stock Ownership Trust (ESOT) plan The Remuneration Committee proposed the "Employee Stock Ownership Trust" plan which has been approved by the Board of Directors on February 24, 2022. Preparation process has begun.</p> <p>Companies of three major entities fulfills the Occupational Safety and Health Management System, OSHMS certification:</p> <p>1. The Company complies with related domestic laws and regulations, and has obtain the OHSAS 18001 Occupational Safety and Health Management System certification,</p>
			No significant difference

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
		<p>TOSHMS/CNS 15506 Taiwan Occupational Safety and Health Management System certification, providing employees a safe work environment.</p> <p>2. The Company has in accordance with the legal requirements conducted working environment monitoring and adjustments to the labor work venues.</p> <p>3. The new employee orientation training and regular quarter training of branch factories includes the employee safety and health education unit. This covers occupational hazard prevention, road safety education, factory and residential safety awareness raising, individual case study. It is hoped that employees possess related safety and health knowledge and skills, ensuring a safe and healthy working environment for everyone.</p> <p>4. The Company has established emergency response task force and response measures. Each year, will implement regular prevention trainings or drills to ensure employees safety knowledge and to lower losses from disaster and hazardous incidents; Various health activities are organized. Through health risk indicators to promote customized and risk control projects, continuing the promotion and expansion of health service and quality; In collaboration with Newmind EAP consultant Co., Ltd., promotes employee assistance service with confidential and diverse professional service to support employees in resolving work and life issues.</p>	

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
(IV) Has the Company established effective career development training plans for its employees?	✓		The Company has established professional and management capability cultivation programs for new employees and employees of all work functions. The following learning academies are created to provide learning resources to satisfy employee career path development needs. The academies are: EPISTAR University, Lextar Electronics Academy; composed of the following colleges, Science College, Engineering College, Quality College, Law and Business College, Management College, and so on. <u>EPISTAR</u>
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		The Company places importance in product responsibility. Besides obtaining the product liability insurance, the product and service marketing and labels are in compliance with related laws and regulations and international standards. We value two-way communications with the customers, and also listen to different voices of customers. Using the score card method to survey customer satisfaction to understand the detail opinions and needs of customers through the different aspects in the survey. With analysis of the survey information and actively conduct internal follow-up for understanding, an improvement plan is developed for proposal. The final outcome of the survey will be listed as a reference basis for the Company's strategy planning direction. All of the Company's sales personnel has signed a customer data confidentiality agreement. The information security targets and a complete information security management procedures and system have been established. Up till now, there has not been any occurrence of complaints on customer privacy rights

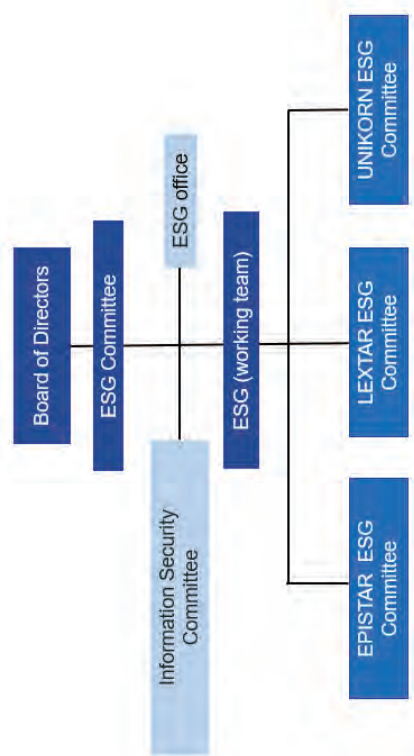
Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
			<p>infringements or customer data loss.</p> <p>Shall first sign the non-disclosure agreement and customer data confidentiality agreement in prior for any business interaction which is involved in the completeness and confidentiality of information assets. This helps him/her to understand that the information collected during work period for the Company belongs to company assets, and is not allowed for other usage without prior authorization. The information security team conducts information protection measures according to laws and regulations in order to realize customer privacy maintenance.</p> <p><u>Lextar Electronics</u></p> <p>1. The Company labels the product with CE, UL, RoHS, Pb free and so on marks according to international regulations and customer requirements. This provides customers and end users for identification of products meeting international or regional legislative requirements.</p> <p>2. The Company obtained product liability insurance. When product defects resulted in injuries, death or financial losses to a third party, the insurance can guarantee consumers' rights bearing risks of product responsibilities.</p> <p>3. In order to protect customer related information from being obtained by others by direct or indirect means, the Company acts according to internal information security management policy by strictly control the access rights and data storage set up and systems, avoiding the transmission of data to the outside.</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		No significant difference
			<p>In addition to regularly communicating with the customers on their needs, the Company implements annual customer satisfaction survey with key customers for all product categories. Customers' reviews and suggestions are collected based on the five main aspects in procurement, quality, R&D, product development and customer service. The information is then submitted to the internal management meetings for report review. The senior management will decide on the Company operation strategy and make adjustments to the guideline. Finally, every responsible unit will promote every aspect of the improvement plan.</p> <p>The product production and services provided are in compliance with related laws and regulations. According to ISO 9001 Quality Management System and IATF 16949 Internal Management Review Procedure, each year the effective assessment is conducted for related hazardous substances legislations and customers' hazardous substance free (HSF) to ensure products meets these requirements. Third party verification unit is also engaged on a regular basis for product certification to make sure the products are in compliance.</p> <p>The products produced by each branch factory 100% meets the international standards, RoHS and REACH international environmental protection legislations. The customers are free from worrying about their own health or safety being endangered from these products, and can feel secure that the Company will not bring about any negative influences to society or environment. Regarding the selection of supplier operation service, quality system, R&D capability, manufacturing, environmental</p>

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
	Summary description		
			<p>management and labor rights (including prohibiting the use of child labor, eliminating all forms of forced labor) and ethical management, the Company conducts review of every aspect and produces an investigation report of the potential supplier (contractor), review of their Guarantee of Non-Use of Hazardous Substances, supplier/contractor Letter of Compliance with Corporate Social Responsibility, Quality Assurance Agreement, Procurement Agreement, Non-disclosure agreement, and so on. When the review results show compliance with the standards, they will be listed as qualified supplier list of the Company.</p> <p>Established supplier management procedures and supplier evaluation procedures. The procurement and quality management and related units will conduct regular (each year and each quarter) appraisal of their products, price, service and technology, delivery and restricted use of hazardous substances and more items. The evaluation results will be the basis of ENNOSTAR's supplier risk management. Suppliers are divided into four rating levels for the supplier quality system assessment. If the audit assessment results for supplier show poor rating, the supplier management team will need to strengthen guidance and improvements to the supplier.</p> <ul style="list-style-type: none">● EHS assessment of suppliers● Assessment management of suppliers/contractors● Health and safety, and construction management of contractors

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
			Assessment for a total of 226 suppliers has been completed in 2021. There are 4 suppliers with poor results, of which trading has ceased with 2 of them, and another 2 suppliers require strengthened guidance and improvements, and there will be two follow-up audits.
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	✓		No significant difference
<p>VI. If the Company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>The Company has formulated the "Sustainable Development Best Practice Principles," regulating on the realization of corporate governance, developing sustainable environment, maintaining social charity. The information can be downloaded from the Company's official website; Please refer to the Company website for our sustainable development strategies, state of implementation, and the latest report.</p>			
<p>VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development:</p> <p>Formally set up the ESG Corporate Sustainability Committee and responsible unit at end of 2021. Related ESG sustainable development projects and plans are proceeded with, intensely now. Starting from identifying materiality topics of stakeholders, the management policy was then defined. The short, medium and long term targets of materiality were established next. Strengthening implementation of the action plan and regular meeting reviews show our determination in promoting ESG sustainable development. There are six parts to the</p>			

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
<p>promotion. They are targets, academies, projects, reports, official website and activities. Please refer to 2021 sustainability report (expected release in end of June 2022) for details.</p> <p><u>ESG Corporate Sustainability Committee Organization</u></p>			



Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
Summary description			
<u>Work function</u>			
	Powers and responsibilities	Unit	Powers and responsibilities
Board of Directors	<ul style="list-style-type: none">● Confirm the Group's ESG Mission and Vision● Make decisions for significant proposals on ESG● Evaluate ESG performance	ESG Corporate sustainability Committee	<ul style="list-style-type: none">● Establish ESG mission, vision, policies, and targets● Identify ESG risks and opportunities, decide related investment strategies● Supervise ESG strategy planning and implementation● Monitor ESG performance and information disclosure
ESG Committee (Task force)	<ul style="list-style-type: none">● Establish Group targets● Promote ESG plans● KPI performance presentation/follow-up● Convene regular meetings● Disclose information on the Group's ESG performance	ESG of every subsidiary Committee	<ul style="list-style-type: none">● Set targets● Implement ESG related plans● KPI performance presentation/follow-up● Convene regular meetings● Compile contents for CSR report chapters of every company● Response to ESG requirements of customers

Fulfilling ethical management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
I. Establishment of ethical corporate management policy and plan (I) 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?	✓		No significant difference
(II) Whether the Company has 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; has formulated a program to prevent unethical conduct with a scope	✓		No significant difference

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?			processed according to the level of severity and the employee reward and penalty management procedures.	
(III) Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		The "Work Rules," "Ethical Conduct Handbook" and "Employee Reward and Penalty Management Procedures" stipulate related regulations prohibiting accepting meal invitations, gifts or other social activities invitations by suppliers directly or indirectly, and the prevention of unethical conducts. There is the reporting system for violations of ethical conduct established to provide internal and external stakeholders reporting channels to prevent frauds.	No significant difference
II. Ethic Management Practice (I) Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		The Company and subsidiaries treat their customers, suppliers, distributor, competitors and employees in a fair and just manner. Competitive advantages through unethical means are forbidden. The Company's "Ethical transaction and confidentiality obligations terms" covers abiding to ethical management and operations, confidential responsibility in sales or technology, and if the trading counterparty is involved in any unethical behaviors, all transactions must be terminated immediately, the supplier qualification is removed and compensation for damages is to be requested.	No significant difference

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		Summary description	
(II) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		No significant difference
(III) Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		No significant difference

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		Summary description	
			directors shall hold the highest level of discipline. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. The agenda working group shall remind every director to take note if there is any agenda item that requires recusal due to conflicts of interest each time when mailing the agenda information.
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		No significant difference
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		No significant difference

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
<p>Summary description</p>			
<p>III. Implementation of Complaint Procedures</p> <p>(I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	✓		<p>The Company has established the "Reporting channel and protection system" and unimpeded communication channels, including: president mailbox, complaint mailbox for unlawful infringement in the performance of duties, ethical report, employee comments mailbox and so on. Externally there is the contact us area on the Company website (http://www.ennostar.com) disclosing the ethical conduct report system and there are dedicated personnel to handle the report matters. Other than as regulated by legislations, there are appropriate protection and confidentiality measures to adopt for the complainant, the information provided, and privacy. If the report is true, the Company will proceed with punishment for the unlawful conduct.</p> <p>The Company's "Reporting channel and protection system" stipulates related confidentiality mechanism for handling the reported matter.</p>
<p>(II) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?</p> <p>(III) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?</p>	✓		<p>According to the Company's "Reporting channel and protection system," other than those regulated under the legislation, there are appropriate protection and confidentiality measures to adopt for the individual complainant and the information provided, and privacy.</p>

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		Summary description	
IV. Information Disclosure (I) Does the Company disclose the content and effectiveness of its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?	✓		The related information has been disclosed on the Company's website under investors area: http://www.ennostar.com
V. If the Company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: No discrepancy.			
VI. Other important information to facilitate better understanding of the Company's implementation of sustainable development			
Complaint procedures and complainant protection The Company and subordinate companies prohibits corruptions and any forms of fraudulent conduct. When any person suspects or discovers acts of violation of laws and regulations and charter (including corruption) or unethical conduct, please proceed with responding to us according to the reported party, independent report mailbox or hotline, to facilitate effective assignment of handling level.			
Communication channels for external parties/stakeholders		Communication channels for internal personnel (employees)/Comments responses mechanism	
<ul style="list-style-type: none"> Shareholders/investors, government agencies, industry associations/media, financial institutions Corporate customers Suppliers Contractors Employees Violation of the ethics conduct reporting mailbox 		<ul style="list-style-type: none"> Immediate supervisor Employees relations department Labor-management meetings Audit office May contact through the "stakeholder window" 	

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description
<p><u>Reporting channel and protection system</u></p> <p>To strengthen the Company's governance and to realize ethical management and ethical conduct as principles, the Company provides channels for the reporting of any violation of ethical conducts. The "Reporting channel and protection system" was formulated with the setting up of the "Employee Ethics Violations Reporting System" to provide internal and external stakeholders (such as: suppliers, consumers, customers, employees and shareholders) reporting channel. The Company maintains confidentiality and protection over the identity of the complainant and the reporting contents to prevent the complainant from facing improper handling due to the report matter. If the complainant falsified or deliberately fabricated the matter, and evidence shows of the malicious intention, the person will bear all related legal responsibilities and will not be protected under this regulation.</p> <p>The report content shall have sufficient and concrete contents, and the complainant can be anonymous; the chairperson has appointed the audit unit officer to be responsible for the handling of the report matter. Where necessary during the investigation process, may engage a professional (lawyer, accountant, etc.) to provide assistance or jointly audit. If preliminary investigation shows it is true, the report will be formally processed for audit. If the content is not true or where there are insufficient evidence that the audit is not possible, the matter will be filed for case close. If the report matter is true after audit, may reward the complainant to encourage the reporting of any misconducts.</p> <p>The handling of the investigation results</p> <p>(I) The investigation results shall be reported to the chairperson by the investigation unit. Where necessary may convene the head of related units to confirm incidents of violations of ethical conduct. There will be punishments according to the Company regulations, and there might be dismissal or hand over to law enforcement unit for handling.</p> <p>(II) If it is discovered through the investigation that there are major violation incidents or when the Company might face significant losses, a report shall be compiled immediately, and notify the audit committee or supervisor in written form.</p> <p>(III) If the report matter involves directors or senior management, it shall be reported to the audit committee or supervisor.</p> <p>(IV) In review of the effectiveness of internal control system, adjustments to be made when necessary.</p>			

Assessment item	State of operation		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
		Summary description	
The report information and investigation documents shall be properly kept in storage with the audit unit for at least five years, may be kept in electronic format. Where litigation occurred relating to the report contents, related information shall be kept until the end of the litigation. Anyone who is not one of the audit personnel, unless with proper reasons approved by the chairperson, the person may not apply for reading of the report information and investigative documents.			

Inquiry method on the Company governance principles and related regulations disclosure

Important charters		Disclosure inquiry methods
<ul style="list-style-type: none"> ● Company Articles of Incorporation ● Rules of Procedure for Shareholder Meetings ● Procedures for Election of Directors and Supervisors ● Rules of Procedure for Board of Directors Meeting ● Organizational Rules of Audit Committee ● Organizational Rules of Remuneration Committee ● Performance evaluation of the Board of Directors and functional committees ● Rules Governing the Scope of Powers of Independent Directors 	<ul style="list-style-type: none"> ● Corporate Governance Best Practice Principles ● Code of Ethical Conduct ● Sustainable Development Best Practice Principles ● Ethical Conduct ● Procedures for Handling Material Inside Information and Management of the Prevention of Insider Trading ● Procedure for Halt and Resumption Applications ● Whistle-blowing System and Whistle-blower Protection ● Regulations Governing the Management and Protection of Group Trade Secrets ● Ennostar Risk Management Policy 	<p><u>Market Observation Post System website:</u> http://mops.twse.com.tw Search in Basic information section/E-book/Annual report and information about shareholders' meeting or corporate governance section/Establishment of corporate governance best-practice principles.</p> <p><u>Company website:</u> https://www.ennostar.com/ Investors/Corporate Governance/Major Internal Policies</p>

Other important information to facilitate better understanding of the Company's implementation of corporate governance

As of the end of 2021, the Company and its subsidiaries have made global patent applications for an accrued total of over 6,300 cases. There are an accrued total of over 5,500 cases that have been approved for the global patent applications. As of 2021, there are 223 cases that have obtained patents globally. A solid intellectual property portfolio that protects the Company's technology and products.

The Company has established a dedicated intellectual property unit to assist subsidiaries, such as, EPISTAR and Lextar Electronics, in continuous improvements of their intellectual property management mechanism. With a systemized management, adjustments in the intellectual property portfolio in cooperation with the Company's operations planning, maintaining reasonable maintenance cost and expanding patent deployment for new technologies, and responding to risks from intellectual property by providing necessary risk avoidance measures, this will not only protect the Company's freedom in operations but also strengthen competitive advantages.

The Company will continue to operate its intellectual property management mechanism, combining the Company's operation strategies and objectives, consider R&D, plans from marketing and so on departments, to execute the output, maintenance and utilization of intellectual property.

1. Continuing Education/Training of Directors in 2021

Title	Name	Training date	Host by	Training title	Duration / Hr
Chairperson	Bling-Jye Lee	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	3.0
Vice Chairperson	Paul SL Peng	2021.04.27	Securities and Futures Institute	Employee compensation strategies and tools utilization discussions	3.0
		2021.07.27	Taiwan Corporate Governance Association	Organization regroup of offshore holding company	1.5
		2021.09.01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3.0
		2021.10.26	Taiwan Corporate Governance Association	Case Study of Takeover Contest	3.0

Title	Name	Training date	Host by	Training title	Duration / Hr
Director	Feng Cheng Su	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
		2021.10.26	Taiwan Corporate Governance Association	Case Study of Takeover Contest	3.0
Director	Chin-Yung Fan	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	3.0
Independent Director	Wei-Min Shen	2021.02.08	Securities and Futures Institute	Corporate governance and securities laws and regulations	3.0
		2021.08.26	Securities and Futures Institute	How should the directors and supervisors supervise the corporate risk management and crisis handling	3.0
Independent Director	Sheng-Tai Wen	2021.09.22	Securities and Futures Institute	Corporate mergers and acquisitions practices	3.0
		2021.10.05	Securities and Futures Institute	Discussion on key quantum technologies and opportunities	3.0
Independent Director	Chi-Yen Liang	2021.08.04	Securities and Futures Institute	Corporate Financial Statement Fraud Case Study	3.0
		2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
Independent Director	Hsien-Ho Shen	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	3.0
Independent Director	Wei-Chen Wang	2021.03.31	Securities and Futures Institute	Matters to pay attention to when filing for 2020 profit-seeking enterprise income tax return	3.0
		2021.04.14	National Federation of CPA Associations of the R.O.C.	Analysis of key issues in the filing of profit-seeking enterprise income tax return	7.0

Title	Name	Training date	Host by	Training title	Duration / Hr
		2021.07.16	National Federation of CPA Associations of the R.O.C.	Stock planning	3.0
		2021.09.07	National Federation of CPA Associations of the R.O.C.	New chapter in virtual currency and anti-money laundering	3.0
		2021.10.05	National Federation of CPA Associations of the R.O.C.	Tax planning for inheritance of trust assets	3.0
		2021.11.03	Securities and Futures Institute	Mergers and acquisitions trends and holdings company development in Taiwan	3.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	3.0

Note: The continuing education hours of the directors during tenure meets the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."

2021 Continuing education and trainings on corporate governance for managers and audit officers

Title	Name	Training date	Host by	Training title	Duration/Hr
Finance and accounting officers	Po-Yi Chang	2021.09.16 ~ 2021.09.17	Accounting Research and Development Foundation	Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12.0
Corporate Governance Officer	Po-Yi Chang	2021.09.01	Securities and Futures Institute	13th Taipei Corporate Governance Forum	6.0
		2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	3.0
Vice President	Wei-Shih	2021.11.10	Taiwan Corporate	Employee compensation strategies	6.0

Title	Name	Training date	Host by	Training title	Duration/Hr
			Governance Association	and tools utilization	
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	
Vice President	Lin-Tien Yang	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	6.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	
President of subsidiary	Xiu-Mu Tang	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	6.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	
Vice President of subsidiary	Chen Ou	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	6.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	
Vice President of subsidiary	Chong-Ming Weng	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	6.0
		2021.12.16	Taiwan Corporate Governance Association	Discuss corporate sustainability transition from ESG investment and financing	
Vice President of subsidiary	Cun-Zhong Li	2021.11.10	Taiwan Corporate Governance Association	Employee compensation strategies and tools utilization	3.0
Audit Officer	Wen-Ting Tseng	2021.09.10	The Institute of Internal Auditors	Case discussions of new positioning of internal audit - intersection of ethics and law	6.0
		2021.10.26	The Institute of Internal Auditors	Audit practice and management in fraud risk	6.0

State of purchasing liability insurance for the directors by the Company

The insured	Insurance company	Insured amount	Period of insurance
All directors and supervisors	INSURANCE COMPANY OF NORTH AMERICA/ Cathay Century Insurance Co., Ltd.	USD 30,000,000	January 6, 2021 ~ January 6, 2022
All directors and supervisors	INSURANCE COMPANY OF NORTH AMERICA/ Cathay Century Insurance Co., Ltd.	USD 30,000,000	January 6, 2022 ~ January 6, 2023

Note: The insured amount, insured scope, and insurance fees rate for the continued liability insurance of directors and supervisors, have been reported to the board on December 16, 2021.

(IX) Internal Control System Execution Status

- 1 、Statement of internal control system: See Appendix 1 (Page 215).
- 2 、The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None.

(X) Where the Company or its internal personnel have been punished in accordance with the law or the Company has punished its internal personnel for violating the provisions of the internal control system from the most recent year up to the date of publication of the annual report, the major deficiencies and improvements: None.

(XI) Important resolutions of the shareholder meeting and board meeting and state of implementation review from the most recent year up to the date of publication of the annual report.

1. 2021 Shareholders ad-hoc meeting
 - (1) By-election of 5 independent directors of 1st term.
Election results: 5 independent directors elected, they are: Mr. Wei-Min Shen, Mr. Sheng-Tai Wen, Mr. Chi-Yen Liang, Mr. Hsien-Ho Shen, and Mr. Wei-Chen Wang.
 - (2) Approved amendments to partial articles of the “Procedures for acquiring or disposing of assets.”
 - (3) Agreed the directors' competition approval.

Name	Held positions with other companies	Major business
Bling-Jye Lee	Representative of juristic person director, GCS HOLDINGS, INC.	GaAs/InP/GaN and SiC and optoelectronic devices compound wafer foundry
	Representative of juristic person director, Tyntek Corporation	Research, development, manufacturing, sales of related products for compound semiconductor (light emitting device) and SI component (sensing device).
Chin-Yung Fan	Director, LiteStar JV Holding (BVI) Co., Ltd.	Professional investor
	Director, Epicystal (Hong Kong) Co., Ltd.	Professional investor
	Representative of juristic person director, Epicrystal Corporation (ChangZhou) Ltd.	Production and sales of light-emitting diode epi wafers and chips.
AU Optronics Corporation	Legal entity director, AUO Display Plus Corporation	R&D and sales of liquid crystal display (LCD)
	Legal entity director, Daping Green Energy Corporation	Renewable energy industry
	Legal entity director, AUO Health Inc.	R&D and sales of medical devices

Name	Held positions with other companies	Major business
Wei-Min Shen	Independent Director of Epсил-Precision Inc.	Development, manufacturing and sales of Si Epitaxy, compound semiconductor epitaxial wafers.
Chi-Yen Liang	Representative of juristic person director, FORWARD ELECTRONICS CO., LTD.	Production and sales of backlight module, LCD module, led packaging for lighting applications, rheostat, sensor.
Sheng-Tai Wen	Independent Director, ONANO INDUSTRIAL CORP.	Thinning of photoelectric glass
	Independent Director, GEM Services, Inc.	Power semiconductor packaging and testing
	Representative of juristic person director, E-PIN OPTICAL INDUSTRY CO., LTD.	Research and development, design, and production of various optical modules and optical components.
Hsien-Ho Shen	Director and CEO, Taiyi International Investment Co., Ltd.	General investment
	Director, Anpec Electronics Corp.	Design, testing, production and sales of power integrated circuit (Power IC).
	Director, C SUN MFG. LTD.	Process equipment of Printed Circuit Board (PCB), Flat Panel Display (FPD), semiconductor industry, Photovoltaic Industry.
	Company Director, TAIWAN SURFACE MOUNTING TECHNOLOGY CORP.	Manufacturing solutions supplier for TFT-LCD and SMT.
Wei-Chen Wang	Director and President, CHEM TEC CORPORATION CO., LTD.	Wholesale of electronic switch, vacuum tube, semiconductor device, microchip, integrated circuit, printed circuit board.
	Independent Director, TAIWAN MASK CORPORATION	Research, development, manufacturing and sales of photomask and integrated circuit.

2. Board of Directors

Date of resolution	Important resolution	State of implementation discussions
2021.01.06	1. Established "Rules of Procedure for Meetings of the Board of Directors" and "Organizational Rules of Remuneration Committee." 2. Appointment of the President.	Appointed Bling-Jye Lee as president concurrently; The remuneration committee was established on the same day

Date of resolution	Important resolution	State of implementation discussions
	<p>3. Appointment of the accounting officer, finance officer, audit officer and corporate governance officer and the administrative committee of the audit office to manage the cases.</p> <p>4. Built the "Accounting system," "Internal control system," "Internal audit implementation rules," and "Internal control self-assessment rules," and formulate the "2021 Audit Plan."</p> <p>5. Appointment of the vice president.</p> <p>6. Agree to release managerial officer from non-compete clause and to also serve concurrently as a managerial officer of other company.</p> <p>7. Appointment of the 1st Term Remuneration Committee members.</p> <p>8. Appointment of the CPA firm and CPAs, and the evaluation of CPA independence and suitability.</p> <p>9. Finalized the "Procedure for Halt and Resumption Applications," "Procedures for Handling Material Inside Information and for Preventing Insider Trading," "Operating Procedures Governing Transactions with Related Persons and Group Enterprises," "Management of the Procedures for Preparation of Financial Statements," and "Rules for Segregation of Duties."</p> <p>10. Proposal for investment in Tyntek Corporation (Code: 2426).</p>	<p>with Sheng-Tai Wen, Wei-Min Shen, Chi-Yen Liang, and Hsien-Ho Shen as 4 of the Senior Executive Officers; Appointed PWC Taiwan as the Company's CPA; Important managerial officers of subsidiaries have been included in the scope of the responsibilities of the remuneration committee, and are implemented in accordance with the meeting agenda resolutions.</p>
2021.03.09	<p>1. Salary suggestions for the Company's managers.</p> <p>2. Fixed salary and compensation of the Company's directors, supervisors and various functional committee members.</p>	Implemented in accordance with Board resolutions.

Date of resolution	Important resolution	State of implementation discussions
	<p>3. 2021 Directors and supervisors compensation and employee compensation proportion of contributed amount and dividends policy suggestions.</p> <p>4. Regulations on retirement compensation for employees who are concurrently chairperson, and president.</p> <p>5. The Company's 2021 manager salary adjustment suggestions and incentive reward measures.</p>	
2021.05.13	<p>1. Independence and suitability of the appointed CPAs.</p> <p>2. Evaluation of overdue receivable accounts and its recognition to become lending loan to other party has not been required under the control measures.</p> <p>3. 2021 Quarter 1 Financial Statements.</p> <p>4. No offset 2021 Q1 loss.</p> <p>5. Establishing record date of capital reduction for Lextar Electronics' cancellation of issuing employee restricted stock.</p> <p>6. Participate in Unikorn's 2021 issuance of new common shares for cash by capital increase.</p> <p>7. Agree to release company officer from non-compete clause and to also serve concurrently as a managerial officer.</p> <p>8. Amendments to partial articles of the "Internal control system" and "Internal control self-assessment rules."</p> <p>9. Invest in Harvester Investment Corp. (NTD 1,000,000,000).</p>	Originally set for the Company to participate in the capital increase of Unikorn. However, considering Unikorn's operation needs for funds and guarantee situation, the Board has on August 12 approved to make the change for EPISTAR to participate in the capital increase, implemented in accordance with Board resolutions.
2021.05.28	<p>1. Subsidiary EPISTAR added 2021 Capital expenditures budget.</p>	Implemented in accordance with Board resolutions.

Date of resolution	Important resolution	State of implementation discussions
2021.06.24	<ol style="list-style-type: none"> 1. Amendments to partial articles of the "Procedures for acquiring or disposing of assets" and "Rules for segregation of duties." 2. By-election for 1st Independent directors forming audit committee replacing supervisors and nomination list for directors of Board. 3. Agreed the Company directors' competition license. 4. 2021 1st shareholders ad-hoc meeting time, venue, and convening matters. 5. Established the "Organizational Rules of Audit Committee." 6. Strengthen the "Management administration committee" in transition to assist the group's development of functional organization. 7. Revision to fixed salary and compensation of the Company's directors, supervisors and various functional committee members. 8. Suggestions for adding incentive rewards amount. 	Have independent directors to replace the supervisor system in advance, and give clear definition to the responsibilities of the "Management administration committee, implemented in accordance with Board resolutions.
2021.07.13	<ol style="list-style-type: none"> 1. Change of meeting venue for the 2021 1st shareholders ad-hoc meeting. 	Urgent change of meeting venue due to epidemic.
2021.08.12	<ol style="list-style-type: none"> 1. Evaluation of overdue receivable accounts and its recognition to become lending loan to other party has not been required under the control measures. 2. 2021 Quarter 2 Financial Statements. 3. No distribution of the 2021 Quarter 2 earnings. 4. Ennostar and main subsidiaries' 2021 employee compensation proportion of contributed amount amendments. 5. The Company obtains common stock equity from related party "Amengine Corporation." 	<p>Mr. Paul SL Peng, AUO chairperson was elected as the Company's vice chairperson; The corporate governance officer changed from Shih-Shieh Chang to Po Yi Chang; To implement professional division of work among the subsidiaries, matter for equity transfer among the subsidiaries has begun,</p>

Date of resolution	Important resolution	State of implementation discussions
	<p>6. The Company and 100%-owned Harvester Investment Corp. propose to jointly increase investment of Tyntek Corporation (Stock code: 2426).</p> <p>7. The Company and 100%-owned Harvester Investment Corp. propose to jointly increase investment of GCS HOLDINGS, INC. (Stock code: 4991).</p> <p>8. The Company propose to cancel the participation in the acquisition of Unikorn which the first cash capital increase was in 2021 for NTD 100,000,000.</p> <p>9. Equity transfer among subsidiaries with share ownership of ProLight Opto Technology Corporation (Stock code: 5277).</p> <p>10. Establish related regulations on corporate governance.</p> <p>11. Extemporary motion for corporate governance officer.</p> <p>12. Election for the 1st 1st-term Vice Chairperson.</p>	implemented in accordance with Board resolutions.
2021.08.31	<p>1. EPISTAR propose to obtain Epi and chip and so on business equipment and T01 factory site of Lextar Electronics.</p>	Implemented in accordance with Board resolutions.
2021.11.10	<p>1. Evaluation of overdue receivable accounts and its recognition to become lending loan to other party has not been required under the control measures.</p> <p>2. 2021 Quarter 3 Financial Statements.</p> <p>3. No distribution of the 2021 Quarter 3 earnings.</p> <p>4. The Company's 2022 Audit Plan.</p> <p>5. Submitted the "Letter of intent for business cooperation by leading investor" to Executive Yuan's National Development Fund (NDF) for the</p>	Implemented in accordance with Board resolutions. The case for Unikorn applying to the Executive Yuan's National Development Fund (NDF) as the strategy investor in the participation of the case for Unikorn's capital raising, has after comprehensive

Date of resolution	Important resolution	State of implementation discussions
	<p>participation of “Unikorn” case.</p> <p>6. Established the “Rules for the Operation and Management Committee meeting.”</p> <p>7. Agree to release company officer from non-compete clause and to also serve concurrently as a managerial officer of other company.</p> <p>8. Appointment of the Company’s vice president and salary suggestions.</p> <p>9. The Company’s “Definition, appointment, and dismissal procedures of managers and approved managers,” and “Compiled name list of ENNOSTAR managers.”</p>	consideration in January 2022, decided to suspend introducing the NDF and to still have Ennostar and GCS HOLDINGS (Stock code: 4991) as the major shareholders.
2021.12.16	<p>1. The Company’s 2022 Operations plan and capital expenditures budget.</p> <p>2. Evaluation of CPA’s independence and suitability and its audit of ENNOSTAR Group’s 2022 remuneration.</p> <p>3. Established the regulations on “Monitoring and management of subsidiaries.”</p> <p>4. Established the “ESG Corporate sustainability committee.”</p> <p>5. The Company’s 2022 incentive rewards measures.</p> <p>6. 2021 ENNOSTAR estimation of 10% employee compensation proposed for distribution, its proportion, to EPISTAR and Lextar Electronics.</p>	Implemented in accordance with Board resolutions.

From the most recent year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIII) From the most recent year up to the date of publication of the annual report, summary of resignation and dismissal of the Company's chairperson, president, accounting officer, finance officer, internal audit officer, corporate governance managerial officers and R&D officer

February 28, 2022				
Title	Name	Onboard date	Dismissal date	Reason for resignation or dismissal
Corporate Governance Officer	Shih-Shieh Chang	2021.01.06	2021.08.11	Internal transfer of role

Note: Processed for retirement on September 30 of the same year.

(XIV) Acquisition of certificates and related documents by the Company and personnel with transparent financial information, as requested by the competent authority
Currently, there is only one employee of the Company's internal auditors holding an international internal auditor license.

IV. Information of CPA audit fee

CPA Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Unit: Thousands of NTD	
						Total
PwC Taiwan	Tien-I Li Chien-Hung Chou	2021.01.06~ 2021.12.31	8,100	3,253		11,353

Note 1: Non-audit fees are the three-tiered transfer pricing document and subsidiary spin-off fees which are about NTD 30,080,000 and business registration change fees by appointed CPA firm.

Note 2: If the audit fee of the year is less than that of the previous years after changing CPA firm, then the audit fee before and after the change and the reason for change shall be disclosed: Not applicable.

Note 3: If the audit fee is less than that of the previous year by over 10%, then the less amount of audit fee, its proportion, and the reason shall be disclosed: Not applicable.

V. Replacement of CPAs: None.

VI. Information on the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VII. Changes in the transfer or pledge of shares by directors, supervisors, managers, and shareholders holding over 10% of the shares

(I) Changes in the transfer of shares by directors, supervisors, managers, and major shareholders

Title	Name	2021		For the year 2022 up till 2/28		Unit: Shares
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	
Chairperson and President	Biing-Jye Lee	0	0	0	0	0
Director	AU OPTRONICS CORP.	4,654,000	0	0	0	0
Representative of juristic person director	Paul SL Peng	0	0	0	0	0
Director and CEO of subsidiary	Feng Cheng Su	0	0	0	0	0
Director and President of subsidiary	Chin-Yung Fan	0	0	0	0	0
Independent Director	Wei-Min Shen	0	0	0	0	0
Independent Director	Sheng-Tai Wen	0	0	0	0	0
Independent Director	Chi-Yen Liang	0	0	0	0	0
Independent Director	Hsien-Ho Shen	0	0	0	0	0
Independent Director	Wei-Chen Wang	0	0	0	0	0
Director	Minghan Investment Co., Ltd. (Note 1)	0	0	Not applicable	Not applicable	Not applicable
Representative of juristic person director and President	Shih-Shieh Chang (Note 2)	0	0	Not applicable	Not applicable	Not applicable
Supervisor	Kangli Investment Corporation (Note 1)	0	0	Not applicable	Not applicable	Not applicable
Representative of juristic person supervisor	I-Liang Chen (Note 1)	0	0	Not applicable	Not applicable	Not applicable
Supervisor	YuTe Hung	0	0	Not applicable	Not applicable	Not applicable
Vice President	Po Yi Chang	0	0	0	0	0
Vice President	Lin-Tien Yang	0	0	0	0	0
Vice President	Wei-Shih	(20,000)	0	(15,000)	0	0
Vice President	Teng Hui Huang (Note 3)	(92,000)	0	Not applicable	Not applicable	Not applicable
President of subsidiary	Siou Mu Tang	0	0	(90,000)	0	0
Vice President of subsidiary	Chen Ou	0	0	0	0	0
Vice President of subsidiary	CHIN MING-TA	0	0	0	0	0

Unit: Shares

Title	Name	2021			For the year 2022 up till 2/28	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in pledged shares
Vice President of subsidiary	Min-Hsun Hsieh	0	0	0	0	0
Vice President of subsidiary	Chih-Chieh Lai	0	0	0	0	0
Vice President of subsidiary	Li-Cheng Hung	0	0	0	0	0
Vice President of subsidiary	Chung-Ming Weng(Note 4)	0	0	0	0	0
Vice President of subsidiary	Chia-Lin Chen(Note 4)	0	0	0	0	0
Vice President of subsidiary	Mong Ea Lin	0	0	0	0	0
Vice President of subsidiary	Cun Jhong Li	0	0	0	0	0
Vice President of subsidiary	Jhao Nian Huang	0	0	0	0	0
Vice President of subsidiary	Wan Ji Syu	0	0	0	0	0

Note 1: Retired after the shareholders ad-hoc meeting on August 11, 2021.

Note 2: Retired from the role of representative of juristic person after the shareholders ad-hoc meeting on August 11, 2021; and retired from the role of vice president on September 30, 2021.

Note 3: Retired on December 30, 2021.

Note 4: Increase (decrease) in shareholding, calculated from the new manager on 110/11/10

(II) Information of shares transferred: None.

(III) Information of shares pledged: None.

VIII. Information on the relationship among the top 10 shareholders

NO.	NAME	SHARES HELD		SHARES HELD BY SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHERS		NAME AND RELATIONSHIP BETWEEN ENNOSTAR'S SHAREHOLDERS.	
		Number of shares	%	Number of shares	%	Number of shares	%	Name (Name)	Relationship
1	AU OPTRONICS CORP.	26,318,898	3.84%	Not applicable	Not applicable	Not applicable	Not applicable	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%	Note 2	None

NO.	NAME	SHARES HELD		SHARES HELD BY SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHERS		NAME AND RELATIONSHIP BETWEEN ENNOSTAR'S SHAREHOLDERS.	
		Number of shares	%	Number of shares	%	Number of shares	%	Name (Name)	Relationship
2	Lungli Investment Corporation	16,986,050	2.48%	Not applicable	Not applicable	Not applicable	Not applicable	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%	Note 2	None
3	New Labor Pension Fund	12,331,250	1.80%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
4	Kangli Investment Corporation	12,093,457	1.76%	Not applicable	Not applicable	Not applicable	Not applicable	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%	Note 2	None
5	Citibank Taiwan in custody for Citigroup Global Markets Limited Investment Account	10,335,250	1.51%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
6	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,600,763	1.26%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
	JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	8,072,297	1.18%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
7									

NO.	NAME	SHARES HELD		SHARES HELD BY SPOUSE AND MINORS		SHARES HELD IN THE NAME OF OTHERS		NAME AND RELATIONSHIP BETWEEN ENNOSTAR'S SHAREHOLDERS.	
		Number of shares	%	Number of shares	%	Number of shares	%	Name (Name)	Relationship
8	Fubon Life Insurance Co., Ltd.	7,500,000	1.09%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
	Responsible person: Ming-Hsing Tsai	0	0.00%	0	0.00%	0	0.00%	None	None
9	JPMorgan Chase Bank in custody for Norges Bank	6,873,797	1.00%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
10	Cathay Life Insurance Co., Ltd.	6,828,500	1.00%	Not applicable	Not applicable	Not applicable	Not applicable	None	None
	Responsible person: Tiao-Kuei Huang	0	0.00%	0	0.00%	0	0.00%	None	None

Note 1: Prior to the date of report publication, stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is August 11, 2021.

Note 2: Lungli Investment and Kangli Investment are 100% owned subsidiaries of AU Optronics. Chairperson for the 3 companies is Mr. Shuang-Lang Peng.

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

December 31, 2021

Non-consolidated affiliates	Ownership by Ennostar		Ownership by directors, supervisors, managers and directly/indirectly owned subsidiaries		Total ownership	
	Number of shares	Percentage %	Number of shares	Percentage %	Number of shares	Percentage %
EPISTAR Corporation	1,088,701,410	100.00	0	0.00	1,088,701,410	100.00
Lextar Electronics Corp.	514,916,380	100.00	0	0.00	514,916,380	100.00
Harvestar Investment Corp.	65,000,000	100.00	0	0.00	65,000,000	100.00
Calystar Investment Corp.	29,000,000	100.00	0	0.00	29,000,000	100.00
Amengine Corporation	3,100,000	58.59	0	0.00	3,100,000	58.59
GCS HOLDINGS, INC. (Stock code: 4991)	9,028,000	8.16	15,533,000	14.04	24,561,000	22.20
Tyntek Corporation (Stock code: 2426)	23,799,000	7.92	4,797,000	1.59	28,596,000	9.51

Note: Long-term investments made by the Company with the equity method.

Four. Capital Overview

I. Capital and shares

(I) Source of capital

Unit: NTD

Year/Month	Issued Price (Face value per share)	Authorized capital		Paid-in capital		Notes		
		Number of shares (Thousand shares)	Amount (Thousand NTD)	Number of shares (Thousand shares)	Amount (Thousand NTD)	Source of capital	Substitution of capital stock with assets other than cash	Others (Note)
2021.01	10	1,500,000	15,000,000	685,953	6,859,527	Organization re-group of EPISTAR and Lextar Electronics	None	2
2021.06	10	1,500,000	15,000,000	685,251	6,852,515	Cancellation of restricted stock awards	None	3

Note 1: The above information is as of the date of the annual report publication.

Note 2: On 2021/01/06, Jing-Shang-Zi No. 10901160930.

Note 3: On 2021/06/09, Jing-Shang-Zi No. 11001096380.

Unit: Shares

Types of shares	Authorized capital (Are shares of listed companies)		
	Outstanding shares (Note)	Unissued shares	Total
Common shares	685,251,460	814,748,540	1,500,000,000

Note: Said information refers to that available until the date of publication, including the treasury stock held by the parent company and subsidiaries, totaling 3,125,877 shares, and the anticipated cancellation of 467,000 non-vested shares on 2022/3/20.

Shelf Registration in Taiwan: Not applicable.

(II) Composition of shareholders

Composition of shareholders Amount	Government agencies	Financial institutions	Other juridical persons	Foreign institutions and natural persons	Domestic natural persons	Total
Number of shareholders	5	16	384	358	118,506	119,269
Shareholding	23,333,500	22,662,354	116,121,260	118,619,349	404,514,997	685,251,460
Shareholding percentage (%)	3.41	3.31	16.95	17.31	59.02	100.00

Note 1: Before to the date of report publication, the stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is August 11, 2021.

(III) Diversification of shareholdings

1. Common shares

Shareholding Range	Number of shareholders	Face value per share, NTD 10	
		Shareholding	Shareholding percentage (%)
1 ~ 999	52,791	15,184,207	2.22%
1,000 ~ 5,000	53,384	107,443,028	15.68%
5,001 ~ 10,000	6,803	51,819,549	7.56%
10,001 ~ 15,000	2,055	26,327,372	3.84%
15,001 ~ 20,000	1,223	22,276,758	3.25%
20,001 ~ 30,000	1,095	27,736,762	4.05%
30,001 ~ 40,000	506	18,106,184	2.64%
40,001 ~ 50,000	316	14,669,395	2.14%
50,001 ~ 100,000	580	41,390,959	6.04%
100,001 ~ 200,000	293	40,965,803	5.98%
200,001 ~ 400,000	102	28,346,302	4.14%
400,001 ~ 600,000	31	15,109,736	2.20%
600,001 ~ 800,000	14	9,528,455	1.39%
800,001 ~ 1,000,000	12	10,978,253	1.60%
Over 1,000,001	64	255,368,697	37.27%
Total	119,269	685,251,460	100.00 %

Note 1: Before to the date of report publication, the stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is August 11, 2021.

2. Preferred Share: None.

(IV) List of major shareholders

Name of major shareholders	Unit: Shares	
	Number of shares held (shares)	Shareholding percentage (%)
AU OPTRONICS CORP.	26,318,898	3.84%
Lungli Investment Corporation	16,986,050	2.48%
New Labor Pension Fund	12,331,250	1.80%
Kangli Investment Corporation	12,093,457	1.76%
Citigroup Global Markets Limited Investment Account	10,335,250	1.51%
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,600,763	1.26%
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	8,072,297	1.18%
Fubon Life Insurance Co., Ltd.	7,500,000	1.10%
JPMorgan Chase Bank in custody for Norges Bank	6,873,797	1.00%
Cathay Life Insurance Co., Ltd.	6,828,500	1.00%

Note 1: Before to the date of report publication, the stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is August 11, 2021.

(V) Information on market price, net worth, earnings, dividends per share for the most recent two years

Unit: NTD

Item		Year	2021	2022 (As of 2/28)
Market price per share	Highest		91.2	104.00
	Lowest		57.40	77.10
	Average		79.99	92.24
Net worth per share	Before distribution		79.69	Note 4
	After distribution		77.69	Note 4
Earnings per share	Weighted average number of shares (shares in thousands)		678,590	Note4
	Earnings per share		3.21	Note4
Dividend per share	Cash dividend	(Note 5)	2.00	—
	Stock grants	Stock dividends from earnings	0.00	—
		Stock dividends from capital surplus	0.00	—
	Accumulated unpaid dividends		0.00	—
Analysis of return on investment	Price-to-Earnings (P/E) Ratio (Note 1)		24.92	—
	Price to dividend ratio (Note 2)		40.00	—
	Cash dividends yield (%) (Note 3)		2.50	—

[Adopt IFRS Standards (Consolidated entities)]

Note 1: Price to Earnings ratio = average closing price per share for the year/earnings per share.

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

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

Note 4: As of the date of annual report publication, the 2022 Quarter 1 Financial statements have not yet been completed; Thus, not applicable temporarily.

Note 5: The Company's Articles of Incorporation authorizes the Board of Directors to pass a resolution with more than half of the attending directors voting for it at a board meeting attended by more than two-thirds of the directors. Distributed quarterly in the method of cash in all or in part of the dividends and bonus to be distributed, and to report to the shareholders meeting. Including February 24, 2022 Board resolution of 2021 Quarter 4 dividends amount. (Undistributed 2021 Q1 to Q3 earnings, Q4 will distribute earnings through the year.)

(VI) Dividends policy and implementation

1. Dividends policy

In consideration of the Company's current and future development strategy, investment environment, funding need, and competition, domestically and overseas, as well as the shareholders' equity and capital adequacy ratio, the board of directors is authorized to set 10~80% of the earnings after tax to be allocated as stock dividends, unless in special circumstances, in which the cash dividends to shareholders shall be no less than 10% of the total stock dividends to be allocated.

2. The stock grants proposed by the Board of Directors

Unit: NTD

Shares Year	Resolution of Board of Directors Approved the dividend distribution date	Shareholders dividend		
		Cash dividend	Capital surplus Cash distribution	Stock dividends from earnings
2021	2022.02.24	1,365,880,920 (Approximate NTD 2 per share)	0 (NTD 0 per share)	0 (NTD 0 per share)

3. Expected dividend policy will have a significant change in circumstances

Considering the Company's industry characteristics, the earnings distribution method will be adjusted from quarterly to annually.

After the Company takes the Company's overview of operation into account, retains adequate cash and sets aside 10% legal reserve and special reserve, the retained earnings, if any, will be allocated on an annual basis insofar as no special circumstances are required to be met. The total dividends to be allocated through the year shall remain to be not lower than 20%.

- (VII) The effect of the stock dividends proposed at the shareholders' meeting on the Company's business results and earnings per share: Note applicable.

- (VIII) Profit sharing remuneration for employees, directors and supervisors

- 1、The percentage and scope of the employees, directors, and supervisor's remuneration as stated in the Company's Articles of Incorporation

Item	Percentage and scope
Employees remuneration	Depending on the profit status for the current fiscal year, the Company will set aside 10%~20% as the employee remuneration (the current estimate basis is 10%); The employee remuneration can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions.
Directors remuneration	Depending on the profit status for the current fiscal year, the Company will set aside 1% as the director's remuneration; The director's remuneration can only be paid in the form of cash.

Note: The employee and director remuneration shall be approved by two-thirds or more of the directors in a meeting attended by more than half of all directors, and the resolution shall be reported to the shareholder's meeting.

- 2、The estimate basis for the estimates of employees, directors, and supervisor's remuneration of the current period (2021) is based on the calculation basis for the number of shares for the distribution of the shares as employees remuneration and the appropriation in accounting when there are differences between the actual distributed amount and the estimated amount.

The basis for the estimate of the employees and director's remuneration and fees is the board will formulate according to the Company's articles of incorporation and the laws and regulations, and reference standards by industry peers. If the board decides to pay employee remuneration in the form of stock, the number of stocks shall be calculated based on the remuneration amount decided at the board meeting divided by the closing price one day before the board decision. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. The difference between the estimation and the resolution of the shareholders' meeting will be recognized in profit or loss in the subsequent year.

3、2021 State of the remuneration distribution approved by the Board of Directors

Unit: NTD

Item	Board of Directors resolution (2022.02.24)
Directors, supervisor compensation (cash)	24,473,855
Employees' compensation (cash)	244,738,550
Total	269,212,405

Note: Differences in the above distribution amount of the employees and director's remuneration and the recognized fees for the annual estimated amount.

4、2020 State of the actual distribution of directors and employees remuneration: Not applicable.

(IX) Status of re-purchase of the Company's shares: None.

II. Issuance of Corporate Bonds: None.

III. Preferred Shares: None.

IV. Issuance of Overseas Depositary Shares: None.

V. Status of Employee Stock Option Plan: None.

VI. Status of New Restricted Employee Shares

(I) Not all the employee restricted stock has fulfilled the vesting condition

February 28, 2022

Type of employee restricted	2018 Employee restricted stock
Date of the effective registration	On September 28, 2018, approved the issuance of common
Issue date	March 20, 2019
Number of employee restricted	2,337,500 shares (8,500,000 shares originally of Lextar
Issued price	Issued at no consideration
Employee restricted stock as a percentage of shares issued	0.34% (Note 2)
Vesting conditions of employee restricted stock	<p>Vesting conditions</p> <p>Upon the end of one full year of the employee restricted stock new stock period, the employee has to be still assuming post during the vested period; At the same time, there has not been any breach of the issuance regulations relating to contracts, obligations, rules and so on. The employee's vested shares amount in a number of shares will then be settled annually, the highest amount that can be vested, its proportion is as shown below:</p> <p>Reaches one full year: 30%</p> <p>Reaches second full year: 30%</p> <p>Reaches third full year: 40%</p> <p>However, the proportion of actual shares that can be vested for the year needs to be calculated by multiplying the Company's overall operation outcomes and employees' individual performance index achievement rate for the previous year counting from the expiry date. Explanation as shown below:</p> <p>1. Company operations indicators:</p> <p>The Company's (refers to Lextar Electronics) earnings after</p>

	<p>tax per share through the year is more than NTD 1 (inclusive). May distribute vested shares amount at 100% for the year; Earnings after tax per share is more than NTD 0 (inclusive) but less than NTD 1, may distribute vested shares at 50% for the year. (Refers to the earnings after tax per share as disclosed in the consolidated financial statements audited by CPA for the one year before the vested date).</p> <p>2. Individual performance: For performance value at G+ (inclusive) and above twice before the expiration date of the distribution, may distribute 100% of vested shares for the year; If out of the two times performance value with one performance value at G+ (inclusive) and above, and the other one is not an F before the expiration date of the distribution, may distribute 50% of vested shares for the year. (Employee individual performance evaluation, reference the Company's performance evaluation regulations, and there are five levels of grade in the sequence from outstanding to fail, "O, E, G+, G, F.")</p>
Vesting conditions of Employee Restricted Stock	<p>1. During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs.</p> <p>2. During the vested period, the employee restricted stock can still participate and distribute shares, dividends and cash capital increase stock acquisition.</p> <p>3. Upon the grant of the RSAs, the RSAs shall be deposited in a trust account. Before the vesting conditions are fulfilled, the employees cannot request the trustee to return to them the RSAs for any reason or by any means.</p>
Custody status of Employee Restricted Stock	When the RSAs are deposited in a trust account and before the vesting conditions are fulfilled, the employees cannot request the trustee to return to them the RSAs for any reason or by any means.
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	<p>1. Voluntary separation, separation with a severance, involuntary discharge, retirement, death (occupational hazards to being processed according to issuance regulations Article 5, Paragraph 5), apply for leave of absence without pay, transfer to affiliates, within three years from the date of giving, the Company will take back without conditions from the employee for the shares given (the year) previously that have not been vested.</p> <p>2. Transfer in trust for the allotment and dividend obtained during the vested period.</p> <p>3. Before fulfilling the vested conditions, if the employees breach the issuance regulations by ending or terminating the authorization to the Company, the Company will take back without conditions.</p> <p>4. The Company will take back from the employee without conditions for unfulfilled vested conditions.</p>
Number of Employee Restricted Stock Which Has Been	1,402,500 shares (Note 2)
Number of Released Employee	0 shares (Note 2)
Number of Unreleased	935,000 shares (Note 2)
The ratio of Unreleased Employee Restricted Stock to	0.14% (Note 2)
Impact on Shareholders'	There is no material impact on shareholders' interest.

(II) Employee Restricted Stock Granted to Management Team and Top 10 Employees
February 28, 2022

Title	N a m e	Number of employee restricted stock obtained (shares)	Employee Restricted Stock as a Percentage of Shares Issued (Note 2)	Restrictions Released				Restrictions Unreleased			
				No. of Shares	Issued Price (NTD)	Issued Amount (NTD)	Released Shares as a Percentage of Shares Issued (Note 2)	No. of Shares (shares)	Issued Price (NTD)	Issued Amount (NTD)	Unreleased Shares as a Percentage of Shares Issued (Note 2)
Manager	Subsidiary CEO	Feng Cheng Su	984,500	0	0	0	0	393,800	0	0	0.06%
	Subsidiary President	Siou Mu Tang									
	Subsidiary Vice President	Mong Ea Lin									
	Subsidiary Vice President	Jhao Nian Huang									
	Subsidiary Vice President	Cun Jhong Li									
	Subsidiary Consultant	B.Y. Changg									
Top ten employees obtaining the employee restricted stock	Subsidiary Senior Assistant Vice President	Ming-Te Wu	1,353,000	0	0	0	0	541,200	0	0	0.08%
	Subsidiary Assistant Vice President	Chih Sheng Hsu									
	Subsidiary Senior Director	Mei Chueh Wang									
	Subsidiary Senior Director	Chien Chin Liang									
	Subsidiary Senior Director	Hsiao Heng Ho									
	Subsidiary Senior Director	Yun-I Tien									
	Subsidiary Senior Director	Chi Chung Chao									
	Subsidiary Consultant	Teng Hui Huang									
	Subsidiary Consultant	Chin Yu Lin									
	Subsidiary Consultant	Chien Te Lin									

Note 1: The employee restricted stock (Ennostar common shares) 1,402,500 shares have been reclaimed according to the issuing regulations.

Note 2: The number of shares and shareholding in this table is calculated based on the issued shares of 685,251,460 shares as stated in Ennostar's latest Change Registration Form to the competent authority.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions:None.

VIII. Financing Plans and Implementation: None.

Five. Operation Overview

I. Business Contents

(I) Business Scope

1. Main Business Contents

The Company is an investment holding company, mainly investing in optoelectronic semiconductors related industries. The business scope of its three major business entities comprises of "epi wafers and chips", "packaging and modules" and "compound semiconductors" and is described as follows:

(1) R&D, manufacturing and sales of epiwafers and chips

Manufacturing of epi wafers and chips for high-brightness AlGaInP light-emitting diodes, InGaN epi wafers and chips and AlGaAs epi wafers and chips.

(2) R&D, manufacturing and sales of packaging and modules

Packaging components and modules for backlight, lighting, automotive, sensing, invisible light (UV, IR), vertical cavity surface emitting laser (VCSEL) and other products.

(3) Integrated foundry services for compound semiconductors

Professional advanced process foundry services for 4-inch and 6-inch compound semiconductor epitaxy and die, including VCSEL, PIN/APD, Micro LED for TV and other large-scale display, high-efficiency power Power Device, GaN RF PA, 5G BAW Filter.

2. Operating Proportion in 2021

Unit: NT\$ thousand

Item	Sales amount	% of sales
Chip/wafer	24,903,022	68.37
Packaging and Module	9,955,600	27.33
Other	1,566,138	4.30
Total	36,424,760	100.00

Note: IFRS (consolidated entity) is adopted.

3. Current products (services) items

The Company's current products are roughly divided into the three major business units of "epi wafers and chips", "packaging and modules" and "Compound semiconductor professional foundry" which are described below:

(1) Epi wafers and Chips

According to different luminous colors and materials, the product types are classified as follows:

Glow color		Material	Product type
High brightness	Red	AlGaInP	Epi wafers and chips
	Orange		
	Yellow		
	Yellow-green		
	Green	InGaN	
	Blue		
UV		AlGaAs	
Infrared			

(2) Packaging and Modules

According to different application fields, the product types are classified as follows:

- A. Packaged components and modules for backlight applications.
- B. Packaged components, modules and finished products for lighting applications.
- C. Packaged components, modules and finished products for automotive lighting applications.
- D. Packaging and modules for sensing applications.
- E. Packaged components and modules for UV applications.
- F. Packaged components for VCSEL applications.
- G. Packaged components and modules for RGB display.
- H. Packaged components of microwave communication components (GaN HEMT & GaAs pHEMT).
- I. Packaged components of power components (GaN Power).

(3) Compound Semiconductors

Integrated Foundry Services for Application Products:

- A. Sensing applications
VCSEL (surface-emitting laser) and EEL (edge-emitting laser).
- B. Optical communication applications
10G/25G VCSEL (surface emitting laser), PIN (high-speed photo diode) and APD (avalanche photo diode).
- C. Display technology applications
Advanced LEDs (advanced micro light emitting diodes).
- D. 5G communication
RF device (high frequency device) and BAW (bulk acoustic wave device).
- E. Other applications
GaN on Si power device (nitride power device) and other III-V components.

4. New products (services) planned to be developed.

- (1) Optoelectronic semiconductor epi wafer and chip products:
Epi wafers and chips for LEDs such as mini LEDs and micro LEDs used in backlight, automotive lighting, sensing, special lighting, UV and RGB display applications.
- (2) Optoelectronic semiconductor packaged components and modules:
Packaged components and modules for LEDs such as mini LEDs and micro LEDs used in backlight, automotive lighting, sensing, special lighting, UV and RGB display applications.

- (3) Compound Semiconductors:
VCSEL component and module products related to 3D sensing, RF Switch for WiFi 5 & WiFi 6 applications in microwave communication, GaN on SiC high-frequency and high-power communication components for 5G applications, and power components of the GaN on Si process for the third-generation semiconductor development.

(II) Industry Overview and Development

1. Industry Status and Development

The LED industry has been developing for more than 30 years since 1990. With the introduction of LED into backlight module applications, it has been introduced into various lighting applications such as architectural landscape, outdoor and indoor, and LED lighting has become the mainstream. Taiwan's LED industry has a relatively complete industrial chain, and its process technology has a leading position in the world. However, with the rapid expansion of production capacity in mainland China, the substantial increase in supply has led to market price competition and overcapacity. As a countermeasure, Taiwan's LED industry is investing in next-generation technologies such as mini LED and micro LED technologies. Facing the competitive situation of Chinese factories, Taiwan's LED industry continues to develop niche products and technologies in the high value-added and high-end application markets in order to gain profit opportunities and create new markets.

Comparing micro LEDs and OLEDs (organic light emitting diodes), micro LEDs have advantages in brightness, energy consumption, response speed, and service life. However, the current bottleneck of micro LED technology has not been overcome. When the technology, quality, cost and market demand all meet the sweet spot, there will be a chance for it to dominate the next generation of the new displays. Prior to that, micro LEDs have already possessed the technology and mass production capability and are cost-effective enough to seize the mid-to-high-end display application market. With the active investment of major brands such as Apple or Samsung, this technology has become a battleground for major players.

The development of the main application markets in the LED industry today is roughly divided into the five major aspects of "mini LED", "micro LED", "invisible light", "automotive" and "lighting" which are described as follows:

(1) Mini LED Market

The applications of mini LED market can be divided into the two major scenarios of direct display and backlight application. Benefiting from the dual drive of both scenarios, the mini LED market is expected to usher in rapid growth. According to LED inside's forecast, the overall mini LED output value will exceed

US\$1 billion in 2023. In the direct display field, mini LED direct displays are targeting the display market of the size larger than 110-inch. Subject to the cost factor, they have great market potential in commercial and professional displays, including traffic management command centers, security monitoring centers and indoor commercial displays. Micro LED backlight products are mainly concentrated in the display field below 110 inches, and the application scenarios include TVs, mobile phones, gaming and automotive LCD backlights. The mini LED backlight scheme uses a large number of miniaturized (75 μ m to 300 μ m) LED chips as the backlight sources. Compared with the side-illuminated backlight scheme, this scheme has the advantage of adjustable regional brightness, high contrast and high resolution, and can achieve the HDR effect. Benefiting from Apple's new-generation iPad's continued use of mini LED panels and Samsung TV's introduction of mini LED backlight technology, the demand for mini LED applications has grown rapidly.

(2) Micro LED Market

Micro LEDs are regarded as the mainstream of the next generation display technology. It has the direct display advantage of unit pixel composed of R, G and B three-color micro LED chips with high brightness, high resolution, low power consumption and miniaturization. In the application aspect, it is recognized by international manufacturers as the best solution for display technology of AR (augmented reality) and MR (mixed reality) products. In the future, it will also be widely used in vehicle displays, TVs, large digital displays. However, there are still several key challenges in technology and cost, including the Micro LED die cost, backplane and driver technology and mass transfer process. According to the 2021 market analysis agency Trend Force, the market value of micro LEDs is estimated to reach US\$3.8 billion by 2025. The application areas include various sizes from small-sized ARs/VRs, wearable products, notebooks, automotive displays, smart phones and tablet computers to large-sized displays such as billboards and TVs. The small-pitch high-definition LED screens have a high pixel density, high grayscale, high contrast but no stitching, making the picture more detailed and flawless. They are expected to gradually replace the stitching technology of LCDs, PDPs and DLPs, and grow rapidly in various applications, including military command and control centers, public surveillance and command centers, radio and television communication centers, exhibition and advertising, and the future development can be expected. Trend Force also predicts that the development of micro LED large-size displays will enter a peak period from 2026 to 2030, when the annual output value of micro LED chips is expected to reach tens of billions of US dollars.

(3) Invisible Light Market

The invisible light LED market is divided into the two major sub-markets of infrared and ultraviolet.

Recently the common application of infrared sensing is the 3D sensing function mounted on mobile phones and tablets, and it can be extended to AR applications, facial recognition and gesture control, or used in robotics, industrial automation and self-driving technology. In addition, due to the improved pandemic prevention policy in recent years, the demand for non-contact sensing such as indoor crowd control has increased simultaneously. In terms of UV-A LED market applications, the demand for photocuring can be clearly felt in 2021. The main growth drivers are 3D printing, LCD lamination, wafer applications and air purification (UV-A LED with photocatalyst technology). Affected by the pandemic, brand manufacturers have successively launched integrated products with sterilization and purification. In addition, the optical power of UV-C LED products has continued to increase. Related manufacturers in mainland China, European, South Korean and Japan have successively introduced UV-C LEDs into new home appliances which have become the standard equipment of home appliances. It is estimated that the various applications of infrared and ultraviolet will push up the output value of the overall invisible light LED market.

(4) Automotive Market

The automotive market includes three major segments of automotive lighting, automotive display and automotive sensing. In terms of automotive lighting, the demand for smart headlights has become a market trend. ADB headlights can expand the driver's night vision and increase the response time to obstacles ahead, and glare-free high beam can reduce the discomfort from the vehicle in front, oncoming vehicles and pedestrians. In terms of vehicle displays, they will develop towards full-vehicle display, special-shaped or transparent display, and high-resolution. In terms of vehicle sensing, it will include both in-vehicle and out-of-vehicle sensing; on in-vehicle sensing, the European Union will mandate that new cars be equipped with a driver monitoring system (DMS) in July 2022; at the same time, the occupant monitoring system (OMS) is also required starting from 2022. Other governments are also actively promoting the introduction of DMS and OMS, thus driving the rapid rise of the DMS/OMS system market. As vehicles are gradually entering the field of higher-level autonomous driving, it has become an irreversible trend to have them equipped with advanced driver assistance systems (ADAS), which can collect relevant information inside and outside the vehicle in real time, including static and dynamic object recognition and detection and tracking. On the newer optical radar (light detection and ranging, LiDAR) of ADAS applications, the common laser beams are ultraviolet light, visible

light and infrared light, of which the wavelength of 600~1000 nm is most commonly used. LiDAR is recognized as the necessary sensor for L4~L5 autonomous driving, and various automakers have begun to install LiDAR to accumulate databases and improve accuracy.

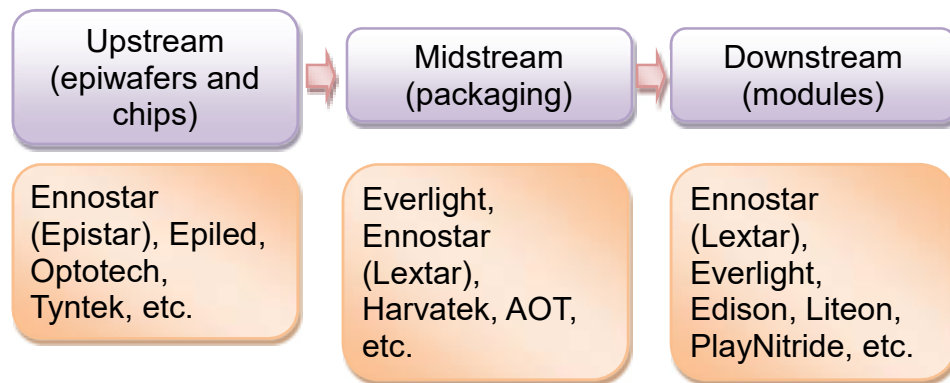
Energy consulting firm Wood Mackenzie estimates that by 2050, the proportion of carbon-free pure electric vehicles in global new car sales will increase to 56%. It is expected that the demand for LED supply chain will jump simultaneously, and LED products such as car lights, test components and display panels will be the main driving force for the growth of the industry.

(5) Lighting Field

In recent years, LED has also made good progress in special application fields, such as agricultural lighting, medical lighting, security monitoring, wireless transmission, and smart home lighting, and the future prospect is promising. The characteristics of LED create many possibilities, and the industry still has long-term development potential.

Taking human-based lighting as an example, the system combination of human-based lighting and smart lighting is another niche market for LED lighting. According to research, artificial light source lighting can affect the secretion of melatonin, which in turn interferes with the operation of the human body's biological clock. Different emission spectra have different circadian action factors (CAF), which in turn affects the secretion of melatonin. Under the condition of high CAF, the light source can inhibit the secretion of melatonin, making people feel awake and invigorating, which is suitable for the working environment during daytime. Under the condition of low CAF, the light source can avoid excessive suppression of melatonin secretion, and the circadian rhythm can be adjusted by adjusting the wavelength of the light source with the same color temperature. This technology is applied to various fields in residential areas as well as learning and working environments, and can greatly improve the added value of human-induced lighting products.

2. Relationship Between the Up, Mid and Down Streams of the Industry
The development of light-emitting diode (LED) industry in Taiwan has a history of 30 years in the development of the LED industry. The overall industry is roughly divided into the upstream of single crystal, epi wafer and chip manufacturing, the midstream of packaging and module manufacturing, and the downstream of various derivative application industries, as shown in the figure below.



Source: Compiled by Ennostar in January 2022

The up, mid and downstream of LED have different roles. A brief introduction is as follows:

Industry	Product	Process Description
Upstream (epitaxy)	Single crystal Epi wafer	The manufacturing method is to grow one or more single crystal layers on a single crystal substrate, and form an epi wafer containing an accumulation of multiple chemical elements through chemical combination.
Upstream (chip)	Chip	The metal electrodes at both ends of the LED are fabricated by metal evaporation on the epi wafer, and then the mask etching and heat treatment are carried out on the epi wafer. Subsequently, the substrate is ground thin and polished, and then cut and cracked into a single LED chip.
Midstream (packaging)	Packaging	The midstream is mainly the packaging business, and its manufacturing process includes crystal fixation, wire drawing, cutting or stamping, testing and packaging. According to different packaging technologies, chip packaging has the component types of lamp, digital display, dot matrix and surface mount.
Downstream (module)	Backlight module Display Lighting products	The main downstream applications are backlight modules and finished lighting products, of which there are more than 200 assembly manufacturers of lighting products in Taiwan.

Source: Compiled by Ennostar in January 2022

3. Development Trend of LED Product Applications

(1) General Indication and LED Large-scale Billboards

Since 1998, large-scale backlight applications such as LED TV have become popular; "Ultra-high brightness" and "full color" have become the mainstream of visible light LED development, especially in outdoor display applications under sunlight, such as road traffic signs, car lights, LED outdoor display signs. The ultra-high brightness of LED can provide a sharp contrast, and is gradually being adopted in large quantities.

Since the Beijing Olympic Games in 2008, LED billboards have been widely used in international events such as the Olympic Games and FIFA World Cup, or large-scale exhibitions such as World Expos, creating various sound and light effects to attract global attention. LED packaging and enhancement of panel color saturation and high dynamic contrast technology continue to move towards the trend of higher specification/high performance products with more affordable prices, which also enables the continuous growth of color LED large-scale billboards.

At present, the pixel pitch of outdoor full-color screens has exceeded 10 mm and entered 3 ~ 5 mm of large screens. The surface mount packaging technology and module protection level continue to improve, and the pixel pitch of small-pitch, high-density indoor LED display screens also continues to improve. Taking indoor LED display screens as an example, the pixel pitch has changed from >2.0mm to <1.0mm. Its application range goes from long-distance advertising in shopping malls to the display of fine text information in public spaces. In transportation hubs such as airports and stations, traditional display technologies such as PDP/LCD/rear projection are gradually being replaced. The top retail and luxury residential building markets are also beginning to introduce high-contrast displays using mini LEDs or micro LEDs as light sources, and the introduction of "ultra-fine pitch" LED displays has become the new mainstream in the industry.

(2) Automotive Lighting Market

In the development of automotive lighting products, high-brightness LEDs with longevity, power saving, and instant response are rapidly becoming popular for various interior and exterior applications in the automotive industry. The application range can be divided into interior lights, exterior lights, headlights and smart headlights.

A. Interior lights:

They include the light sources required by various instruments and control units in a vehicle, such as interior lighting, mood lights, meter lights, reading lights, door lights, luggage lights.

B. Exterior lights:

The exterior lighting of a vehicle includes lighting at night or when the visibility is poor (such as vehicle headlights, fog lights and license plate lights) and signal indicators (such as

brake lights, direction lights, tail lights, third brake lights, reversing lights, daytime lights (running lights)); the main function is to provide information to the people outside the vehicle.

C. Headlights:

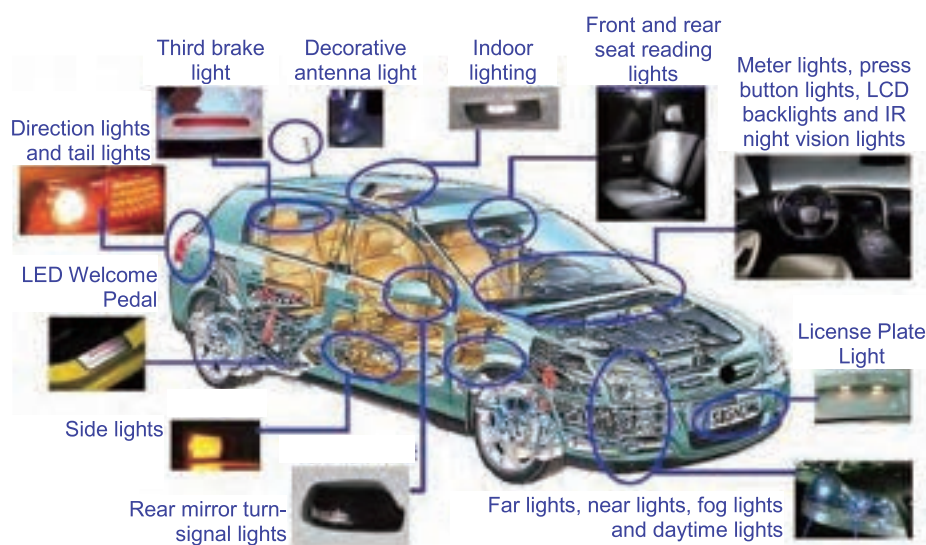
Including low beam, high beam and fog lamps, and the main function is to provide exterior lighting for drivers.

D. Smart headlights:

Smart headlights include matrix LED headlights, sensing elements and lighting control modules. Its functions are not only to provide exterior lighting, but also to detect various environmental conditions outside the vehicle and actively adjust the brightness and angle of the lights.

The trend of adopting LEDs for automotive lighting has become the norm from high-end vehicles to the mid-range mainstream market. For high-end vehicles, we continue to cooperate with lamp manufacturers to develop projection-type or fine-matrix headlamps, which have both the function of road lighting and communication with other people and vehicles, and also increase the long-term business opportunities of a single high-power LED or multiple mini-LEDs.

Development status of LED components in automotive lighting applications



Source: Topology

On in-vehicle applications, in addition to the above-mentioned interior and exterior lighting, various automakers are beginning to integrate infrared camera/smart vehicle lighting functions, as well as radar/LiDAR/ultrasonic integrated ranging modules when developing assisted driving/autonomous driving; these also increase the growth space of the automotive market. With the gradual maturity of the self-driving function, the activities that can

be performed from the driver's seat are more flexible. It is expected that the number of various curved/flat displays in the cockpit will increase, and the business opportunities of mini LED backlighting are expected to gradually increase. The evolution of multi-functional (office/leisure/entertainment.....) cockpits has also brought about the demand for various mood lighting in the vehicle, and this has increased the business opportunities for high-quality lighting comparable to sunlight and full-color modulated (RGB LED) light sources.

- (3) **Display Backlights for Mobile Phones and Handheld Devices**
Handheld consumer electronic products such as mobile phones, game consoles and satellite navigation require appearance design, lightness and convenience. HB - LEDs with the advantages of lightness, thinness and small size become the only choice for cutting into the push button backlight and LCD backlight market.

Although the growth of smartphone sales has slowed down in recent years, the trend of increased screen size and higher resolution remains unchanged; therefore, a single LCD backlight source requires more LEDs (e.g.: 6 pieces for the 3.5" backlight, 8 for 4", and 12 to 16 for 5" and above), and the demand for high brightness and low voltage has also become a technical threshold. In addition, the module of iPhone 8 has evolved from the original dual-LED flash to quad-LED flash, which is believed to further promote the other manufacturers' proportion of smartphones with a dual-LED flash, so the output value of LEDs in the mobile market can remain stable in the short term. Besides, because the flash needs ultra-high current drive, in order to achieve the purpose of ultra-lumen output and high illumination, there is a trend of using LED CSP at present. In the long run, as the proportion of handheld devices using OLED screens has gradually increased, the LCD camp needs to develop higher-end products that have the characteristics of ultra-thin, HDR and high color saturation at the same time. Therefore, the industry has introduced mini LEDs thinner than the current ones for backlights with thousands of straight-down architecture plus 2D local dimming, as well as excellent power consumption/contrast/thickness at the same time. It is expected that they can continuously promote the output value of LEDs in the handheld/wearable market. The demand for the dynamic image quality and power consumption of high-end tablets and business/gaming laptops are also beginning to drive the development of mini LED backlight designs.

- (4) **Medium and Large Size TFT-LCD Backlights**
In 2012, a major brand launched the direct-type LED TV at an affordable price, and the price of the whole machine is almost the

same as that of CCFL. With the help of China's subsidy policy to promote energy-saving home appliances, the penetration rate of LED backlight TVs reached 70% in 2012, and in 2015, the penetration rate of backlights with LCDs, including TVs/computer screens/notebook computers was nearly 100%. It is estimated that there is limited room for the increase of the LED output value in medium and large-size backlight applications. However, there are still positive demand drivers for this application market, including:

- A. Increasing average LCD TV size every year:
Increasing from 41.4 inches in 2015, 43.6 inches in 2016, 45 inches in 2017, 46 inches in 2018 and 47 inches in 2019, the average screen size and LED demand increase by about 5% every year.
- B. Demand for UHD: 4k2k:
On average, LEDs used in TVs of the same size increases by 30~50% per year.
- C. Demand for high color gamut and high NTSC:
In 2009, the demand increased from about 70% ~ 72% to 90% ~ 95%, so more LED chips were needed to make up for the loss of brightness while the color was improved. At present, the conversion efficiency of quantum dots is far lower than that of ordinary phosphors, and more LEDs need to be used. In addition, since quantum dot materials are not resistant to high temperature environments, their conditions for using are generally lower than those of traditional drivers, which also increases the number of LEDs to be used in a single display.
- D. High dynamic range function:
Since the traditional LCD backlight design is inferior to OLED in contrast, in order to keep up on this function, the aforementioned trend of "mini LED for HDR" for portable LCDs is beginning to be introduced into high-end LCD TVs in pursuit of high image quality. Among them, the peak luminance of the HDR specification is several times higher than that of traditional LCD TVs. This specification trend will continue to push up the use of LEDs in high-end TVs.

To sum up, although the penetration rate of LEDs in the LCD TV market is nearly saturated, the increase in the average size and the demand for UHD, HCG and HDR can still stimulate the output value of mid-to-high-end LED components. The new generation of mini LED backlight products is arranged in a matrix in the backlight module, emphasizing high contrast, ultra-high brightness and zoned dimming to achieve the advantages of HDR while taking into account the thinness and HDR effect. They have entered the models of gaming and professional graphics screens, and will bring a new wave of output value growth of LEDs for backlight sources.

(5) Lighting Market

The lighting market can be divided into general, commercial, special, outdoor or architectural types by application. In recent years, as the global awareness of energy saving has gradually increased, it is generally estimated that if the existing traditional light sources are replaced by LED lighting sources, 1,325 TWH can be saved every year, which is equivalent to saving 50% energy. Driven by the demand for energy saving, the lighting market is expected to remain stable.

A. General Lighting:

Including lamps, bulbs, PAR lamps and other general replaceable lamps; the main application is mainly household.

B. Commercial Lighting:

Including board lights, patio lights, which are mainly used in commercial offices, factories or shops.

C. Outdoor or architectural lighting:

Outdoor lighting includes street lights, garden lights, stadium lights and other special application lighting; the main requirements are waterproof, high brightness and long life. Architectural lighting is more diverse, mainly used for nighttime beautification of buildings, bridges, etc. In addition to the basic outdoor requirements of waterproof and life, colorful lights are needed to enhance the atmosphere.

D. Special Lighting:

The main application scope includes special professional lighting such as human factor lighting, smart lighting, warning light, industrial lighting (wafer clean room's yellow light), medical lighting (surgical light), plant lighting. In recent years, niche lighting applications are the most prosperous area of the lighting market, such as plant lighting, which can shorten the growth cycle and increase the planting density, have begun to be introduced in farms of various high value-added crops.

(6) UV Products

UV-A LED: The development of UV LED is mainly based on UVA LED curing. The applications of its products include the printing market, medical equipment, beauty equipment, automotive coating and industrial exposure machines, as well as 3D printing applications developed in recent years.

UV-C LED: UV-C has the molecular structure of DNA (deoxyribonucleic acid) or RNA (ribonucleic acid) that can destroy microorganisms, making bacteria dead or unable to reproduce, thereby achieving the purpose of sterilization. Its products can be used on individuals and families, public facilities and other products for air, water and surface sterilization.

(7) Sensing Application

Sensing applications exist in many application scenarios. For example, user logins of information applications are beginning to

use infrared light sources and cameras to perform facial recognition to replace the tedious procedures such as entering passwords and modifying password settings. On hand-held devices, the low power consumption of infrared LEDs and their ability to customize special wavelengths are also used to identify the user's iris tissue characteristics, and has the unique and portable characteristics for biometric identification. The application of wearable devices in health care and exercise monitoring has recently been developing more vigorously. Many wrist heart rhythm detection devices have used the characteristics of different tissue absorption rates in different wavelength bands, and visible light and infrared pairing to obtain the best signal judgment. The user can conveniently obtain the physiological information required in real time.

It has also been widely used in the field of biomedicine. For example, light sensing elements, whose function is to receive the light source emitted from sensing elements, are widely used in wearable devices to receive LEDs of different wavelengths. The prevalent digital medicine is beginning to introduce the functions of heartbeat and blood oxygen detection; SWIR (wavelength 1000~1700 nm) products can also be used in bio-sensing functions. In addition to heart rhythm, multi-band infrared LEDs are used in the detection of important physiological indexes such as blood oxygen and blood sugar. In addition to the monitoring function, applications such as healing therapy are possible applications. On the whole, infrared LEDs have improved the quality of human life in various aspects, such as security/identification/health/biomedicine.

In the application field of 3D sensing, VCSEL (vertical cavity surface emitting laser) is an important key component. In recent years, due to the maturity of 3D sensing architectures such as time-of-flight ranging and structured light, and the rapid development of algorithms, in response to the demand for new functions in consumer electronic products, major manufacturers have gradually introduced the 3D sensing technology into mobile devices. This has developed a new blue ocean for supply chain manufacturers of 3D sensing related applications. Since the launch of the 3D sensing function in high-end flagship models in 2017, the number of VCSEL shipments for consumer electronic products has surpassed the original optical communication market. The demand for VCSEL as the important component is also extending to new application areas such as AR/VR, drones, self-driving cars and biomedical sensing.

(8) Optical Communication Applications

With the gradual deployment of 5G infrastructure, various smart terminal devices and cloud services, and the increase in the penetration rate of the Internet of Things, network data center traffic has maintained a rapid growth in recent years. The demand for Data Center Interconnect (DCI) applications will be

an important driving force for the promotion of the optical fiber market. Among them, the VCSEL multimode fiber has high performance, low cost and low power consumption, so the growth of the number of optical transmission modules in data centers with distances within 2km is particularly amazing. VCSELs that can provide 10 Gbps have become mainstream, and the technology of 25 Gbps and 50 Gbps per channel is the basis of 100G (4x25 Gbps) and 400G (8x50 Gbps) Ethernet standards. Single-channel 25G network can be developed through multi-port combination to 100G and 200G switches, and 25G VCSEL can be regarded as a practical optoelectronic component with development potential.

(9) Microwave Communication Products

With the advent of the new WiFi6 standard, wider reception range and faster network speed will become the mainstream of the future market, and various industry players are racing to accelerate the development of RF Switch products to meet market demand. With the development of the 5G generation, the new communication system will bring about a series of new changes in electronic components. GaN will replace the existing technology and become the mainstream of base station PA. Continue to develop high-frequency and high-power GaN on SiC RF device process and technology to prepare for the 5G market.

(10) Power Component Products

In the power component market, it is a trend for power adapters to pursue compact size and higher efficiency. Therefore, the advantages of GaN power components are gradually favored by the market in the field of fast charging applications, and the high-frequency GaN on Si power device process and technology have been continuously developed.

4. Industry Competition

In recent years, mainland China has been providing policy subsidies to the LED industry, resulting in a competition in production capacity and fierce market price competition. Taiwanese manufacturers have begun to reduce the proportion of lighting applications that are less profitable, and are actively developing high-value-added niche products with high technology content such as the automotive field, mini and micro LED technology and invisible light applications.

In the field of automotive applications, global car manufacturers are actively increasing the utilization rate of LED and sensing products, and creating high growth and high technical thresholds for automotive demand. Once the supplier is selected after strict assessment, it will not be easily replaced, and can bring high added value and continuous profits to suppliers. It is expected that all industry players will actively invest resources to seize market shares.

In the field of mini LED application, as major brands have successively launched terminal products using mini LEDs, mini LEDs are regarded as the mainstream of the new generation of displays. The mini LED zone dimming technology can greatly improve the picture contrast and resolution, and has the advantages of ultra-thin volume and longer service life. With a large amount of R&D resources invested by various industries, it is expected that the yield and cost reduction will continue to improve, which can drive the penetration rate of mini LED in the end-product market in the short term.

Different market demands have developed for invisible lights according to different wavelengths. With the continuous growth and expansion of the application market of signal transmission and sensing functions, the end-product application products are developing towards diversification. Products including smart home applications, consumer wearable electronic devices, ultraviolet disinfection and sterilization, indoor pedestrian flow monitoring and non-contact sensing under the demand of epidemic prevention have come out, further providing market growth momentum. Therefore, they have also become the field of continuous vying by the industry.

(III) Technology and R&D Overview

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

Unit: NT\$ thousand

Year	R&D expenses	as a percentage of revenue (%)
2021	2,656,848	7.29

Note: IFRS (consolidated entity) is adopted.

2. Successfully developed technologies or products in the most recent year and up to the date of publication of the annual report

The product items of the three major business entities of epi wafers and chips", "packaging/modules" and "compound semiconductor professional foundry" are roughly classified as follows:

Epi wafers and Chips:

- (1) The technology of horizontal high brightness chips.
- (2) The flip-chip technology applied to vehicle daytime lights and headlights.
- (3) Red, blue and green mini-LEDs used in ultra-fine pitch displays.
- (4) Mini-LED is used in mobile phones, tablets and the TV backlight market.
- (5) Successfully developed 400lm high frequency automobile-used flip-chip die under 1000mA.
- (6) High efficiency 410~420 nm band horizontal die for full-spectrum light
- (7) High-efficiency 520~535 nm vertical dies for the light source of wearable heart rate sensors.

- (8) Developed high-power and high-quality UV365 nm vertical wafers.
- (9) Develop high efficiency/high quality ultra-thin mobile panel application's small size flip chip die
- (10) Developed small-scale flip-chip for high-efficiency/high-quality ultra-thin mobile phone panel applications.
- (11) Develop high reliability UV365-410nm vertical die.
- (12) Developed the high-efficiency green-light vertical wafer technology for wearable biomonitoring applications.
- (13) Developed high-directivity horizontal green-light technology for wearable bio-monitoring applications.
- (14) Improved the efficiency of 660 nm LED products used for plant lighting, and the WPE efficiency reaches 78%.
- (15) Develop 810 nm, 850 nm and 940 nm band near-infrared double-layer superimposed high-power products for iris recognition and face recognition functions of mobile phones/laptops.
- (16) Developed new products for near-infrared automotive applications required by automotive driver monitoring systems.
- (17) Successfully developed the 1100 nm~1600 nm SWIR UHB LED technology platform, with 14 mil 1300 nm LEDs reaching the optical output power of 25 mW under 100 mA current operation. This series of products is used in a variety of biosensing applications.
- (18) Successfully developed InGaAs light sensing diodes, which can detect infrared light from 900 nm to 1650 nm, and can be used in various biosensing applications together with SWIR LEDs.
- (19) Developed red, orange, and yellow flip-chip mini-LED products for RGB displays and gaming products.
- (20) SWIR LEDs and photodetector diodes for biosensing proximity switch applications.
- (21) Deep UV 275 nm LED sensing components.
- (22) Blue laser chips and chips used in projection light sources.
- (23) Blue/green epi wafers for micro LEDs.
- (24) High wavelength uniformity 6" blue-green epi wafers.
- (25) Developed the process technology of RGB miniaturized micro LED chips.
- (26) Developed the process technology of 4-inch weakened suspension RGB micro LED chip on wafers.

Packaging and Modules:

- (1) Launched the direct-type vehicle module which are widely used in the new-generation models and electric vehicles to achieve the effect of high brightness and high contrast, while taking into account the high reliability requirement of vehicle regulations.
- (2) Launched the new generation of mini LED backlight module which is ultra-thin with wide color gamut and high contrast. The new backlight module is divided into 512 control areas, which can perfectly display details in a dark environment and greatly compress the thickness of the module. They are mainly used in high-end notebooks, gaming monitors and industrial control

- marine monitors.
- (3) Launched high-power UV-A packaging and module products, which can be used for industrial curing to replace traditional mercury lamps and increase product life and shorten curing time.
 - (4) Launched new technology UV-C inorganic packaging products, which can be used for air, water and surface sterilization, and the product life can be doubled.
 - (5) Launched water sterilization and air sterilization module products, which can be used in different fields such as household, commercial and industrial applications.
 - (6) Launched the new generation of 3D sensing ToF VCSEL component products, which can be used for gesture recognition in the center console menu of vehicle driving, and face recognition in anti-drowsiness applications.
 - (7) Develop off-vehicle VCSEL components for LiDAR short-range detection applications.
 - (8) Developed a day-rhythm lighting module. This module is equipped with two color temperature LEDs, which can achieve a dimming effect of color temperature CCT 2000~6500 K. In addition to complying with the WELL healthy building standard, it helps the human body's circadian rhythm to reduce the impact on the human body in order to reduce the interfere with the circadian rhythm system, improve work efficiency and obtain good sleep quality; it is suitable for commercial lighting and indoor lighting.
 - (9) Developed a Level 1 platform that verifies micro LEDs.
 - (10) Developed the large light angle LED packaging technology which can realize the effect of HDR and the advantage of dynamic partitioning and can be applied to large displays.
 - (11) In the new-generation i-mini LED backlight section, the latest COB, POB and DOB series of mini LED backlights were released with sizes ranging from 12.3 inches to 65 inches, which are widely used in automotive panels, marine panels, notebook computers, desktops type monitors and televisions. Among them, the most special is the two i-mini backlight products suitable for outdoor applications, such as automotive and marine, with high brightness of 3000 cd/m², which greatly improve the readability under strong light, and have a high reliability of 50,000 hours of life.
 - (12) Developed the new generation DOB (driver on board) technology which directly integrates the driver IC and micro controller unit (MCU) on the light board to perform multi-zone area control, and increases the number of backlight control areas by 5 times to reach more than 1000 zones, while the IC number can be reduced by 50%. With the logic loop control of the MCU, a high contrast ratio of 1,000,000:1 can be achieved. In addition, with the latest micro-lens array technology, the optical design can achieve ultra-wide-angle light output (>160°) and a high light extraction rate, increasing the panel brightness to 1600 nits, which is three times the brightness of traditional panels.
 - (13) Launched 12.3-inch automotive backlight mini LED products, with

a maximum brightness of 1600 nits, allowing information to be clearly read under strong outdoor light, and the area control of more than 360 areas can greatly improve the contrast between light and dark. Special plastic materials with high optical resistance are selected to increase the lifespan to 50,000 hours. All these highlight the advantages of I-Mini backlight products in terms of brightness and reliability.

- (14) Launched the I-Mini backlight for the new generation of 17.3-inch laptops and 34-inch desktop monitors. The unique optical design reduces the number of mini LED chips by more than 20%, but still achieves fine area control, while taking into account the ultra-thin appearance, so as to bring a new stereoscopic visual shock to e-sports players and professional design creators.
- (15) Launched 65-inch I-Mini Blue TV backlight products with about 20,000 mini LED chip which combine the three major technologies and one-stop advantage ranging from epitaxial brightness, chip quality, packaging process, substrate selection and so on which enable the design of mini LED TVs with more than 1,000 zones and a high dynamic contrast ratio of 1600, which greatly improve the contrast and brightness of light and dark.
- (16) On the mini LED display part, the Company worked with the Group entity Yenrich Technology Corporation to develop the ultra-fine pitch technology, and released the 16-in-1 mini LED packaging which can shrink the pixel pitch to 0.46 mm (P0.46), and can be called the industry's leading mini LED products. The modules together with the casing can be spliced arbitrarily, suitable for indoor or semi-outdoor entertainment and retail for display purposes. A total of three new products covering 54 inch, 135 inch and 147 inch were released at the 2021 Touch Taiwan Exhibition.
- (17) Launched the vehicle matrix mini LED COB taillight, which uses the mini LED and driver IC combination. The high-brightness super red mini LEDs with small spacing, in addition to providing safety lights such as braking and steering, can provide warnings to surrounding pedestrians or rear vehicles or dynamic driving environment pictures.
- (18) Two new transparent displays have been developed, including a 10.6-inch transparent micro LED display, which combines micro LED chips with a TFT substrate, with a penetration rate of more than 60% and a brightness of 3000 cd/m². The other 5.1-inch transparent micro LED display uses micro LED chips, micro driver ICs and a transparent glass substrate, with a penetration rate of more than 70%. These two transparent displays use different substrates and drive solutions, demonstrating the Group's diversity and technical strength in the development of micro LED displays, taking a step closer to the transparent display technology of the future.
- (19) Launched i-pixel microchip package technology, which is a package made of extremely tiny micro R/G/B LED chips. This technology can increase the black ratio of the display to 99% and

the contrast ratio to 1,000,000:1; not only the screen performance is more stereoscopic, but also the color uniformity can be achieved in all viewing angles.

- (20) Developed the application field for the new generation of 3D sensing ToF VCSEL component products. In 2020, it passed the high-standard AEC-Q102 certification and mass production started. In 2021, it was qualified by the VCSEL supply chain of European and American car manufacturers. The product has an environmental tolerance from 125°C to minus 40°C and can operate without active cooling, which meets stringent automotive environmental standards. The special optical design can provide a variety of luminous angles (FoV) from 45° to 120° to meet different product design requirements of customers, and is especially suitable for DMS, ADAS and the 3D gesture recognition application of in-vehicle central control to help drivers improve driving safety and upgrade user experience.
- (21) Launched the micro LED display unit, which can be used for P0.6~P1.5 indoor display. With the miniaturization of the chip, the viewing angle exceeds that of the traditional LED display, and the difference between the upper and lower viewing angles is solved.

Compound semiconductor professional foundry

- (1) Developed 3D ToF products in response to 3D sensing needs; developed VCSEL packaging and module products.
- (2) In response to the needs of future fast charging devices, the Company developed power components to expand new applications, and accelerated the development of VCSEL foundry business.
- (3) Developed the RF switch for communication components WiFi 5 and WiFi 6 applications in response to the emerging WiFi technology.
- (4) Developed GaN on SiC high-frequency and high-power communication component application products for the 5G market.
- (5) Power device application products of GaN on Si process.
- (6) Other foundry service technology developments include micro LED, VCSEL, GaN RF, GaN Power and BAW Filter.

3. Future R&D Plans and Estimated R&D Expenses

The estimated research and development cost in 2022 is approximately NT\$2.85 billion. The R&D projects for the three major businesses of "epiwafers and chips", "packaging/modules" and "compound semiconductors professional foundry" are roughly described as follows:

Epiwafers and Chips:

- (1) New Blue/green light horizontal type products.
- (2) High-efficiency blue wafers used in high-efficiency lighting products.
- (3) Low-current operating LED chips used in display products.

- (4) High-brightness LED backlight products with low blue light eye protection function.
- (5) High-photoelectric uniformity LED epiwafers for mini LED backlight products.
- (6) High-brightness InGaN/GaN blue-green 6-inch epiwafers with high-efficiency blue-green chips.
- (7) High-efficiency and high-quality red, green, and blue mini LEDs used in displays.
- (8) High power/high reliability flip chip die for automobile head lamp.
- (9) High-power/high-quality UV365-400 nm vertical wafers for industrial curing.
- (10) Develop high efficiency/high quality small size flip chip die for ultra-thin mobile panel application.
- (11) New products for high-end LED flashes. High-efficiency and high-quality mini LEDs used in TV backlight products.
- (12) High-efficiency polycrystalline flip-chips for TV backlight applications.
- (13) Vertical-structure green light products used in wearable heart rhythm sensing elements.
- (14) High-efficiency flip chips used in consumer electronics lighting applications.
- (15) High efficiency SWIR LED die products.
- (16) InGaAs photodetector epiwafers.
- (17) Chip products used in 900 nm-1650 nm InGaAs photodetectors.
- (18) Chip products used in NIR LEDs of optocouplers.
- (19) Chip products used in mini LED chip products for small pitch display.
- (20) Chip products used in NIR mini LEDs for beauty/wear.
- (21) Near-infrared LEDs and photodetector diodes for biosensing proximity switch applications.
- (22) Developed deep ultraviolet 275 nm LEDs.
- (23) Blue laser chips and chips used in projection light sources.
- (24) RGB miniaturized micro LED COW (chip on wafers).
- (25) 4-inch RGB micro LED chip on wafers.
- (26) 4-inch suspension RGB micro LED chip on wafers.
- (27) Developed mini LED products that allow LED display customers to have uniform colors.
- (28) Developed micro LED products that can be transferred by TFT customers in large quantities.

Packaging and Modules:

- (1) Developed the new generation of high-brightness/high-contrast packaging technology to improve the color rendering capability of panels.
- (2) LED backlight module light sources with high color saturation for backlight applications.
- (3) High-efficiency/wide-color gamut LED backlight module light sources for backlight applications.
- (4) Flip-chip packaged LED backlight module light sources for backlight applications.

- (5) LED backlight module light sources for the eye protection model (low blue light) for backlight applications.
- (6) Ultra-thin LED backlight module light sources for backlight applications.
- (7) Curved LED backlight module light sources for backlight applications.
- (8) Backlight module light sources of mini LEDs for backlight light source applications.
- (9) Multi-partition backlight module panels with driver components for backlight applications.
- (10) Special lighting applications for professional lighting applications' high light efficiency, high color rendering, anti-sulfur and colorful LED packaging components.
- (11) High flexibility and highly customized lighting modules for professional lighting applications.
- (12) Intelligent healthy lighting modules that protect the human eye without blue light, and dynamically adjust the spectrum and brightness according to the human circadian rhythm.
- (13) High-quality automotive-related LED packaging components for automotive lighting applications.
- (14) High-quality automotive-related LED light panel modules for automotive lighting applications.
- (15) Sensing related infrared LED packaging components.
- (16) Sensing related LED modules and packaging components.
- (17) UV-ALED, packaging components and module products used for curing.
- (18) UV-CLEDs, packaging components and module products for sterilization.
- (19) LED packaging and module products for small pitches for RGB display applications and mini LED displays.
- (20) LED packaging and module products for ultra-thin display light sources for RGB display applications of handheld electronic devices.
- (21) New LED technology for micro LED displays for RGB display applications.

Compound semiconductor professional foundry:

Continue R&D to deepen integrated foundry service for professional and advance manufacturing and so on:

- (1) Developed 3D ToF products in response to 3D sensing needs; developed VCSEL packaging and module products.
- (2) In response to the needs of future fast charging devices, the Company developed power components to expand new applications, and accelerated the development of VCSEL foundry business.
- (3) Developed RF switches for communication components WiFi5 and WiFi6 applications in response to the emerging WiFi technology.
- (4) Developed GaN on SiC high-frequency and high-power communication component application products for the 5G market.

- (5) Power device application products of GaN on Si process.
- (6) Other foundry service technology developments include micro LED, VCSEL, GaN RF, GaN Power and BAW Filter.

(IV) Long and Short Term Business Development Plans

1. Short Term Plan

- (1) Focus on the technology development of visible light and infrared light LED epiwafers and chips to improve product performance and increase profit.
- (2) Provide LED products with high light intensity and cost advantage, and provide cost-effective products with core competitiveness of high lm/\$ to satisfy customers.
- (3) Expand marketing channels in Europe, the United States, Japan and South Korea, increase the proportion of export sales and increase the market share in the international market.
- (4) Quickly respond to customer needs and adjust product portfolios to meet rapidly changing markets.
- (5) Closely integrate with end customers in the LCD industry and related supply chains, and accelerate the introduction of high value-added products such as mini LED backlight solutions and micro LED mass production solutions.
- (6) In terms of lighting, move toward niche markets and develop smart and healthy lighting products.
- (7) In terms of RGB display applications, continue to develop various packaging sizes and pixel pitch modules to accelerate market layout.
- (8) In terms of sensing business, continue to focus on the fields of vehicle-mounted industrial control, wearable devices, face recognition and home security.
- (9) In terms of UV product applications, strengthen low, medium and high power packaging product lines and develop sterilization modules.
- (10) Develop new compound semiconductor products and increase application markets such as communications, energy storage and new energy vehicles.
- (11) Deeply cultivate patented technologies and improve industrial competitiveness.
- (12) Improve production efficiency, actively develop intelligent manufacturing, and increase automation technology to reduce production costs.
- (13) Improve the management system and continuously cultivate key technical talents.
- (14) Strengthen information security management, comply with group policies, and comprehensively improve software and hardware protection capabilities.

2. Medium and Long Term Plans

- (1) Improve the Company's independent research and development capabilities, carry out technical cooperation with domestic and foreign research institutions and customers, and invest a high proportion of research and development resources to enhance

- the Company's long-term international competitiveness.
- (2) Develop long-wavelength infrared light and short-wavelength ultraviolet light technology, and provide a complete full-band series of products.
 - (3) Strive to be the world's leading LED manufacturer, continuously develop new products and improve LED efficiency, so as to realize unlimited possibilities for LED applications.
 - (4) Continue to strengthen technical design capabilities and strengthen the foundation of patent deployment.
 - (5) Continuously optimize production technology, reduce production costs, and establish production capacity with cost advantages.
 - (6) Optimize production capacity and perfect the quality certification system, continuously improve product quality, shorten product delivery time, and provide customers with the most satisfactory service.
 - (7) Strengthen international marketing and channels, and enhance strategic cooperation with international customers
 - (8) Increase cross-industry collaboration and platform establishment to improve the international competitiveness of the overall LED industry and the added value of products
 - (9) Establish multiple business collaboration with LED upstream and downstream suppliers to expand the growth of technology and production capacity
 - (10) Improve the conversion efficiency of LED products, so as to reduce heat and save energy.
 - (11) Leverage the one-stop production advantage of the Group's LED EPIs, chips, packaging and SMT, and establish a factory-in-factory production model in the LED supply chain to reduce production costs and increase profitability.
 - (12) Strive for the development of other III - V families of semiconductor technology applications such as power components to save energy, develop new applications, and accelerate the development of the VCSEL foundry business.

II. Market and Production and Sales Overview

(I) Market Analysis

1. The Company's main sales areas

Unit: NT\$ thousand

Area	Sales amount	% of sales
Domestic sales	3,126,618	8.58
China	17,733,618	48.69
Hong Kong	2,138,234	5.87
South Korea	1,257,421	3.45
Malaysia	2,139,015	5.87
Japan	7,595,774	20.85
Singapore	978,999	2.69
Other	1,455,081	4.00
Total	36,424,760	100.00

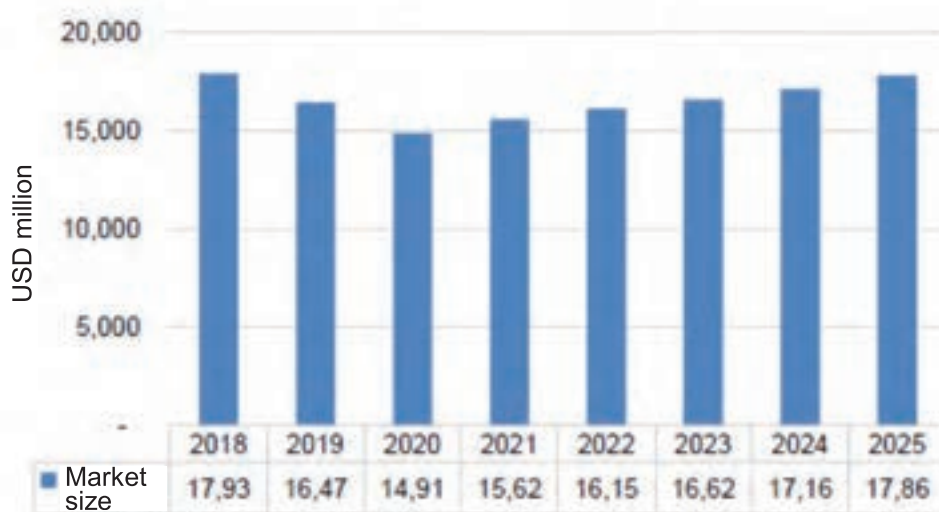
Note: IFRS (consolidated entity) is adopted.

2. Market Share and Future Supply and Demand and Growth Potential of the Market

Since 2009, a large-scale subsidy policy for the LED industry has been implemented in the Chinese government's 11th/12th Five-Year Plan. Chinese manufacturers have purchased a large number of epitaxy equipment (MOCVD), established joint ventures or established new companies, forming a supply in the industry that far exceeds the demand. At present, excessive competition has caused many peers to lose money and go bankrupt.

Although the market demand for lighting has been on the rise, there are extremely high price-sensitivity and cost-effectiveness requirements on the general consumer lighting market, resulting in a short-term increase in LED demand, but a decline in revenue and profit. At present, as many applications such as automotive, medical, plant lighting, security control, wearable devices and smart life are in the ascendant, as the market converges and the strong become stronger, the effective production capacity will gradually balance supply and demand with the market growth in the future. Competitive enterprises will push the technology to the display technology of the next generation, and it is estimated that the market will maintain positive growth until 2025. The main driving force of the market between 2022 and 2025 is expected to come from products such as micro LEDs, mini LEDs and invisible light LEDs.

LED application market forecast from 2018 to 2025



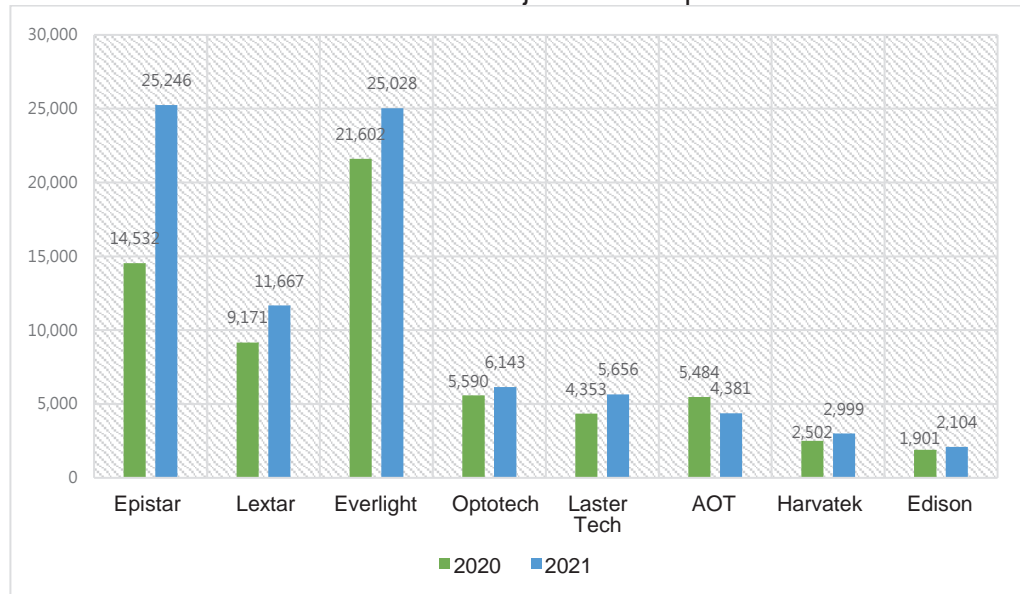
Source: IEK Consulting, Industrial Technology Research Institute, May 2021

(1) Market share

The Company is engaged in the research, development, design, manufacture and sales of LEDs. On January 6, 2022, Epistar and Lextar jointly formed Ennostar Holding Company. Epistar's production capacity focused on LED epitaxies and chips, while Lextar focused on LED packaging and finished products. Both parties integrated resources to strengthen the vertical integration of the entire industry chain.

At present, the main domestic competitors include dozens of large and small manufacturers such as Everlight and Optotech. Based on the analysis of domestic LED manufacturers and statistics of eight public and OTC companies in Taiwan, the combined revenue of Taiwan's major LED manufacturers in 2021 was approximately NT\$58.2 billion, and the combined revenue of Ennostar (including Epistar and Lextar) was about NT\$36.9 billion.

Revenues of Ennostar and major LED competitors from 2020 to 2021



Source: Compiled by Ennostar in January 2022

(2) Supply and Demand and Growth Potential of the Market in the Future

In recent years, the market demand for LED backlights has approached saturation, and the development of new technologies such as mini LEDs and micro LEDs has opened up new market opportunities for LED display applications. In addition, due to the application of mobile phones in the 3D sensing market, the facial recognition function has become a standard equipment. Other than mobile phone applications, it can also be used in security systems, crowd detection, driving fatigue detection, etc. The application market still has unlimited business opportunities, and the market demand for related invisible light used in security applications, biometric identification, industrial automation and consumer electronic devices is also gradually expanding. Furthermore, the mass launch of new energy vehicles pushed the development of automotive lighting, sensing and display technologies, and more manufacturers are actively participating in the development. Driven by the layout of 5G communication infrastructure in various countries and the global energy policy, the LED industry is also beginning to shift toward the development of other

compound semiconductors in recent years, and the products include power and communication components. Power components are used in high-efficiency power converters, new energy vehicles, charging stations and charging piles. Communication components are used in wireless local area networks, fixed networks, optical fiber communications, satellite communications and 5G micro base stations.

3. Competitive Niche

Ennostar is the world's "best compound semiconductor investment platform". It is shifting its business layout from general lighting in the market to high-tech, high-value-added applications such as next-generation displays, automotive, sensing, and special lighting, and extending its core competence of III~V semiconductor epitaxies and production process and investing in the field of new-generation compound semiconductors.

(1) Produce LED epi wafers, chips, packaging and modules to give full play to the advantages of vertical integration

The Group's subsidiaries include Epistar Group and Lextar Group, which focus on the research and development and production of optoelectronic products of compound semiconductors. Through the vertical integration of resources, Epistar is mainly responsible for epi wafers and chips, while Lextar focuses on packaging/modules, seeks patent cooperation in intellectual property and strives for product breadth and technical depth, in order to provide customers with a full range of products and services.

(2) One of the few companies in the world that provides full-band epi wafer and chip products

The Company's AlGaInP products provide high-brightness epi wafers and chips covering light-emitting colors such as yellow-green, yellow, orange, red, and its InGaN products provide epi wafers and chips in purple, blue, green and other luminescent colors. In the invisible light field, there are UV and infrared products from 365nm to 1450nm; the advantages of full-band products and one-stop procurement can meet various application needs of customers.

(3) Possess type 2 and 3 compound semiconductor foundry technology and capacity (sensing, optical communication, 5G application, power components, microwave device)

Unikorn is a III-V compound semiconductor components professional foundry and the only professional foundry in Taiwan that can provide advanced production processes for GaN epitaxies and epi wafers. Its foundry scope covers the two major fields of optoelectronics and microelectronics, including micro LED, VCSEL, GaN RF & power, and BAW filter components; it can provide corresponding process parameters according to the

needs and designs of different customers, and accurately manufacture products with specifications that meet customer requirements, delivery dates and yields. It applies strictest standards to protect customers' intellectual property rights, process parameters and other confidential information.

Unikorn foundry products

Item	Product
GaAs epitaxial wafer	VCSEL, EEL, GaAs PIN
InP epitaxial wafer	APD, EEL, InGaAs PIN
GaAs component manufacturing	VCSEL, EEL, GaAs PIN, aLED(R)
Nitride epitaxial wafer	Power Device (PA), RF
Nitride component manufacturing	Power device, RF PA, Micro LED(B/ G)
Passive components, MEMS fabrication process	BAW filter, MEMS

- (4) Adjust product mix to quickly respond to market demand
- The Company has been paying attention to changes in market demand, and has the flexibility and research and development capabilities to adjust product mix to create a competitive niche for the Group. For example, the series of high-voltage LED (HVLED) mass-produced by Epistar since 2011 won the Taiwan Excellence Award in 2014. The high-voltage chip solution can save the driver cost of lamps and provide more flexibility in lamp design.

The combination of blue and red high voltage LEDs also provides high quality and high CRI warm-white light sources. Epistar also began mass production of pad extension chip (PEC) in 2012. PEC is especially for high operating current and there's no need of the wire bonding process. The PEC also enables higher package density and satisfies the needs for high lumen output in lighting market. In addition, the Chip Scale Package (CSP) extended from PEC has also been applied on LED-backlit LCD television, built-in flashlight of mobile phone, gradually developing into one of the major solutions in the market.

In recent years, EPISTAR actively develops infrared LED, a sensing application. Related application range from the current detecting and controlling application to proximity switch, and expands to facial recognition, iris identification and other biometric detecting and monitoring emerging market; In recent year, the Group is also moving towards compound semiconductor development, its related products include power and communication components. This can have a good hold of the emerging market opportunities in high-efficiency components, alternative fuel vehicle, charging stations, 5G, Wi-Fi 6, and low earth orbit satellite.

In response to current market demand, besides providing for the newly emerging markets demand, introducing the brand products (EPISTAR/Lextar Electronics), Ennostar has also took actions to meet

the demands for compound semiconductor development of second generation products and from various design companies. Thus, has established Unikorn Semiconductor, a professional wafer foundry to satisfy these demands.

Unikorn product types and application

Item	Application
Laser sensing	Face/fingerprint recognition, body sensing, measurement, LiDAR
Optical communication	Optical fiber communication for 4G/ 5G --> high-speed, massive data exchange (cloud, engine room)
Micro LED	New generation display technology-->TV, AR/VR, vehicle display
GaN power components	GaN quick charging, high-power/high-frequency application electronic products, communication base stations, electric vehicles
GaN RF PA	5G application
BAW filter	5G application: Base stations and smartphones

- (5) Excellent technical ability and skilled management team
The R&D units of the subsidiaries of the Ennostar Group (Epistar, Lextar and Unikorn) have more than 1,600 people, and the management team has many years of experience in the TFT LCD and LED industries and are familiar with integrated manufacturing technology and supply chain management. They are committed to LED research and development and manufacturing, making it suitable for a variety of LED applications. At the end of 2021, the number of domestic and foreign patents which Ennostar Group's subsidiaries either have obtained or are applying for has exceeded 6,300. Excellent technical abilities have become the foundation of the Group's competitiveness.
- (6) Sound and reliable quality and environmental safety, health management system
Ennostar Group's sub-group companies (Epistar, Lextar and Unikorn) are committed to improving product quality. Epistar established a photoelectric measurement laboratory in 2012 to strengthen customers' trust in its product quality and eliminate measurement disputes. In August 2018, it obtained the certification of the new IATF16949:2016, and Lextar also obtained this certification in June of the same year.

Epistar also considerably values environmental protection and occupational health and safety, therefore. EPISTAR has in 2017 completed its ESH management system (ISO 14001/OHSAS 18001/CNS 15506) three-year re-examination and completed ISO 14001: 2015 revision certification in 2018. In the same year, in response to the revision release of the ISO 45001:2018, Epistar started implementing the conversion of system standard; Lextar Electronics has since September 2010 obtained ISO 14001 and OHSAS 18001

certifications, and in 2018 completed the ISO 14001:2015 certification. Convert OHSAS 18001 system into ISO 45001 in 2020. For Unikorn's EHS, it has obtained the CNS 45001:2018 certification in October 2020, the ISO 45001:2018 certification in 2020, and ISO 9001-2015 certification in August 2021 for its management systems. The Company is committed to enhancing its product quality. Its subsidiary EPISTAR has completed the ISFT 16949:2016 new version certification in August 2018. In addition, to deepen the customers' trust to the product quality, eliminating measurement disputes, and to raise the Company image, the Company has in 2012 established the Opto-Electrical Measurement Lab, and obtained ISO 17025 certification in the same year.

The Company considerably values environmental protection and occupational health and safety. Besides obtaining ISO 14001 certification in July 2006, it has subsequently obtained OHSAS 18001 and CNS 15506 system certification in 2008 and 2009, and EPISTAR has in 2017 completed its ESH management system (ISO 14001/OHSAS 18001/CNS 15506) three-year re-examination and completed ISO 14001: 2015 revision certification in 2018; Furthermore, subsidiary EPISTAR has in 2018 initiated conversion of the system in response to the release of the occupational health and safety system ISO 45001:2018. EPISTAR is committed to similar quality policy on the semiconductor. After EPISTAR splits in October 2018, in June the following year, it notified of the ISO 9001 certification, and in 2020 it obtained the EHS management system (ISO 14001/ 45001/CNS 45001) related certifications. It will continue to obtain various type of quality certifications based on customer requirements and to win customers' recognition.

4. Favorable and Unfavorable Factors and Countermeasures of the Development Prospect

(1) Favorable Factors

A. Wide range of product applications and great market development potential

Due to the characteristics of small size, low power consumption, low heat generation and long life, high-brightness LED epi wafers and chips are widely used in large-scale outdoor displays, traffic information signboards, automotive interiors such as driver panel backlight, and automotive exterior such as third brake lights, fog lights, tail lights, direction lights and warning lights. In addition, traffic signs such as traffic lights and pedestrian lights, and backlight sources such as LCDs and backlights of mobile phones and notebook computers are all the directions of their applications.

First of all, mini LED backlights developed to improve local dimming (HDR) have a high display effect with high brightness and high contrast, which can compete with OLED displays on the market; they have clear market specifications and have entered the stage of mass production. The initial introduction is mainly in high-level markets such as

professional displays and e-sports products with high requirements for visual effects. With the introduction of products of Apple, Samsung and other major manufacturers, they will continue to extend to the mass market.

Secondly, the applications of LED of invisible lights include security monitoring, mobile biometrics (face, iris, fingerprint recognition) devices, wearable devices (for heartbeat, blood oxygen and blood pressure sensing) and light sensors, and the market is developing rapidly. Due to COVID-19, SWIR LED products are also being introduced in large numbers in biometric detection applications related to human health, and the market demand will have a breakthrough growth in the future. In addition, the pandemic has also driven the demand for UV LED products, and the demand for UV LEDs have increased due to the industrial demand for UV-A3D printing, as well as the demand for various UV-C sterilization products due to the pandemic prevention awareness.

Finally, LEDs are also expected to be used in AR/VR applications, which are necessary in the virtual world of the metaverse. For VR wearable devices, because of the need for higher contrast and high-resolution delicate display effects, mini LED backlights or micro LED displays will be the trend for VR devices. Micro LEDs will also have a place in the development of AR glasses; in the future, with the improvement of micro LED technologies and cost reduction, micro LEDs are expected to shine in AR glasses.

B. The LED industry structure is complete, and the marketing channels are fast and smooth

Taiwan's LED industry has a complete structure, mature and stable technologies and high production efficiency, and its overall LED output value has a leading position in the world. This is very beneficial to upstream manufacturers in the early stage of development. In addition, the Company is striving to cultivate foreign markets; with customers all over the world, we have a huge downstream base and has considerable competitive advantages in customer marketing. The strategic alliance of integrating LED downstream manufacturers is one of key features of the Company. Through professional division of labor and strategic alliances, the Company can quickly grasp the market trend and adjust the direction of products to enhance its competitiveness.

C. Future Application of MOVPE Core Technology

Since the MOCVD epitaxial system has better control over material purity, epitaxial layer thickness and uniformity than LPE and VPE epitaxial technologies, it is used in the production of high-brightness LED and laser diode (LD)

wafers, and is also the main epitaxial technology for the manufacturing of various optical fiber components and detectors for optical fiber communications, as well as various emitting components for microwave communications. For example, long-wavelength LDs for optical fiber communications, vertical cavity surface-emitting lasers (VCSELs), solar cells and heterobipolar monocrystals (HBTs) for wireless communications all use the MOCVD technology to grow epi wafers. Epistar's operation and technical team has many years of rich experience in MOCVD epitaxy growth technology development, and has exclusive experience in MOCVD system design and improvement; it will have considerable competitiveness in the production of optical fiber communication and wireless communication components in the future.

(2) Unfavorable Factors and Countermeasures

New competitors in LED lighting are actively investing, making the market competition fierce

Nowadays, most of the competitive manufacturers in the market aim to manufacture high-brightness LEDs, and the production capacity of mainland Chinese competitors is rapidly expanding. With the cooperation of many large companies, they are competing for orders by means of price competition, which intensifies the market competition.

Countermeasures:

In terms of business strategy, Epistar focuses on the professional R&D and mass-production technical capabilities on LEDs to improve production yield, strengthen product quality stability, and expand production scale to reduce manufacturing costs, so as to make products consistent in both quality and quantity to maintain its competitive advantage. In addition, it is also moving towards the research and development and sales of high value-added products, such as the development of high-brightness InGaN UV LEDs, AlGaInP LEDs that will be used in sensing applications in the future, and investment in compound semiconductors to increase the scope of applications, so as to seize market opportunities with the latest technologies and products. The Company is actively investing in research and development to improve product performance and forming a market segmentation, and spares no effort to improve production yields to reduce costs and improve product competitiveness.

(II) Important Applications and Production Processes of Main Products

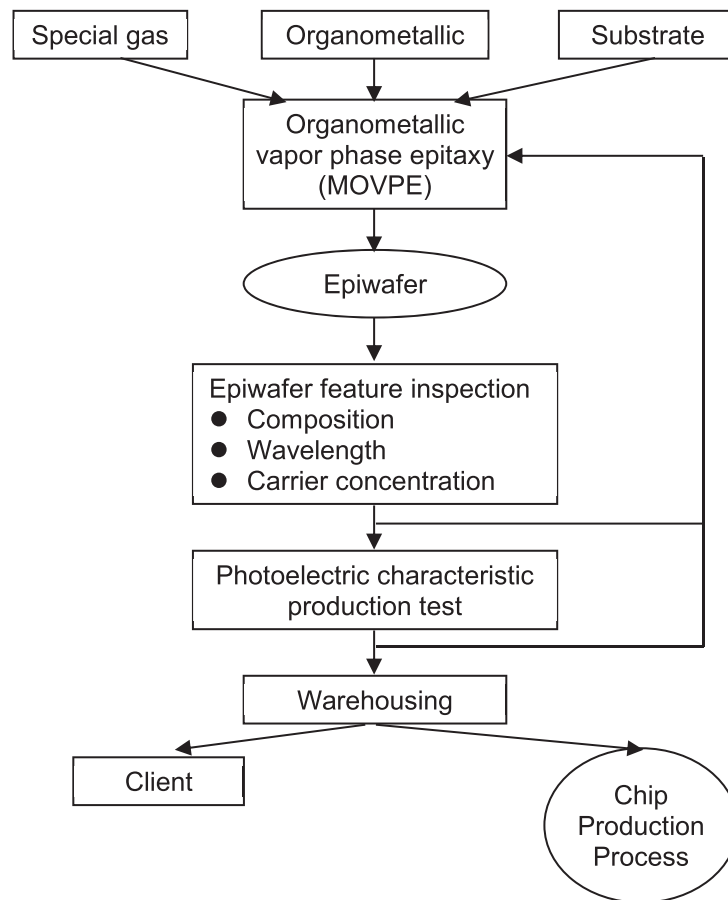
1. Important Applications

The high-brightness LED epi wafers and chips produced by the Company have the characteristics of small size, low power consumption, low heat and long service life, and are widely used in:

- (1) Indoor displays, large-size outdoor displays and traffic signs/traffic information boards.
- (2) Automotive Industry
 - A. Interior: backlights of the meter panel, reading lights and indicator lights.
 - B. Exterior: 3rd brake lights, fog lights, taillights, direction lights, warning lights, daytime lights.
- (3) Consumer Electronics
All kinds of home appliances, indicator lights and digital channel displays.
- (4) Communication Industry
Backlights for digital keys of telephones, wireless phones, mobile phones, flash lamps and mobile phone message display panels.
- (5) Information Industry
Indicator lights for personal computers and computer peripherals, backlights for small LCD monitors, document scanning light sources for photocopiers, CIS light sources for fax machine input sensors, etc.
- (6) Indicator lights and simple message displays for industrial/meter applications.
- (7) LCD display backlights, large-size LCD TV backlights and projector light sources.
- (8) Outdoor landscape and architectural lighting, street lights, indoor home lighting, and industrial and commercial lighting.
- (9) Special function lighting applications for agricultural lighting, medical lighting and UV.
- (10) (IR) LEDs for facial recognition and iris recognition of information products.
- (11) (NIR&SWIR) LED light sources for biosensing of wearable devices.

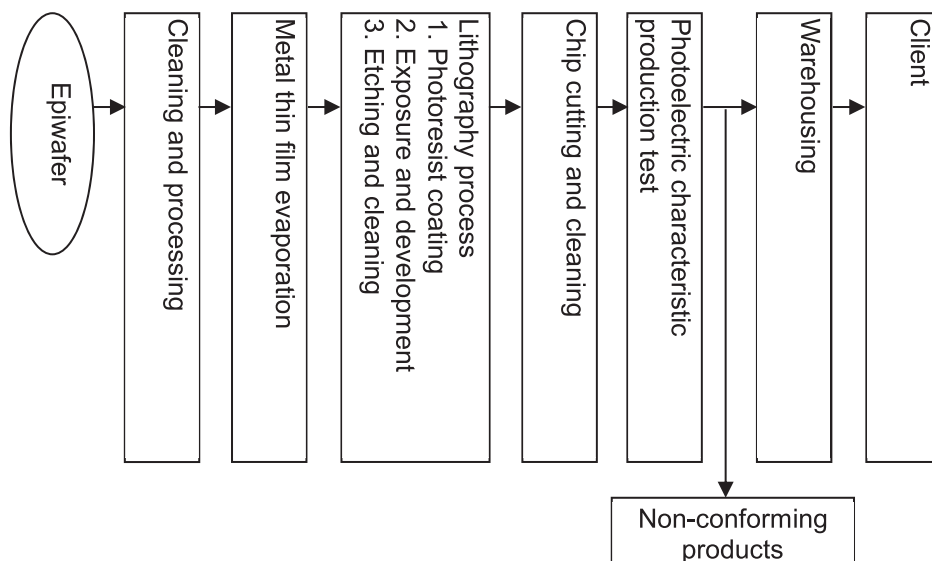
2. Production Process

(1) Epitaxy production process



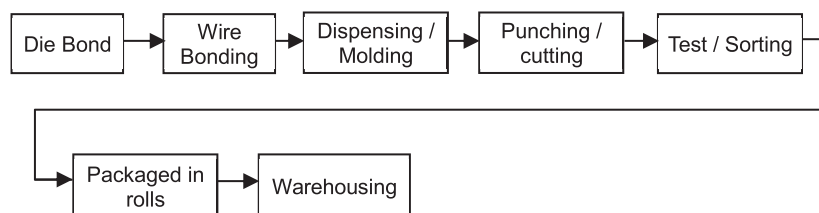
Source: Compiled by Ennostar in January 2022

(2) Chip Production Process



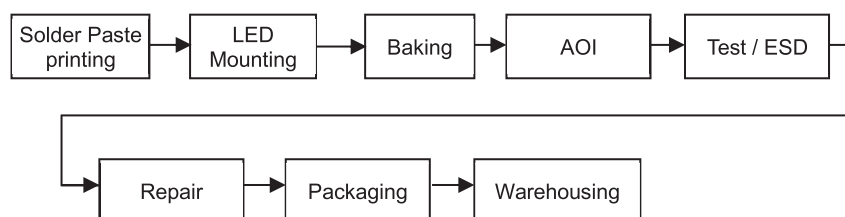
Source: Compiled by Ennostar in January 2022

(3) Packaging Process



Source: Compiled by Ennostar in January 2022

(4) SMT process



Source: Compiled by Ennostar in January 2022

(III) Supply Status of Main Raw Materials

The Company's specializes in the production of light-emitting diode (LED). The products cover Epi, chip, and package, SMT and compound semiconductor professional foundry. The main raw materials and parts include: sapphire substrate, GaAs, specialty gas, metal, lead frame, light-emitting diode, and so on. The Company maintains a good collaborative relationship with the domestic and overseas suppliers to ensure a steady supply of goods; key raw materials and parts are purchased from more than two suppliers to maintain flexibility in procurement and to lower the risks from concentrating raw material supply on one or few suppliers.

Name list for major procurement and sales customers

1. Major sales customers

Unit: Thousands of NTD

2020				2021			
Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer
Customer A	1,378,009	9.48	None	Customer A	1,647,112	4.52	None
Customer B	1,185,148	8.16	None	Customer B	2,215,756	6.08	None
Customer C	-	-	None	Customer C	7,067,535	19.40	None
Others	11,968,666	82.36		Others	25,494,357	70.00	
Net sales	14,531,823	100.00		Net sales	36,424,760	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

ENNOSTAR was established on January 6, 2021, an organization regroup under joint control. Basically, it is an extension of Epistar. It entered joint share transfer with Lextar Electronics in 2021. After consolidating Lextar Electronics, there are changes to the sales mix which as a result led to changes to the overall net sales and customers rate.

2. Major procurement suppliers

Unit: Thousands of NTD

2020				2021			
Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer
Supplier A	1,369,623	15.96	None	Supplier A	2,150,507	11.81	None
Supplier B	1,066,829	12.43	None	Supplier B	1,730,504	9.50	None
Supplier C	743,003	8.66	None	Supplier C	1,066,459	5.86	None
Supplier D	585,961	6.83	None	Supplier D	1,055,204	5.80	None
Others	4,815,608	56.12		Others	12,203,988	67.03	
Net procurement amount	8,581,024	100.00		Net procurement amount	18,206,662	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

Due to changes to the sales mix with Lextar Electronics in this year, which as a result led to changes to the overall net procurement and suppliers rate.

Production capacity/output value in the Last Two Years

Unit: Square inch, in the case of chips/dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2020			2021		
Production capacity/output value	Production capacity	Production capacity	Production value	Production capacity	Production capacity	Production value
Major products						
Chips/dies	1,141,656,489	646,091,265	13,676,328	1,420,985,136	1,177,406,814	22,887,599
Packages and modules	594,692	365,213	810,185	3,982,445	3,295,307	9,874,313
Total	—	—	14,486,513	—	—	32,761,912

Note: Consolidated entities.

Production capacity/output value in the Last Two Years

Unit: Square inch, in the case of chips/dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2020			2021		
Sales capacity/output value	Domestic sales		Overseas sales		Overseas sales	
	Capacity	Value	Capacity	Value	Capacity	Value
Major products						
Chips/dies	24,008,979	2,268,999	567,611,230	11,095,505	1,014,479,039	22,485,408
Packages and modules	37,225	123,353	1,077,076	888,246	2,330,348	9,435,345
Others	—	7,763	—	147,957	—	1,377,389
Total	—	2,400,115	—	12,131,708	—	33,298,142

Note: Consolidated entities.

III. Human Resources

Year		2020	2021	February 28, 2022
Number of Employees	Management	1,603	1,513	1,540
	R&D and Technician	2,231	2,448	2,462
	Direct	5,827	5,592	5,584
	Total	9,661	9,553	9,586
Average Age		32.7	33.6	33.9
Average Years of Service		5.4	5.6	5.6
Education (%)	Ph.D.	1%	1%	1%
	Masters	13%	14%	14%
	Bachelor's Degree	44%	45%	45%
	Senior High School & Below	42%	40%	40%
	Senior High School			

Note: Consolidated entities.

IV. Environmental Protection Expenditure

(I) The loss or penalty caused by environmental pollution during the latest year, estimated current and future possible amount and countermeasures:

- 1、Any losses or indemnity from pollution of environment: None.
- 2、Matters of violations of environmental protection regulations from the environmental protection audit results

Factory site	Disposal date and disposal ref. no.	Violation of provisions of laws and regulations	Violation of contents of laws and regulations	Disposal contents	Response measures
Epistar N8	2021/7/1 EPA-Kong-Tze No. 1100098721	Article 24, Paragraph 2, Air Pollution Control Act	Backup A006 absorber equipment handling efficiency does not meet license requirements.	NTD 100,000 penalty	Change the activated carbon of the backup adsorption column, and shorten its operating days from 56 to 45 days.

(II) Countermeasures and Possible Expenditure

As a member of the global village, the Company continues to build a low polluting and a more environmental-friendly environment. It upholds the spirit of continuous improvement of Environmental Management System (EMS). In regards to the management of the Company's pollution prevention and environmental protection management related expenditures, it has conducted a comprehensive consideration for its overall environmental management performance, and has initiated the proposal, N8 improving pollution prevention facility plan. The plan can lower the time required for switching to a backup adsorption column and it

meets future compliance on the standard for air pollution control and emissions of the manufacturing industry.

The Company is committed to lowering its effect and impact to the environment. Meanwhile, the Company introduced the latest pollution prevention technology at the stage of construction of factory premises. The Company also upgrades the efficiency of energy utilization, builds comfortable living environment, and pursues sustainable operations by the 3R model (Reduce, Reuse and Recycle) in the pursuit of corporate sustainable development as the goal.

V. Labor Relations

- (I) Planning and implementation of employee benefit plans, continuing education, training, retirement systems; negotiation of labor relations and various safeguarding measures of employee's rights and interests.

The Company has emphasized maintenance of fair labor-management relations. We supply generous remuneration packages, a flexible leave system, and a complete insurance system to provide a healthy and friendly work environment to prevent the loss of employees and retain talents.

I. Employee Benefit Plans

For the purpose of safeguarding employees and their conditions of daily life, the Company not only has provided basic guarantee, but also assisted and sponsored various benefit plans, and help organizing the employee welfare committee for implementing and planning all kinds of matters of employee benefits. Please refer to the current measures below:

- (1) Employee bonus plan;
- (2) Three important Chinese holiday bonus, incentive bonus, employee patent application reward, employee proposal bonus;
- (3) Entitled to labor insurance, health insurance, and group insurance;
- (4) Subsidy of wedding, funeral, birth and hospitalization;
- (5) Year-end party, birthday bonus, social clubs subsidy, domestic & overseas traveling subsidy, newspapers & magazines, various sports events and leisure activities;
- (6) New staff members' wage is higher than the minimum wage under Labor Standards Law no matter the gender.

For the full protection of employees health; healthy "body", satisfaction in "mind" and joyful "spirit". We've introduced three elements of healthy "body", satisfaction in "mind" and joyful "spirit" into our employee health care project. It's from healthy body and knowledge, satisfaction in "mind", and self-mind dialogue, connecting the health activities in our FAB and extending to family to create a complete, good, and healthy workplace to reach a physical, mental, social, spiritual balance. Please refer to below situations how we take care of our staff:

- (1) Physical checkup management:
There is employee in-service physical checkup (including abdominal ultrasonography) twice a year. Special operation and transference checkups are done according to the law. The rate of completion of checkup is 100%.
For the implementation of checkup abnormality management, we keep track of employees who have abnormal checkup records through health education or doctor consultation in our FAB to strengthen the awareness of the healthcare provided. We also supply customized health care project for those who with higher health risks and give health care advice according to the severity levels to carry out the prevention of illness in workplace.
- (2) Health promotion programs:
To establish staff healthcare self-management attitude and action to do it, and strengthen employees' ability of healthcare self-management; from the passive way of care management to active way of disease prevention, and implement the prevention of disease, instead of the "preventive medicine." The Company engage in collaboration with hospital to provide CT scan or MRI checkups for the brain, heart, lungs, and digestive system, combining with a diverse health promotion activities. It is hoped to raise employees' the correct disease and prevention concept, and to bring these health concept into their families in achieving self and family's joint health goals.
- (3) Operational health risk prevention and management:
We formulated human factors hazard prevention SOP based on Occupational Safety and Health Act, and carried it out for all staff. We also conducted hazard assessments for those stations that have higher hazard risk. We may reduce human factors through the improvement of working environment and workmanship.
- (4) Infectious disease management:
We've assigned an in-charge unit for monitoring constantly and based on the condition of epidemic to draw up workplace epidemic preventive program, and from the experience accumulated to avoid over-reaction or inappropriate response. In addition to epidemic materials preparation and vaccination (influenza vaccine, hepatitis Type A vaccine for those who relocated to Mainland China), we also promote the knowledge about epidemic prevention through posters, announcements, e-mails, and lectures to strengthen and encourage employees to apply it at workplace and in the family to take care of themselves, family and prevent group infection. We also provide epidemic prevention facemasks, thermometers, record sheets for those who travelling on business when it's necessary.

(5) Occupational injured employee healthcare:
When employees reinstate from injury or other physical and mental reasons; to prevent frustration from work performance due to their health issue or the original work may worsen their health and result in worries of work safety; through the support from relevant departments, we would carry out healthcare assistance and reinstatement mechanisms to give essential care to the reinstated employees.

(6) Maternal protection & healthy workplace:
Create a friendly maternal workplace by implementing a complete pregnancy notification system to carry out maternal care and risk prevention control; Medical room regularly took actions for care. Every plant has a breast-feeding room equipped with comfortable couches, disinfected pots, and other relevant breast-feeding items. Cleaning lady does disinfection on a regular basis. The cleanliness has won the hearts and praise from breast-feeding moms. We also won breast-feeding room certification issued from city/county government. In addition, we have a chair for pregnant woman only in production line and priority car parking space in the Company.

To encourage and remind prospective female employees to take the initiative to inform and participate in the protection measure and receive relevant information about pregnancy, childbirth, childcare, we've drawn up "smooth childbirth hand book" and particularly provided maternal employees care gifts, so that they shall be embraced by the caring rendered by the Company and practice a maternal friendly workplace.

(7) A great diversity of activities and soft lectures
To promote and keep the balance of work and life, we've planned various activities and soft lectures irregularly. We design activities based on different ages and needs, including sports events of basketball, badminton, volleyball, swimming, and road running, as well as health lectures, soul-elevating seminars and parent-child lectures. Meanwhile, there are movies, craft lessons, family day, and parent-child day. We encourage the spirit of teamwork through such activities. We also design activities that enable family members to join in and to thank them for their support, and the special activities combined holidays like Valentine's Day, Mother's Day, and Christmas. Through a wide range of activities, we build up connections between colleagues outside of work, which enhances the Company's coherence. Also, we hold charitable events to enable employees and families to participate in social care and services.

II. Employees' continuing education and training

In order to achieve the Company's business objectives, the Company continues to develop employees' work performance, and develop the training roadmap to launch a series of training programs based on the training structure, including the management series, quality series,

technical series, environment, safety and health series, professional series by function courses and orientation training, etc.. Meanwhile, in order to assure the Company's product quality and safety, all new employees shall attend the orientation training, and specific employees shall pass specific qualification evaluation and undergo re-evaluation periodically to ensure that the employees hold the competency to satisfy the qualifications required for the specific duty.

The Company's overall training structure is based on a pyramid-shaped design, with the concept of developing ability classification and periodic training. From the basic orientation (total 12.5 hr, including the relevant training & education about human rights) to self-development at the top of the pyramid. The middle of the pyramid includes general ability, competence ability, and management ability. General ability shall include the ability training about enterprise culture, general education, versatile e-learning courses, and human rights, information safety, anti-corruption, anti-trust. Our purpose is to define the key behavior index according to the Company culture and values to enable employees understand and comply with the Company culture behavior. Competence ability include technological training courses, quality related courses, patent & legal matters. Professional courses shall be a required or optional subject according to the nature of work and needs. The purpose is to take root in professional fields to enhance professional competitiveness. In addition, it also includes the cultivation of specific talents, internal lecturer training, production line trainer training, etc. Management ability includes basic supervising management course, middle-level management course and executive administration course. Training subjects to be taken shall be performance interview, recruitment interview skill, guidance & authorization management skill, high performance team establishment, etc. Our purpose is to set up a consistency of management language then to bring our team to the top performance. Also, through comprehensive internal office training, not only upgrade employees' professionalism but also enhance the Company's overall competitiveness.

Further, in order to practice the ethical management, the Company discloses its ethical management best-practice principles on the official website and organizes the internal/external training related to ethical management issues, including compliance with laws & regulations on ethical management, prevention of insider trading, safety & health management, accounting system and internal control. Among the other things, the Company spares no efforts to protect trade secrets, intellectual property rights and information security, in order to ensure the staff's painstaking results and the Company's competitiveness, and to prevent the Company's important information from being disclosed. Accordingly, the Company establishes the strict "Regulations Governing Information Grading and Protection" to help the staff cultivate the habit to protect documents routinely, and as the basis for access to and processing, communication and utilization of related documents. The Company also establishes the "Information

Security Management Review Committee” to upgrade the information security goal. Each of the staff shall accept the information security training to satisfy the expectations from related laws, technology and stakeholders, and integrate with the business strategies. All of the employees shall comply with the “Regulations Governing Information Grading and Protection” and fulfill the responsibility as a good administrator.

To this end, the new staff shall complete the online courses about “Introduction to Intellectual Property Rights,” “Information Security Policy of EPISTAR,” and online course for “Information Confidentiality Classification” to enable all of the staff to understand the Company’s policy and control requirements, in hopes of achieving the educational propagation and strengthening the staff’s awareness toward intellectual property rights and prevention of confidential information disclosure.

Total number of group employees participating in educational trainings in 2021 is about 62,000 people. Total number of hours is about 209,000 hours (including ethical management topic).

III. Retirement Systems

In order to fulfill the social responsibility and stabilize the retired employees’ life, the Company and its domestic subsidiaries all established their own “Regulations Governing Retirement of Employees” in accordance with the “Labor Standard Law” and “Labor Pension Act”. Meanwhile, the pension fund is contributed on a monthly basis pursuant to laws. ENNOSTAR was established on January 6, 2021. There are not many employees, and they are mostly staffs from Epistar and Lextar Electronics transferred to ENNOSTAR, and are applicable for the new system. Contents of the new and old pension system regulations, explanation as below:

Pension system	Old System	New System
Applicable laws	Labor Standard Law	Labor Pension Act
How to appropriate pension amount	Withdraw and deposit 2% of the total paid salary amount as retirement fund and the fund will be deposited into a dedicated account, in the name of the “Supervisory Committee of Labor Retirement Reserve” with the Bank of Taiwan.	Each month withdraw and deposit 6% of the employee’s salary as funding of retirement benefits into the individual retirement accounts managed by the Bureau of Labor Insurance.

The pension for the Group’s subsidiaries in China region will be based on the pension system of the People’s Republic of China. Each month the pension amount will be withdrawn from the total of the local employees salary for a certain proportion. The pension of every employee will be arranged by the government and the Group does not have further obligations other than withdraw monthly.

The important requirements under the “Regulations Governing Retirement of Employees” are summarized as following:

Old system:

(1) Retirement conditions

A. Voluntary retirement

- a. Where the worker attains the age of 60 years old (inclusive) and has worked for the Company for more than 10 years (inclusive) consecutively.
- b. Where the worker attains the age of 55 years old (inclusive) and has worked for the Company for more than 15 years (inclusive) consecutively.
- c. Where the worker has worked for the Company more than 25 years (inclusive) consecutively.

B. Compulsory retirement

- a. Where the worker attains the age of 65 years old (inclusive).
- b. Where the worker is unable to perform his/ her duties due to disability physically and mentally.
- c. The Company may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below 55 years old.

(2) Payment of pension, standards and deadline for claim

- A. Two bases are given for each full year of service rendered for the first 15 years, provided that for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months. Said base(s) multiplying by the one month's average wage applicable when the application for retirement is approved is equivalent to the pension claimable by the worker.
- B. The one month's average wage refers to the average wage for 6 months prior to the retirement.
- C. An additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.
- D. Claim: The employee who satisfies the qualification for claiming the pension shall file the application with the Company's Human Resources Center pursuant to the Labor Standard Law and related laws. The Company will apply for the benefit of pension with Trust Dept. of Bank of Taiwan on behalf of the employee pursuant to related laws and regulations.

- E. The pension fund contributed by the Company pursuant to laws shall be paid within 30 days as of the worker's retirement. Where it is impossible to allocate the pension in a lump sum, it may be paid in installments upon authorization of the competent authority.
- F. The right to claim will become extinguished if it is not exercised within 5 years as of the month following the retirement.

New system:

(1) Qualifications

- A. Where the worker attains the age of 60 years old (inclusive) and has worked for more than 15 years cumulatively, the worker may claim the pension on a monthly basis, provided that where the worker has worked for less than 15 years cumulatively, the worker may claim the pension in a lump sum.
- B. The seniority referred to in the preceding paragraph shall be calculated based upon the period of which the contributions to the pension have been made. If the seniority is interrupted, the worker's seniority before and after the interruption shall be combined in calculation.
- C. If a worker dies before claiming the pension, his/her survivors or designated person(s) shall claim the pension in a lump sum.

(2) Claim and calculation

The employee who satisfies the qualifications for claiming the pension shall apply with the competent authority for withdrawing the pension from the individual account of labor pension pursuant to the Labor Pension Act and related laws.

(3) Right to claim

The right to claim will be extinguished if it is not exercised within 5 years as of the employee's resignation.

IV. Labor-Management Agreements

Harmonious labor relations have always been the major management policy of human resources management. We have established a good communication and consultation channel so that employees can work comfortably and maintain high efficiency. Hence, we have established the Employee Relations Department to provide assistance by integrating professional staff and experts both internally and externally to help solve problems or pressures from work or daily life. We also provide confidential and professional external services and consultations with other professional resources.

Our internal communication channel includes an exclusive suggestion box that enables employees to express their opinions, all of which are kept confidential and listed into labor relations meeting for discussion and follow-ups. We also set up a being harassed while performing duties hot line and mailbox available to employees, job applicants, and suppliers, which will be responded timely. Further, we communicate and coordinate with employees through formal channels, if there is

major business change that may affect the employees' rights & interests. We hope to provide the best working environment for all employees.

V. Working Environment and Employee Safety Protection Measures

To secure a safe working environment for employees, please refer to the safety protection measures below:

- (1) To ensure a safe working environment for employees, the Company has set up a professional environmental and safety team to formulate "Decreasing Occupational Accidents program" and give instructions to relevant departments to practice.
- (2) We conduct safety and health training for new staff members and in-service employees.
- (3) We conduct annual environmental assessment in working area to ensure the quality of working environment.
- (4) We conduct annual physical checkup for those who perform special operation and general physical checkup for all active employees for every two years.
- (5) We have the medical staff and medical room located on each site according to laws for preliminary care and further medical treatment at the time of emergency. We also assign occupational disease specialist/doctor in our factory to supply relevant medical care & consultation services and referral services with other medical organization outside the plant.
- (6) Explore the reasons for unusual incidents, and take the necessary actions for prevention countermeasures.
- (7) Each department will establish and implement automatic review management plan according to regulations. Each month, the management personnel will also implement monthly inspections on the onsite environment and safety.
- (8) Establish emergency response management regulations, and create onsite emergency response organization, set up emergency response equipment, and implement response drills.

In addition to above protection measures, we also provide friendly working environment as follows:

- (1) Various recreation facilities (ex: treadmill, gymnastic apparatus, table tennis, billiard, yoga room...)
- (2) Various convenient store and café;
- (3) Complete medical room equipped with breast-feeding rooms;
- (4) Spacious and joyful dining environments, diversified dining choices and meal allowances.

VI. Procedures for Preventing Insider Trading

The prevention of insider trading is included into the internal control system; notify employees, managerial officers and board members from time to time to remind them whether there is any important messages to be disclosed pursuant to laws, and advise them of the related requirements. This prevents staff members from breaching laws and engaging in inside trading. Relevant regulations may be accessible from the Company's website or internal policies.

Said personnel may access the internal important information due to their identity, occupation, or relation, who shall perform their duties and fulfill their obligation as a good administrator with due diligence and also exercise their authority in a highly self-disciplined and careful manner to ensure strict compliance with the requirements for processing, disclosure and confidentiality of important information defined by the competent authority, or shall be required to sign the non-disclosure agreement case by case, if necessary.

- (II) Labor/employer dispute loss in 2021 and as of the publication date of the annual report

Factory site	Disposal date and disposal ref. no.	Violation of provisions of laws and regulations	Violation of contents of laws and regulations	Disposal contents	Response measures
Epistar N8	2021/07/05 Zhu-Huan-Tse No.1100018990A	Labor Standard Law Article 32, Paragraph 2	Extension of work hours which is longer than the hours as regulated	Penalty NTD 50,000	Build work hours alarm system to provide for supervisors in the management of work hours application, to avoid the occurrence of irregular work hours.
	2021/07/05 Zhu-Huan-Tse No. 1100018990B	Labor Standard Law Article 36, Paragraph 1	Number of consecutive days on duty has exceeded the number of days permitted by law.	Penalty NTD 50,000	

VI. Cyber Security Management

- (I) Cyber security management structure, policy, and concrete management plans and resources invested in cyber security management.

Epistar and Lextar Electronics, the two main businesses under ENNOSTAR were originally listed companies, with strict information security internal management. Each of the major subsidiaries built corresponding information security organization and regulations in pursuant of the information security regulations, and ensures the enforcement. Epistar's "information management office" is currently responsible to convene weekly meeting for the Group's joint information security meeting to review the related work implementation. It is compulsory that major information security incidents are reported to the highest level of management timely according to the regulations. The information security management is also to be included into the annual audit plan.

Epistar has already obtained the ISO 27001 information security certification in 2010, and continued to maintain them in good status. Each year it has successfully obtained the review certificate by SGS; Unikorn, Lextar Electronics began the ISO 27001 certification preparation work in

2022. It is planned to obtain the certificate by end of 2023; ENNOSTAR is gradually integrating its information security management system.

Below is the information security risks management framework, policy and concrete management plan of Epistar. The description as below. It is integrating the information security organization and SOP of the three major business entities sequentially.

I. Policy and principles

- (1) The information risk assessment on information assets shall take into account the related laws and business needs, in order to ensure the needs for information security, establish the standard operating procedures, take appropriate information security control measures and ensure the security of information assets.
- (2) Establish the assessment or appraisal system based on the personnel's functions and competencies, and organize the information security educational training and promotional activities, if necessary.
- (3) The granting of the right to access information assets shall be subject to the business needs and take into account the minimum authority, separation of responsibilities and review of independence.
- (4) Establish the information security incidents management procedure to ensure timely response to and control and processing of any incidents, and prepare the business continuity plan and perform periodic drills to ensure the continuing operation of the information system or information service.
- (5) Process and protect personal information and intellectual property rights in accordance with the Personal Information Protection Act and intellectual property rights.
- (6) Conduct the information security audit periodically to ensure that the information security management system is practiced.
- (7) Any violations of the policy and information security-related requirements shall be subject to the punishment rendered by related laws or the Company's personnel regulations.
- (8) Establish the "Declaration of Information Security" for the Company's staff separately, in order to ensure that the staffs are aware of the Company's information security requirements.

Declaration of Information Security

The ultimate goal for the Company's information security operations resides in: ensuring the effective operation of the Company's key business information processing operations through the control over personnel, operations and information technology to prevent any security incidents about confidentiality, completeness and availability affecting the key business operations from arising during the processing of information and support the Company to achieve the goal for becoming a global photoelectrics manufacturing center.

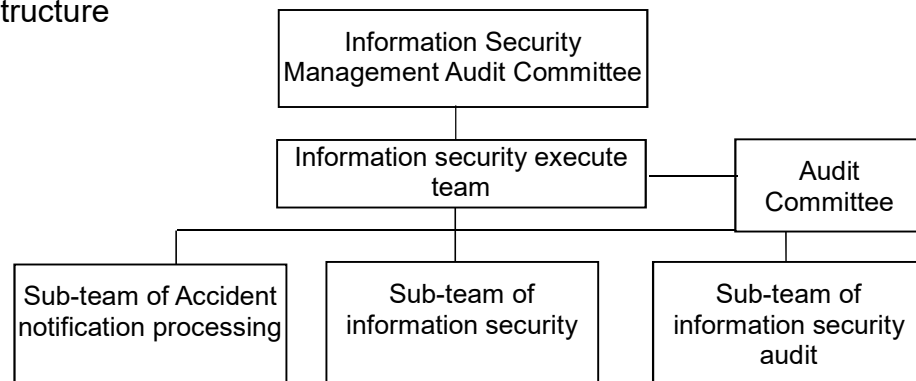
The Company's information security operations are based on the systematic risk assessment and risk management, and implement the risk control measures by weighing management and technology evenly. The same are practiced by the staff in their daily life, so that they may work with each other to realize the Company's information security goals identified as following:

- The protection of information related to key business completely satisfies the Company's requirement and related laws & regulations.
- The information processing procedure and processing result for key business and support of administrative operations shall be accurate and correct completely.
- The information system and information processing services shall be non-interrupted.

II. State of operation

The information security audit committee meeting is held one every half a year. The committee member will participate. Convening time is around April and October each year. The committee is responsible for the review and decision-making of (1) information security policy, (2) effectiveness of information security policy, goals and control measures, and (3) providing resources as needed by the information security.

III. Structure



IV. Members, operations and functions

(1) Committee members

President, VP of Information Technology Center, internal auditor officer, Director-General of Intellectual Property & Legal Affairs Div., and manager of Legal Affairs Dept. of Intellectual Property & Legal Affairs Div.

(2) Execution team members

Team leader, deputy leader and secretary

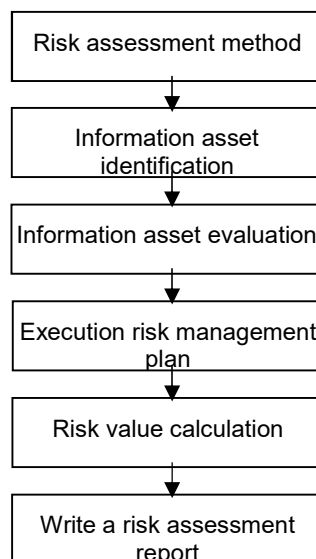
(3) Operations & Functions

Position/Role	Operations & Functions
Information Security Management Audit Committee Chairperson	<ul style="list-style-type: none"> ● Responsible for reviewing and resolving the motions related to the Company's information security management. ● Review and approve information security policy. ● Review the validity of information security policy-based goals and control measures. ● Review the scope of resources required by information security.
Information Security Management Audit Committee Convener	<ul style="list-style-type: none"> ● Responsible for reviewing and resolving the motions related to the Company's information security management. ● Review and approve information security policy. ● Review the validity of information security policy-based goals and control measures. ● Review the scope of resources required by information security. ● Coordinate information security-related operations. ● Continue to improve information security management system.
Information Security Management Audit Committee Committee Member	<ul style="list-style-type: none"> ● Responsible for reviewing and resolving the motions related to the Company's information security management. ● Review and approve information security policy. ● Review the validity of information security policy-based goals and control measures. ● Review the scope of resources required by information security.
Information Security Management Audit Committee Audit Committee	<ul style="list-style-type: none"> ● Monitor and supervise the review of information security policy. ● Monitor, supervise, and review the validity of information security policy-based goals and control measures.
Information Security Execution Team Team Leader	<ul style="list-style-type: none"> ● Select competent personnel based on the specific information security role and position. ● Maintain the awareness toward information security.

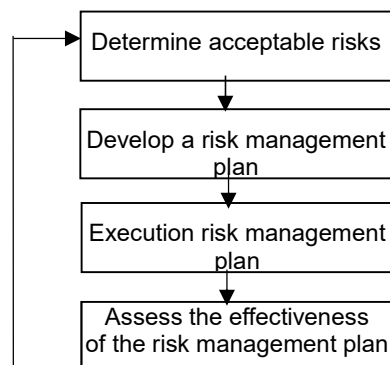
Position/Role	Operations & Functions
	<ul style="list-style-type: none"> ● Coordinate information security-related operations. ● Confirm information security risk and implement risk management. ● Conduct independent audit on information security management system. ● Continue to improve information security management system.
Information Security Execution Team Deputy Leader	<ul style="list-style-type: none"> ● Help the team leader select competent personnel based on the specific information security role and position. ● Help the team leader maintain the awareness toward information security. ● Help the team leader coordinate information security-related operations. ● Help the team leader confirm information security risk and implement risk management. ● Help the team leader conduct independent audit on information security management system. ● Help the team leader continue to improve information security management system.

V. Risk evaluation procedure and risk management procedure

Risk assessment method



Risk management procedure



VI. Timing and approach to conduct the risk evaluation

(1) Timing to conduct the risk evaluation

- The risk evaluation shall be conducted once per six months, and the scope of evaluation shall be decided by the Information Security Execution Team Leader.
- In the event of changes in organization, operating procedures or information assets, or outbreak of material information security incidents, it is allowed to conduct the risk evaluation on information assets falling in the specific scope.

(2) Approach to conduct the risk evaluation

- The value of risk (RoA) of information assets consists of such elements as the value of information assets, vulnerability of assets, possibility of threats and effect thereof, and is calculated by multiplying by the value of information assets, vulnerability and possibility of threats and taking into account the effect produced by the threats on the confidentiality, completeness and availability.
- Identification of information assets (identification and inventory taking) refers to the inventory taking of information assets pursuant to the "Operating Procedures for Managing Information Assets" (PIS090003).
- Valuation of information assets (assessment on value) refers to the evaluation conducted by the information assets owner on the confidentiality, completeness and availability, and subject to the characteristics of organization, and requirements by laws and regulations.

VII. Management system/internal audit/periodic reporting to Board of Directors / preventive measures

(1) Frequency of audit

Conduct the information security internal audit per six months (may be integrated into the Company's internal audit operations, if necessary), and conduct the audit on such specific purposes as information security incidents and material changes in the information system from time to time.

(2) Requirements about internal auditors

In order to ensure the objectivity and independence in the process of audit, the self-audit shall be avoided. The internal auditors shall have the experience in audit on information security systems or attending information security audit-related training programs (including the Company's internal training courses).

(3) Audit plan

- It is necessary to plan and prepare the information security audit plan in advance as the guide for audit. The contents thereof shall include the basis, scope, procedure, personnel, items and schedule of the audit, and executed upon approval of the Convener of Information Security Management Review Committee. The audit plan format may refer to the document numbers and standards under the information security management system.

- If the information security audit is integrated into the Company's internal audit operations, the information security plan shall be subject to the approval of the Convener of Information Security Management Review Committee and provided to the Audit Office to be included into the Company's internal audit plan for implementation.
- (4) Reporting to Board of Directors, the contents about computerized information system processing and information security inspection have been reported to the Board of Directors on November 12, 2018; To build and for early identification of effective monitoring and strict control, the Group's information management is listed in the 2022 key implementation item of management, and the ISO 27001 information security certification is gradually promoted and introduced within the Group.
- (5) Preventive measures
Regular meetings will be held on a weekly basis to discuss information security issues, such as handling of major loopholes, review of responses to incidents, priority of decision control measures. As of now, the Company has not purchased the information security insurance. Nonetheless, the Company puts in much effort in information security governance and strengthening its defense capacity. There have not been any occurrence of incidents on privacy infringement of suppliers or customers, leaks of confidential information or system intrusion.

The Information Security Execution Team performs the business continuity drill and four information security phishing mail drill from time to time, and the restoration procedure in the event of any abnormality in the drilled system, and conducts period audits thereon. The staff accepting the phishing mail shall attend the training and post-test about the information security phishing mails again, in order to reduce the staff's chances to suffer attacks of virus, abducted encryption of data, disclosure of confidential information due to horizontal infection, or system invasion and paralysis.

The information security management department is responsible for receiving timely external information security information releasing to the internal responsible network, the system operations department of server host and firewall at the first moment. The system operations department will follow-up on the repairing progress of the loopholes and will report in the weekly meeting the progress in the handling to lower the risks of attacks.

The international third party information security risk evaluation tool will assist in objectively gather the information security risk evaluation scores of the Group's various companies. The scores of the current three companies of the Group are at Grade A level (the scores range from A, B, C, D level, A is the highest and D is the lowest), which is superior to the average industry grade of level B.

- (II) In the most recent year and as of the date of annual report publication, the losses, possible impacts from and countermeasures for major cyber security incidents.

In the most recent year and as of the date of annual report publication, there has been no major cyber security incidents resulting in any losses; ENNOSTAR Group extends the information security policy of Epistar and has adopted the cyber security into the scope of the risk management within the Group, and has plans to promote “ISO 27001 information security certifications,” and has established short-term goals for the risk management guidelines.

VII. Material Contract

Subject	Counterparty	Counterparty	Contract term	Important restrictive clause
Loan contract	Company E	Not exceeding one year time limit counted from the starting date of the first loan transfer	Loans for NTD 1,000,000,000	None
Loan contract	Company L	Not exceeding one year time limit counted from the starting date of the first loan transfer	Loans for NTD 800,000,000	None
Patent licensing	Research unit	2006.02 ~ 2023.02	Non-exclusive license of patent	According to the contract regulations
Technology and patent licensing	Research unit	2018.12.01 ~	Exclusive license of patent	According to the contract regulations
Technology licensing	Company G	2020/3/1~2040/2/29	III-V semiconductor related technologies	According to the contract regulations
Licensing	Company C	Based on the contract regulations	Brand and patent licensing	Based on the contract regulations
Licensing	Company G	Based on the contract regulations	Patent licensing	Based on the contract regulations
Licensing	Company T	Based on the contract regulations	Patent licensing	Based on the contract regulations

Six. Financial Information

I. Five-Year Financial Summary

(I) Condensed balance sheet

(Consolidated entities)

Unit: NT\$ thousand

Year		Years 2017~2019	Year 2020	Year 2021
Items				
Current assets			17,846,131	34,797,666
Property, plants & equipment			21,085,475	24,299,352
Intangible assets			4,132,191	4,941,663
Other assets			12,465,211	12,850,501
Total assets			55,529,008	76,889,182
Current liabilities	before distribution		9,144,162	15,764,347
	after distribution		9,144,162	17,130,228
Non-current liabilities			6,673,550	6,519,792
Total liabilities	before distribution		15,817,712	22,284,139
	after distribution		15,817,712	23,650,020
Owners' equity attributable to the parent company		Not applicable	37,607,381	52,322,245
Share capital			10,887,014	6,852,514
Capital reserve			36,115,456	43,830,638
Retained earnings	before distribution		(7,908,188)	2,169,446
	after distribution		(7,908,188)	803,565
Other equity			(1,001,764)	(235,543)
Treasury shares			(485,137)	(294,810)
Non-control equity			2,103,915	2,282,798
Total shareholders' equity	before distribution		39,711,296	54,605,043
	after distribution		39,711,296	53,239,162

Note 1: On January 6, 2021, the Company acquired 100% equity of Epistar Corporation through exchange with 0.5 common share of Ennostar Inc. for one common share of Epistar Corporation. The aforementioned conversion was in fact a sort of reorganization within organizations under the common control and was substantially a continuity of Epistar Corporation. Within the Company's consolidated financial statements, therefore, the Company recognized the relevant assets and liabilities with the consolidated financial statements of Epistar Corporation at the carrying amounts and deemed to have merged Epistar Corporation ab initio and worked out the consolidated financial statements for the comparative period.

Note 2: The aforementioned data as after distribution refers to the facts after being duly resolved by the Board of Directors.

(Individual entity)

Unit: NT\$ thousand

Fiscal year		Years 2017~2020	Year 2021
Items			
Current assets			105,825
Property, plants & equipment			10,157
Intangible assets			0
Other assets			52,707,812
Total assets			52,823,794
Current liabilities	before distribution	Not applicable	501,539
	after distribution		1,867,420
Non-current liabilities			10
Total liabilities	before distribution		501,549
	after distribution		1,867,430
Equity			52,322,245
Share capital			6,852,514
Capital reserve			43,830,638
Retained earnings	before distribution		2,169,446
	after distribution		803,565
Other equity			(235,543)
Treasury shares			(294,810)
Total of equity	before distribution		52,322,245
	after distribution		50,956,364

Note 1: Where the Company was not incorporated until January 6, 2021, the financial data of the preceding term was nonexistent.

Note 2: The aforementioned data as after distribution refers to the facts after being duly resolved by the Board of Directors.

(II) Condensed Statement of Comprehensive Income/Statement of Income

(Consolidated entities)		Unit: NT\$ thousand (Except EPS: NT\$)		
Items	Fiscal year	Fiscal years 2017~2019	Fiscal year 2020	Fiscal year 2021
Operating revenues		Not applicable	14,531,823	36,424,760
Gross operating profit			(444,985)	7,618,509
Operating profit and/or loss			(4,486,351)	2,110,130
Nonoperating revenues & expenditures			(3,936,927)	253,178
Net profit (net loss) before tax			(8,423,278)	2,363,308
Net profit (net loss) of the present term of the business unit in continued business operation			(8,499,242)	1,898,474
Net profit (net loss) this term			(8,499,242)	1,898,474
Comprehensive profit and/or loss this term (Net amounts after tax)			520,546	(315,531)
Total of comprehensive profit and/or loss this term			(7,978,696)	1,582,943
Net profit attributable to parent company's owners			(8,109,453)	2,178,349
Net profit attributed into non-control equity			(389,789)	(279,875)
Comprehensive profit/loss attributed into the parent company's owners.			(7,618,601)	1,935,456
Comprehensive profit/loss attributed into non-control equity			(360,095)	(352,513)
Earnings per share (EPS) (NT\$)				(15.04)	3.21

Note: On January 6, 2021, the Company acquired 100% equity of Epistar Corporation through exchange with 0.5 common share of Ennostar Inc. for one common share of Epistar Corporation. The aforementioned conversion was in fact a sort of reorganization within organizations under the common control and was substantially a continuity of Epistar Corporation. Within the Company's consolidated financial statements, therefore, the Company recognized the relevant assets and liabilities with the consolidated financial statements of Epistar Corporation at the carrying amounts and deemed to have merged Epistar Corporation ab initio and worked out the consolidated financial statements for the comparative period

(Individual entity)

Unit: NT\$ thousand (Except EPS: NT\$)

Items	Year	Fiscal years 2017~2020	Fiscal year 2021
Operating revenues			2,417,618
Gross operating profit			2,182,405
Operating profit and/or loss			2,182,405
Nonoperating revenues & expenditures			(4,056)
Net profit (net loss) before tax			2,178,349
Net profit (net loss) of the present term of the business unit in continued business operation		Not applicable	2,178,349
Net profit (net loss) this term			2,178,349
Other comprehensive profit and/or loss this term (Net amount after tax)			(242,893)
Total of comprehensive profit and/or loss this term			1,935,456
Earnings per share (EPS) (NT\$)			3.21

Note: Where the Company was not incorporated until January 6, 2021, the financial data of the preceding term was nonexistent.

(III) Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2017	Price Waterhouse Coopers	Cheng Ya-Hui, Hsieh Chih-Cheng	unqualified opinions
2018	Price Waterhouse Coopers	Cheng Ya-Hui, Hsieh Chih-Cheng	unqualified opinions
2019	Price Waterhouse Coopers	Cheng Ya-Hui, Hsieh Chih-Cheng	unqualified opinions
2020	Price Waterhouse Coopers	Dian-Yi Li, Hsieh Chih-Cheng	unqualified opinions
2021	Price Waterhouse Coopers	Dian-Yi Li, Chien-Hung Chou	unqualified opinions

Note: The Company was newly incorporated on January 6, 2021, deemed as a reorganization of the organizations under the common control. As a matter of fact, the Company is a continuity of Epistar Corporation. (The statements for Fiscal years 2017~ 2020 were issued in the name of Epistar Corporation and the same for Fiscal year 2021 were issued in the name of Ennostar Inc..)

II. Five-Year Financial Analysis

(Consolidated entities)

Items of analyses \ Year		Years 2017~2019	Year 2020	Year 2021
Financial Structure (%)	Debts Ratio (%)	Not applicable	28.49	28.98
	Long-term Fund to Property, Plant and Equipment (%)		219.98	251.55
Solvency (%)	Current Ratio (%)		195.16	220.74
	Quick Ratio (%)		149.55	174.04
	Times Interest Earned (Times)		(62.31)	20.51
Operating Performance	Average Collection Turnover (Times)		1.65	3.32
	Days Sales Outstanding		221.66	109.93
	Average Inventory Turnover (Times)		3.63	6.51
	Average Payment Turnover (Times)		7.02	8.30
	Average Inventory Turnover Days		100.55	56.06
	Property, Plant and Equipment Turnover (Times)		0.70	1.61
	Total Assets Turnover (Times)		0.25	0.55
Profitability	Return on Total Assets (%)		(14.69)	3.01
	Return on Equity (%)		(19.56)	4.03
	Pre-tax Income to Paid-in Capital Ratio (%)		(77.37)	34.49
	Net Margin (%)		(58.49)	5.21
	Earnings Per Share (NT\$)		(15.04)	3.21
Cash flow	Cash Flow Ratio (%)		19.53	27.61
	Cash Flow Adequacy Ratio (%)		126.38	89.32
	Cash Flow Reinvestment Ratio (%)		2.43	4.66
Leverage	Operating Leverage		N/A	3.41
	Financial Leverage		N/A	1.06

Causes leading to changes in various financial ratios over the past two (2) years are explained as enumerated below:

The Company is deemed as a result of reorganization under the common control and is in fact a continuity of Epistar Corporation. For Years 2017~2020, the Company's financial statements were disclosed on the grounds of consolidated financial statement of Epistar Corporation. The changes in financial ratios over the past two (2) years primarily resulted from a change in the entity that worked out the financial statement. As a result, no analytical comparison is required.

(Individual entity)

Items of analyses		Year	Years 2017~2020	Year 2021
Financial Structure (%)	Debts Ratio (%)			0.95
	Long-term Fund to Property, Plant, and Equipment (%)			515,134.93
Solvency (%)	Current Ratio (%)			21.10
	Quick Ratio (%)			20.60
	Times Interest Earned (Count)			1,616.99
Operating Performance	Average Collection Turnover (Count)			N/A
	Days Sales Outstanding			N/A
	Average Inventory Turnover (Count)			N/A
	Average Payment Turnover (Count)			N/A
	Average Inventory Turnover Days			N/A
	Property, Plant and Equipment Turnover (Count)			238.02
	Total Assets Turnover (Count)			0.05
Profitability	Return on Total Assets (%)			4.13
	Return on Equity (%)			4.16
	Pre-tax Income to Paid-in Capital Ratio (%)			31.79
	Net Margin (%)			90.10
	Earnings Per Share (NT\$)			3.21
Cash flow	Cash Flow Ratio (%)			451.11
	Cash Flow Adequacy Ratio (%)			95.53
	Cash Flow Reinvestment Ratio (%)			4.32
Leverage	Operating Leverage			1.00
	Financial Leverage			1.00

Causes leading to changes in various financial ratios over the past two (2) years are explained as enumerated below:

The Company was not incorporated until January 6, 2021. The financial statement of the preceding term was nonexistent.

Glossary – Taiwan-IFRSs version:

1. Capital Structure Analysis

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

- (1) Average Collection Turnover = Net Sales / Average Trade Receivables
- (2) Days Sales Outstanding = 365 / Average Collection Turnover
- (3) Average Inventory Turnover = Cost of Sales / Average Inventory
- (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
- (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment
- (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Equity = Net Income / Average Equity
- (3) Net Margin = Net Income / Net Sales
- (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

- III. Audit Committee's Review Report for the Most Recent Year:**
See Appendix II (Pages 215)
- IV. Financial Statements for the Most Recent Year (including the consolidated financial statements of the parent and subsidiaries):**
See Appendix IV (Pages 217~342)
- V. The Latest Individual Auditor's Report and Financial Statements Audited and Certified by CPA:**
See Appendix V (Pages 343~416)
- VI. 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 printing of the annual report:** None.

Seven. Review, analysis and risk issue regarding financial standing and financial performance.

I. Financial conditions

(entities to be merged)		Expressed in Thousand New Taiwan Dollars		
Items \ Year	December 31, 2020	December 31, 2021	Amount in discrepancy	rate of change(s) (%)
Current assets	17,846,131	34,797,666	16,951,535	94.99
Non-current financial assets at fair value through profit or loss	179,275	112,284	(66,991)	(37.37)
Non-current financial assets at fair value through other comprehensive income	6,029,875	7,958,652	1,928,777	31.99
Property, plants & equipment	21,085,475	24,299,352	3,213,877	15.24
Right-of-use asstes	1,664,289	1,915,756	251,467	15.11
Intangible assets	4,132,191	4,941,663	809,472	19.59
Other assets	4,591,772	2,863,809	(1,727,963)	(37.63)
Total assets	55,529,008	76,889,182	21,360,174	38.47
Current liabilities	9,144,162	15,764,347	6,620,185	72.40
Non-current liabilities	6,673,550	6,519,792	(153,758)	(2.30)
Total liabilities	15,817,712	22,284,139	6,466,427	40.88
Share capital	10,887,014	6,852,514	(4,034,500)	(37.06)
Capital surplus	36,115,456	43,830,638	7,715,182	21.36
Retained earnings	(7,908,188)	2,169,446	10,077,634	(127.43)
Other equity	(1,001,764)	(235,543)	766,221	(76.49)
Treasury shares	(485,137)	(294,810)	190,327	(39.23)
Non-controlling interests	2,103,915	2,282,798	178,883	8.50
Total shareholders' equity	39,711,296	54,605,043	14,893,747	37.51

- (I) Analyses into the major causes behind the rate of change(s) up to over 20% with amount involved in a change up to NT\$10,000,000.
1. Increase in current assets:
Primarily the Company merged Lextar Electronics Corporation in 2021 coupled with satisfactory performance in business operation, leading to increase in cash & cash equivalents, accounts receivable as well as inventory. As a result, the current assets increased.
 2. Decrease in non-current financial assets at fair value through profit or loss
Due primarily to the loss of unrealized evaluation resulting from the stocks not listed in the stock exchange or OTC measured at the fair value in Year 2021, leading to decrease in the financial assets.
 3. Increased in non-current financial assets at fair value through other comprehensive income
Due primarily to newly increased investment into TYNTEK Corporation and the merger with Lextar Electronics Corporation along with recognition of the gain in the investment, leading to an increase in investment in the equity method
 4. Decrease in other assets:
Due primarily to a decrease in the assets as deferred income tax in 2021, leading to the decrease in other assets.
 5. Increase in current liabilities
Due primarily to an increase in the short-term loan and the merger with Lextar Electronics Corporation in 2021, leading to an increase in accounts payable and, in turn, an increase in current liabilities.
 6. Decrease in share capital
Due primarily to such facts that the Company was incorporated in 2021 by means of share conversion, with each 0.5 common share to convert into 1 share of Epistar Corporation and each 0.275 share to convert into 1 share of Lextar Electronics Corporation, leading to a decrease in share capital.
 7. Increase in capital reserve:
Due primarily to such facts that in 2021, the Company launched share conversions with Epistar Corporation and Lextar Electronics Corporation that generated premium in issuance, leading to an increase in the capital reserve.
 8. Increase in retained earnings:
Due primarily to the facts that in 2021, the operating revenues increased coupled with better business performance. The Company generated net profit this term, leading to an increase in retained earnings.
 9. Increase in other equity:
Due primarily to the increase in the profit and/or loss converted amidst the financial statements of the Company's overseas business entities and an increase in unrealized profit and/or loss of the financial assets at fair value through other comprehensive income.
 10. Decrease in treasury shares:
Due primarily to the facts that in 2021, the subsidiary distributed treasury shares to employees, leading to a decrease in treasury shares.
- (II) Impact resulting from the change: Without a significant impact upon the financial conditions.
- (III) Future countermeasures: Not applicable.

II. Financial performance

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
Year Items	Fiscal year 2020	Fiscal year 2021	Amount in discrepancy	rate of change(s) (%)
Net sales	14,531,823	36,424,760	21,892,937	150.66
Operating costs	(14,970,953)	(28,807,881)	(13,836,928)	92.43
Unrealized loss in sales	(5,855)	1,630	7,485	(127.84)
Gross profit (loss)	(444,985)	7,618,509	8,063,494	(1,812.08)
Operating expenses	(4,241,485)	(5,680,312)	(1,438,827)	33.92
Other gains and losses	200,119	171,933	(28,186)	(14.08)
Operating Profit	(4,486,351)	2,110,130	6,596,481	(147.03)
Non-operating income & expenses	(3,936,927)	253,178	4,190,105	(106.43)
Net income before tax from continued operation	(8,423,278)	2,363,308	10,786,586	(128.06)
Income tax expenses	(75,964)	(464,834)	(388,870)	511.91
Net Profit	(8,499,242)	1,898,474	10,397,716	(122.34)
Other comprehensive income(loss)	520,546	(315,531)	(836,077)	(160.62)

(I) Analyses into the leading causes where the rate of change(s) was up to more than 20% with amount involved in the change up to NT\$10,000,000.

1. Increase in gross profit and operating profit
Due primarily to such facts that in 2021, the Company Lextar Electronics Corporation and the new products yielded better business performance amidst volume production.
2. Decrease in the non-operating income and expenses
Due primarily to decrease in the loss resulting from asset impairment in 2021
3. Increase in income tax expense
Due primarily to the change in the deferred income tax in 2021
4. Increase in other comprehensive losses this term.
Due primarily to the facts that in 2021, the unrealized evaluation interest in the investment in the equity instruments measured at fair value through other comprehensive income decreased and the loss in conversion based on the financial statements of the overseas business entities increased.

(II) The potential impact by the anticipated sales volumes and the grounds thereof upon the finance and business of the Company in the future and the countermeasure plans thereof.

Ennostar Group has focused on the technologies related research & development and manufacture of compound semiconductors with products extensively covering epi wafers, chips, packages to modules with products used within a very wide range. Accordingly, it is not advisable to take the sales volumes as the very grounds into measurement. The Company shall, continually and unceasingly, optimize the product portfolio to strengthen and deepen the market layouts of its niche products through the leading quality and technologies. Mini LED started volume production in the first quarter of 2021 and launched terminal products of Mini LED application with indicator brands which is expected to drive other brand manufacturers to follow suit. Meanwhile toward its plan into mass production of Micro LED by 2025, it is in full-scale development and preparation toward the productivity at the moment. In terms of automotive related products, other than the automotive lighting components, the Company has, as well, engaged in lighting modules. After the prolonged layout efforts, the Company has successfully entered a good number of automotive models and, meanwhile, further successfully stepped into VCSEL supply chains amidst the European and American automakers in 2021. The Company's red LED products have been

extensively used into biosensing, security monitoring and plant lighting amidst booming needs in the aforementioned markets. Meanwhile, the Company's shortwave infrared LEDs (SWIR in wavelength > 1100 nm) are expected to initiate more different non-invasive (e.g., skin surface moisture detection, blood glucose and lipids and the like) detection. In the meantime, the Company's UVC sterilization integration program (e.g., air conditioning sterilization, water sterilization and the like) has been widely adopted in a good number of international giants in household appliances, extremely optimistic toward promising future, in particular the post COVID-19 era. Besides, in the area of advanced compound semiconductors, the Company has successfully received customer proposals for power components and communications components related products. The Company is to team up with customers into concerted development verification. In the days and years ahead, the Company shall continually look into the demands in the terminal markets and team up with customers into concerted development of products. The Company shall further integrate resources of the conglomerate to continually take the lead technologically. The Company is to strive toward optimal products and services into infinite possibilities of compound semiconductors toward extensive applications.

III. Cash Flow

(I) analysis on changes in cash flow

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
items \ year	Fiscal year 2020	Fiscal year 2021	increase (decrease) in amount	rate of change(s) (%)
Net cash flow from operating activities	1,785,775	4,352,588	2,566,813	143.74
Net cash flow from investing activities	(4,449,892)	(218,669)	4,231,223	(95.09)
Net cash flow from financing activities	2,795,217	3,549,634	754,417	26.99

Fiscal year 2021 analysis on changes in cash flow

1. Operating activities

Due primarily to the facts that in 2021, the Company merged Lung Da Company while its new products reaped promising performance amidst volume production. As a result, the cash inflow in operating activities increased in 2021 as compared with 2020.

2. Investing activities

Due primarily to the facts that in 2021, the Company merged Lung Da Company, leading to the first time consolidation by subsidiary. As a result, in 2021, the cash inflow in the investment activities decreased as compared with 2020.

3. Financing activities

Due primarily to such facts that in 2021, the borrowed loans increased over 2020, leading to an increase of cash inflow of capital raising activities.

Plan to improve cash deficit

At end of Year 2021, the Company's net cash inflow from operating activities came to NT\$4.35 billion. The problem of cash deficit is nonexistent.

(II) Cash liquidity analysis for the upcoming year

(Consolidated)

Expressed in Thousand
New Taiwan Dollars

At beginning of the term Balance in cash	Anticipated to come from in the entire year operating activities net cash flow	Anticipated figures for investment and capital- raising activities in entire year net cash flow	Anticipated cash surplus (inadequacy) amount	Amount of cash deficit Remedial measures	
(a)	(b)	(c)	(a)+(b)+(c)	investment plans	wealth managemen t plans
12,336,039	6,285,569	(4,880,864)	13,740,744	—	—

Analysis on changes in cash flow in 2022

- 1、 In the entire year, the major cash inflow primarily came from operating activities. The cash outflow primarily resulted from introduction into new business lines, equipment for new manufacturing process and expansion of high-end productivity which caused capital expenditures.
- 2、 In the very premise to secure stable cash flow, toward the cash flow amidst the cash balance on book and in the operating activities, investing and financing activities, the Company launches prudential planning with consideration of the update in the financial market to control all sorts of cash expenditures in a sound manner.

IV. The impact of significant capital expenditures on the treasury related operation in the most recent year.

- (I) Facts of the utilization of major capital expenditures by the Company and its subsidiaries in 2021 and the capital sources

Expressed in Thousand New Taiwan Dollars

Items of the plan	Source of capital	Total amount of working capital required
procurement of machinery & equipment	Own capital funds and loans	4,732,066

- (II) Impact upon financial and business aspects

In the first founding year of Ennostar Inc., the Group launched transfer assets within the Group itself, including equity, plants and equipment under the policy of professional specialization to satisfy the demand of strategic layout. Furthermore, the Group transferred the general lighting which still dominated the bulk market that time into the new generation display characterized by high-tech, high-value-added application toward automotive sensing, special lighting and the like. Meanwhile, the Group extended the core capabilities of III-V compound semiconductor to better satisfy customers in the markets. The Group optimized the product portfolio and technical specifications. Other than the sophisticated industrial layouts, the Group played a hands-on role in the environmental, social and corporate governance (ESG) related activities. Through the concerted efforts of the Group's subsidiaries, the Group, step-by-step, enhanced equipment & facilities toward environmental protection, industrial safety & security and green electricity. With such all-round

endeavors into a whole, the Group boosted the influential power to further drive the supply chains toward the admirable role as the very benchmark for all to emulate.

Where the professional specialization and strategic layouts prove successful, the Group in Fiscal year 2021 demonstrated significant growth in consolidated revenues and capital expenditures. Inside the Group, we launched prudential evaluation into the procurement of machinery & equipment and the need for working capital and put the capital into sophisticated utilization. Accordingly, the Group did not at all run into a risk in cash deficit because of capital expenditures. All such capital expenditures did not at all lead to a significant adverse impact upon the Company's financial and business standings.

Year	Fiscal year 2020	Fiscal year 2021
Items of analyses		
Property, plant & equipment turnover ratio (times)	0.70	1.61
Current ratio (%)	195.16	220.74

Note: To be counted based on consolidated numbers.

V. The outward investment policy, the key causes behind profit or loss in the most recent year, the plans for countermeasures and investment plans in the upcoming year.

(I) The outward investment policy in the most recent year.

The Group shifts its prime business layout toward a new generation in displays, automotive sensing, special lighting and application of other high-tech and high added-value to further extend to the core capabilities focusing on III-V compound semiconductors.

In response to the market demand toward diversified sensing performance, Ennostar Inc. has put forth maximum possible efforts to deepen its industrial layouts. Internally, it demonstrated remarkably high research & development momentum and successfully developed the world's first shortwave infrared technology which applies to special physiological data detection. Externally, it invested into TYNTEK Corporation to enhance light detecting technology to integrate the sensing light emitting elements to accomplish integral layout in the sensing test.

Unikron Semiconductor Corporation, a subsidiary under it possesses the technologies and capabilities in III-V compound semiconductor, 5G, power components, microwave components and other compound semiconductors. At the moment, in response to customer needs, it launches a significant project to expand productivity. It is believed to have the success in the new industry layout visible to all by 2023.

(II) Analyses into the profit and/or loss in outward investment

The Group invests toward such target investees primarily as the strategic investment toward LED related industries. The Group spares by no means to cultivate new competition edges and growth momentum ,notably

displays, automotive sensing, special lighting and new-generation compound semiconductors as the prime investment spindles with successive implementation toward investment layouts.

In Fiscal 2021 as per consolidated financial statements, the net investment gain recognized in the equity method came to NT\$85,384,000 as a primary result where the technology & know-how of the investees was widely recognized. Teaming up with brand names renowned in the international community, the Group took the lead to launch the world's first real Mini LED backlight products acclaimed as the very milestone in the global tablet and laptop with local dimming for new model high-quality displays. Inside the Group, the operating revenues gained in the Mini LED were boosted up to 25% of the overall operating revenues of the Group, boosting significantly toward the Company's profitability. Driven by the international benchmark brand name, the demand in Mini LED markets was growing continually upwardly. Ennostar is to further put the hands-on experiences accumulated in the Mini LED volume production into Micro LED products to help the entire Group upward the target of Micro LED mass production.

(III) Plans to upgrade investment and the investment plans in the upcoming year.

The Company will continually invest forward along with the Group's long-term development strategy to reach an industrial leadership position. Starting from the core capabilities, the Company will gather the resources and strength of the Group in concert with its partners to continually invest in the innovative research & development to accomplish the most up-to-date generation of compound semiconductor blueprints. In turn, the Company will eventually play the role as the world's "#1 investment platform in compound semiconductors". In an attempt to boost the penetration of the products in various application markets to have Mini LED hands-on experiences used in mass production onto Micro LED products, Ennostar has mapped out a plan to erect a 6-inch foundry plant exclusively aiming at Micro LED with expenditures required to procure epitaxy and chip manufacturing process and relevant equipment under the investment plans. Under the preliminary planning, the Company would first make use the existent plant of Epistar Corporation coupled with Unikorn Semiconductor Corporation OEM mode in an attempt to enable Micro LED to launch mass production earlier than anticipation. In turn, that would pep up the Company's overall competitive edge, growth power and profitability.

VI. Risk-related issues

(I) Policy and organizational framework over risk management

For more details regarding the Company's risk management policies, please refer to the Company's official website. The present Subparagraph is only set out in terms of "Risk Management of Financial Instruments"

The Group manages working capital exactly on the grounds of the industry characteristics and promising development in the future, given the changes in external environments and such factors to set out the operating and development blueprints for the Group. Accordingly, the Company would map out the working capital required in the future period as well as capital expenditures along with the fund required for outward investment and expenditures required for dividends. The Company, on a regular basis, carries out financial analysis, examines the Group's capital structure and further sophisticatedly launch an adjustment to assure all enterprises inside the Group would put forth sustainable development and growth.

The routine business of the Group is largely subject to the impact of a variety of financial risks, including notably market risks (notably exchange rate risks, interest rate risks, price risks), credit risks as well as liquidity risks. In an attempt to minimize potential uncertainties that tend to lead to an adverse impact on the Group's financial performance, the Group undertakes forward exchange rate contracts and exchange rate options to evade potential risks in exchange rates. Besides, the Group, as well, undertakes interest rate exchange contracts to convert the future change in cash flow into a fixed manner. The Group undertakes derivative financial instruments merely in an attempt to hedge risk instead of a sort of trading or speculation.

The task of risk management is duly implemented by the Group's Department of Finance and Department of Accounting exactly as approved by the Board of Directors. The Group's Department of Finance and Department of Accounting exactly as approved by the Board of Directors closely team up with all operating units in the teamwork to assume the responsibility to identify, evaluate and evade potential financial risks. Over the overall risk management, the Board of Directors has duly worked out written guiding policies, e.g., exchange rate related risks, interest rate related risks, credit related risks, secured utilization of derivative financial instruments and non-derivative financial instruments as well as investment with the surplus current working capital.

I. Market related risks

(1) Exchange rate related risks

Where the Group operates internationally, it is subject to exchange rate related risks incurred by transactions amidst varied functional currencies in transactions with the Company and subsidiaries, primarily U. S. Dollars and RMB. The relevant exchange rate related risks come from the future commercial transactions and the assets and liabilities having been recognized. The Group's management has duly set up a sound policy

stipulating that all companies within the Group shall strictly manage the exchange rate risks among a variety of functional currencies. All companies shall hedge their overall exchange rate risks via the Group's Department of Finance.

(2) Interest rate related risks

The Group's interest rate related risks primarily result from deposits in banks and long-term and short-term loans. The loan incurred under floating interest rate led to the cash flow risk to the Group. Such risk has been partially offset by the cash & cash equivalents held based on the floating interest rate. The loan incurred based on the fixed interest rate led to the risk of interest rate based on fair value upon the Group. The loans by the Group based on the floating interest rates were primarily denominated in U. S. Dollars, RMB, and New Taiwan Dollars.

The sensitivity analyses of the interest rate related risks aim at the maximum number of simulated impacts of interest rate changes on the Group's net profit after tax. Such simulation has been carried out on a quarterly basis to check and make sure that the maximum possible loss would be within the limits fixed by the management.

(3) Price related risks

The Group has primarily invested in the equity instruments and open funds issued by domestic companies. Prices of such financial instruments tend to be subject to the impacts incurred by the uncertainty of the future values of the investment targets.

The financial instruments held by the Group subject to price-related risks have been entered into the accounting books of the financial assets measured at fair value through profit and/or loss. In an attempt to manage the price risks of the invested financial instruments, the Group has tried to diversify the investment portfolio in a manner of diversification that is pursuant to the limits fixed by the Group.

II. Credit related risks

(1) The term credit related risks in the Group suggests the potential risks where a customer or financial instrument transaction counterpart fails to fulfill the obligations under the contract that tends to lead to a financial impairment to the Group. The major risks largely result from a transaction counterpart who fails to fulfill repayment of receivables based on the payment terms and the cash flow in the investment contract for the liabilities in the investment measured at costs after amortization.

(2) Where a payment under a contract of the Group is more than 90 days overdue in payment, the Group deems that a case of default.

(3) The grounds to be taken by the Group to judge whether the credit related risks of the financial instruments after the initial recognition have significantly risen: Where a payable under a contract is more than 30 days overdue in payment, the credit related risks of the

financial instruments after the initial recognition are deemed in a significant rise.

- (4) The indicators adopted by the Group to judge a potential impairment in the credit of investment in liability instruments are as enumerated below:
 - A. Where an issuer develops a significant insolvency or is likely to go bankrupt or runs into a significant rise in the likelihood of financial reorganization.
 - B. Where an issuer develops a significant insolvency leading the financial assets to disappear in the active market;
 - C. Where an issuer delays or fails to pay interest or principal;
 - D. Leading to the issuer into default and, in turn, adverse change in the relevant national or regional economic situation.
- (5) Based on the characteristics of the credit rating in the customers, the Group sorts out the customers' receivables, using a simplified approach and, accordingly, estimates the expected credit loss based on the prepared matrix and the loss ratio approach.
- (6) After the required recourse process, the Group would write off the amount of the financial assets that are believed non-returnable under a rational anticipation. Nevertheless, the Group would continue the recourse process through litigious process with all efforts to secure the right to claim.

III. Liquidity risks

The cash flow forecast is conducted by the individual entities inside the Group before the Group's Department of Finance assembles into a whole. Here at the Group, the Department of Finance assumes the responsibility to monitor the forecast of the Group's current capital funds to assure adequate capital funds to cope with the need of business operation and to assure adequate capital funds to pay off the committed loans, in turn, the Department of Finance would assure that under no circumstances shall the Group breach the limitation or terms of a loan. In such forecast, the Department of Finance would take into account the Group's financing plans, compliance with the terms for liabilities to well live up to the requirements toward the ratio targets of the balance sheet and the external laws overseeing the Group.

The surplus cash held by all operating entities would be invested into the demand deposits, time deposits, money market deposits and negotiable securities that would bear interest. The instruments so chosen should be on appropriate expiring dates and have adequate liquidity to live up to the aforementioned forecast and prove adequate dispatch water lever.

- (II) The impact upon the Company's profit and/or loss by the changes in interest rate, exchange rate and inflation and the future countermeasures
 - I. Interest rate
 - (1) Impact upon the Company's profit and/or loss
In an attempt to strive for net deposit positions, the Company and its subsidiary, on December 31, 2021, conducted sensitivity

analyses on exposure to risk by the non-derivative financial instruments. Where the change of interest rates in all sorts of markets within 0.1%, both the Company and its subsidiaries would increase or decrease consolidated profit before tax by NT\$1,825,000 in Fiscal 2021. Accordingly, a change in the interest rate would not cause a too significant impact upon the consolidated net profit of the Company and its subsidiaries. Such simulation is carried out on a quarterly basis to assure that the potential maximum possible loss would fall within the limits fixed by the management level.

(2) Future countermeasures

- A. Sound financial structure: The Group will, in due time in the future, lower down the amounts of the financing from banks as the operating status and the need for working capital may justify..
- B. Both the Company and its subsidiaries would, periodically, evaluate interest rates on loans from banks and have maintained very sound ties with banks to acquire very preferential interest rates. As the changes in interest rates may justify, adjust the utilization of working capital to minimize the potential impact resulting from changes in interest rates upon the Company's profit and/or loss.

II. exchange rate

(1) impact upon the Company's profit and/or loss

Expressed in Thousand New Taiwan

Dollars; %

Items	Year	Fiscal year 2021
operating revenues, net (1)		36,424,760
net operating profit (loss) (2)		2,110,130
Interest (loss) in exchange, net (3)		(139,782)
(3)/(1)		-0.38%
(3)/(2)		-6.62%

(2) Future countermeasures

Where export-oriented markets account for a very significant ratio to the operating revenues of the Company and its subsidiaries, the exchange rate of U. S. Dollars would, therefore, pose an impact on the profit and/or loss of the Company and its subsidiaries. The Company stays vigilant on the fluctuation of exchange rate and, besides, continually and unceasing carries out the following countermeasures:

- A. The Company's Department of Finance maintains very close ties with the foreign exchange departments of financial institutions concerned and collects exchange rate fluctuation related information all the time to adequately dominate exchange rate trends and changes as the referential grounds in forwarding foreign exchange trading and foreign exchange settlement.

- B. The Department of Finance is required to submit an internal appraisal report about the hedging position of assets (liabilities) in foreign currencies to the Company's management which would, in turn, duly carry out adjustments and countermeasures as necessary.
- C. The Business Department would conduct comprehensive consideration and evaluation toward the future exchange rate trend and the factors of potential impacts before quoting to customers to resolve appropriate and rational prices to be quoted.
- D. The foreign currencies receivable for assets sold and liabilities in foreign currencies payable shall be in the same currencies. The assets in foreign currencies incurred in the prior transaction shall be taken to offset liabilities in foreign currencies to accomplish the effect of hedging. In case of the net position in foreign currencies or an event with a need for foreign currencies in the future, the Company shall buy or sell forward foreign exchange to adjust the positions of foreign currencies to accomplish the effect of the automatic hedging amidst balance between the assets in foreign currencies and liabilities in foreign currencies.

III. Inflation

The Company and its subsidiaries primarily purchase commodities from Taiwan and Mainland China and primarily export products to European and American markets, Mainland China and other Asian regions. The inflation did not incur a significant impact upon the Company in Fiscal 2021. The Company, nevertheless, does not at all assure that inflation in the future will not incur a significant change in attribute, extent or scope to lead to an adverse impact upon the Company and its subsidiaries. The Group shall, nevertheless, stay closely vigilant on changes in the supply/demand status and prices of raw materials & materiel to adjust inventory in real time. Through the research & development efforts toward low-cost substitute raw material sources and efforts to boost product brightness level, the Group shall put forth maximum possible efforts lower operating costs and, in turn, minimize the impact upon the Company's profit and/or loss.

- (III) The facts in engaging high risk, high leverage investment, loan funds to others, policies in endorsement/guarantee and transaction in derivative financial instruments, major causes leading to profit or loss and future countermeasures to deal with the same.

Items of risks	Performance in implementation	Policies and future countermeasures
high risk, high leverage investment	Here at the Company and its subsidiaries we did not at all engage in high risk, high leverage investment	Both the Company and its subsidiaries have focused on the principal business lines and have not

Items of risks	Performance in implementation	Policies and future countermeasures
	in the most recent year and as of the publication date of the Annual Report	engaged in high risk, high leverage investment.
Capital funds loaned to others	<ol style="list-style-type: none"> 1. The Company has not loaned working capital to any others in most recent year and as of the publication date of the Annual Report. 2. In response to the needs of by subsidiaries in working capital, the Company loans working capital outwardly. 	The Company and its subsidiaries have lent their funds to others exactly in accordance with the "Procedures for Loaning of Funds to Others" of the respective companies and have duly launched announcement and declaration to the public according to law.
Endorsement/guarantee	<ol style="list-style-type: none"> 1. The Company has not rendered in the most recent year as of the publication date of the Annual Report. 2. The endorsements/guarantees related issues carried out among subsidiaries themselves were primarily intended to help raise working capital 	The Company and its subsidiaries have duly carried out endorsement/guarantee exactly in accordance with their own "Procedures for Endorsements/Guarantees Operation" and have further carried out announcement and declaration to the public according to law.
Transaction with derivative financial instruments	The Company and its subsidiaries engage in forwarding foreign exchange trading primarily in an attempt to evade the potential risks that are likely to rise amidst fluctuations of exchange rates for the assets and liabilities denominated in foreign currencies.	Both the Company and its subsidiaries duly carry out such transactions based on their own respective "Procedures for the Acquisition or Disposal of Assets" with evaluation on a regular basis and further launch announcement and declaration to the public according to laws and ordinances concerned.

Note: For more information on funds loaned to others, please refer to the appendix of financial statements of the respective terms.

- (IV) The future research & development plans and the research & development costs anticipated to be invested
- In the Company, the major research & development entity is in Taiwan. Jing Cheng Company provides integrated foundry services through its research & development programs. The major research & development programs have been primarily carried out through the subsidiaries Jing Yuan Optronics Company and Long Da Electronic Company with the effort

to continually refine manufacturing process and a variety of research & development related technology & know-how. Besides, they would integrate the resources of the entire Group up to high efficiency planning. In the Year 2022, the costs budget for research & development are continually growing, as detailed in the present Annual Report.

- (V) The potential impact resulting from changes in major policies and laws at home and abroad upon the Company's business and financial performance and the countermeasures in response.

The Company, as always, faithfully complies with the policies, laws and ordinances concerned of the nation as well as export control, economic activities and environmental protection issues in the international community. The Company stays closely vigilant on the potential impact with firm domination of the changes in policies and laws likely to adversely affect the Company's business operation. In close coordination with the internal systems and operating activities, the Company assures smooth and unobstructed business operation. As of the publication date of the Annual Report, changes in the relevant policies and laws have not cast any significant impact upon the Company in finance and business operation.

- (VI) The impact resulting from changes in technologies (including risks in information (cyber) security) and changes in industries upon the Company in finance and business operation and the countermeasures.

The subsidiaries in the sub-Group under the Company hold a close insight over changes in LED industries and set the business layout from lighting at the time while lighting held the bulk shares in the market into a new generation of display, automotive, sensing, specific lighting and such high-end technology & know-how and high added values and further into 35 semiconductor epitaxy manufacturing process, stepping forward with the core capability into new generation compound semiconductors. As expected, the core momentum would be extended further into a new layout to accelerate the steps to get combined with future chip gains and tablets and further with LCD and LED's existent basic technology & know-how through the integration of the upstream and downstream enterprises to further upgrade the Company's know-how level and to gain stable outlets for their products to fulfill the target of volume production for Micro LED into added profits. In turn, the Group will witness added potential in profitability.

“LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.”, a joint venture by and between the Company and “Liad Optronics Co., Ltd.”, has continually and unceasingly carried out the technology & know-how of Mini LED and Micro LED displays in the aspects of research & development, production and applicant to further satisfy the market demand toward LED. The Company has, as well, adopted very proactive business operation to strengthen information safety & security with the introduction of firewalls and malicious mail filtering systems with sound protection function to prevent potential divulgence of confidential information with the protection of web pages being browsed in the overall deployment of anti-virus software vulnerability updates along with the effort for the introduction of

24/7 round-the-clock cyber security protection and monitoring services. Accordingly, the Company successfully controls and minimizes all sorts of cyber risks. Toward employees, the Company, on a regular basis, carries out security advocacy and e-mail social engineering drills. Accordingly, the Company minimizes the potential risks while employees might click malicious e-mails by mistake. Meanwhile, the Company puts forth maximum possible efforts to enhance the Company's entire staff into sound awareness of information security amidst the routine business operation. Please refer to the present Annual Report in the chapter of "Cyber Security Management" for more details.

- (VII) The impact resulting from a change in corporate image upon the management over the corporate crisis and the countermeasures thereof
Since its very inception, the Company has committed itself to become a multinational investment platform toward 35 compound semiconductors. Other than the unceasing efforts toward the existent business in the two companies, the Company strengthens investment toward Mini/ Micro LED displays, intelligent sensing and 35 compound semiconductors microelectronics components and such fields of advanced technology & know-how toward further upgrade of competitive edge in the international community. Amidst the continuity of the fine tradition of Jing Yuan Optronics Company and Long Da Electronic Company working efforts to get rid of everything except the excellent substance, we spare no effort to proactively strengthen the internal management in both quality and performance while we, as always, maintain very harmonious labor relationship to continually upgrade corporate image. In fact, there has not been any event detrimental to the corporate image in the most recent year as of the publication date of the Annual Report.
- (VIII) The anticipated benefits, potential risks and countermeasures toward the merger/acquisition (M&A)
Both the Company and its subsidiaries did not launch any merger/acquisition (M&A) programs in the most recent year as of the publication date of the Annual Report
- (IX) The benefit anticipated from the effort of plant expansion, the potential risks and the countermeasures,
In response to the Group's professional division of labor and the integration of resources by various business entities under the Group, the continually carry out integration of the plant zones to concentrate equipment of the Group to boost the efficiency of management in the business operation of a single plant zone. Besides, in response the introduction to the new Micro LED products to live up to the need of the 35 compound semiconductors foundry business to boost the competitive edge, we newly increased the advanced manufacturing process equipment dust-free clean room, research & development equipment to carry out machine upgrades along with the expansion toward the new productivity. As planned, we shall seek a new venue to add plant(s) oriented to Micro LED in volume production.

- (X) Risks in concentrated incoming and outgoing products and the countermeasures thereof.

1、In terms of incoming products

The Group is a company specializing in production of LED epitaxy, chip grains, package and modules. To assure the fine and flawless quality of products, the Group upholds a strategy to procure raw materials & materiel into sound and comprehensive consideration toward the quality, prices lead time periods and close coordination as well as other factors concerning the suppliers. The Group puts forth maximum possible efforts to screen/select the right suppliers. Except for some main materials which are available exclusively from a single supplier which has been a long-term partner coordinating with the Group, for the rest of raw materials & materiel, we try to develop and maintain two or more supplier sources. All the time, we maintain very friendly and cordial ties with the suppliers. With each single supplier, the Group's incoming procurement amount does not at all exceed 20% of the aggregate total. The Group is, therefore, free of any sort of centralized procurement related risk.

2、In the aspect of sales

The Group has specialized in the production and manufacture of compound semiconductors, with products covering such epitaxy, chip grains, package to modules. We are capable of providing customers with such services including notably integration of supply chains, customized production and solution. Our products are applied toward the scope covering displays, professional lighting, automotive sensing, 5G communications, NMOS and the like within a very extensive range of applications.

Other than the continued efforts to maintain sound and close ties with existent customers, we proactively utilize our core technology & know-how to expand the current LED and other 35 compound semiconductors, guiding the entire Group to further extend toward varied aspects. Teaming up with the customers in the relevant application range, we launch technical coordination and strategic coordination in patents, inventions and the like to accelerate virtual vertical integration to further expand the channels to market products to develop products and markets in concerted teamwork.

The sales amount by and between the Group and each respective customer is by no means in excess of 20% of the aggregate total sales.

The Group is, therefore, free of potential risk with centralized sales.,

- (XI) The impact and risk to be incurred significant transfer or exchange by the directors and supervisors or key shareholders holding in excess of 10% in shareholding ratios upon the Company and the countermeasures:

OU Optronics Group increased its equity of the Company by 1.87% on the stock exchange starting from the base day for share conversion on January 6, 2021 until August 11, 2021 while the special shareholders meeting was convened. This is very conducive toward the long-term strategic cooperation by and between both parties and is anticipated to yield very positive benefits to the Company in both business and financial

standings.

- (XII) The impact and risk upon the Company resulting from a change in the managerial officer's power and the countermeasures:

In accordance with the Business Mergers And Acquisitions Act, the Company, on January 6, 2021, obtained 100% equity in full of the two companies, i.e., Jing Yuan Optronics Company and Long Da Electronic Company by issuing new shares, making OU Optronics Group become the Company's shareholder with 6.3% shareholding ratio indirectly, obtaining one directorship seat of the Company. Through by-election held in the special shareholders meeting convened on August 11, 2021, five independent directors were elected, making the total number of independent directors in excess of one second of the total directorship seats in the Board of Directors. Among the nine directors elected in the by-election, OU Optronics holds one seat, without leading to a change in the managerial power. The corporate governance framework by the Board of Directors is believed to adequately oversee the Company's major policymaking process to better safeguard the values of shareholders.

- (XIII) Litigation or non-litigation issues

Ennostar Group

Subject	Fact in the subject dispute	Amount of the target	Commencement of litigation	Key issues involved in the litigation Involved party(ies)	Fact of the current processing
Civil litigation on infringement of patent	An accusation against Lowe's of some LED filament bulb products in infringement of Jing Yuan Optronics Company's American Patent codes US6,346,771, US8,492,780, Three invention patents in US7,560,738 and the like	Pending for a judgment to be ruled by the court	2017..04.28	Lowe's	Currently being heard in the District Court in California, USA
Civil litigation on infringement of patent	An accusation against Lowe's of some LED	Pending for a judgment to be ruled	2020.05.22	Lowe's	Currently being heard in the District

Subject	Fact in the subject dispute	Amount of the target	Commencement of litigation	Key issues involved in the litigation Involved party(ies)	Fact of the current processing
	filament bulb products in infringement of Jing Yuan Optronics Company's American Patent codes US9,664,340, US9,065,022, US8,240,881, US7,489,068, Five invention patents in US10,224,455 and the like	by the court			Court in Texas, USA

The Company's director Director OU Optronics Co., Ltd. (hereinafter referred to as OU Optronics Company):

(Source: OU Optronics Company's Consolidated Financial Statements for Fiscal 2021)

In May 2014, Nanjing LG Xingang Display Co., Ltd. teamed up with its seven affiliated enterprises filed a lawsuit against a number of LCD manufacturers with OU Optronics Company inclusive, in the Central District Court of Seoul, South Korea, claiming an overcharge along with a claim for compensation for damages. OU Optronics Company didn't believe that the service in that case would be valid. In an attempt to safeguard the Company's interests, it has retained Attorney-at-Law to deal with the proceedings. At the moment the final outcome of the present case remains uncertain. OU Optronics Company stays in continued evaluation into the substance of this lawsuit. Besides, in September 2018, AUOUS received from the government of Puerto Rico regarding the first instance trial by the High Court of San Juan regarding the civil action initiated by certain LCD manufacturers with OU Optronics Company and AUOUS inclusive, alleging unjust enrichment with a claim monetary damages for an unspecified amount. OU Optronics Company has retained Attorney-at-Law to deal with that lawsuit. OU Optronics Company intends to respond proactively against the lawsuit. At the moment the final outcome of the present case remains uncertain. OU Optronics Company stays in continued evaluation into the substance of this lawsuit.

(XIV) Other significant risks and countermeasures

Two major firms, i.e., Jing Yuan Optronics Company and Long Da Electronic Company under Ennostar Inc. have been companies officially listed to the public and have set up the very strict internal control system to control business secrets. All major subsidiaries have set up very sound internal control specifications to faithfully carry out relevant business operations.

Ennostar, as a holding company, in consideration of the importance of business secrets, transfers all personnel in charge of intellectual property rights and serving with the legal departments to Ennostar Inc. It further sets up two new departments as “Intellectual Property Rights Management Office” and “Legal Affairs Management Office” to take overall charge of the intellectual property rights and legal affairs of the entire Group and to dominate control over such functions, provide advice and oversee implementation of such functions.

The Group duly enacts “Guideline Rules to Manage and Protect the Group’s Business Secrets” which apply to three major business entities, i.e., Jing Yuan Optronics Company, Long Da Electronic Company and Jing Cheng Company. All subsidiaries thereunder are subject to the application, even including companies not up to 50% in shareholding but with the momentum of substantial control powers.

Jing Cheng Company used to be a company split out of Jing Yuan Optronics Company. Accordingly, the managerial mode in Jing Cheng Company coincides that inside Jing Yuan Optronics Company. At the moment, Jing Cheng Company has one representative participating in the Trade Secrets Committee of Jing Yuan Optronics Company. Long Da Electronic Company shall, as well, officially set up its own SOP in coordination with the Group’s policies.

Ennostar shall, on various occasions in succession, integrate the trade secrets organizations and SOP of the three major business entities, with the introduction into the Intellectual Property Rights Management System Standards (either TIPS or ISO56005) into the guiding policy of risk management. Hereunder, we’d like to elaborate on the current organization of Jing Yuan Optronics Company.

Business Secret Committee

The “Trade Secrets Committee” has been specifically established in an attempt to safeguard the Company's trade secrets and the security of the confidential information of a third party held by the Company, assure the Company's sound competitive edge and prevent potential divergence of key information.

1、Composition and duties & responsibilities

To be composed of the General Manager, top heads of Information Department, Audit Office, Human Resources Department, Intellectual Property Rights Department, Legal Department, Administrative Department, BU, Research & Development Department and Business Department to implement the

correspondent powers and responsibilities to oversee and take charge of relevant business affairs.

2 、 Job items and scope of protection

To study and formulate the Company's trade secrets protection strategies, carry out business secrets management related activities of the Company, investigate and look into the very causes behind violation of business secrets protection related rules and resolve the methods of penalty as the actual severity degree may justify.

All information of the Company and its subsidiaries which have not been disclosed to the public, such information documents, archives, formulas, products, samples and other confidential information deemed confidential, sensitive or important shall fall within the scope of protection by the Company which shall be prudentially handled exactly in accordance with the relevant provisions of the Company before such are deemed necessary to be disclosed, transmitted or duplicated.

3 、 Enforcement of educational & training programs

(1) The Company launches educational & training programs as well as advocacy of laws toward the entire staff of the Company by means of the electronic newsletters which are issued on a regular basis.

(2) A periodically, the Company arranges relevant professionals/lecturers into educational & training programs toward specific staff members.

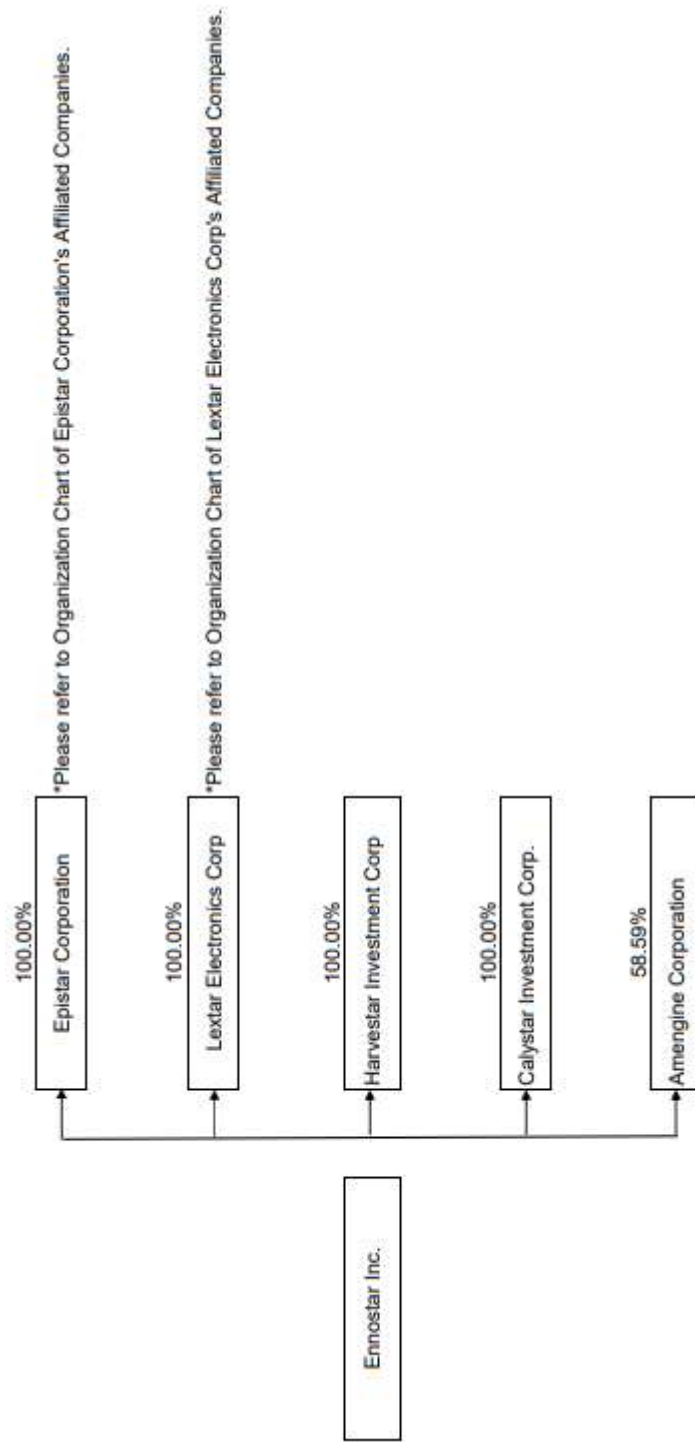
(3) Educational & training programs are launched toward the entire staff aiming at protecting norms of business secrets by means of online programs.

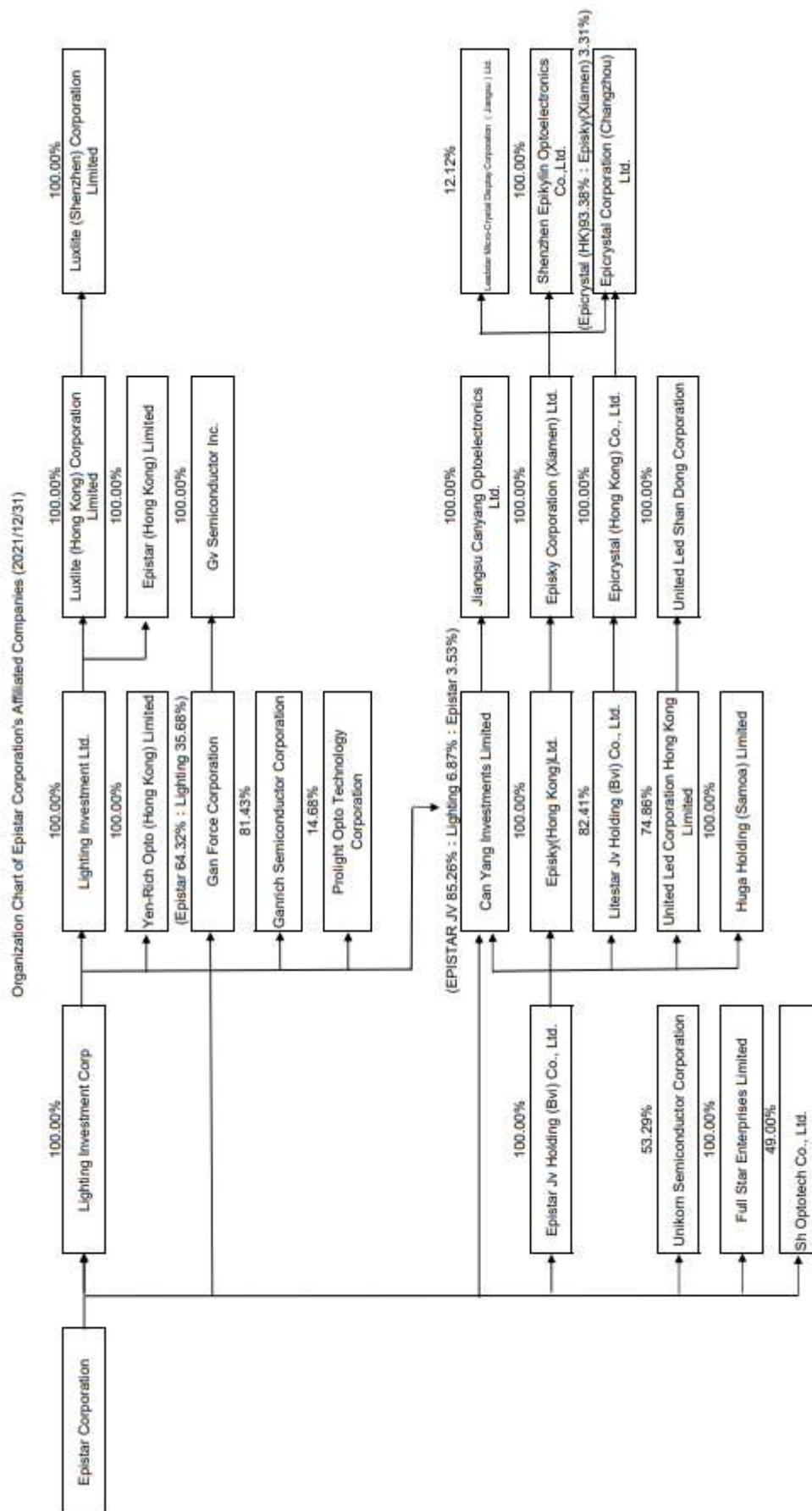
VII. Other significant issues: None

Eight. Special Disclosure

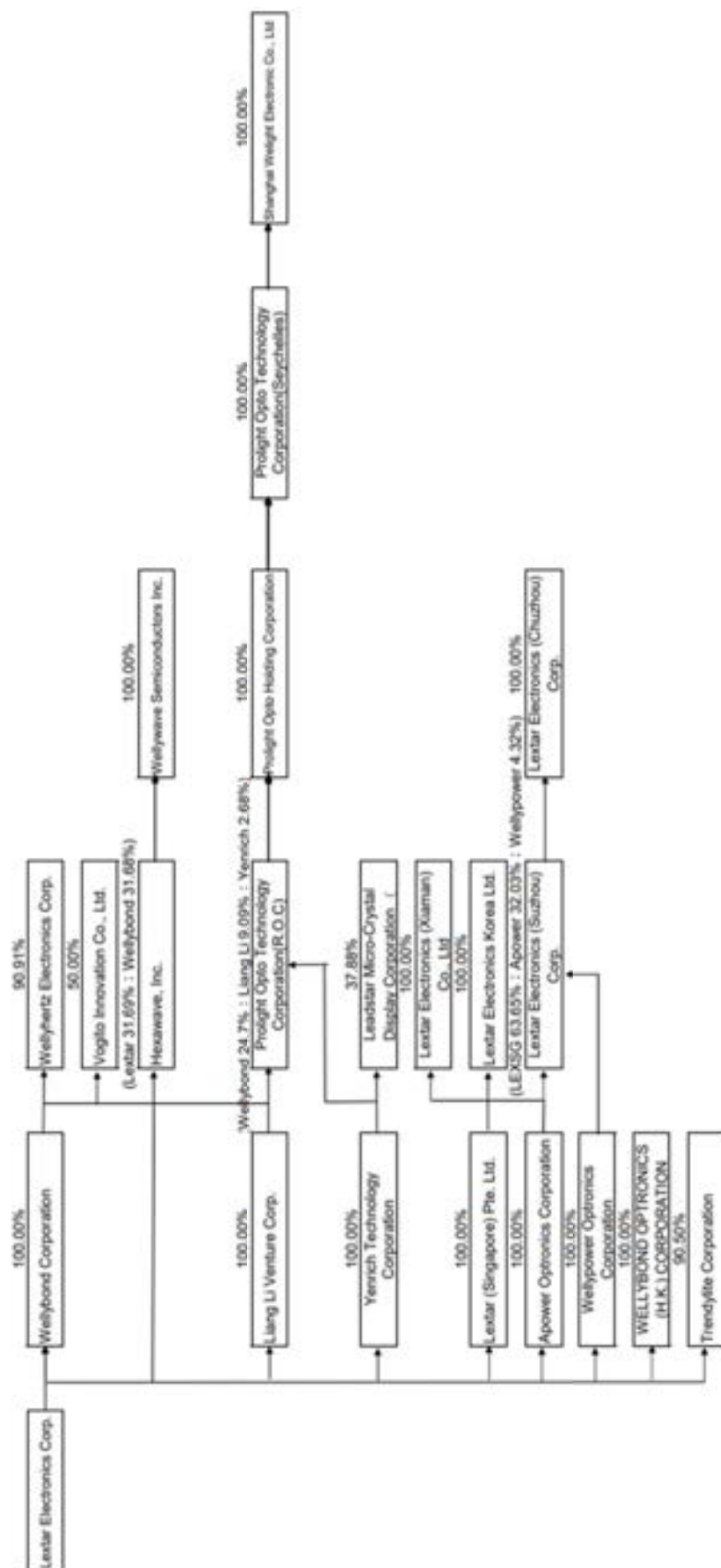
I. Summary of Affiliated Companies

- (I) Organization Chart of Ennostar Inc.'s Affiliated Companies (December 31, 2021)





Organization Chart of Lextar Electronics Corp.'s Affiliated Companies (2021/12/31)



(II) Basic Information of Affiliates

Unit: \$ thousands USD, RMB and EUR

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Epistar Corporation (Abbreviated : Epistar)	1996.09.19	No. 21 Lixing Road, Hsinchu City, Hsinchu Science Part Zone	NTD 10,887,014,100	Research & development, manufacture and sales of Light Emitting Diode upstream LED epitaxy and chip grains
Lextar Electronics Corp.	2008.05.23	No. 3 Eastern 3rd Road, Hsinchu City, Hsinchu Science Part Zone	NTD 5,149,163,800	From photoelectric semiconductor Epi, chips, packages, SMT to docule products
Lighting Investment Corp.	2007.11.08	7F~5, No. 1 Gongdao 5th Road, Eastern District, Hsinchu City	NTD 2,514,785,180	professional investment
Episky Corporation (Xiamen) Ltd.	2006.12.13	No. 99 Xiangxing Road, Torch Gaoxin District (Xiangan) Industrial Zone, Xiamen City	USD 68,000,000	Production and sales of Light Emitting Diode grains
Episky(Hong Kong)Ltd.	2008.05.06	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 68,000,000	professional investment
Lighting Investment Ltd.	2008.05.16	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 4,564,286.84	professional investment
Epistar JV Holding (BVI) Co., Ltd.	2010.01.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 482,780,000	professional investment
LiteStar JV Holding (BVI) Co., Ltd.	2010.02.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 132,050,000	professional investment
Epicrystal (Hong Kong) Co., Ltd.	2010.03.05	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 146,600,000	professional investment
Luxlite (HK) Corporation Limited	2008.12.18	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 3,800,000	professional investment
Luxlite (Shenzhen) Corporation Limited	2010.02.16	Room 1501, 15F (Fuguang Commercial Building) Qi-Zhi-Gu Commercial Mansion, No. 1, Tangling Road, Liuxian Boulevard, Nanshan District, Shenzhen City	USD 3,000,000	Sales of Light Emitting Diode grains
Epicrystal Corporation (Changzhou) Ltd.	2010.04.07	No. 518 Yancheng S. Road, Wujin National Gaoxin Technology Development Zone, Changzhou City, Jiangsu Province	USD 157,000,000	Production and sales business on Light Emitting Diode epi-wager chips
Yenrich Technology Corporation	2010.12.11	2F, No. 52 Park Zone 2nd Road, Baoshan Township, Hsinchu County, Hsinchu Science Park Zone	NTD 600,000,000	Manufacture and sales of electronic parts & components
United Led Corporation Hong Kong Limited	2010.10.29	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 89,500,300	professional investment

Unit: \$ thousands USD, RMB and EUR

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
United Led Shan Dong Corporation	2010.02.25	No. 6688 Chungwen Boulevard, Gaoxin District, Jinling City, Shandong Province, China	USD 84,000,000	Production and sales business on Light Emitting Diode epi-wager chips
HUGA Holding (Samoa) Limited	2011.01.13	Vistra Corporate Services Centre, Ground Floor NPF Building, Bach Road, Apia Samoa.	USD 12,551,035	professional investment
Epistar (Hong Kong) Limited	2013.04.25	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 82,850	professional investment
Yen-Rich Opto (Hong Kong) Limited	2013.03.22	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 4,010,000	Sales of LED lighting element products
Full Star Enterprises Limited	2008.10.03	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 8,660,000	professional investment
Can Yang Investments Limited	2010.11.24	Room 1901, C.C. Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong.	USD 76,000,000	professional investment
Jiangsu Canyang Optoelectronics Ltd.	2010.10.12	No. 9 Zhouzhuanghezhi Road, Yangzhou City Economic Development Zone, Jiangsu Province	USD 192,000,000	Production and sales business on Light Emitting Diode epi-wager chips
GV Semiconductor Inc.	2017.06.28	1245 South Winchester Blvd, Suite 300, San Jose, CA 95128 United States of America	USD 8,470,000	Research & development, design and sales of electronic components
Ganrich Semiconductor Corporation	2018.03.02	7F-5, No. 1 Gongdao 5th Road, Eastern District, Hsinchu City	NTD 34,250,000	Design of power components and modules for gallium nitride silicon
Unikorn Semiconductor Corporation	2018.10.11	1F, No. 5 Lixing 5th Road, Hsinzhu Science Part Zone	NTD 1,062,000,000	Professional OEM of 35 compound semiconductors
Prolight Opto Technology Corporation	2004.10.22	No. 89 Hsiyuan Road, Zhongli District, Taoyuan City	NTD 680,620,000	Package, manufacture and sales of Light-Emitting Diode (LED)
Gan Force Corporation	2019.10.07	9F-1, No. 69 Ziyu Road, Hsinchu City	NTD 1,898,000	Research & development, design and sales of electronic components
Leadstar Micro-Crystal Display Corporation (Jiangsu) Ltd.	2020.03.26	9-2, 9-3 Jinshansizh Road, Jinshan North Industrial Zone, Liangxi District, Wuxi City, Jiangsu Province	RMB 240,000,000	Research & development, production and sales of LED package, modules and relevant products
Amengine Corporation	2020.06.15	Room 2A01, 5F, No. 19 Nanke 3rd Road, Hsinshih District, Tainan City, Southern Taiwan Science Part Zone	NTD 31,456,250	Research & development, production and sales of optical sensing modules
Shenzhen Epikyin Optoelectronics Co., Ltd.	2020.06.09	Room 1501, 15F (Fuguang Commercial Building) Qi-Zhi-Gu Commercial Mansion, No. 1, Tangling Road, Liuxian Boulevard, Nanshan District, Shenzhen City	RMB 10,000,000	Sales of Light Emitting Diode grains

Unit: \$ thousands USD, RMB and EUR

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Lextar Electronics (Suzhou) Corp.	2010.02.05	No. 259 Changyang Street, Suzhou Science Park Zone	USD 125,705,000	Manufacture and sales of light-emitting diode (LED) and the modules thereof
Liang Li Venture Corp.	2006.05.10	4F, No. 21, Lane 91, Chengtai Road, Sec. 2, Wuku District, New Taipei City	NTD 180,000,000	general investment
Lextar (Singapore) Pte. Ltd.	2010.11.23	6 TEMASEK BOULEVARD, #09-05 SUNTEC TOWER FOUR, SINGAPORE	USD 90,270,000	general investment
Lextar Electronics Korea Ltd.	2010.12.10	B-No.1726 Geumgang Penterium IT Tower, 282 Hagui-ro Dongan-gu, Anyang-si, Gyeonggi-do, South Korea	USD 100,000	Rendering LED related after-sales services
Wellypower Optronics Corporation	1999.06.08	Vistra Corporate Services Centre, Wickhams Cay li, Road Town, Tortola, Vg1110, British Virgin Islands	USD 5,153,000	Business in general investment
Apower Optronics Corporation	2003.02.11	VISTRA CORPORATE SERVICES CENTRE, WICKHAMS CAY II, ROAD TOWN, TORTOLA, VG1110, BRITISH VIRGIN ISLANDS	USD 31,600,000	general investment
Wellybond Corporation	2008.06.10	4F, No. 21, Lane 91, Chengtai Road, Sec. 2, Wuku District, New Taipei City	NTD 750,000,000	general investment
Wellybond Optronics (H.K.) Corporation	2008.10.15	18A, 18/F, TWO CHINACHEM PLAZA, 68 CONNAUGHT ROAD CENTRAL, HK	USD 500,000	general investment
Trendylite Corporation	2013.02.05	3F, No. 2 Keyi Street, Chunan Township, Miaoli County	NTD 31,500,000	Lighting industry
Lextar Electronics (Xiamen) Co., Ltd	2013.12.03	2F, Building Procurement Case, No. 3089 Xiangnan Road, Gaoxin District (Xiangnan) Industrial Zone, Torch Xiamen	USD 1,100,000	Manufacture and sales of light-emitting diode (LED) and the modules thereof
Lextar Electronics (Chuzhou) Corp.	2017.05.15	No. 2168 Qingliu East Road, Suchu Modern Science Park Zone, Chuzhou City, Anhui Province	RMB 700,000,000	Manufacture and sales of light-emitting diode (LED) and the modules thereof
Vogito Innovation Co., Ltd.	2018.07.25	3F, No. 2 Keyi Street, Chunan Township, Miaoli County	NTD 2,000,000	Design, research & development and sales of healthcare products
Hexawave, Inc.	1991.02.20	1F, No. 2 Zhanyeh 2nd Road, Hsinchu City, Hsinzhu Science Part Zone	NTD 401,310,240	Manufacture and sales of compound semiconductor materials and modules
Wellyhertz Electronics Corp.	2020.11.18	3F, No. 2 Keyi Street, Chunan Township, Miaoli County	NTD 11,000,000	Business in electronic parts & components manufacture
Sh Optotech Co., Ltd.	2010.09.25	1F, No. 22 Keya Road, Daya District, Taichung City, Central Taiwan Science Part Zone	NTD 64,881,110	Sales of Light-Emitting Diode (LED)

Unit: \$ thousands USD, RMB and EUR

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
ProLight Opto Holding Corporation	2010.11.11	No.24, Lesperance Industrial Estate, MAHE Seychelles	USD 150,000	Business in general investment
ProLight Opto Technology Corporation	2010.11.15	No.24, Lesperance Industrial Estate, MAHE Seychelles	USD 150,000	Business in general investment
Shanghai Welight Electronic Co., Ltd	2011.12.02	Room 501B, No. 2911 Zhongshan N. Road, Putuo District, Shanghai City	USD 150,000	Wholesales and import business for LED-related electronic products
Wellywave Semiconductors Inc.	2021.07.29	No. 22-1, Jhanye 2nd Rd., East Dist., Hsinchu City	NTD 137,100,000	Business in electronic parts & components manufacture
Harvestar Investment Corp	2021.07.02	7F~5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 650,000,000	Business in general investment
Calystar Investment Corp.	2021.11.11	7F~5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 290,000,000	Business in general investment

(III) Shareholders representing both holding companies and subordinates: None.

(IV) Industries Covered by all the Affiliates: Including optoelectronic industry and investment industry.

(V) Name of each affiliated company's Director, Supervisor, and President

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Epistar Corporation	Director	Ennostar Inc. Legal representative : Chin-Yung Fan , Lin-Tien Yang , Ming-Da Jin , Chen Ou , Yan-Qin Wong	Ennostar Inc. shareholding 1,088,701 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Po Yi Chang		
Lextar Electronics Corp.	Director	Ennostar Inc. Legal representative : Feng-Cheng Su , Siou-Mu Tang , Teng-Huei Huang , Cun-Jhong Li , Yung-Sheng Yu	Ennostar Inc. shareholding 514,916 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Wun-Ting Wang		
Lighting Investment Corp.	Director	Epistar Corporation Legal representative : Chin-Yung Fan , Yung-Sheng Yu , Tzu-Hsiang Tai	Ennostar Inc. shareholding 251,479 thousand shares	100.00%
	Supervisor	Epistar Corporation Legal representative : Tao-Jung Lin		
Episky Corporation (Xiamen) Ltd.	Director	Episky(Hong Kong)Ltd. Legal representative : Jen-Chau Wu , Chang Bao , Ming-Da Jin , Wen-Chieh Ku	Episky(Hong Kong) invested USD68,000 thousand	100.00%
	Supervisor	Episky(Hong Kong)Ltd. Legal representative : Yung-Sheng Yu		
Episky(Hong Kong)Ltd.	Director	Chin-Yung Fan	Epistar JV invested USD68,000 thousand	100.00%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Lighting Investment Ltd.	Director	Chin-Yung Fan	Lighting shareholding 45,642 thousand shares	100.00%
Epistar JV Holding (BVI) Co., Ltd.	Director	Bling-Jye Lee	Epistar shareholding 48,278 thousand shares	100.00%
LiteStar JV Holding (BVI) Co., Ltd.	Director	Chin-Yung Fan 、 Jen-Chau Wu 、 Liao-Shou Yen	Epistar JV shareholding 10,882 thousand shares	82.41%
Epicrystal (Hong Kong) Co., Ltd.	Director	Chin-Yung Fan 、 Yung-Sheng Yu 、 Lin-Tien Yang 、 Jen-Chau Wu 、 Chiu-Shen Pin 、 Liao-Shou Yen	LiteStar JV Shareholding 146,600 thousand shares	100.00%
Luxlite (HK) Corporation Limited	Director	Chin-Yung Fan 、 Yung-Sheng Yu 、 Wei-Kuo Su 、 Jen-Chau Wu 、 Ming-Da Jin	Lighting shareholding 3,800thousand shares	100.00%
Luxlite (Shenzhen) Corporation Limited	Director	Luxlite (HK) Corporation Limited Legal representative : Chang Bao 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Tzu-Hsiang Tai 、 Ming-Da Jin 、 Chin-Yung Fan 、 Chen-Chen Liu	Luxlite (HK) invested USD3,000thousand	100.00%
	Supervisor	Luxlite (HK) Corporation Limited Legal representative : Tao-Jung Lin		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Epicrystal Corporation (Changzhou) Ltd.	Director	Epicrystal (Hong Kong) Co., Ltd. Legal representative : Jen-Chau Wu 、 Chin-Yung Fan 、 Chang Bao 、 Chiu-Shen Pin 、 Liao-Shou Yen Episky Corporation (Xiamen) Ltd. Legal representative : Lin-Tien Yang	Epicrystal (Hong Kong) invested USD 146,600thousand Episky (Xiamen) invested USD 5,200thousand	96.69%
	Supervisor	Epicrystal (Hong Kong) Co., Ltd. 、 Episky Corporation (Xiamen) Ltd. 、 LiteOn (Tianjin) Legal representative : Tao-Jung Lin (註 2)		
Yenrich Technology Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Siou-Mu Tang 、 Li-Yuan Huang 、 Wan-Ji Syu	Lextarshareholding 60,000thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative : Shao-Lan Wang		
United Led Corporation Hong Kong Limited	Director	Jen-Chau Wu 、 Lin-Tien Yang 、 Chang Bao 、 Chau-Shen Yu 、 Mong-Ting Hung	Epistar JV shareholding 67,000thousand shares	74.86%
	Supervisor	Yung-Sheng Yu 、 Yi-Qi LIU		
United Led Shan Dong Corporation	Executive Director	United Led Corporation Hong Kong Limited Legal representative : Jen-Chau Wu	United LED(HK) invested USD 84,000thousand	100.00%
	Supervisor	United Led Corporation Hong Kong Limited Legal representative : Rong-Chang Lin		
HUGA Holding (Samoa) Limited	Director	Chin-Yung Fan	Epistar JVshareholding	100.00%
Epistar (Hong Kong) Limited	Director	Chin-Yung Fan	Lighting shareholding 83thousand shares	100.00%
Yen-Rich Opto (Hong Kong) Limited	Director	Yung-Sheng Yu	Lighting investedshareholding	100.00%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Full Star Enterprises Limited	Director	Yung-Sheng Yu	Epistar invested USD8,660thousand	100.00%
Can Yang Investments Limited	Director	Chin-Yung Fan 、 Jen-Chau Wu 、 Chen Ou 、 Cheng-Chi Chiang 、 Lin-Tien Yang	Epistar shareholding 2,679thousand shares Epistar JV invested USD64,794thousand Lighting shareholding 5,219thousand shares	95.66%
Jiangsu Canyang Optoelectronics Ltd.	Director	Can Yang Investments Limited Legal representative : Jen-Chau Wu 、 Chen Ou 、 Chin-Yung Fan 、 Lin-Tien Yang 、 Cheng-Chi Chiang	Can Yang invested USD192,000thousand	100.00%
	Supervisor	Can Yang Investments Limited Legal representative : Hui-Nin Chen		
GV Semiconductor Inc.	Director	Biing-Jye Lee Tushar Heramb DHAYAGUDE Shao-You Deng Tzu-Yuan Lin	Gan Force invested USD8,470thousand	100.00%
Ganrich Semiconductor Corporation	Director	Lighting Investment Corp. Legal representative : Yung-Sheng Yu 、 Shao-You Deng 、 Hsin-Mao Liu Jia-Tay Kuo	Lighting shareholding 3,868thousand shares	81.43%
	Supervisor	Teng-Yuan Hsu		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Unikorn Semiconductor Corporation	Director	Epistar Corporation Legal representative : Wei Shih 、 Bing-Jye Lee 、 Shi-Yi Chen Bau-Hsing Ann Ta-Lun Huang	Epistar shareholding 110,000thousand shares	53.29%
	Supervisor	Wun-Ting Wang GCS Holdings, Inc. Legal representative : Ya-Ching Li		
Prolight Opto Technology Corporation(R.O.C)	Director	Wellybond Optronics (H.K.) Corporation Legal representative : Syuan-Bin Chen 、 Fong-Ming Chen Dinggeng Investment Corp. Legal representative : Shou-Li Tang Chen-Lun Hsing Chen Huei-Shih Long (Independent Director) Huei-Jhong Jiang (Independent Director) Jhih-Da Yan (Independent Director)	Wellybond shareholding 16,810 thousand shares Liang Li shareholding 6,185 thousand shares Lighting shareholding 10,000 thousand shares Yenrich shareholding 1,822 thousand shares	51.15%
Gan Force Corporation	Director	Epistar Corporation Legal representative : Bing-Jye Lee 、 Min-Hsun Hsieh 、 Nan-Yang Wu	Epistar shareholding 1,117 thousand shares Lighting shareholding 620 thousand shares	100.00%
	Supervisor	Tzu-Hsiang Tai		
Leadstar Micro-Crystal Display Corporation (Jiangsu) Ltd.	Director	Lian-Ci Tan 、 Jen-Chau Wu 、 Li-Yuan Huang 、 Tong Pan	Yenrich invested RMB90,900thousand Episky (Xiamen) invested	50.00%
	Supervisor	Hui-Nin Chen 、 Cin Jhao		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Amengine Corporation	Director	Ennostar Inc. Legal representative : Lin-Tien Yang 、 Chih Ming-Shih 、 Teng-Huei Huang Chia-Liang Hsu Chang-Po Chao	Ennostar Inc.shareholding 3,100thousand shares	58.59%
	Supervisor	Wun-Ting Wang		
Shenzhen Epikylin Optoelectronics Co.,Ltd.	Director	Episky Corporation (Xiamen) Ltd. Legal representative : Chang Bao 、 Chin-Yung Fan 、 Chen-Chen Liu 、 Jen-Chau Wu 、 Wen-Chieh Kuo	Episky (Xiamen) invested RMB 10, 000thousand	100.00%
	Supervisor	Episky Corporation (Xiamen) Ltd. Legal representative : Tao-Jung Lin		
Lextar Electronics (Suzhou) Corp.	Director	Siou-Mu Tang 、 Feng-Cheng Su 、 Jhih-Sheng Syu	LEXSG invested USD80,000thousand Wellypower invested USD5,436thousand Apower invested USD40,269thousand	100.00%
	Supervisor	Yan-Qin Wong		
Liang Li Venture Corp.	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Mong-Ea Lin	Lextar shareholding 18,000thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative : Po Yi Chang		
Lextar (Singapore) Pte. Ltd.	Director	Teng-Huei Huang 、 Po Yi Chang 、 Kai-Lin Hsu	Lextar invested USD90,270thousand	100.00%
Lextar Electronics Korea Ltd.	Director	Ming-De Wu	LEXSG invested USD100thousand	100.00%
Wellypower Optronics Corporation	Director	Feng-Cheng Su 、 Teng-Huei Huang 、 Po Yi Chang	Lextar invested USD5,153thousand	100.00%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Apower Optronics Corporation	Director	Feng-Cheng Su、Teng-Huei Huang、Po Yi Chang	Lextar invested USD31,600thousand	100.00%
Wellybond Optronics (H.K.) Corporation	Director	Lextar Electronics Corp. Legal representative：Feng-Cheng Su、Teng-Huei Huang、Mong-Ea Lin	Lextar shareholding 75,000thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative：Po Yi Chang		
Wellybond Optronics (H.K.) Corporation	Director	Feng-Cheng Su、Teng-Huei Huang、Po Yi Chang	Lextar invested USD500thousand	100.00%
Trendylite Corporation	Director	Lextar Electronics Corp. Legal representative：Feng-Cheng Su、Teng-Huei Huang、Cun-Jhong Li	Lextar shareholding 2,851thousand shares	90.50%
	Supervisor	Po Yi Chang		
Lextar Electronics (Xiamen) Co., Ltd	Director	Siou-Mu Tang、Feng-Cheng Su、Jhih-Sheng Syu	LEXSG invested USD1,100thousand	100.00%
	Supervisor	Yan-Qin Wong		
Lextar Electronics (Chuzhou) Corp.	Director	Siou-Mu Tang、Feng-Cheng Su、Jhih-Sheng Syu	Lextar (Suzhou) invested RMB700,000thousand	100.00%
	Supervisor	Yan-Qin Wong		
Vogito Innovation Co., Ltd.	Director	Wellybond Optronics (H.K.) Corporation Legal representative：Teng-Huei Huang、Siou-Mu Tang Qi Da Investment Co., Ltd.	Wellybond shareholding 100thousand shares	50.00%
	Supervisor	Legal representative：Feng-Cheng Su Po Yi Chang		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Hexawave, Inc.	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Mong-Ea Lin 、 Chao-Nien Huang 、 Jin-Yu Lu Shih-Hao Lo Shengyang Investment Co., Ltd. Legal representative : Hwei-Yu Lin	Lextar shareholding 12,716 thousand shares	63.37%
	Supervisor	Wellybond Optronics (H.K.) Corporation Legal representative : Po Yi Chang 、 Shao-Lan Wang	Wellybond shareholding 12,715thousand shares	
Wellyhertz Electronics Corp.	Director	Wellybond Optronics (H.K.) Corporation Legal representative : Teng-Huei Huang 、 Feng-Cheng Su 、 Siou-Mu Tang	Wellybond shareholding 10,000thousand shares(Note 3)	90.91%
	Supervisor	Po Yi Chang		
Sh Optotech Co., Ltd.	Director	Epistar CorporationLegal representative : Lin-Tien Yang 、 Wen-Chung Lee SEOUL VIOSYS Co., Ltd. Legal representative : Young-Joo Lee 、 Woonchul Kwak	Epistar shareholding 3,179thousand shares	49.00%
	Supervisor	Tao-Jung Lin Seoul Semiconductor Co., Ltd. Legal representative : Jonghyeon Chae		
ProLight Opto Holding Corporation	Director	Chen-Lun Hsing Chen	ProLight(R.O.C) invested	100.00%
ProLight Opto Technology Corporation	Director	Chen-Lun Hsing Chen	ProLight Opto Holding invested USD150thousand	100.00%
Shanghai Weight Electronic Co., Ltd	Director	Tong Guan	ProLight Opto Technology invested USD150,000元	100.00%
	Supervisor	Ming-Sian Shih		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Wellywave Semiconductors Inc.	Director	Hexawave, Inc. Legal representative : Feng-Cheng Su , Mong-Ea Lin , Teng-Huei Huang	Hexawave shareholding 13,710,000股	100.00%
	Supervisor	Hexawave, Inc. Legal representative : Yan-Qin Wong		
Harvestar Investment Corp.	Director	Ennostar Inc. Legal representative : Bing-Jye Lee , Po Yi Chang , Lin-Tien Yang , Yung-Sheng	Ennostar Inc. shareholding 65,000thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		
Calystar Investment Corp.	Director	Ennostar Inc. Legal representative : Bing-Jye Lee , Po Yi Chang , Lin-Tien Yang , Yung-Sheng	Ennostar Inc. shareholding 29,000thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		

Note 1: In this company in attribute as a limited company, the number of shares is not applicable/

Note 2: Pursuant to Company Act prevalent in Mainland China, to be jointly appointed by shareholders before being submitted to the Industry & Commercial Bureau for approval.

Note 3: Preferred shares are not counted inclusively into the number of shares held

(VI) Affiliates' Operating Results

As of December 31, 2021 Unit: NT in thousands

Name of enterprise	Amount of capital	Total assets	Total liabilities	net worth	operating revenues	Operating profit	Profit and/or loss of the present term (after tax)	earnings per share (EPS) (NT\$) (after tax)
Liang Cai Investment Co., Ltd.	650,000	676,711	100	676,611	0	(8,622)	(11,625)	(0.30)
Jin Kang Medical Electric Co., Ltd.	26,456	23,403	4,419	18,984	826	(11,508)	(10,889)	(4.12)
Liang Pin Investment Co., Ltd.	290,000	289,872	6	289,866	0	(135)	(134)	0.00
Epistar Corporation	10,887,014	53,919,431	14,782,837	39,136,594	21,224,370	2,305,033	1,825,620	1.68

As of December 31, 2021 Unit: NT in thousands

Name of enterprise	Amount of capital	Total assets	Total liabilities	net worth	operating revenues	Operating profit	Profit and/or loss of the present term (after tax)	earnings per share (EPS) (NT\$) (after tax)
Jia He Semiconductor Co., Ltd.	34,250	14,895	16,868	(1,973)	1,120	(26,945)	(26,827)	(5.65)
Ling Dian Investment Co., Ltd.	2,514,785	2,091,581	139	2,091,442	(176,936)	(179,199)	(179,594)	(0.49)
Lighting Investment Ltd.	152,701	572,985	13,148	559,837	0	(2,324)	(71,090)	Note 1
Jing Yuan Optronics (Hong Kong) Co., Ltd.	2,556	16	227	(211)	0	(30)	(30)	Note 1
Epistar JV Holding (BVI) Co., Ltd.	14,960,129	10,109,835	30	10,109,805	0	(938)	459,172	Note 1
Lite Star JV Holding (BVI) Co., Ltd.	3,655,144	4,414,358	33	4,414,325	0	(103)	39,188	Note 1
Jing Yu Optronics (Xiamen) Co., Ltd.	1,882,240	4,595,964	2,272,085	2,323,879	4,625,085	299,613	400,557	Note 1
Jing Yu Optronics (Hong Kong) Co., Ltd.	1,882,240	2,323,886	0	2,323,886	0	0	400,557	Note 1
Guan Quan Hong Kong Co., Ltd.	2,477,368	393,860	246	393,614	0	(273)	14,434	Note 1
Guan Quan (Shandong) Optronics Technology Co., Ltd.	2,325,120	436,144	52,179	383,965	0	14,890	14,976	Note 1
Jing Pin Optronics (Changzhou) Co., Ltd.	4,345,760	6,256,494	1,530,173	4,726,321	3,350,102	123,371	42,087	Note 1
Jing Pin Optronics (Hong Kong) Co., Ltd.	4,403,034	4,413,440	0	4,413,440	0	0	39,301	Note 1
Full Star Enterprises Limited	262,991	262,800	37	262,763	0	(673)	(9,080)	Note 1
Jiangsu Canyang Optoelectronics Ltd.	5,314,560	2,609,421	978,778	1,630,643	2,088,810	65,744	67,039	Note 1
Can Yang Investments Limited	2,324,763	1,637,281	61,092	1,576,189	0	(90)	66,780	Note 1
GV Semiconductor Inc.	234,450	1,514	8	1,506	(4,905)	(10,117)	(2,003)	Note 1
Guang He Optronics Co., Ltd.	64,881	16,169	9,777	6,392	0	(560)	(267)	0.99
HUGA Holding (SAMOA) Limited	334,967	25,296	0	25,296	0	(38)	(33)	Note 1
Yuan Feng Optronics (Hong Kong) Co., Ltd.	133,403	68,400	33	68,367	0	(7,325)	(86,782)	Note 1
Jing Yuan Bao Chen Optronics (Shenzhen) Co., Ltd.	83,040	139,911	45	139,866	80,138	2,342	1,726	Note 1
Bao Chen Optronics (Hong Kong) Co., Ltd.	133,145	265,652	33	265,619	0	(55)	(15,179)	Note 1
Jing Cheng Semiconductor Co., Ltd.	1,062,000	1,657,657	1,576,709	80,948	157,361	(790,545)	(800,249)	(3.88)
Jing Ling Semiconductor Co., Ltd.	1,898	5,219	4,138	1,081	0	(626)	3,112	1.79
Shenzhen Jing Qi Optronics Co., Ltd.	43,770	1,211,684	1,043,586	168,098	3,066,080	165,906	124,549	Note 1
Crystal Light Enterprises Group Limited	0	0	0	0	0	0	(59)	Note 1, Note 2
Xing Da Electronic Co., Ltd.	5,149,164	13,012,824	2,934,426	10,078,398	7,468,832	117,423	317,826	0.62
Liang Li Investment Co., Ltd.	180,000	125,559	0	125,559	0	(218)	(2,757)	(0.15)
Wei Pang Investment Co., Ltd.	750,000	629,890	328	629,562	0	(8,184)	13,543	0.18

As of December 31, 2021 Unit: NT in thousands

Name of enterprise	Amount of capital	Total assets	Total liabilities	net worth	operating revenues	Operating profit	Profit and/or loss of the present term (after tax)	earnings per share (EPS) (NT\$) (after tax)
Mainstream Lighting Co., Ltd.	31,500	60,027	13,750	46,277	69,409	9,826	8,266	2.62
Zhi Tuo Innovative Co., Ltd.	2,000	2,870	63	2,807	4,019	101	140	0.70
Lextar (Singapore) Pte. Ltd.	2,709,310	2,491,998	0	2,491,998	0	(297)	101,867	Note 1
Apower Optonics Corporation	381,638	1,097,223	0	1,097,223	0	(59)	52,684	Note 1
Wellypower Optonics Corporation	44,898	152,618	0	152,618	0	(59)	7,068	Note 1
Wellybond Optonics (H.K.) Limited	17,888	10,569	0	10,569	0	(154)	(138)	Note 1
Lextar Electronics Korea Ltd.	3,025	4,569	523	4,046	7,216	323	361	Note 1
Da Liang Electronic (Suzhou) Co., Ltd.	3,722,205	4,084,763	605,002	3,479,761	1,058,617	(158,819)	164,574	Note 1
Da Liang Electronic (Xuzhou) Co., Ltd.	3,094,825	5,261,014	2,058,071	3,202,943	7,490,176	241,314	293,112	Note 1
Da Liang Electronic (Xiamen) Co., Ltd.	32,759	13,670	1,685	11,985	0	(3,943)	(3,935)	Note 1
Han Wei Optonics Co., Ltd.	401,310	411,471	126,366	285,105	117,901	(66,046)	(65,459)	(1.63)
Wei Li He Electronic (Xuzhou) Co., Ltd.	11,000	7,148	1,679	5,469	463	5,533	(5,532)	(5.03)
Wei Li Fu Technology Co., Ltd.	137,100	163,641	27,040	136,601	0	(2,610)	(499)	(0.04)
Wei Tian Technology Co., Ltd.	680,620	1,143,439	350,032	793,407	955,228	39,119	36,968	0.54
ProLight Opto Holding Corporation	4,402	(913)	59	(972)	0	0	(1,807)	Note 1
ProLight Opto Technology Corporation	4,403	(915)	30	(945)	0	0	(1,807)	Note 1
Shanghai Wei Zhao Shi Electronic Co., Ltd.	4,178	126,147	126,944	(797)	224,576	(1,622)	(1,807)	Note 1
Yuan Feng Hsin Technology Co., Ltd.	600,000	1,075,364	599,269	476,095	37,714	(228,461)	(229,906)	(3.83)
Li Jing Micro-Electronic Technology (Jiangsu) Co., Ltd.	1,042,560	1,847,851	752,007	1,095,844	1,366,357	108,438	86,479	Note 1

Note 1: Not applicable because the Company is attributed as an offshore firm

Note 2: Crystal Light Enterprises Group Limited. already completed the liquidation process in late 2021

(VII) Affiliates Consolidated Financial Statements
See Appendix III (P. 216)

(VIII) Relationship Report

The Company is not an auxiliary company of another company as set forth under the special chapter for affiliated enterprises under the Company Act and is, as a result, exempted from working out report on relationship a, pmg companies under control.

II. Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report: None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and up to the date of publication of the annual report

Name of subsidiary	paid-in capital	Source of capital	The Company shareholding percentage	Date of acquisition or disposal	number of shares acquired and the amount	number of shares disposed of and the amount	Investment Profit and/or loss	Number and amount of shares held as of the publication date of the Annual Report	Facts of pledged and established	The amount of the Company to render endorsement/guarantee for subsidiaries	Amount lent by the Company to subsidiaries
Bright Point Investment Co., Ltd. (Note 1)	NT\$2,514,785 thousand	NA	100.00 %	101.12.28 (acquired)	1,282,377 shares NT\$135,163 thousand	0 share NT\$0 thousand	—	1,282,377 shares NT\$98,358 thousand	Nil	0	0
Jing Yuan Optronics Co., Ltd. (Note 2)	NT\$10,887,014 thousand	NA	100.00 %	2021.01.06 (withdrawal)	1,843,500 shares NT\$159,647 thousand	0 share NT\$0 thousand	—	1,843,500 shares NT\$141,936 thousand	Nil	0	0
Fiscal year 2021 as of the publication date of the Annual Report					3,125,877 shares 294,810 thousand	0 share 0 thousand	—	3,125,877 shares NT\$240,294 thousand	Nil	0	0

Note 1: Bright Point Company used to hold shares of Guang Jia Photoelectricity Co., Ltd. The shares so held were subsequently transferred in accordance with Articles 29, 13 and 19 of the Business Mergers And Acquisitions Act and pursuant to the provision of simplified merger, Bright Point Company held share certificates of Ennostar, According to law, it is free of the restriction of the duration of the transfer.

Note 2: Jing Yuan Optronics Company and Long Da Electronic Company, as resolved in the special shareholders meeting convened on 2020/8/7, by means of joint share transfer, acquired on 2021/1/6 up to 100% equity of Jing Yuan Optronics Company and Long Da Electronic Company. Where the shareholders of Jing Yuan Optronics Company exercised the right of objection in accordance with Article 187 of the Company Act and Article 12 of Business Mergers And Acquisitions Act, Jing Yuan Optronics Company should get the Ennostar share certificates sold out not later than 2023/10/29 at the market price. If such share certificates were not sold out by the deadline, such shares shall be deemed as shares unissued by Ennostar Inc. and should receive registration for alteration.

IV. Other supplementary notes: None

V. Any Events in 2021 the most recent year and up to the Date of publication of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3, Paragraph 2 of Article 36 of Securities and Exchange Act of Taiwan: None

Ennostar Inc.
Declaration on Internal Control System

Date: February 24, 2022

The Company carried out a self-evaluation of its internal control system for Fiscal 2021. Based on the result of the self-evaluation, it is hereby declared as enumerated below:

- I. The Company confirms full awareness that the efforts to set up and enforce the internal control system is the holy responsibility of the Company's Board of Directors and the Company has duly set up such a system: The very purpose is to provide a rational assurance that the report of the Company regarding the validity and efficiency of business operation (including profitability, performance and safeguarding the safety & security of assets) is reliable timely, transparent satisfactory to the requirements in compliance to, in turn, offer a rational guarantee.
- II. The internal control system is subject to the inherent limitation. Notwithstanding how well the design has been, a valid internal control system could only provide a rational assurance toward the accomplishment of the three aforementioned targets. Besides, amidst the changes in environment and ambiance, the validity of an internal control system is likely to change. Inside our Company, nevertheless, our internal control system is backed up with a sound self-monitoring mechanism. Once a flaw is identified, the Company shall take countermeasures forthwith.
- III. The Company fixes the right items to judge and verify the validity of the internal control system exactly in accordance with "Regulations Governing Handling of Internal Control System by Public Companies" (hereinafter referred to as the Regulations) to check and verify whether the implementation of the internal control system is valid in terms of design and enforcement. The items for judgment adopted based on the "Regulations" represent the process of management and control. The Company classifies the internal control system into five composing elements: 1. The environment of control, 2. Risk evaluation, 3. Control operation, 4. Information and communications and 5 Monitoring operations. Each and every composting element includes a certain item. For the aforementioned items, please refer to the "Regulations" for more details.
- IV. The Company has duly adopted the aforementioned internal control system regarding the items for judgment to check and make sure that the Company's internal control system is valid in terms of design and implementation.
- V. On the grounds of the results of the evaluation conducted in accordance with the preceding Paragraph, the Company hereby confirms the internal control system of the Company, (including supervision and management over subsidiaries) as of December 31, 2021, including our awareness of the effect of business operation, the extent of the validity and efficiency in accomplishment, the reliability, timeliness, transparency and consistency, compliance with laws and ordinances concerned. Overall, our internal control system proves well valid in terms of design and implementation well capable of accomplishing the aforementioned targets.
- VI. The present Declaration forms a key element of the Company's Annual Report and Prospectus and is hereby disclosed to the public. In case of anything misrepresented, concealed, or illegal found amidst the aforementioned contents disclosed to the public, the Company gets involved in and shall assume the legal responsibilities in accordance with Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The present Declaration was officially resolved by the Board of Directors on February 24, 2022, where, none among the nine present directors objected. All present directors confirmed consent to the contents of this Declaration as solemnly declared herewith.

Ennostar Inc.

Chairman: Biing-Jye Lee

General Manager: Biing-Jye Lee

Audit Report issued by the Audit Committee

Please find herewith the Business Report, Financial Statements, and Distribution of Earnings for Fiscal 2021. Among them, the Financial Statements had been duly audited and verified by Certified Public Accountant Dian-Yi Li and Certified Public Accountant and Chien-Hung Chou Price Waterhouse Coopers who, in turn, duly issued the Audit Report. The aforementioned Business Report, Financial Statements, and Distribution of Earnings had been duly audited by the Audit Committee and proved free of a flaw. This Report is hereby officially issued in accordance with Article 14~4 of the Securities and Exchange Act and Article 219 of the Company Act for your verification.

Attn.:

The regular meeting of shareholders of Ennostar Inc.2021

Convener of Audit Committee

Wei-Min Shen

February 24, 2022

Appendix III

ENNOSTAR Inc. and subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if 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, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ENNOSTAR Inc.

Representative: Biing-Jye Lee

February 24, 2022

INDEPENDENT AUDITORS' REPORT

PWCR 21000270

To the Board of Directors and Shareholders of ENNOSTAR Inc.

Opinion

We have audited the accompanying consolidated balance sheets of ENNOSTAR Inc. and subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion ,based on our audits and the reports of other independent auditors, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent auditors of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2021 are outlined as follows:

Assessment of business combination

Description

ENNOSTAR Inc. acquired a 100% equity interest in Lextar Electronics Corporation by exchanging 0.275 common share of ENNOSTAR Inc. into 1 common share of Lextar Electronics Corporation in accordance with the Enterprise Merger and Acquisition Act and other related regulations on January 6, 2021 (the effective date for the merger). The allocation of acquisition price for the merger was based on the allocation report issued by the external appraiser. The identifiable assets acquired and liabilities assumed in the business combination was measured and allocated in the business combination.

As the assumptions of the acquisition price allocation in the business combination involves management's estimates, and are significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Inquired and evaluated the professional ability, qualifications and objectiveness of the independent appraisal expert appointed by the management.
2. Evaluated the reasonableness of the assumptions for allocation of the acquisition price and appointed our financial advisory experts to assist in the process of evaluating the acquisition price report (including the valuation models and the parameters adopted by the Group, identifiable intangible assets and estimated economic benefits life). Verified the accuracy of the calculations of the valuation model.

3. Obtained the accounting entries of business combination and ensured the assets acquired and liabilities assumed in the business combination were recognised in accordance with the abovementioned price allocation report and the related information was fully disclosed in the notes to the financial statements.

Evaluation of Inventories

Description

Please refer to Note 4(13) of the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for the accounting estimates and assumptions in relation to inventory valuation, Note 6(5) for the explanations regarding inventory valuation. As of December 31, 2021, the balances of inventories and the allowance for valuation loss were NT\$6,365,509 thousand and NT\$677,130 thousand, respectively. The Group is primarily engaged in manufacturing and sales of LED wafers, chips, packages and models. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. The Group evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Group's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.
2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

Emphasis of matter

We draw attention to Note 1 to the consolidated financial statements, which describes that ENNOSTAR Inc. used 0.5 ordinary share in exchange for 1 ordinary share of Epistar Corporation to acquire a 100% equity interest of Epistar Corporation. The aforementioned share exchange pertains to a reorganization of entities under common control. In substance, ENNOSTAR Inc. is the successor company of Epistar Corporation. Thus, ENNOSTAR Inc., in its consolidated financial statements, accounted for the relevant assets and liabilities received using the book values in the financial statements of Epistar Corporation. Also, ENNOSTAR Inc. restated the prior period consolidated financial statements as if Epistar Corporation had always been consolidated since the beginning.

Other matter – Audit by Other Independent Auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries disclosed in Note 13 was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT\$273,986 thousand and NT\$464,772 thousand, constituting 0.36% and 0.84% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and total operating revenues were both NT\$0 thousand for the years then ended, constituting 0% of the consolidated total operating revenues as at December 31, 2021 and 2020, respectively. Furthermore, we did not audit the 2021 and 2020 financial statements of certain equity investments accounted for under the equity method. Those financial statements were audited by other independent auditors whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and certain information disclosed in Note 13 relative to these investments, is based solely on the reports of the other independent auditors. These equity investments amounted to NT\$1,046,503 thousand and NT\$26,926 thousand, representing 1.36% and 0.05% of the consolidated total assets as of December 31, 2021 and 2020, respectively, and their comprehensive income (including share of loss of associates and joint ventures accounted for under equity method and share of other comprehensive income/(loss) of associates and joint ventures accounted for under equity method) amounted to NT\$7,403 thousand and NT\$10,507 thousand, representing 0.47% and (0.13%) of the consolidated comprehensive gain (loss) for the years then ended.

Other matter – Parent company only financial reports

We have also expressed an unmodified opinion on the parent company only financial statements of ENNOSTAR Inc. as of and for the year ended December 31, 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi

Chou, Chien-Hung

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	12,336,039	16	\$	5,228,011	10
1110	Financial assets at fair value through profit or loss - current	6(2)		225,284	-		170,770	-
1150	Notes receivable, net	6(4)		1,622,419	2		1,086,061	2
1170	Accounts receivable, net	6(4)		11,653,001	15		6,288,351	11
1180	Accounts receivable - related parties, net	7		1,075,710	2		215,223	-
1200	Other receivables			162,252	-		163,487	-
1210	Other receivables - related parties	7		15,821	-		8,556	-
130X	Inventories	6(5)		5,688,379	7		3,167,004	6
1410	Prepayments			1,637,188	2		987,233	2
1470	Other current assets	8		381,573	1		531,435	1
11XX	Current Assets			34,797,666	45		17,846,131	32
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		112,284	-		179,275	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		4,686,605	6		4,384,300	8
1550	Investments accounted for under equity method	6(6)		3,272,047	4		1,645,575	3
1600	Property, plant and equipment	6(7)		24,299,352	32		21,085,475	38
1755	Right-of-use assets	6(8)		1,915,756	3		1,664,289	3
1760	Investment property, net			685,575	1		216,341	-
1780	Intangible assets	6(9)		4,941,663	6		4,132,191	8
1840	Deferred income tax assets	6(31)		1,785,253	2		3,949,334	7
1900	Other non-current assets			392,981	1		426,097	1
15XX	Non-current assets			42,091,516	55		37,682,877	68
1XXX	Total assets		\$	76,889,182	100	\$	55,529,008	100

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(12) and 8	\$ 3,479,177	5	\$ 1,537,574	3
2110	Short-term notes and bills payable	6(13) and 8	877,011	1	568,519	1
2120	Financial liabilities at fair value through profit or loss - current		12	-	-	-
2150	Notes payable		45,455	-	11,002	-
2170	Accounts payable		4,396,401	6	1,998,922	4
2180	Accounts payable - related parties	7	319,572	-	174,250	-
2200	Other payables	6(14) and 7	5,843,445	8	4,387,779	8
2230	Current income tax liabilities		30,370	-	14,004	-
2280	Current lease liabilities		107,868	-	113,241	-
2320	Long-term liabilities, current portion	6(15) and 8	131,683	-	137,419	-
2399	Other current liabilities - others		533,353	1	201,452	-
21XX	Current Liabilities		15,764,347	21	9,144,162	16
Non-current liabilities						
2540	Long-term borrowings	6(15) and 8	4,007,482	5	3,200,725	6
2570	Deferred income tax liabilities	6(31)	429,338	-	1,736,775	3
2580	Non-current lease liabilities		1,449,261	2	1,173,065	2
2600	Other non-current liabilities	6(18)	633,711	1	562,985	1
25XX	Non-current liabilities		6,519,792	8	6,673,550	12
2XXX	Total Liabilities		22,284,139	29	15,817,712	28
Equity attributable to owners of parent company						
Share capital						
		6(19)				
3110	Share capital - common stock		6,852,514	9	10,887,014	20
Capital surplus						
		6(20)				
3200	Capital surplus		43,830,638	57	36,115,456	65
Retained earnings						
		6(21)				
3350	Unappropriated retained earnings (accumulated deficit)		2,169,446	3	(7,908,188)	(14)
Other equity interest						
		6(22)				
3400	Other equity interest		(235,543)	-	(1,001,764)	(2)
3500	Treasury stocks	6(19)	(294,810)	(1)	(485,137)	(1)
31XX	Equity attributable to owners of the parent		52,322,245	68	37,607,381	68
36XX	Non-controlling interest		2,282,798	3	2,103,915	4
3XXX	Total equity		54,605,043	71	39,711,296	72
3X2X	Total liabilities and equity		\$ 76,889,182	100	\$ 55,529,008	100

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings(loss) per share amounts)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7	\$ 36,424,760	100	\$ 14,531,823	100
5000 Operating costs	6(5) and 7	(28,807,881)	(79)	(14,970,953)	(103)
5900 Operating margin (loss)		7,616,879	21	(439,130)	(3)
5910 Unrealized loss (profit) from sales		41	-	(1,589)	-
5920 Realized profit (loss) from sales		1,589	-	(4,266)	-
5950 Net operating margin (loss)		7,618,509	21	(444,985)	(3)
Operating expenses	6(29)				
6100 Selling expenses		(884,563)	(3)	(286,614)	(2)
6200 General and administrative expenses		(2,005,479)	(6)	(1,284,888)	(9)
6300 Research and development expenses		(2,656,848)	(7)	(1,821,411)	(12)
6450 Expected credit loss		(133,422)	-	(848,572)	(6)
6000 Total operating expenses		(5,680,312)	(16)	(4,241,485)	(29)
6500 Other income and expenses - net	6(24)	171,933	1	200,119	1
6900 Operating profit (loss)		2,110,130	6	(4,486,351)	(31)
Non-operating income and expenses					
7100 Interest income	6(25)	52,150	-	16,672	-
7010 Other income	6(26)	493,075	1	309,149	2
7020 Other gains and losses	6(27) and 7	69,879	-	(4,108,883)	(28)
7050 Finance costs	6(28)	(121,117)	-	(133,038)	(1)
7055 Expected credit losses		(57,836)	-	(19,356)	-
7060 Share of loss of associates and joint ventures accounted for under equity method		(182,973)	(1)	(1,471)	-
7000 Total non-operating income and expenses		253,178	-	(3,936,927)	(27)
7900 Profit (loss) before income tax		2,363,308	6	(8,423,278)	(58)
7950 Income tax expense	6(31)	(464,834)	(1)	(75,964)	(1)
8200 Profit (loss) for the year		\$ 1,898,474	5	\$ 8,499,242	(59)

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings(loss) per share amounts)

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Loss on remeasurements of defined benefit plans	6(16)	(\$ 336)	- (\$ 14,733)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	250,820	-	514,906
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	-	-	308
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(122,992)	-	(71,170)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		127,492	-	429,311
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(248,407)	(1)	120,568
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will be reclassified to profit or loss	6(6)	-	-	(14,037)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(31)	(194,616)	-	(15,296)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(443,023)	(1)	91,235
8300	Other comprehensive (loss) income		(\$ 315,531)	(1)	\$ 520,546
8500	Total comprehensive income (loss)		\$ 1,582,943	4	(\$ 7,978,696)
Profit (loss) attributable to:					
8610	Equity holders of the parent company		\$ 2,178,349	6	(\$ 8,109,453)
8620	Non-controlling interest		(\$ 279,875)	(1)	(\$ 389,789)
Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company		\$ 1,935,456	5	(\$ 7,618,601)
8720	Non-controlling interest		(\$ 352,513)	(1)	(\$ 360,095)
Earnings (loss) per share					
9750	Total basic earnings (loss) per share	6(32)	\$ 3.21	(\$ 15.04)	
9850	Total diluted earnings (loss) per share	6(32)	\$ 3.20	(\$ 15.04)	

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Treasury stocks	Total	Non-controlling interest	Total equity
		Retained Earnings			Other equity interest							
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings(accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
2020												
Balance at January 1, 2020		\$ 10,887,014	\$ 39,212,772	\$ 161,423	\$ 318,465	(\$ 3,749,510)	(\$ 785,337)	(\$ 500,148)	(\$ 325,490)	\$ 45,219,189	\$ 1,976,169	\$ 47,195,358
Loss for the year	6(21)	-	-	-	-	(8,109,453)	-	-	-	(8,109,453)	(389,789)	(8,499,242)
Other comprehensive income(loss) for the year	6(22)	-	-	-	-	(11,189)	61,181	440,860	-	490,852	29,694	520,546
Total comprehensive income(loss)		-	-	-	-	(8,120,642)	61,181	440,860	-	(7,618,601)	(360,095)	(7,978,696)
Appropriations of 2019												
Legal reserve appropriated		-	-	(161,423)	-	161,423	-	-	-	-	-	-
Special reserve appropriated		-	-	-	(318,465)	318,465	-	-	-	-	-	-
Capital surplus used to cover accumulated deficits	6(20)	-	(3,269,622)	-	-	3,269,622	-	-	-	-	-	-
Cash paid for acquisition of non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	-
Net change in equity of associates and joint ventures	6(20)	-	(16,159)	-	-	-	-	-	-	(16,159)	(8,400)	(8,400)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(20)	-	70,274	-	-	-	(6,877)	-	-	63,397	-	63,397
Cash investments from subsidiaries not participating in the capital increase of non-controlling interest proportionately	6(20)	-	116,619	-	-	-	-	-	-	116,619	534,503	651,122
Cash investments from subsidiaries establishing non-controlling interest	6(20)	-	1,665	-	-	-	-	-	-	1,665	98,459	100,124
Proceeds from disposal of investments accounted for using equity method	6(20)(22)	-	(93)	-	-	212,454	1,011	(212,454)	-	918	-	918
Purchase of treasury shares		-	-	-	-	-	-	-	(159,647)	(159,647)	-	(159,647)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(136,721)	(136,721)
Balance at December 31, 2020		\$ 10,887,014	\$ 36,115,456	\$ -	\$ -	(\$ 7,908,188)	(\$ 730,022)	(\$ 271,742)	(\$ 485,137)	\$ 37,607,381	\$ 2,103,915	\$ 39,711,296
2021												
Balance at January 1, 2021		\$ 10,887,014	\$ 36,115,456	\$ -	\$ -	(\$ 7,908,188)	(\$ 730,022)	(\$ 271,742)	(\$ 485,137)	\$ 37,607,381	\$ 2,103,915	\$ 39,711,296
Profit (loss) for the year	6(21)	-	-	-	-	2,178,349	-	-	-	2,178,349	(279,875)	1,898,474
Other comprehensive income(loss) for the year	6(22)	-	-	-	-	71	(404,982)	162,018	-	(242,893)	(72,638)	(315,531)
Total comprehensive income(loss)		-	-	-	-	2,178,420	(404,982)	162,018	-	1,935,456	(352,513)	1,582,943
Issuance of ordinary shares under business combination	6(21)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	6(20)	1,416,020	10,308,626	-	-	-	-	-	-	11,724,646	239,900	11,964,546
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(20)	-	574,746	-	-	-	-	-	-	574,746	-	574,746
Distribution to subsidiaries' employee compensation	6(20)	-	(7,754)	-	-	-	(1,553)	-	-	(9,307)	-	(9,307)
Proceeds from treasury shares transferred to employees	6(19)(20)	-	195,791	-	-	-	-	-	-	195,791	-	195,791
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(21)	-	115,823	-	-	-	-	-	190,327	306,150	-	306,150
Non-controlling interests		-	-	-	-	(8,974)	-	8,974	-	-	-	-
Net change in equity of associates and joint ventures	6(20)	-	-	-	-	-	-	-	-	-	291,496	291,496
Expiration of restricted employee stock	6(19)(20)	(7,013)	-	-	-	-	-	-	-	(12,616)	-	(12,616)
Effect of joint share exchange	6(19)(20)(21)	(5,443,507)	(3,466,447)	-	-	7,908,188	730,022	271,742	-	(2)	-	(2)
Balance at December 31, 2021		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	(\$ 406,535)	\$ 170,992	(\$ 294,810)	\$ 52,332,245	\$ 2,282,798	\$ 54,605,043

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 2,363,308	(\$ 8,423,278)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(29)	5,036,375	4,291,443
Amortization (long-term prepaid rents)	6(9)(29)	232,935	244,039
Expected credit losses		191,258	867,928
Gain on disposal of investments		(254,040)	(41,808)
Net (gain) loss on financial assets at fair value through profit or loss	6(27)	(17,537)	86,089
Interest expense	6(28)	121,117	133,038
Interest income	6(25)	(45,090)	(71,001)
Dividend revenue		(105,228)	(22,861)
Share of loss of associates and joint ventures accounted for under the equity method	6(6)	182,973	1,471
Loss on disposal of property, plant and equipment	6(26)	5,664	42,740
Loss on disposal of intangible assets	6(27)	11,223	2,519
Impairment loss on non-financial assets		114,693	3,602,072
Unrealized (profit) loss from sales		(41)	1,589
Realized (profit) loss from sales		(1,589)	4,266
Other income from recognition of long-term deferred revenues	6(18)	(131,295)	(149,596)
Property, plant and equipment transferred to expense		4,474	11,798
Expenses transferred to intangible assets		-	(13,803)
Gain on disposal of non-current assets held for sale	6(11)	(179,204)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(10,006)	44,214
Notes receivable		(542,948)	391,452
Accounts receivable		(3,556,983)	398,573
Other receivables		(27,168)	(237,313)
Inventories		(1,447,254)	96,335
Prepayments		(488,679)	(38,158)
Other current assets		337,228	(14,094)
Other non-current assets		499,681	37,987
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		1,633	-
Notes payable		34,418	(381,435)
Accounts payable		573,986	480,473
Other payables		1,239,536	322,920
Other current liabilities		70,198	44,293
Other non-current liabilities		173,460	53,938
Cash inflow generated from operations		4,387,098	1,765,830
Interest received		47,401	69,585
Interest paid		(115,775)	(102,099)
Income tax paid		(97,802)	(23,003)
Dividend received		131,666	75,462
Net cash flows from operating activities		4,352,588	1,785,775

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 765,140)	(\$ 7,216)
Proceeds from disposal of financial assets at fair value through other comprehensive income		695,324	1,253
Acquisition of investments accounted for under the equity method		(1,018,523)	(561,091)
Proceeds from disposal of investments accounted for under the equity method		818,718	312,633
Acquisition of property, plant and equipment	6(34)	(4,732,066)	(4,482,135)
Proceeds from disposal of property, plant and equipment	6(34)	235,179	584,846
Cash refund from investments accounted for under the equity method		87,283	14,105
Decrease (increase) in refundable deposits		717	(292)
Acquisition of intangible assets	6(34)	(117,588)	(97,586)
Proceeds from disposal of intangible assets		4,205	140
Effect on initial consolidation of subsidiaries		3,763,629	-
Decrease (increase) in pledged assets		312,664	(214,549)
Cash refund from financial assets capital reduction		66,929	-
Proceeds from disposal of non-current assets held for sale	6(11)	430,000	-
Net cash flows used in investing activities		(218,669)	(4,449,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(35)	1,947,559	(153,958)
Increase in short-term notes and bill payable	6(35)	-	211,677
Proceeds from long-term loans	6(35)	1,836,127	4,941,700
Repayment of long-term loans	6(35)	(1,035,106)	(2,732,114)
Increase in guarantee deposits received	6(35)	24,360	50,907
Repayment of principal portion of lease liabilities	6(35)	(155,101)	(106,194)
Purchase of treasury share		-	(159,647)
Proceeds from treasury shares transferred to employees		306,150	-
Increase in cash paid for acquisition of non-controlling interests		625,645	651,122
Cash investments from subsidiaries establishing non-controlling interest		-	100,124
Cash dividends distributed to non-controlling interest		-	(8,400)
Net cash flows from financing activities		3,549,634	2,795,217
Effects of foreign currency exchange		(575,525)	(155,912)
Net increase (decrease) in cash and cash equivalents		7,108,028	(24,812)
Cash and cash equivalents at beginning of year		5,228,011	5,252,823
Cash and cash equivalents at end of year		\$ 12,336,039	\$ 5,228,011

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

ENNOSTAR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

ENNOSTAR Inc. (the “Company”) was incorporated on January 6, 2021. The Company’s share have been traded on the Taiwan Stock Exchange in the Republic of China since the date of its incorporation. The share exchange transaction, wherein the Company was established by Epistar Corporation (“Epistar”) and acquired all issued and outstanding ordinary shares of Epistar and Lextar Electronics Corporation (“Lextar”) by way of share exchange, has been approved both at Epistar’s board meeting on June 18, 2020 and special shareholders’ meeting on August 7, 2020. The share exchange was conducted at an exchange ratio of 1 ordinary share of Epistar and Lextar for 0.5 and 0.275 ordinary share of the Company respectively. As a result, Epistar and Lextar became wholly-owned subsidiaries of the Company on January 6, 2021, and both of Epistar’s and Lextar’s ordinary shares have been delisted while the ordinary shares of the Company were listed starting from the same date under the symbol “3714”. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and light-emitting diode packages and modules.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June, 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	
(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>	
New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:	

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

The Company is the Group's ultimate parent company due to converting stocks into shares with Epistar and Lextar on January 6, 2021. Accordingly, Epistar, Lextar and their subsidiaries were included in the consolidated financial statements thereafter.

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2021	December 31, 2020	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	-	Note 10
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	-	Note 10
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	-	Note 7
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	-	Note 7
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	58.59%	-	Note 11
Epistar Corporation	Lighting Investment Corporation	Professional investment	100%	100%	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	
Epistar Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	-	100%	Note 12
Epistar Corporation	SH Co.,Ltd.	Manufacturing and sales of LED wafers and chips	49%	49%	Note 1
Epistar Corporation	Full Star Enterprises Limited	Professional investment	100%	100%	
Epistar Corporation	iReach Corporation	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	39.09%	100%	Note 3
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	53.29%	63.94%	Note 2
Epistar Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	8.52%	Note 12
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	
Epistar Corporation	Can Yang Investments Limited	Professional investment	3.53%	-	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2021	December 31, 2020	
GaN Force Corporation	GV Semiconductor Inc.	R&D and sales of electronic components	100%	100%	
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	Professional investment	82.41%	82.41%	
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	Professional investment	74.86%	74.86%	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Professional investment	100%	100%	
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	Professional investment	100%	100%	
Epistar JV Holding (BVI) Co., Ltd.	Crystal Light Enterprises Group Limited	Professional investment	-	100%	Note 9
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Professional investment	85.26%	80.10%	
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	Professional investment	100%	100%	
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	
Episky (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	100%	100%	
Episky Corporation (Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	3.31%	3.31%	
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	12.13%	20.80%	Note 6
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONIC S CO.,LTD	Sales of LED chips	100%	100%	Note 6
Lighting Investment Corporation	Lighting Investment Ltd.	Professional investment	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2021	December 31, 2020	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting product	81.43%	100%	Note 5
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	100%	100%	
Lighting Investment Corporation	Can Yang Investments Limited	Professional investment	6.87%	6.87%	
Lighting Investment Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	14.69%	40.46%	Note 12
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	-	Note 4
Lighting Investment Ltd.	Luxlite (Hong Kong) Corporation Limited	Professional investment	100%	100%	Note 8
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	
Luxlite (Hong Kong) Corporation Limited	Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	100%	100%	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	2.68%	3.62%	Note 12
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	37.88%	29.20%	Note 6 Note 12
Yenrich Technology Corporation	Amengine Corporation	Developing and sales of medical optical sensor modules	-	40.80%	Note 1 Note 6 Note 11
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	Note 12

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2021	December 31, 2020	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional investment	100%	100%	Note 12
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	Note 12
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Professional investment	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellypower Optronics Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Apower Optronics Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellybond Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	Professional investment	100%	100%	
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	90.50%	90.50%	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	10.68%	22.99%	Note 3
Lextar Electronics Corporation	HEXAWAVE INC.	Manufacturing and sales of compound semiconductor materials and modules	31.69%	31.69%	
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	-	Note 12
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED lighting and modules	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Sale of LED and after-sales service	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2021	December 31, 2020	
Liang Li Venture Corp.	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	1.91%	3.83%	Note 3
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.09%	-	Note 12
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50%	50%	
Wellybond Corporation	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	-	29.37%	Note 3
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	24.70%	-	Note 12
Wellybond Corporation	HEXAWAVE INC.	Manufacturing and sales of compound semiconductor materials and modules	31.68%	31.68%	
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	90.91%	90.91%	Note 6
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	
HEXAWAVE INC.	WellyWave Semiconductors Inc.	Manufacturing and sales of compound semiconductor materials and modules	100%	-	Note 7

Note1: Due to the control over the entity's financial and operational policies, this company is included in the consolidated financial statements.

Note2: On October 1, 2018, the parent company established the Unicorn Semiconductor Corporation due to the spin-off and transfer of its operation for iii-v semiconductors OEM business. On February 20, 2019, January 31, 2020 and April 19, 2021, the Board of Directors of Unicorn Semiconductor Corporation during their meeting resolved to increase its capital in the amounts of \$164,000, \$400,000 and \$500,000, respectively. The parent company did not participate in the capital increases, therefore, the parent company's shareholding ratio was decreased to 63.94% and 53.29%.

Note3: Due to changes in equity, it has not been included in the consolidated entity since June, 2021.

Note4: Acquiring an additional 35.68% of ordinary share from non-controlling interest in December, 2021.

Note5: On January, 2020, AllureLux Corporation has been renamed as GaNrich Semiconductor Corporation.

Note6: Newly invested or established companies in 2020.

Note7: Newly invested or established companies in 2021.

Note8: Acquiring an additional 25% of ordinary share from non-controlling interest in October 2020.

Note9: The liquidation was completed on March, 2021, as the company will not continue its operation.

Note10: On January 6, 2021, Epistar and Lextar became subsidiaries through a share exchange transaction with the parent company. Epistar, Lextar and their subsidiaries were consolidated in the financial statements thereafter.

Note11: Amengine Corporation was originally held by Yenrich Technology Corporation and subsequently held by ENNOSTAR Inc. in the third quarter of 2021 as a result of reorganization.

Note12: Yenrich Technology Corporation and ProLight Opto Technology Corporation were originally held by Epistar and subsequently held by Lextar in the third quarter of 2021 as a result of reorganization. Also, investees of Yenrich Technology Corporation and ProLight Opto Technology Corporation were held by Lextar.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "interest income or finance costs". All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rate of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, the derivative financial assets are recognised and derecognised using trade date accounting, the beneficiary certificates are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets.
- C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(12) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprise raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs the item by item approach is used in applying the lower of cost and net realizable value. 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.

(14) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using the equity method - associates

- A. Associates are all entities over which the Group has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the

associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- H. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 50 years
Plant and construction	2 ~ 15 years
Machinery	2 ~ 20 years
Office equipment	2 ~ 20 years
Leasehold improvements	3 ~ 15 years
Other equipment	2 ~ 20 years

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
- Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable;
 - (b) Variable lease payments that depend on an index or a rate; and
 - (c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are

changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(19) Intangible assets

A. Patents

Patents are stated at cost and amortized on a straight-line basis over their legal terms or economic service lives, whichever is shorter.

B. Technology know-how

Technology know-how is stated at cost and amortized on a straight-line basis over their economic service lives.

C. Computer software

Computer software is stated at cost and amortized on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

D. Goodwill

Goodwill arising from a business combination is accounted for by applying the acquisition method.

E. Other intangible assets

Other intangible assets, mainly electricity facilities, are stated at cost and amortized using the straight-line method over 3 to 5 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the

goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

- A. Borrowings comprise of long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The

rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Treasury stocks transferred to employees:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
- (b) For treasury stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must compensate the Group for the difference between the fair value of the equity instruments and their payments on the stocks.

C. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who

are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Cash dividends are recorded as liabilities.

(30) Revenue recognition

A. Sales of goods:

- (a) The Group is engaged in the research, development and sale of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and light-emitting diode packages and modules. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognised on the net amount of contract price after deduction of sales discounts and allowances. The sales discounts and allowances were offered to customers based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term less than 1 year, which is consistent with market practice.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from licencing intellectual property

- (a) The Group entered into a contract with a customer to grant a licence of patents and intellectual property to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents and intellectual property to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.
- (b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover

those costs.

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net

realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories was \$5,688,379.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	\$ 918	\$ 1,171
Checking accounts and demand deposits	3,816,612	2,210,413
Time deposits	7,289,316	1,326,081
Bonds sold under repurchase agreement	1,229,193	1,690,346
	<u>\$ 12,336,039</u>	<u>\$ 5,228,011</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 69,150	\$ 40,150
Listed stocks	193,439	427,775
Derivatives	17,814	-
	<u>280,403</u>	<u>467,925</u>
Valuation adjustment	(55,119)	(297,155)
	<u>225,284</u>	<u>170,770</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	321,358	342,178
Valuation adjustments	(209,074)	(162,903)
	<u>112,284</u>	<u>179,275</u>
	<u>\$ 337,568</u>	<u>\$ 350,045</u>

A. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

December 31, 2021			
Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 66,700	USD to NTD	2022.01.03~2022.04.08
Forward foreign exchange contract - sell	USD 50	USD to JPY	2022.01.24~2022.02.24
Forward foreign exchange contract - sell	USD 29,000	USD to RMB	2022.01.25~2022.06.24

December 31, 2020: None.

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export and import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

B. The net gain (loss) recognized by the Group amounted to \$17,537 and (\$86,089) for the years ended December 31, 2021 and 2020.

C. Information on credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed stocks	\$ 714,661	\$ 724,909
Unlisted stocks	4,121,556	3,933,096
	4,836,217	4,658,005
Valuation adjustment	(149,612)	(273,705)
	<u>\$ 4,686,605</u>	<u>\$ 4,384,300</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$4,686,605 and \$4,384,300 as at December 31, 2021 and 2020, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	Year ended December 31, 2021	Year ended December 31, 2020
Fair value change recognised in other comprehensive income	<u>\$ 250,820</u>	<u>\$ 514,906</u>
Dividend income recognized in profit or loss held at end of period	<u>\$ 105,228</u>	<u>\$ 22,861</u>

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$4,686,605 and \$4,384,300, respectively.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 2,506,407	\$ 1,926,257
Less: Allowance for uncollectible accounts	(883,988)	(840,196)
	<u>\$ 1,622,419</u>	<u>\$ 1,086,061</u>
Accounts receivable	\$ 11,695,601	\$ 6,306,903
Less: Allowance for uncollectible accounts	(42,600)	(18,552)
	<u>\$ 11,653,001</u>	<u>\$ 6,288,351</u>

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 11,217,706	\$ 1,622,419	\$ 5,790,012	\$ 1,089,903
Up to 30 days	239,277	-	307,622	13,448
31 to 90 days	83,745	-	101,702	70,065
91 to 180 days	22,863	-	106,124	752,841
Over 180 days	132,010	883,988	1,443	-
	<u>\$ 11,695,601</u>	<u>\$ 2,506,407</u>	<u>\$ 6,306,903</u>	<u>\$ 1,926,257</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, the Group had outstanding discounted notes receivable amounting to \$209,538 and \$410,310, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable. Those discounted notes receivable were deducted from notes receivable directly.

C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.

D. The Group holds collateral including commercial papers, financial assets, patents as well as machinery and equipment as security for accounts receivable.

E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable held by the Group was \$1,622,419 and \$1,086,061; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$11,653,001 and \$6,288,351, respectively.

F. Information on credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,794,492	(\$ 144,064)	\$ 1,650,428
Work in progress	2,385,262	(273,969)	2,111,293
Finished goods	2,185,755	(259,097)	1,926,658
	<u>\$ 6,365,509</u>	<u>(\$ 677,130)</u>	<u>\$ 5,688,379</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 846,389	(\$ 68,147)	\$ 778,242
Work in progress	1,523,436	(491,771)	1,031,665
Finished goods	1,819,253	(462,156)	1,357,097
	<u>\$ 4,189,078</u>	<u>(\$ 1,022,074)</u>	<u>\$ 3,167,004</u>

The cost of inventories recognised as expense for the years ended December 31, 2021 and 2020:

	Year ended December 31, 2021	Year ended December 31, 2020
Cost of goods sold	\$ 28,423,693	\$ 13,190,571
Scrap loss	84,112	90,797
Loss (Recovery benefits in market value) on market price decline	(334,996)	231,620
Loss on idle capacity	658,955	1,537,409
Other	(23,883)	(79,444)
	<u>\$ 28,807,881</u>	<u>\$ 14,970,953</u>

Due to the increase in the utilization rate of the Group, the net realizable value of inventories has recovered, which is recognized as a decrease in the cost of goods sold.

(6) Investments accounted for using the equity method

	December 31, 2021	December 31, 2020
Associates:		
Tekcore Co., Ltd.	\$ -	\$ 26,926
TE Opto Corporation	43,223	43,804
Country Lighting (BVI) Co., Ltd.	-	87,097
LEDOLUX Sp. Zo.O.	11,453	13,077
Interelight Optotech (Hong Kong) Ltd.	11,663	11,886
LEDAZ Co., Ltd.	(9,292)	71,668
Changzhou Chemsemi Co., Ltd. (Note)	853,118	471,471
GCS Holdings, Inc.	1,199,915	919,646
Joint Power Exponent, Ltd.	31,076	-
Chuzhou Bwin Technology Corp.	115,080	-
Aurora International Lighting Corporation Limited	180,789	-
iReach Corporation	40,881	-
Domi-Star Optoelectronics Corporation	385	-
Tyntek Corporation	793,756	-
	<u>\$ 3,272,047</u>	<u>\$ 1,645,575</u>

Note: In August 2020, Changzhou NEO-EPISKY Co., Ltd. has been renamed as Changzhou Chemsemi Co., Ltd.

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$3,272,047 and \$ 1,645,575, respectively.

	Year ended December 31, 2021	Year ended December 31, 2020
Loss for the period from continuing operations	(\$ 182,973)	(\$ 1,471)
Other comprehensive loss	-	(14,368)
Total comprehensive loss	<u>(\$ 182,973)</u>	<u>(\$ 15,839)</u>

B. The fair value of the Group's material associates with quoted market prices is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tekcore Co. Ltd.	\$ -	\$ 136,217
GCS Holdings, Inc.	1,205,945	903,548
Tyntek Corporation	806,407	-
	<u>\$ 2,012,352</u>	<u>\$ 1,039,765</u>

- C. On June 5, 2020, the Group obtained significant influence over GCS Holdings, Inc. as the Group owned two board seats through the re-election of the regular shareholders' meeting. Therefore, the Group reclassified it from financial asset at fair value through profit and loss into investment in associate and recognised gain on disposal of investment amounting to \$31,414 in accordance with IFRSs.
- D. On September 2, 2020, the Group disposed some of its share of NanYa Photonics Incorporation and lost significant influence as its shares owned by the Group were less than 20%. Therefore, the Group reclassified it into financial asset at fair value through other comprehensive income and recognised gain on disposal of investment amounting to \$38,546 in accordance with IFRSs.
- E. In the second quarter of 2021, the Group disposed part of its share of best Epitaxy Manufacturing Company Ltd. and iReach Corporation and lost control over the entities. Therefore, the Group reclassified it into investments accounted for using the equity method and recognised gain on disposal of investment amounting to \$57,527 in accordance with IFRSs.
- F. On July 2, 2021, the Group obtained significant influence over Tyntek Corporation as the Group owned three board seats through the re-election of the regular shareholders' meeting. Therefore, the Group reclassified it from financial asset at fair value through other comprehensive income into investment in associate in accordance with IFRSs.

(7) Property, plant and equipment

		Buildings and		Office	Leasehold		Construction	
	Land	structures	Machinery	equipment	improvements	Others	in progress and equipment to be inspected	Total
At January 1, 2021								
Cost	\$ 511,997	\$ 15,382,224	\$ 41,914,660	\$ 415,371	\$ 175,629	\$ 620,231	\$ 3,716,424	\$ 62,736,536
Accumulated depreciation and impairment	-	(8,580,667)	(32,186,143)	(315,015)	(90,976)	(478,260)	-	(41,651,061)
	<u>\$ 511,997</u>	<u>\$ 6,801,557</u>	<u>\$ 9,728,517</u>	<u>\$ 100,356</u>	<u>\$ 84,653</u>	<u>\$ 141,971</u>	<u>\$ 3,716,424</u>	<u>\$ 21,085,475</u>
2021								
Opening net book amount at January 1	\$ 511,997	\$ 6,801,557	\$ 9,728,517	\$ 100,356	\$ 84,653	\$ 141,971	\$ 3,716,424	\$ 21,085,475
Additions	-	1,754	497,227	9,097	7,602	82,525	3,351,466	3,949,671
Transfer	-	747,678	5,619,005	57,496	45,078	65,779	(6,535,036)	-
Acquired from business combinations	1,170,859	1,732,781	1,372,887	9,941	1,513	392,619	205,059	4,885,659
Disposals	-	(30,225)	(141,894)	(265)	(523)	(8,034)	(59,915)	(240,856)
Reclassified to non- current assets held for sale	(124,661)	(124,885)	(541)	(709)	-	-	-	(250,796)
Reclassifications	-	914	(88,961)	1,139	1,083	303	(17,215)	(102,737)
Reclassified to investment property	-	(30,472)	-	-	-	-	-	(30,472)
Depreciation charge	-	(896,360)	(3,718,628)	(67,985)	(23,538)	(157,966)	-	(4,864,477)
Impairment loss	-	(4,592)	(30,250)	-	(1,106)	-	-	(35,948)
Disposals of Subsidiary	-	(4,929)	(102,723)	(718)	(8,849)	(24,836)	(2,035)	(144,090)
Net exchange differences	-	(1,824)	(502,213)	(584)	(171)	(77,198)	629,913	47,923
Closing net book amount at December 31	<u>\$ 1,558,195</u>	<u>\$ 8,191,397</u>	<u>\$ 12,632,426</u>	<u>\$ 107,768</u>	<u>\$ 105,742</u>	<u>\$ 415,163</u>	<u>\$ 1,288,661</u>	<u>\$ 24,299,352</u>
At December 31, 2021								
Cost	\$ 1,558,195	\$ 17,347,652	\$ 47,907,326	\$ 516,930	\$ 365,056	\$ 1,700,988	\$ 1,288,661	\$ 70,684,808
Accumulated depreciation and impairment	-	(9,156,255)	(35,274,900)	(409,162)	(259,314)	(1,285,825)	-	(46,385,456)
	<u>\$ 1,558,195</u>	<u>\$ 8,191,397</u>	<u>\$ 12,632,426</u>	<u>\$ 107,768</u>	<u>\$ 105,742</u>	<u>\$ 415,163</u>	<u>\$ 1,288,661</u>	<u>\$ 24,299,352</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2020								
Cost	\$ 650,521	\$ 16,213,192	\$ 41,452,304	\$ 402,533	\$ 161,373	\$ 591,882	\$ 1,332,534	\$ 60,804,339
Accumulated depreciation and impairment	- (8,510,028)	(30,883,443)	(272,598)	(122,853)	(438,311)	- (40,227,233)		
	<u>\$ 650,521</u>	<u>\$ 7,703,164</u>	<u>\$ 10,568,861</u>	<u>\$ 129,935</u>	<u>\$ 38,520</u>	<u>\$ 153,571</u>	<u>\$ 1,332,534</u>	<u>\$ 20,577,106</u>
2020								
Opening net book amount at January 1	\$ 650,521	\$ 7,703,164	\$ 10,568,861	\$ 129,935	\$ 38,520	\$ 153,571	\$ 1,332,534	\$ 20,577,106
Additions	-	3,729	241,282	6,205	10,528	27,985	5,594,129	5,883,858
Transfer	-	421,072	2,704,161	19,624	50,567	16,553	(3,211,977)	-
Disposals	(138,524)	(243,940)	(55,166)	(12)	(806)	(906)	-	(439,354)
Reclassifications Reclassified to investment property	- (216,341)	(189,319)	335	-	-	95	(5,429)	(197,789)
Depreciation charge	- (863,202)	(3,190,754)	(56,505)	(14,541)	(55,356)	-	(4,180,358)	
Impairment loss	- (21,984)	(396,249)	(22)	-	(1,400)	-	(419,655)	
Net exchange differences	-	22,530	45,701	796	385	1,429	7,167	78,008
Closing net book amount at December 31	<u>\$ 511,997</u>	<u>\$ 6,801,557</u>	<u>\$ 9,728,517</u>	<u>\$ 100,356</u>	<u>\$ 84,653</u>	<u>\$ 141,971</u>	<u>\$ 3,716,424</u>	<u>\$ 21,085,475</u>
At December 31, 2020								
Cost	\$ 511,997	\$ 15,382,224	\$ 41,914,660	\$ 415,371	\$ 175,629	\$ 620,231	\$ 3,716,424	\$ 62,736,536
Accumulated depreciation and impairment	- (8,580,667)	(32,186,143)	(315,015)	(90,976)	(478,260)	- (41,651,061)		
	<u>\$ 511,997</u>	<u>\$ 6,801,557</u>	<u>\$ 9,728,517</u>	<u>\$ 100,356</u>	<u>\$ 84,653</u>	<u>\$ 141,971</u>	<u>\$ 3,716,424</u>	<u>\$ 21,085,475</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

- The Group leases various assets including land, buildings, machinery, transportation equipment and office equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- Short-term leases with a lease term of 12 months or less comprise of buildings, transportation equipment and office equipment. Low-value assets comprise of office equipment.
- The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 1,504,759	\$ 1,328,142
Buildings	186,835	50,902
Machinery	174,428	230,394
Transportation equipment	9,478	12,517
Office equipment	40,256	42,334
	<u>\$ 1,915,756</u>	<u>\$ 1,664,289</u>

	Year ended December 31, 2021	Year ended December 31, 2020
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 54,506	\$ 48,948
Buildings	-	19,808
Machinery	39,990	21,850
Transportation equipment	57,619	7,738
Office equipment	5,362	12,741
Other equipment	14,421	-
	<u>\$ 171,898</u>	<u>\$ 111,085</u>

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$61,220 and \$279,384, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 28,707	\$ 26,348
Expense on short-term lease contracts	44,747	13,105
Expense on leases of low-value assets	4,730	3,571

F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$189,463 and \$120,455, respectively.

(9) Intangible assets

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2021					
Cost	\$ 2,416,238	\$ 6,324,659	\$ 454,064	\$ 112,073	\$ 9,307,034
Accumulated amortisation and impairment	(1,544,653)	(3,182,323)	(353,042)	(94,825)	(5,174,843)
	<u>\$ 871,585</u>	<u>\$ 3,142,336</u>	<u>\$ 101,022</u>	<u>\$ 17,248</u>	<u>\$ 4,132,191</u>
<u>2021</u>					
Opening net book amount					
as at January 1	\$ 871,585	\$ 3,142,336	\$ 101,022	\$ 17,248	\$ 4,132,191
Additions — acquired separately	2,704	-	57,433	3,015	63,152
Additions — acquired through business combinations	348,360	754,264	3,598	74,294	1,180,516
Disposals	(15,390)	-	(38)	-	(15,428)
Reclassifications	(45,454)	-	2,660	-	(42,794)
Amortisation charge	(158,286)	-	(58,814)	(15,835)	(232,935)
Impairment loss	(78,745)	-	-	-	(78,745)
Disposals of subsidiary	(202)	-	(3,807)	(59,407)	(63,416)
Net exchange differences	(1,883)	-	1,005	-	(878)
Closing net book amount					
as at December 31	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>
At December 31, 2021					
Cost	\$ 2,750,991	\$ 7,087,692	\$ 513,660	\$ 128,843	\$ 10,481,186
Accumulated amortisation and impairment	(1,828,302)	(3,191,092)	(410,601)	(109,528)	(5,539,523)
	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>

	Patents	Goodwill	Software	Others	Total
At January 1, 2020					
Cost	\$ 2,406,242	\$ 6,324,659	\$ 422,203	\$ 99,476	\$ 9,252,580
Accumulated amortisation and impairment	(1,372,947)	-	(286,367)	(91,468)	(1,750,782)
	<u>\$ 1,033,295</u>	<u>\$ 6,324,659</u>	<u>\$ 135,836</u>	<u>\$ 8,008</u>	<u>\$ 7,501,798</u>
2020					
Opening net book amount as at January 1	\$ 1,033,295	\$ 6,324,659	\$ 135,836	\$ 8,008	\$ 7,501,798
Additions — acquired separately	5,573	-	31,013	12,597	49,183
Disposals	(2,659)	-	-	-	(2,659)
Reclassifications	13,326	-	477	-	13,803
Amortisation charge	(174,131)	-	(66,551)	(3,357)	(244,039)
Impairment loss	-	(3,182,323)	(94)	-	(3,182,417)
Net exchange differences	(3,819)	-	341	-	(3,478)
Closing net book amount as at December 31	<u>\$ 871,585</u>	<u>\$ 3,142,336</u>	<u>\$ 101,022</u>	<u>\$ 17,248</u>	<u>\$ 4,132,191</u>
At December 31, 2020					
Cost	\$ 2,416,238	\$ 3,142,336	\$ 454,064	\$ 112,073	\$ 6,124,711
Accumulated amortisation and impairment	(1,544,653)	-	(353,042)	(94,825)	(1,992,520)
	<u>\$ 871,585</u>	<u>\$ 3,142,336</u>	<u>\$ 101,022</u>	<u>\$ 17,248</u>	<u>\$ 4,132,191</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating costs	\$ 121,103	\$ 121,881
Selling expenses	858	1,736
Administrative expenses	53,368	53,720
Research and development expenses	57,606	66,702
	<u>\$ 232,935</u>	<u>\$ 244,039</u>

(10) Impairment of non-financial assets

- A. The Group assessed that production line adjustments and configurations resulted in idling or impairment of certain property, plant and equipment. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised impairment losses of \$35,948 and \$419,655 for the years ended December 31, 2021 and 2020, respectively. The recoverable amount is the assets' fair value less costs of disposal. The fair value is classified as a level 3 fair value. Details of impairment are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Impairment loss — buildings and structure	\$ -	\$ -
Impairment loss — machinery	-	-
	<u>\$ -</u>	<u>\$ -</u>

- B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount of all cash-generating units calculated using the value-in-use was less than their carrying amount, therefore an impairment loss of \$0 and \$3,182,323 was recognised for the goodwill for the years ended December 31, 2021 and 2020, respectively. The key assumptions used for value-in-use calculations are as follows:

- (a) Revenue growth rate: Estimation refers to relevant market information and relevant operating and sales plan.
(b) Gross margin rate: Estimation refers to historical data and relevant operating and sales plan.
(c) Discount rate: The rate before tax and reflecting specific risk of relevant operating segment. The discount rate for 2021 and 2020 was 10.63% and 10.50%.

- C. The carrying amount of patents had been adjusted based on the recoverable amount because certain patents will be sold under assessment. Accordingly, the Group recognised impairment loss amounting to \$78,745 and \$0 for the years ended December 31, 2021 and 2020, respectively.

(11) Non-current assets held for sale

	December 31, 2021	December 31, 2020
Property, plant and equipment	<u>\$ -</u>	<u>\$ -</u>

The Group intended to sell land and plant located in Taoyuan Longtan plant amounting to \$430,000 in 2021, and the land and plant were reclassified to disposal groups classified as held for sale. The sale contract for this transaction had been signed in May 2021. In addition, the transaction was completed, and the Group recognised gain on disposal amounting to \$179,204 in the third quarter of 2021.

(12) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank borrowings		
Unsecured borrowings	<u>\$ -</u>	<u>\$ 1,537,574</u>
Interest rate range-NTD	<u>____%~____%</u>	<u>0.75%~1.24%</u>
Interest rate range-foreign currency	<u>____%~____%</u>	<u>3.40%~4.05%</u>

As of December 31, 2021 and 2020, the Group has endorsements to Episky Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd., Unicorn Semiconductor Corporation and Yenrich Technology Corporation totalling \$2,035,760 and \$ 4,084,960, respectively.

(13) Short-term notes and bills payable

<u>December 31, 2021</u>				
	<u>Rate (%)</u>	<u>Amount</u>	<u>Name of bank</u>	<u>Collaterals</u>
Payables for bankers' acceptance	-	<u>\$ -</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	Note 8
<u>December 31, 2020</u>				
	<u>Rate (%)</u>	<u>Amount</u>	<u>Name of bank</u>	<u>Collaterals</u>
Payables for bankers' acceptance	-	<u>\$ 568,519</u>	BANK OF COMMUNICATIONS	Note 8

(14) Other payables

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payables on wages, salaries and bonus	\$ 1,274,884	\$ 635,768
Compensation due to employees, directors and supervisors	480,086	69,641
Payables on personnel expense	309,406	200,259
Payables on machinery and equipment	1,210,113	2,068,473
Payables on consumable goods and equipment repair expense	682,452	358,304
Payables on processing fees	1,060,702	377,051
Payables on reticle expense	23,542	22,319
Payables on gas expense	82,339	64,551
Payables on dividend	4,359	-
Payables on insurance expense	28,995	8,980
Payables on intangible assets	4,898	46,122
Others	681,669	536,311
	<u>\$ 5,843,445</u>	<u>\$ 4,387,779</u>

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2021
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 666,000
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	260,000
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before February 15, 2026	46,100
Unsecured borrowings	Before April 26, 2027	3,100
Secured borrowings	Before June 15, 2026	92,050
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before April 12, 2026	243,698
Secured borrowings	Before December 13, 2024	82,817
		<u>4,139,165</u>
Less: Current portion of long-term borrowings		(131,683)
		<u>\$ 4,007,482</u>
Interest rate range		<u>0.05%~4.99%</u>
Type of borrowings	Borrowing period and repayment term	December 31, 2020
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 383,400
Unsecured borrowings	February 17, 2022 Repay fully at maturity	500,000
Unsecured borrowings	Before September 15, 2025	489,900
Unsecured borrowings	Before November 15, 2025	231,100
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	377,300
Unsecured borrowings	July 21, 2022 Repay fully at maturity	450,000
Unsecured borrowings	Before November 5, 2024	346,667
Secured borrowings	Before December 13, 2024	159,777
		<u>3,338,144</u>
Less: Current portion of long-term borrowings		(137,419)
		<u>\$ 3,200,725</u>
Interest rate range		<u>0.50%~1.43%</u>

Pursuant to the bank loans agreements with Taipei Fubon Bank, CTBC Bank, KGI Bank and Mega Bank, the Company and its subsidiaries should meet certain financial covenants which are calculated based on each of their annual audited consolidated financial statements or semi-annual reviewed consolidated financial statements. The Company and its subsidiaries agreed to maintain the current ratio, debt ratio, debt service coverage ratio and tangible net worth (shareholders' equity - intangible assets) as defined in financial covenants.

(16) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plans in accordance with the Labor Standards Law, covering all regular employees for services provided prior to July 1, 2005, and employees who choose to remain in the defined benefit pension plan subsequent to the enforcement of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plan, employees are entitled to two base points for every year of service for the first 15 years and one base point for each additional year thereafter, up to a maximum of 45 base points. The pension payment to employees is computed based on years of service and average salaries or wages of the last nine months prior to approved retirement. The Company contributes an amount equal to 2% of salaries and wages paid each month to a pension fund. The pension fund is administered by a pension fund monitoring committee and deposited under the Committee's name in the Bank of Taiwan.

Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	(\$ 390,703)	(\$ 387,712)
Fair value of plan assets	360,673	302,965
Net defined benefit liability	(\$ 30,030)	(\$ 84,747)

(c) Movements in net defined benefit liabilities are as follows:

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 383,337)	\$ 356,890	(\$ 26,447)
Current service cost	(1,446)	-	(1,446)
Interest (expense) income	(1,475)	1,388	(87)
Past service cost	-	-	-
Settlement profit or loss	7,611	(7,611)	-
	<u>(378,647)</u>	<u>350,667</u>	<u>(27,980)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,862	4,862
Change in demographic assumptions	(1,443)	-	(1,443)
Change in financial assumptions	18,831	-	18,831
Experience adjustments	(38,388)	-	(38,388)
Liquidation gain	133	-	133
	<u>(20,867)</u>	<u>4,862</u>	<u>(16,005)</u>
Pension fund contribution	-	11,766	11,766
Paid pension	8,811	(6,622)	2,189
At December 31	<u>(\$ 390,703)</u>	<u>\$ 360,673</u>	<u>(\$ 30,030)</u>

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 376,066)	\$ 803,414	\$ 427,348
Current service cost	(1,382)	-	(1,382)
Interest (expense) income	(2,818)	8,639	5,821
Past service cost	15,813	-	15,813
Settlement profit or loss	492	(492)	-
	<u>(363,961)</u>	<u>811,561</u>	<u>447,600</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	15,196	15,196
Change in demographic assumptions	(2,781)	-	(2,781)
Change in financial assumptions	(18,072)	-	(18,072)
Experience adjustments	(2,356)	-	(2,356)
	<u>(23,209)</u>	<u>15,196</u>	<u>(8,013)</u>
Pension fund contribution	-	10,955	10,955
At December 31	<u>(\$ 387,170)</u>	<u>\$ 837,712</u>	<u>\$ 450,542</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.75%	0.40%
Future salary increases	2.00%	2.00~3.00%

The assumptions about future mortality experience in 2021 and 2020 are set based on actuarial advice in sixth and fifth empirical life tables of the life insurance industry in Taiwan, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(12,606)	13,169	12,972	(12,485)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(12,931)	13,534	13,277	(12,758)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to \$12,063.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 13 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group's mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group do not have further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$290,794 and \$129,931, respectively.

(17) Share-based payment

A. Restricted stocks to employees.

- (a) For the year ended December 31, 2021, the Group's restricted stocks to employees arrangement was as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting condition
Restricted stocks to employees (Note1)	2019.3.20	8,500	3 years	Note 2

Note 1: The remaining shares of Lextar in the original plan were transferred to the shares of the Company in accordance the exchange rate on the reference date of the merger.

Note 2: The employees could vest 30%, 30% and 40% of the restricted stock, respectively, if they continue to provide service to Lextar for the first year, second year and third year. However, the actual granted units should consider the situation of Lextar's operating results and employees' performance.

- (b) Details of the share-based payment arrangements are as follows (expressed in thousand of shares):

	2021
Outstanding at January 1	5,950
Expired	(2,550)
Outstanding at December 31	3,400
Exercisable at December 31 (Note)	3,400

Note: Transferred into 935 thousand shares of the Company using the exchange ratio of 0.275.

- (c) The fair value of stock options relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Fair value per unit
Restricted stocks to employees	2019.3.20	\$ 18	\$ -	\$ 18

B. Employee stock options:

- (a) For the years ended December 31, 2021 and 2020, the share-based payment arrangements of the Company's subsidiary, United LED Corporation (Hong Kong) Limited, are as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Employee stock option- United LED Corporation (Hong Kong) Limited	2010.08.01	1,500,000	Note 1

Note 1: 30% upon completion of 1 year's service; 60% upon completion of 2 years' service; 100% upon completion of 3 years' service.

(b) Details of the share-based payment arrangements are as follows:

	2021		2020	
	No. of shares	Weighted-average exercise price (in US dollars)	No. of shares	Weighted-average exercise price (in US dollars)
Options outstanding from beginning to the end of the period	<u>1,048,700</u>	\$ 0.0001	<u>1,048,700</u>	\$ 0.0001
Options exercisable at end of the period	<u>1,048,700</u>		<u>1,048,700</u>	

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2021	Year ended December 31, 2020
Equity-settled	\$ 20,996	\$ -

(18) Long-term deferred revenue (shown under “Other non-current liabilities”)

	December 31, 2021	December 31, 2020
Deferred government grants revenue	\$ 223,716	\$ 351,230
Deferred technical services revenue	9,959	10,790
	<u>\$ 233,675</u>	<u>\$ 362,020</u>

The Company and subsidiaries obtained government grants for acquisitions of equipment, technology investments and research projects and recognized such grants as revenue over the economic lives of those assets. Government grants revenue recognized for the the years ended December 31, 2021 and 2020 were \$128,638 and \$139,011 (shown under “Other revenue”), respectively.

(19) Share capital

A. As of December 31, 2021, the Company’s authorized capital was \$15,000,000, consisting of 1,500,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee stock options), and the paid-in capital was \$6,852,514 with a par value of \$10 (in dollars) per share. In accordance with Article 31 of Business Mergers and Acquisitions Act, the Company issued new shares in exchange for the stocks of Epistar and Lextrar. The procedure of share exchange was completed on January 6, 2021.

Movements of the Company’s outstanding ordinary shares are as follows (expressed in thousands of shares):

	2021	2020
At January 1	1,074,649	1,078,336
Issuance of ordinary shares under business combination	141,602	-
Effect of the joint share exchange	(537,325)	-
Proceeds from treasury shares transferred to employees	3,900	-
Expiration of restricted employee stock	(701)	-
Redemption shares held by objecting shareholders	-	(3,687)
At December 31	<u>682,125</u>	<u>1,074,649</u>

B. Epistar had completed the procedures for terminating the GDRs issued on September 22, 2009 and traded on the Luxembourg Stock Exchange in accordance with the requirements of the depository deed and custody deed ; 30,115 ordinary shares of Epistar had also been redeemed or delivered in accordance with relevant regulations.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(Unit: share in thousands/ dollars in thousands)

Reason for reacquisition	2021					Book value
	At January 1	Issuance of ordinary shares under business combination	Increase	Decrease (Note)	At December 31	
Held by subsidiaries	-	10,365	701	(9,784)	1,282	\$ 135,163
Redemption shares held by objecting shareholders	-	3,687	-	(1,843)	1,844	159,647

Note : Effect of conversion under joint share conversion agreement.

	2020				
Reason for reacquisition	At January 1	Increase	Decrease	At December 31	Book value
Held by subsidiaries	2,565	-	-	2,565	\$ 135,163
Held by the company	7,800	-	-	7,800	190,327
Redemption shares held by objecting shareholders	-	3,687	-	3,687	159,647

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the rules governing share repurchase by the Group, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

D. Information of the Company's shares held by subsidiaries as follows:

	December 31, 2021	December 31, 2020
Lighting Investment Corporation	1,282 thousand shares	2,565 thousand shares
Book value	\$ 135,163	\$ 135,163
Fair value	\$ 98,358	\$ 106,181
Epistar Corporation	1,844 thousand shares	
Book value	\$ 159,647	
Fair value	\$ 141,396	

(20) Capital surplus

Pursuant to the Company Act, capital surplus, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or to issue new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Change in net equity of associates and joint ventures accounted for under equity method
At January 1, 2021	\$ 35,015,440	\$ -	\$ 978,202	\$ 64,570	\$ 57,244
Issuance of new shares	10,308,626	-	-	-	-
Net change in equity of associates and joint ventures	(62,279)	-	-	-	49,663
Difference between consideration and carrying amount of subsidiaries acquired and disposed	(7,754)	-	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	115,823	574,746	-	-
Expiration of restricted employee stock	7,013	-	-	-	-
Distribution to subsidiaries' employee compensation	-	-	-	195,791	-
Effect of the joint share exchange	(2,366,431)	-	(978,202)	(64,570)	(57,244)
At December 31, 2021	<u>\$ 42,894,615</u>	<u>\$ 115,823</u>	<u>\$ 574,746</u>	<u>\$ 195,791</u>	<u>\$ 49,663</u>

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Change in net equity of associates and joint ventures accounted for under equity method
At January 1, 2020	\$ 37,984,477	\$ 195,387	\$ 854,214	\$ 105,198	\$ 73,496
Capital surplus used to cover accumulated deficit	(2,969,037)	(195,387)	-	(105,198)	-
Change in net asset of associates in equity	-	-	-	-	(16,159)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	-	5,704	64,570	-
Cash investments from subsidiaries not participating in the capital increase of non-controlling interest proportionately	-	-	116,619	-	-
Cash investments from subsidiaries establishing non-controlling interest	-	-	1,665	-	(93)
At December 31, 2020	<u>\$ 35,015,440</u>	<u>\$ -</u>	<u>\$ 978,202</u>	<u>\$ 64,570</u>	<u>\$ 57,244</u>

(21) Retained earnings (Accumulated deficit)

	2021	2020
At January 1	(\$ 7,908,188)	(\$ 3,269,622)
Effect of the joint share exchange	7,908,188	-
Profit (loss) for the year	2,178,349	(8,109,453)
Financial assets at fair value through other comprehensive income transferred to investments accounted for using equity method	(8,974)	-
Capital surplus used to cover accumulated deficit	-	3,269,622
Disposal of investments accounted for using equity method	-	212,454
Remeasurement of defined benefit obligations	71	(11,189)
At December 31	<u>\$ 2,169,446</u>	<u>(\$ 7,908,188)</u>

- A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be retained and appropriated in proportion to the number of shares held by each shareholder accordingly.
- B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.

E. The appropriations of 2021 earnings had been resolved at the Board of Directors on February 24, 2022, and distributed a cash dividend of \$2 (in dollars) per share.

(22) Other equity items

	2021		
	Unrealized gain or loss	Currency translation	Total
At January 1	(\$ 271,742)	(\$ 730,022)	(\$ 1,001,764)
Effect of the joint share exchange	271,742	730,022	1,001,764
Revaluation - gross	285,303	-	285,303
Revaluation - tax	(123,285)	-	(123,285)
Difference on carrying amounts of subsidiaries disposed	-	(1,553)	(1,553)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	8974	-	8,974
Currency translation			
–Group	-	(210,366)	(210,366)
–Tax on Group	-	(194,616)	(194,616)
At December 31	<u>\$ 170,992</u>	<u>(\$ 406,535)</u>	<u>(\$ 235,543)</u>
	2020		
	Unrealized gain or loss	Currency translation	Total
At January 1	(\$ 500,148)	(\$ 785,337)	(\$ 1,285,485)
Revaluation - gross	514,906	-	514,906
Revaluation - tax	(74,046)	-	(74,046)
Disposal of investments accounted for using equity method	(212,454)	1,011	(211,443)
Difference on carrying amounts of subsidiaries disposed	-	(6,877)	(6,877)
Currency translation			
–Group	-	90,514	90,514
–Tax on Group	-	(18,103)	(18,103)
–Associates	-	(14,037)	(14,037)
–Tax on associates	-	2,807	2,807
At December 31	<u>(\$ 271,742)</u>	<u>(\$ 730,022)</u>	<u>(\$ 1,001,764)</u>

(23) Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers:		
Sales revenue	\$ 36,119,775	\$ 14,379,987
Services revenue	117,961	138,477
Other operating revenue	187,024	13,359
	<u>\$ 36,424,760</u>	<u>\$ 14,531,823</u>

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following

major product lines and geographical regions:

Year ended December 31,				
2021	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 24,903,022	\$ 9,955,600	\$ 1,261,153	\$ 36,119,775
Services revenue	-	-	117,961	117,961
Other operating revenue	-	-	187,024	187,024
				<u>\$ 36,424,760</u>
Year ended December 31,				
2020	Epi/Chip		Other	Total
Sales revenue	\$ 13,364,504	\$	1,015,483	\$ 14,379,987
Services revenue	-	-	138,477	138,477
Other operating revenue	-	-	13,359	13,359
				<u>\$ 14,531,823</u>

(24) Other income and expenses— net

	Year ended December 31, 2021	Year ended December 31, 2020
Other income		
Royalty income	\$ 12,144	\$ 24,297
Government grants revenue	159,789	175,822
Total	<u>\$ 171,933</u>	<u>\$ 200,119</u>

(25) Interest income

	Year ended December 31, 2021	Year ended December 31, 2020
Interest income from bank deposits	\$ 41,469	\$ 46,658
Other interest income	3,621	24,343
Currency exchange gains (loss)	7,060	(54,329)
	<u>\$ 52,150</u>	<u>\$ 16,672</u>

(26) Other income

	Year ended December 31, 2021	Year ended December 31, 2020
Rental income	\$ 152,404	\$ 137,158
Dividend income	105,228	22,861
Other income-other	235,443	149,130
	<u>\$ 493,075</u>	<u>\$ 309,149</u>

(27) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Losses on disposal of property, plant and equipment	(\$ 5,664)	(\$ 42,740)
Gain on disposal of intangible assets	(11,223)	(2,519)
Gain on disposal of investments	254,040	41,808
Gain on disposal of non-current assets held for sale	178,123	695
Net currency exchange losses	(146,842)	(110,064)
Net gains (losses) on financial assets at fair value through profit or loss	17,537	(86,089)
Impairment loss on property, plant and equipment	(35,948)	(419,655)
Impairment loss on non-financial assets	(78,745)	(3,182,417)
Miscellaneous expenses	(101,399)	(307,902)
	<u>\$ 69,879</u>	<u>(\$ 4,108,883)</u>

(28) Finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense	\$ 86,861	\$ 105,433
Other interest expense	34,256	27,605
	<u>\$ 121,117</u>	<u>\$ 133,038</u>

(29) Expenses by nature

	Year ended December 31, 2021	Year ended December 31, 2020
Employee benefit expenses	<u>\$ 8,624,345</u>	<u>\$ 4,605,587</u>
Depreciation charges on property, plant and equipment (Note)	<u>\$ 5,036,375</u>	<u>\$ 4,291,443</u>
Amortisation charges on intangible assets	<u>\$ 232,935</u>	<u>\$ 244,039</u>

Note: Depreciation amounting to \$131,986 and \$208,619 were recognized as miscellaneous expenses for the years ended December 31, 2021 and 2020, respectively.

(30) Employee benefit expenses

	Year ended December 31, 2021	Year ended December 31, 2020
Wages and salaries	\$ 7,388,792	\$ 3,957,972
Labor and health insurance expenses	467,799	290,518
Pension costs	340,390	127,712
Other personnel expenses	427,364	229,385
	<u>\$ 8,624,345</u>	<u>\$ 4,605,587</u>

A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 10%~20% and 2% of the distributable profit of the current year, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the year ended December 31, 2021, employees' compensation and directors' remuneration

were accrued at \$244,739 and \$24,474, respectively.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the year	\$ 70,320	\$ 42,250
Tax of foreign source income withheld at source	17,329	-
Prior year income tax underestimation	744	74
Total current tax	88,393	42,324
Deferred tax:		
Origination and reversal of temporary differences	71,492	33,640
Effect from loss deductible income tax	304,949	-
Total deferred tax	376,441	33,640
Income tax expense	\$ 464,834	\$ 75,964

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Change in fair value of financial assets at fair value through other comprehensive income	\$ 123,285	\$ 74,045
Currency translation differences	191,996	18,103
Share of other comprehensive income of associates	2,620 (	2,807)
Remeasurement of defined benefit obligations	(293)	(2,875)
Total	\$ 317,608	\$ 86,466

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit (losses) before tax and statutory tax rate	\$ 982,667	(\$ 1,599,254)
Tax withheld at source from offshore income	17,329	-
Expenses disallowed & tax exempt income by tax regulation	981	636,988
Temporary differences not recognised as deferred tax assets	(858,816)	512,985
Change in assessment of realisation of deferred tax assets	71,491	30,003
Effect from taxable loss	(55,455)	495,168
Prior year income tax underestimation	744	74
Effect from loss deductible income tax	305,893	-
Income tax expense	<u>\$ 464,834</u>	<u>\$ 75,964</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021					
			Recognised in other comprehensive income		Business combination	December 31
	January 1		Recognised in profit or loss			
Deferred tax assets:						
—Temporary differences:						
Unrealized loss on inventory	\$ 37,705	\$	74,003	\$ -	\$ -	\$ 111,708
Unrealized exchange loss	6,019	(	6,223)	-	-	(204)
Unrealized sales returns and discounts	6,864		10,918	-	-	17,782
Allowance overrun	1,042	(	1,042)	-	-	-
Unrealized loss of sales	-		2,200	-	-	2,200
Investment loss under equity method	842,509	(	841,725)	-	-	784
Impairment loss for non-financial assets	43,101	(	43,101)	-	-	-
Loss on valuation of financial assets	89,969		-	(69,944)	-	20,025
Impairment loss for financial assets	4,099		-	-	-	4,099
Deferred revenue	55,845	(	12,624)	-	-	43,221
Currency translation differences	919,975	(	37,284)	(882,608)	-	83
Unrealized pension	25,676	(	6,394)	293	-	19,575
Others	120,864		8,690	-	-	129,554
Tax losses	1,777,411	(	340,985)	-	-	1,436,426
Investment tax credit	18,255	(	18,255)	-	-	-
Subtotal	3,949,334	(	1,211,822)	(952,259)	-	1,785,253

2021					
			Recognised in other		
	January 1	Recognised in profit or loss	comprehensive income	Business combination	December 31
—Deferred tax liabilities:					
Property, plant and equipment	-	-	-	(212,321)	(212,321)
Unrealized exchange gain	- (	1,647)	-	- (	1,647)
Unrealized gross profit of sales	(1,726)	1,726	-	-	-
Bargain purchase gain	(2,375)	2,375	-	-	-
Investment gain under equity method	(541,029)	540,578	-	- (	451)
Gain on valuation of financial assets	(105,877)	-	(53,177)	- (	159,054)
Currency translation differences	(691,727)	-	687,710	- (	4,017)
Others	(394,041)	342,193	-	-	(51,848)
Subtotal	(1,736,775)	885,225	634,533	(212,321)	(429,338)
Total	<u>\$ 2,212,559</u>	<u>(\$ 326,597)</u>	<u>(\$ 317,726)</u>	<u>(\$ 212,321)</u>	<u>\$ 1,355,915</u>

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Unrealized loss on inventory	\$ 94,026	(\$ 56,321)	\$ -	\$ 37,705
Unrealized exchange loss	21,435	(15,416)	-	6,019
Unrealized sales returns and discounts	16,906	(10,042)	-	6,864
Allowance overrun	1,043	(1)	-	1,042
Investment loss under equity method	795,186	47,323	-	842,509
Impairment loss for non-financial assets	43,101	-	-	43,101
Loss on valuation of financial assets	116,920	-	(26,951)	89,969
Impairment loss for financial assets	47	4,052	-	4,099
Deferred revenue	59,274	(3,429)	-	55,845
Currency translation differences	850,304	-	69,671	919,975
Unrealized pension	24,128	2,622	(1,074)	25,676
Others	127,519	(6,655)	-	120,864
Tax losses	1,776,730	681	-	1,777,411
Investment tax credit	18,255	-	-	18,255
Subtotal	3,944,874	(37,186)	41,646	3,949,334

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
— Deferred tax liabilities:				
Unrealized gross profit of sales	(3,110)	1,384	-	(1,726)
Bargain purchase gain	(7,375)	5,000	-	(2,375)
Investment gain under equity method	(564,063)	23,034	-	(541,029)
Gain on valuation of financial assets	(58,782)	-	(47,095)	(105,877)
Currency translation differences	(605,156)	-	(86,571)	(691,727)
Others	(368,169)	(25,872)	-	(394,041)
Subtotal	(1,606,655)	3,546	(133,666)	(1,736,775)
Total	<u>\$ 2,338,219</u>	<u>(\$ 33,640)</u>	<u>(\$ 92,020)</u>	<u>\$ 2,212,559</u>

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2021			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment credit for stockholder	\$ 100,000	\$ 8,725	2021
Investment tax credits for industrial innovation	782,902	782,902	2021
Investment tax credits for industrial innovation	731,712	731,712	2022
Investment tax credits for industrial innovation	404,324	404,324	2021
Investment tax credits for industrial innovation	1,000,000	1,000,000	2022

December 31, 2020			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment tax credits for industrial innovation	\$ 25,608	\$ 25,608	2020
Investment tax credits for industrial innovation	25,653	25,653	2020
Investment tax credits for industrial innovation	13,110	13,110	2021
Investment tax credits for industrial innovation	30,143	30,143	2021

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Unutilized tax loss from the Company is as follows:

December 31, 2021

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2021	Amount filed	\$ 19,547	\$ 19,547	2031

December 31, 2020: None.

Unutilized tax loss from the Subsidiary is as follows:

December 31, 2021

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	Assessed	\$ 51,805	\$ 51,805	2021
2012	Assessed	80,912	80,912	2022
2013	Assessed	8,487	8,487	2023
2014	Assessed	3,969,234	20,889	2024
2015	Assessed	1,059,174	10,907	2025
2016	Assessed	3,690,898	1,159,665	2026
2016	Amount filed	595,557	595,557	2021
2017	Assessed	837,032	837,032	2027
2018	Assessed	570,533	154,616	2028
2018	Amount filed	302,987	302,987	2023
2019	Assessed	4,103,745	3,367,611	2029
2019	Amount filed	1,062,667	1,062,667	2024
2020	Amount filed	411,338	411,338	2025
2020	Amount filed	4,985,902	4,985,902	2030

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	Assessed	\$ 127	\$ 127	2021
2012	Assessed	46,635	46,635	2022
2013	Assessed	8,487	8,487	2023
2014	Assessed	19,810	19,810	2024
2015	Amount filed	455,208	455,208	2020
2015	Assessed	9,427	9,427	2025
2016	Amount filed	600,607	600,607	2021
2016	Assessed	146,835	146,835	2026
2017	Amount filed	41,066	41,066	2027
2017	Assessed	155,463	155,463	2027
2018	Amount filed	189,177	189,177	2028
2018	Assessed	111,523	111,523	2028
2019	Amount filed	901,589	901,589	2029

F. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognised as deferred tax liabilities were \$7,831,942 and \$2,564,925 respectively.

G. As the Company was established on January 6, 2021, no income tax returns were filed before. Income tax returns of the Company's significant subsidiaries, Epistar and Lextar through 2019 have been assessed and approved by the Tax Authority, respectively.

(32) Earnings (losses) per share

Year ended December 31, 2021			
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,178,349	678,590	\$ 3.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,178,349	678,590	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,191	
Employee restricted shares	-	91	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,178,349	681,872	\$ 3.20
Year ended December 31, 2020			
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(\$ 8,109,453)	538,851	(\$ 15.04)

(33) Business combinations

A. The Company acquired 100% ordinary shares of Lextar, primarily involved in manufacturing LED wafers, chips, packages and modules, in the way of share exchange. The Company expects to strengthen the strategic cooperative relationship after the acquisition.

B. The following table summarises the consideration paid for Lextar and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>January 6, 2021</u>
Purchase consideration	
Equity instruments	\$ 11,724,646
Fair value of the non-controlling interest	<u>239,900</u>
	<u>11,964,546</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	3,763,629
Financial assets at fair value through profit or loss - current	20,629
Notes and accounts receivable (including related parties)	2,817,398
Other financial assets-current	456,787
Inventories	1,088,852
Other current assets	210,038
Financial assets at fair value through other comprehensive income-current	116,471
Non-current financial assets at amortised cost	39,340
Investments accounted for under equity method	270,320
Property, plant and equipment	4,885,659
Right-of-use assets	384,837
Investment property	463,943
Intangible assets	426,252
Deferred income tax asset	52,158
Other non-current asset	505,036
Financial liabilities at fair value through profit or loss - current	(4,894)
Notes and accounts payables (including related parties)	(2,284,242)
Payables on equipment	(174,620)
Current lease liabilities	(26,532)
Other current liabilities	(1,176,593)
Non-current lease liabilities	(387,498)
Other non-current liabilities	(7,731)
Deferred income tax liabilities	(228,957)
Total identifiable net assets	<u>11,210,282</u>
Goodwill	<u>\$ 754,264</u>

C. The fair value of property and plant is recognised in the amount of \$4,885,659 as the final valuations for those assets.

D. The operating revenue included in the consolidated statement of comprehensive income since January 6, 2021 contributed by Lextar was \$11,324,594. Lextar also contributed profit before income tax of \$335,806 over the same period. Had Lextar been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of \$11,324,594 and profit before income tax of \$335,806.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of property, plant and equipment	\$ 3,949,671	\$ 5,883,858
Add: Opening balance of payable on equipment	2,068,474	545,544
Add: Ending balance of prepayment for equipment	189,420	265,386
Less: Ending balance of payable on equipment	(1,210,113)	(2,068,474)
Less: Opening balance of prepayment for equipment	(265,386)	(144,179)
Cash paid during the period	<u>\$ 4,732,066</u>	<u>\$ 4,482,135</u>

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of intangible assets	\$ 76,364	\$ 49,183
Add: Opening balance of payables (including non-current portion)	46,122	94,525
Less: Ending balance of payables (including non-current portion)	(4,898)	(46,122)
Cash paid during the period	<u>\$ 117,588</u>	<u>\$ 97,586</u>

B. Investing activities with partial cash received

	Year ended December 31, 2021	Year ended December 31, 2020
Sale of property, plant and equipment	\$ 235,192	\$ 584,846
Add: Opening balance of receivables	2,000	2,000
Less: Ending balance of receivables	(2,013)	(2,000)
Cash collected during the period	<u>\$ 235,179</u>	<u>\$ 584,846</u>

(35) Changes in liabilities from financing activities

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2021	\$ 1,537,574	\$ 3,338,144	\$ 568,519	\$ 1,286,306	\$ 115,408	\$ 6,845,951
Acquired from business combinations	-	-	312,628	414,030	2,984	729,642
Changes in cash flow from financing activities	1,947,559	801,021	-	(155,101)	24,360	2,617,839
Effect of interest	-	-	-	28,707	-	28,707
Impact of changes in foreign exchange rate	(5,956)	-	(4,136)	(16,813)	14,530	(12,375)
At December 31, 2021	<u>\$ 3,479,177</u>	<u>\$ 4,139,165</u>	<u>\$ 877,011</u>	<u>\$ 1,557,129</u>	<u>\$ 157,282</u>	<u>\$ 10,209,764</u>

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2020	\$ 1,683,783	\$ 1,128,558	\$ 346,318	\$ 1,371,449	\$ 62,370	\$ 4,592,478
Changes in cash flow from financing activities	(153,958)	2,209,586	211,677	(106,194)	50,907	2,212,018
Effect of interest	-	-	-	26,348	-	26,348
Reduction	-	-	-	(6,191)	-	(6,191)
Impact of changes in foreign exchange rate	7,749	-	10,524	894	2,131	21,298
At December 31, 2020	<u>\$ 1,537,574</u>	<u>\$ 3,338,144</u>	<u>\$ 568,519</u>	<u>\$ 1,286,306</u>	<u>\$ 115,408</u>	<u>\$ 6,845,951</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Country Lighting(BVI) Co., Ltd.	Associates
ES -LEDRU LLC.	Associates (Note 1)
LEDAZ Co., Ltd.	Associates
LEDOLUX Sp. Zo. O.	Associates
best Epitaxy Manufacturing Company Ltd.	Associates (Note 5)
Interlight Optotech (HK) CO., Limited	Associates
GCS Holdings, Inc.	Associates
Tekcore Co., Ltd.	Associates (Note 3)
Changzhou Chemsemi Co., Ltd.	Associates
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates (Note 4)
Chuzhou Bwin Technology corp.	Associates
Tyntek Corporation	Associates
TE Opto Corporation	Associates
CreeLED Hong Kong Ltd.	Other related parties (Note 2)
CreeLED, Inc.	Other related parties (Note 2)
D-Tech Optoelectronics, Inc.	Other related parties
LEYARD EUROPE s.r.o.	Other related parties
Seoul Semiconductor Co., Ltd.	Other related parties
Seoul Viosys Co. ,Ltd.	Other related parties
AU Optronics (Kunshan) Co., Ltd.	Other related parties
AU Optronics (Xiamen) Corp.	Other related parties
AU Optronics (Suzhou) Corp Ltd.	Other related parties
AU Optronics Corp.	Other related parties
AUO Envirotech Inc.	Other related parties
Beijing Leyard Equipment Technology Co., Ltd.	Other related parties
Leyard Optoelectronic Co., Ltd.	Other related parties
Leyard TV Technology Co., Ltd.	Other related parties
Shenzhen Leyard Opto-Electronic Co.,	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
Darwin Precisions Corporation	Other related parties
AUO Display Plus Corporation	Other related parties

Names of related parties	Relationship with the Group
Fortech Electronics (Kunshan) Co., Ltd.	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
Note 1: It is no longer the Company's other related party beginning on December, 2020.	
Note 2: It is no longer the Company's other related party beginning on April, 2021.	
Note 3: It is no longer the Company's other related party beginning on May, 2021.	
Note 4: It is no longer the Company's subsidiary in June 2021, and thus transferred the entities from consolidated entities to related parties.	
Note 5: It is no longer the Company's subsidiary in June 2021, and thus transferred the entities from consolidated entities to related parties, and it is no longer the Company's other related party beginning on November, 2021.	

(2) Significant related party transactions and balances

A. Operating revenue:

	Year ended December 31, 2021	Year ended December 31, 2020
Other related parties	\$ 2,356,293	\$ 1,174
Associates	796,755	609,351
Total	<u>\$ 3,153,048</u>	<u>\$ 610,525</u>

All product sales prices to related parties are the same as those to third parties.

B. Purchases:

	Year ended December 31, 2021	Year ended December 31, 2020
Other related parties	\$ 139,963	\$ -
Associates	334,899	8,947
Total	<u>\$ 474,862</u>	<u>\$ 8,947</u>

All product purchases prices to related parties are the same as those to third parties.

C. Receivables from related parties:

	December 31, 2021	December 31, 2020
Other related parties	\$ 749,273	\$ 279
Associates	326,437	214,944
Total	<u>\$ 1,075,710</u>	<u>\$ 215,223</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Other receivables from related parties:

	December 31, 2021	December 31, 2020
Other related parties	\$ 3,869	\$ -
Associates	11,952	8,556
Total	<u>\$ 15,821</u>	<u>\$ 8,556</u>

The other receivables from related parties arise mainly from rent and service.

E. Payables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ 32,681	\$ -
Associates	<u>286,891</u>	<u>174,250</u>
Total	<u>\$ 319,572</u>	<u>\$ 174,250</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

F. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>Year ended December 31, 2021</u>		<u>Year ended Dec</u>
	<u>Acquisition proceeds</u>	<u>Accrued payable</u>	<u>Acquisition proceeds</u>
Other related parties	\$ 12,311	\$ 4,328	\$ -
Associates	<u>-</u>	<u>-</u>	<u>2,353</u>
	<u>\$ 12,311</u>	<u>\$ 4,328</u>	<u>\$ 2,353</u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2021</u>		<u>Year ended Dec</u>
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Disposal proceeds</u>
Associates	<u>\$ 12,815</u>	<u>\$ 1,166</u>	<u>\$ -</u>

(3) Key management compensation

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Salaries and other short-term employee benefits	\$ 197,070	\$ 99,603
Post-employment benefits	980	2,416
Termination benefits	2,322	30
Share-based payment	<u>(10,869)</u>	<u>-</u>
Total	<u>\$ 189,503</u>	<u>\$ 102,049</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2021	December 31, 2020	
Bank deposits (shown in "Other assets-current")	\$ 81,085	\$ 330,295	Payables for bankers' acceptance
Time deposits (Shown in "Other assets-current and other non-current assets")	281,558	162,885	Lease deposit, performance bond, security for provisional attachment, customer deposit, collateral deposits for provisional seizure
Notes receivable	588,105	197,396	Short-term borrowings
Land, building and structures	332,163	270,683	Long-term borrowings
Machinery and office equipment	95,663	63,111	Long-term borrowings
	<u>\$ 1,378,574</u>	<u>\$ 1,024,370</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2021	December 31, 2020
Property, plant and equipment	<u>\$ 1,219,671</u>	<u>\$ 1,135,090</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's capital management policy is established taking into account the industry characteristics, the Group's future development and changes in external environments. The Group plans the working capital, capital expenditures, investments and dividends required for the future based on the capital management policy, makes financial analysis, and examines its capital structure periodically and makes appropriate adjustments to ensure that every company within the Group may grow and operate indefinitely.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily		
measured at fair value through	\$ 337,568	\$ 350,045
profit or loss		
Financial assets at fair value through	4,686,605	4,384,300
other comprehensive income		
Designation of equity instrument		
Financial assets at amortised cost		
Cash and cash equivalents	12,336,039	5,228,011
Notes receivable	1,622,419	1,086,061
Accounts receivable	11,653,001	6,288,351
Accounts receivable due from		
related parties	1,075,710	215,223
Other receivables	162,252	163,487
Other receivables due from		
related parties	15,821	8,556
Guarantee deposits paid	30,844	12,320
Other financial assets	394,418	504,783
	<u>\$ 32,314,677</u>	<u>\$ 18,241,137</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading	\$ 12	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	3,479,177	1,537,574
Short-term notes payable	877,011	568,519
Notes payable	45,455	11,002
Accounts payable	4,396,401	1,998,922
Accounts payable to related parties	319,572	174,250
Other payables	5,843,445	4,387,779
Long-term borrowings (including current portion)	4,139,165	3,338,145
Guarantee deposits received	157,282	115,408
	<u>\$ 19,257,520</u>	<u>\$ 12,131,599</u>
Lease liabilities (including current portion)	<u>\$ 1,557,129</u>	<u>\$ 1,286,306</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The purpose of risk management is to minimise potential adverse effects arising from uncertainty on the Group's financial performance.
- (b) Risk management is carried out by treasury and finance departments of the Group under policies approved by the Board of Directors. Treasury and finance departments of the Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021				
	Foreign currency		Book value	
	amount	Exchange rate	(in thousands of NTD)	
	(in thousands)			
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 415,649	27.6800	\$ 11,505,164	
RMB:NTD	411,414	4.3440	1,787,182	
<u>Non-monetary items</u>				
USD:NTD	104,289	27.6800	2,886,720	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	233,675	27.6800	6,468,124	
RMB:NTD	205,295	4.3440	891,801	
JPY:NTD	628,391	0.2405	151,128	
December 31, 2020				
	Foreign currency		Book value	
	amount	Exchange rate	(in thousands of NTD)	
	(in thousands)			
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 220,340	28.480	\$ 6,275,280	
RMB:NTD	464,597	4.377	2,033,543	
<u>Non-monetary items</u>				
USD:NTD	97,092	28.480	2,769,539	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	89,698	28.480	2,554,596	
RMB:NTD	246,593	4.377	1,079,338	

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	Year ended December 31, 2021			
	Unrealized exchange gain (loss)			
	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	27.6800 (\$	50,373)
RMB:NTD		-	4.3440 (	3,745)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	27.6800	49,055
RMB:NTD		-	4.3440 (	1,306)
JPY:NTD		-	0.2405	5,993
	Year ended December 31, 2020			
	Unrealized exchange gain (loss)			
	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	28.480 (\$	135,740)
RMB:NTD		-	4.377	13,411
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	28.480	50,500
RMB:NTD		-	4.377 (	11,160)

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
Sensitivity analysis			
		Effect on profit	Effect on other
Degree of variation		or loss	comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 115,052	\$ -
RMB:NTD	1%	17,872	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	28,867
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	64,681	-
RMB:NTD	1%	8,918	-
JPY:NTD	1%	1,511	-

Year ended December 31, 2020			
Sensitivity analysis			
		Effect on profit	Effect on other
Degree of variation		or loss	comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 62,753	\$ -
RMB:NTD	1%	20,335	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	27,695
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	25,546	-
RMB:NTD	1%	10,793	-

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the

December 31, 2021 and 2020 would have increased/decreased by \$22,528 and \$17,077, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$55,386 and \$46,064, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
- ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$1,825 and \$3,163 for the years ended December 31, 2021 and 2020, respectively. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group adopts the assumptions that the default occurs when the contract payments are past due over a certain number of days.
- iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over a certain number of days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2021 and 2020, the Group's written-off financial assets that are still under recourse procedures all amounted to \$18,628 and \$18,658, respectively.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of December 31, 2021 and 2020, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2021</u>						
Expected loss rate	0% ~ 0.02%	0% ~ 0.45%	0.11%~10%	0.27%~50%	20.83%~100%	
Total book value	\$ 13,860,746	\$ 416,021	\$ 173,365	\$ 62,856	\$ 1,111,807	\$ 15,624,795
Loss allowance	\$ 1,976	\$ 501	\$ 34,823	\$ 46,320	\$ 1,011,972	\$ 1,095,592
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2020</u>						
Expected loss rate	0%~5%	0%~5%	0%~56%	0%~100%	0%~100%	
Total book value	\$ 7,225,686	\$ 326,702	\$ 176,962	\$ 869,951	\$ 63,606	\$ 8,662,907
Loss allowance	\$ 4,591	\$ 13,490	\$ 71,546	\$ 766,225	\$ 45,377	\$ 901,229
		<u>Individual provision</u>		<u>Group provision</u>	<u>Total</u>	
<u>December 31, 2021</u>						
Expected loss rate		45.4%~100%		0%~100%		
Total book value		\$ 1,079,258		\$ 14,545,537	\$ 15,624,795	
Loss allowance		\$ 1,067,601		\$ 27,991	\$ 1,095,592	
		<u>Individual provision</u>		<u>Group provision</u>	<u>Total</u>	
<u>December 31, 2020</u>						
Expected loss rate		19.10%~100%		0%~100%		
Total book value		\$ 869,582		\$ 7,793,325	\$ 8,662,907	
Loss allowance		\$ 869,582		\$ 31,647	\$ 901,229	

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, and other receivables are as follows:

	2021	
	Accounts receivable (including notes receivable)	
		Other receivables
At January 1	\$ 858,748	\$ 42,481
Acquired from business combination	13,071	-
Provision for impairment	133,422	57,835
Reversal of impairment	(7,199)	-
Disposal of subsidiaries	(2,704)	-
Effect of exchange rate changes	(62)	-
At December 31	\$ 995,276	\$ 100,316

	2020	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 10,672	\$ 23,125
Provision for impairment	848,572	19,356
Reversal of impairment	(568)	-
Effect of exchange rate changes	72	-
At December 31	<u>\$ 858,748</u>	<u>\$ 42,481</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2021 and 2020, the Group held money market position of \$12,561,323 and \$5,398,781, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	\$ 6,342,480	\$ 1,351,170
Expiring beyond one year	1,112,992	2,258,200
	<u>\$ 7,455,472</u>	<u>\$ 3,609,370</u>

- iv. The table below shows analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 3,479,177	\$ -	\$ -	\$ -
Short-term notes and bills payable	877,011	-	-	-
Financial liabilities at fair value through profit or loss	12	-	-	-
Notes payable	45,455	-	-	-
Accounts payable (including related parties)	4,715,973	-	-	-
Other payables	5,843,445	-	-	-
Lease liabilities	129,599	422,762	335,550	1,031,016
Long-term borrowings (including current portion)	132,337	4,049,438	41,315	-
Guarantee deposits received	154,232	3,050	-	-

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 1,537,574	\$ -	\$ -	\$ -
Short-term notes and bills payable	568,519	-	-	-
Notes payable	11,002	-	-	-
Accounts payable (including related parties)	2,173,172	-	-	-
Other payables	4,387,779	-	-	-
Lease liabilities	128,977	280,152	116,566	1,088,058
Long-term accounts payable (including current portion)	138,316	3,271,280	-	-
Guarantee deposits received	114,742	-	666	-

- v. The Group does not expect the timing of the estimated cash outflows through the maturity date analysis will be significantly earlier, or expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, other financial assets, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities, long-term accounts payable and guarantee deposits received are approximate to their fair values.

	December 31, 2021			
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings (including current portion)	\$ 4,139,165	\$ -	\$ 4,141,818	\$ -
		December 31, 2020		
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings (including current portion)	\$ 3,338,145	\$ -	\$ 3,379,079	\$ -

(b) The methods and assumptions of fair value estimate are as follows:

Long-term borrowings: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 142,971	\$ -	\$ 112,284	\$ 255,255
Beneficiary certificates	69,382	-	-	69,382
Derivatives	-	12,931	-	12,931
Financial assets at fair value through other comprehensive income				
Equity securities	553,860	-	4,132,745	4,686,605
Total	<u>\$ 766,213</u>	<u>\$ 12,931</u>	<u>\$ 4,245,029</u>	<u>\$ 5,024,173</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 12	\$ -	\$ 12
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 130,533	\$ -	\$ 179,275	\$ 309,808
Beneficiary certificates	40,237	-	-	40,237
Financial assets at fair value through other comprehensive income				
Equity securities	460,640	-	3,923,660	4,384,300
Total	<u>\$ 631,410</u>	<u>\$ -</u>	<u>\$ 4,102,935</u>	<u>\$ 4,734,345</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (c) The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
	<u>Financial instruments</u>	<u>Financial instruments</u>
At January 1	\$ 4,102,935	\$ 3,465,868
Losses and gains recognised in profit or loss	(46,172)	21,513
Gain recognised in other comprehensive income	39,508	332,573
Disposals	(171,895)	(1,253)
Additions	277,327	241,586
Acquired from business combination	17,040	-
Transfers into level 3	46,110	42,648
Transfers into investments accounted for under the equity method	(21,084)	-
Effect of exchange rate changes	1,260	-
At December 31	<u>\$ 4,245,029</u>	<u>\$ 4,102,935</u>

- D. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,728,982	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	5,258	Market comparable companies	Enterprise value to operating income ratio multiple	2.94	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	241,709	Market comparable companies	Price to earnings ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	44,376	Market comparable companies	Enterprise value to EBITDA ratio multiple	1.59	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	30.00%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	203,994	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	20,710	Net asset value	N/A	-	N/A
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,085,933	Market comparable companies	Price to book ratio multiple	0.99~5.45	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	13,002	Market comparable companies	Enterprise value to operating income ratio multiple Discount for lack of marketability	3.06 20%	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	239,906	Market comparable companies	Price to earnings ratio multiple Discount for lack of marketability	14.61~21.77 20%	The higher the multiple , the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	744,094	Market comparable companies	Enterprise value to EBITDA ratio multiple Discount for lack of marketability	18.19~19.46 20%	The higher the multiple, the higher the fair value. The higher the discount for lack of marketability, the lower the fair value.
De-an Venture Capital Co., Ltd.	20,000	Net asset value	N/A	-	N/A

- F. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2021				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	\$ 1,123	(\$ 1,123)	\$ 41,327	(\$ 41,327)
		December 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	\$ 1,793	(\$ 1,793)	\$ 39,237	(\$ 39,237)

- (4) For the year ended December 31, 2021, the impact of COVID-19 on the Group's business operations.

In addition to actively cooperating with the local governments' epidemic precaution policies, the Group held higher standards in protecting its employees and encouraged the Group's employees to vaccinate to avoid significant impact on the Group's production and sales. For the year ended December 31, 2021, overall sales increased significantly compared to the same period due to the strong demand for LED backlight and high-end red LED, as well as the mass production of Mini LED for the year ended December 31, 2021. As a whole, the impact of COVID-19 on the operation of the Group was immaterial. The Group will continue to monitor the trend of the COVID-19 pandemic and adjust its strategies in a timely manner.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT \$300 million or 20% paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information:

The Group is engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and LED packages and modules. The Chief Operating Decision-Maker assesses performance by each operating result of each sub-group within the consolidated report.

(2) Segment information

The accounting policy of operating segments is provided in Note 4. The Chief Operating Decision-Maker assesses the performance of the operating segments based on the financial statements of operating segments. The measurement of profit is based on the income from continuing operations.

(3) Information about segment profit or loss, assets and liabilities:

The segment information provided to the Chief Operating Decision-Maker for the reportable segments and reconciliations is as follows:

Year ended December 31, 2021

	Epistar Group	Lextar Group	Others	Consolidated
Revenues from external customers	\$25,100,001	\$ 11,324,594	\$ 165	\$ 36,424,760
Segment income	1,558,521	317,267	22,686	1,898,474
Segment income (loss) including :				
Interest income	35,713	17,039	(602)	52,150
Interest expense	109,960	10,966	191	121,117
Depreciation and amortisation	4,667,829	747,206	(145,725)	5,269,310
Investment (loss) profit under equity method	178,484	15,483	(10,994)	182,973
Income tax (expense) benefit	446,296	18,539	(1)	464,834
Segment assets	57,848,500	16,467,934	2,572,748	76,889,182

Year ended December 31, 2020

	Epistar Group	Lextar Group	Others	Consolidated
Revenues from external customers	\$14,531,823	\$ -	\$ -	\$ 14,531,823
Segment loss	(8,499,242)	-	-	(8,499,242)
Segment income (loss) including :				
Interest income	16,673	-	-	16,673
Interest expense	(133,038)	-	-	(133,038)
Depreciation and amortisation	(4,535,482)	-	-	(4,535,482)
Investment loss under equity method	(1,471)	-	-	(1,471)
Income tax expense	(75,964)	-	-	(75,964)
Segment assets	55,529,008	-	-	55,529,008

(4) Information on products and services

Please refer to Note 6 (23) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 3,126,618	\$ 25,818,568	\$ 2,400,115	\$ 22,383,184
China	17,733,618	6,139,571	7,744,682	5,085,982
Hong Kong	2,138,234	114,160	488,368	212,229
Korea	1,257,421	1,165	941,580	-
Malaysia	2,139,015	-	1,304,659	-
Japan	7,595,774	-	-	-
Singapore	978,999	-	-	-
Others	1,455,081	15,715	1,652,419	22,274
	<u>\$ 36,424,760</u>	<u>\$ 32,089,179</u>	<u>\$ 14,531,823</u>	<u>\$ 27,703,669</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue		Revenue	
A	\$	1,647,112	\$	1,378,009
B		2,215,756		1,185,148
C		7,067,535		-

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Maximum outstanding balance during the period from 6-Jan to 31-Dec-21																	
No.	Creditor	Borrower	General ledger account	Is a related party	31-Dec-21	Balance at 31-Dec-21	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	\$ 438,400	\$ -	\$ -	0.00%	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	3,913,659	\$ 11,740,978	Note 1
1	Epistar Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	300,000	300,000	150,000	1.56%	Short-term financing	-	Working capital	-	Promissory Note	300,000	3,913,659	11,740,978	Note 1
1	Epistar Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	1,000,000	1,000,000	-	1.70%	Short-term financing	-	Working capital	-	Promissory Note	1,000,000	3,913,659	11,740,978	Note 1
2	Epicrystal (Changzhou) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Other receivables-related parties	Y	218,250	217,200	-	4.35%	Short-term financing	-	Working capital	-	None	-	945,264	1,417,896	Note 2
2	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	349,200	347,520	86,880	4.35%	Short-term financing	-	Working capital	-	Promissory Note	347,520	945,264	1,417,896	Note 2
3	Yenrich Technology Corporation	iReach Corporation	Other receivables-related parties	Y	20,000	-	-	1.56%	Short-term financing	-	Working capital	-	None	-	190,438	190,438	Note 3
4	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	800,000	40,000	1.70%	Short-term financing	-	Working capital	-	None	-	1,007,840	4,031,359	Note 4
4	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	250,000	250,000	200,000	1.05%	Short-term financing	-	Working capital	-	Promissory Note	250,000	1,007,840	4,031,359	Note 4

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period from 6-Jan to 31-Dec-21	Balance at 31-Dec-21	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Item	Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
5	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	526,080	521,280	173,760	1% ~ 4.45%	Short-term financing	-	Working capital	-		None	-	1,007,840	2,783,809	Note 5
6	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	251,640	124,560	-	1.5% ~ 2.25%	Short-term financing	-	Working capital	-		None	-	1,007,840	1,993,599	Note 6

Note 1: In accordance with Epistar Corporation's Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 2: In accordance with Epistar (Changzhou) Ltd. Procedures for Provision of Loans: the limit on loans granted to a single party is 20% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 3: In accordance with Yench Technology Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 40% of its net equity, and the ceiling on total loans granted is 40% of its net equity.

Note 4: In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 40% of its net equity. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company will not be subject to the limit of 40% of the net worth of the lending subsidiary. However, these subsidiaries shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Note 5: In accordance with Lextar Electronics (Suzhou) Corp.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

Note 6: In accordance with Lextar (Singapore) Pte. Ltd.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

ENNOSTAR INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Party being endorsed/guaranteed																
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31,		Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote	
					2021	\$										\$
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	2	\$ 3,913,659	\$ 1,540,890	\$ 664,320	\$ 260,640	-	-	1.70	\$ 7,827,319	N	N	Y		
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd	2	3,913,659	513,630	221,440	-	-	-	0.57	7,827,319	N	N	Y		
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	3,913,659	1,620,955	1,150,000	731,074	-	-	2.94	7,827,319	N	N	N		
1	Epistar Corporation	Yenrich Technology Corporation	2	3,913,659	142,675	-	-	-	-	-	7,827,319	N	N	N		
2	Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	2	580,970	436,000	434,400	-	-	-	18.69	929,552	N	N	Y		

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: (1) In accordance with the Epistar's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 20% of the Company's net assets, and the limit on endorsements/guarantees to a single party is 10% of its net assets.

(2) In accordance with the Episky (Xiamen) 's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 40% of the Company's net assets, and the limit on endorsements/guarantees to a single party is 25% of its net assets.

ENNOSTAR INC. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	As of December 31, 2021					Footnote
			General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
Harvestar Investment Corp.	Amengine Corporation	None	Non-current investments in equity instruments at fair value through other comprehensive income	300,000	\$ 1,500	-	\$ 1,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	32,701	7.39	32,701	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	303,888	13.68	303,888	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	66,174	12.57	66,174	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,000,000	507,585	10.00	507,585	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,664,355	60,427	3.02	60,427	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021			
				Number of shares	Book value	Ownership (%)	Fair value
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	5,746,000	\$ 135,606	4.48	\$ 135,606
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	192,220	9.06	192,220
Epistar Corporation	OSTENDO TECHNOLOGIES, INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	4.50	-
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	241,708	19.90	241,708
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,798,522	105,189	13.37	105,189
Epistar JV Holding (BVI) Co., Ltd.	Everlight Electronics (Fujian) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	-	-	-	-
Epistar JV Holding (BVI) Co., Ltd.	KAISTAR Lighting (Xiamen) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash USD51,060,000	2,256,697	18.77	2,256,697
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	21,907	15.00	21,907
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	50,928	1.14	50,928
Episky Corporation(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	7,777	4.08	7,777
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	14,983	10.00	14,983	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	127,528	5.74	127,528	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	10,705,000	252,683	8.35	252,638	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,951	2.17	9,951	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	10,222	16.92	10,222	
Lighting Investment Corporation	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	50,000	-	6.20	-	
Lighting Investment Corporation	De-an Venture Capital Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	20,710	10.77	20,710	
Lighting Investment Corporation	iReach Corporation (Stock)	Investee company accounted for under the equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	1.70	1,891	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	5,851,182	\$ 138,088	4.56	\$ 138,088	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	98,358	0.19	98,358	Note1
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	4,559,731	62,371	N/A	62,371	
Lighting Investment Ltd.	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	41,500	-	5.15	-	
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	58,000	2.73	58,000	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	45,382	2.04	45,382	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	17,110	8.97	17,110	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	5,258	8.93	5,258	
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,200,000	\$ -	4.68	\$ -	
Epistar Corporation	Nanocrystal Technology Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	141,396	0.27	141,396	Note 1
GaNrich Semiconductor Corporation	Franklin Templeton Sinoam Money Market Fund (beneficiary certificates)	None	Current financial assets at fair value through profit or loss	670,697	7,011	N/A	7,011	
Lextar Electronics Corporation	Jhong Wei Corporation(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	106,000	-	-	-	Note 2
Wellybond Corporation	Wellysun Inc.(Stock)	Wellybond is a director of Wellysun Inc.	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	44,376	5.61	44,376	
Lextar Electronics (Suzhou) Corp.	Suzhou Hanhua Semiconductor Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	-	156,384	3.58	156,384	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current investments in equity instruments at fair value through profit or loss	5,319,000	39,123	10.68	39,123	
Liang Li Venture Corp.	best Epitaxy Manufacturing Company Ltd.	None	Non-current investments in equity instruments at fair value through profit or loss	950,000	6,987	1.91	6,987	

Note 1: Transferred from the Epistar's stocks held as treasury stocks.

Note 2: The company registrations had been canceled.

ENNOSTAR INC. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Harvestar Investment Corp.	GCS Holding Inc.	Investments accounted for under equity method	-	-	-	\$ -	9,013,000	\$ 433,099	-	\$ -	-	9,013,000	\$ 453,052
ENNOSTAR Inc.	GCS Holding Inc.	Investments accounted for under equity method	Yenrich Technology Corporation.	Related	-	-	9,028,000	431,990	-	-	-	9,028,000	451,070
ENNOSTAR Inc.	Tyntek Corporation	Investments accounted for under equity method	-	-	-	-	23,799,000	584,583	-	-	-	23,799,000	634,214
Epistar Corporation	Yenrich Technology Corporation. (Stock)	Investments accounted for under equity method	Lextar Electronics Corporation	Related	60,000,000	600,000	-	-	60,000,000	566,341	534,991	-	-
Epistar Corporation	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	25,842,529	353,000	25,842,529	353,133	353,000	133	-
Epistar Corporation	Tyntek Corporation (Stock)	Investments accounted for under equity method	-	-	-	-	10,218,000	187,467	10,218,000	243,699	264,541 (	20,815)	-
Lighting Investment Corporation	ProLight Opto Technology Corporation (Stock)	Investments accounted for under equity method	Lextar Electronics Corporation	Related	27,539,234	400,612	-	-	17,539,234	308,693	306,087	2,606	150,428

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Lextar Electronics Corporation	Tyntek Corporation (Stock)	Investments accounted for under equity method	-	-	-	\$ -	9,423,000	\$ 196,364	9,423,000	\$ 224,739	\$ 241,689	\$ 16,950)	-	\$ -
Lextar Electronics Corporation	Yenrich Technology Corporation (Stock)	Investments accounted for under equity method	Epistar Corporation	Related	-	-	60,000,000	566,341	-	-	-	-	60,000,000	476,095

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ENNOSTAR INC. AND SUBSIDIARIES

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 5

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Expressed in thousands of NTD (Except as otherwise indicated)	
											Basis or reference used in setting the price	Other commitments
Epistar Corporation	Land and plant of the Longtan	2021/5/27	2016/9/29	\$ 250,796	\$ 430,000	Installment based on agreement	\$ 179,204	ARDENTEC CORPORATION	None	Assets activation for reducing cost	Appraisal report	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ENNOSTAR INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms			Notes/accounts receivable (payable)	Footnote
						Unit price	Credit term	Balance		
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 1	Sales	(\$ 1,833,529)	(40)	N/A	Normal	\$ 483,853		27
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	(374,575)	(8)	N/A	Normal	53,365		3
Epistar Corporation	LEDAZ Co., Ltd	Note 1	Sales	(420,650)	(2)	N/A	Normal	294,549		3
Epistar Corporation	CRELED HONG KONG LTD	Note 2	Sales	(139,276)	(1)	N/A	Normal	-		-
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(305,924)	(1)	N/A	Normal	184,478		2
Epistar Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Note 1	Sales	(201,980)	(1)	N/A	Normal	65,479		1
Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 1	Sales	(886,497)	(4)	N/A	Normal	421,144		4
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(1,072,358)	(5)	N/A	Normal	600,012		6
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(482,638)	(2)	N/A	Normal	129,556		1
Epistar Corporation	Yenrich Technology Corporation	Note 1	Sales	(301,066)	(1)	N/A	Normal	40,796		-
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(377,655)	(13)	N/A	Normal	78,227		3
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(1,694,363)	(56)	N/A	Normal	697,866		28

Transaction					Differences in transaction terms		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Epicroystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(\$ 1,202,096)	(40)	90 days after month-end closing	N/A	Normal	\$ 711,934	29	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	(955,781)	(48)	90 days after month-end closing	N/A	Normal	68,215	9	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(845,200)	(42)	90 days after month-end closing	N/A	Normal	284,407	38	
Jiangsu Canyang Optoelectronics Ltd.	Epicroystal (Changzhou) Co., Ltd.	Note 1	Sales	(249,606)	(12)	90 days after next month-end closing	N/A	Normal	45,933	6	
Lextar Electronics Corporation	CREELED HONG KONG LTD	Note 2	Sales	(173,532)	(2)	OA 45 days	Normal	Normal	-	-	
Lextar Electronics Corporation	Darwin Precisions (Xiamen) Corporation	Other related parties	Sales	(114,934)	(2)	120 days after month-end closing	Normal	Normal	48,702	2	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	(309,185)	(4)	120 days after month-end closing	Normal	Normal	133,224	5	
Lextar Electronics Corporation	Epistar Corporation	Note 1	Sales	(320,570)	(4)	90 days after month-end closing	Normal	Normal	332,814	13	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(4,375,626)	(58)	OA 90 days~OA 120 days	Normal	Normal	1,175,829	54	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(982,546)	(13)	OA 90 days~OA 120 days	Normal	Normal	430,873	20	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(143,603)	(14)	OA 90 days~OA 120 days	Normal	Normal	13,680	3	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties	Sales	(895,641)	(66)	30%: 7 days after signing the contract, 70%: the 15th of the next month after	Normal	Normal	424,662	90	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	LEYARD EUROPE s.r.o.	Other related parties	Sales	(436,970)	(32)	30%: Prepayments before shipment, 70%: 60 days after shipment	Normal	Normal	15,966	3	
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu)	Note 1	Sales	(121,386)	(17)	60 days after month-end closing	Normal	Normal	7,636	4	

Transaction				Differences in transaction terms		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Footnote	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price			Credit term	Balance
Yenrich Technology Corporation	LEDAZ Co., Ltd	Note 1	Sales	(231,484) (	33)	90 days after month-end closing, paid on the 20th of the next month	Normal	Normal	81,178	46
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Note 1	Sales	(\$ 214,412)	23	120 days after month-end closing	Normal	Normal	\$ 125,315	49
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	845,200	22	90 days after month-end closing	N/A	Normal	(284,407) (	17)
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	1,072,358	28	180 days after next month-end closing	N/A	Normal	(600,012) (	35)
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,202,096	31	90 days after month-end closing	N/A	Normal	(711,934) (	42)
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	955,781	9	90 days after month-end closing	N/A	Normal	(68,215) (	2)
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	374,575	3	60 days after next month-end closing	N/A	Normal	(53,365) (	2)
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,694,363	15	150 days after month-end closing	N/A	Normal	(697,866) (	21)
Epistar Corporation	Lextar Electronics Corporation	Note 1	Purchases	320,570	3	90 days after month-end closing	N/A	Normal	(332,814) (	10)
Epicrystal (Changzhou) Co., Ltd	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	249,606	11	90 days after month-end closing	N/A	Normal	(45,933) (	11)
Epicrystal (Changzhou) Co., Ltd	Epistar Corporation	Note 1	Purchases	482,638	21	90 days after month-end closing	N/A	Normal	(129,556) (	30)
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Purchases	305,924	18	180 days after month-end closing	N/A	Normal	(184,478) (	57)
SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Epistar Corporation	Note 1	Purchases	886,497	32	180 days after month-end closing	N/A	Normal	(421,144) (	42)
SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,833,529	65	90 days after month-end closing	N/A	Normal	(483,853) (	48)
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	377,655	22	90 days after month-end closing	N/A	Normal	(78,227) (	24)
Epistar Corporation	LEDAZ Co., Ltd	Note 1	Purchases	-	-	90 days after month-end closing	N/A	Normal	(172,753) (	5)
Lextar Electronics Corporation	Lextar Electronics (Suzhou) Corp.	Note 1	Purchases	143,603	2	OA 90 days-OA 120 days	Normal	Normal	(13,680) (	1)

Transaction					Differences in transaction terms		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	4,375,626	70	OA 90 days-OA 120 days	Normal	Normal	(1,175,829)	(70)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	\$ 982,546	93	OA 90 days-OA 120 days	Normal	Normal	(430,873)	(98)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Other related parties	Purchases	233,711	4	OA 60 days-OA 120 days	Normal	Normal	(34,164)	(2)	
Yenrich Technology Corporation	Epistar Corporation	Note 1	Purchases	301,066	49	120 days after month-end closing	Normal	Normal	(40,796)	(27)	
LEADSTAR Micro-Crystal Display Corporation	Epistar Corporation	Note 1	Purchases	201,980	20	60 days after month-end closing	Normal	Normal	(65,479)	(42)	
LEADSTAR Micro-Crystal Display Corporation	Yenrich Technology Corporation	Note 1	Purchases	121,386	12	60 days after month-end closing	Normal	Normal	(7,636)	(5)	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties	Purchases	124,151	12	30%: Prepayments before shipment, 70%: 60 days after shipment	Normal	Normal	(32,106)	(21)	
Shanghai Welight Electronic Co., LTD	ProLight Opto Technology Corporation	Note 1	Purchases	214,412	99	120 days after month-end closing	Normal	Normal	(125,315)	(100)	

Note 1: Investee company accounted for under the equity method directly and indirectly.

Note 2: It is no longer the company's other related party beginning on April, 2021.

ENNOSTAR INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 7	Expressed in thousands of NTD (Except as otherwise indicated)											
	Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021				Overdue receivables			Amount collected	
				Accounts receivable	Other receivable	Total	Turnover rate	Amount	Action taken	subsequent to the balance sheet date	Allowance for doubtful debts	
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2	\$ 483,853	\$ -	\$ 483,853	6.48	-	-	\$ 125,613	-	-	
Epistar Corporation	LEDAZ Co., Ltd	Note 2	294,549	-	294,549	1.98	-	160,762	53,976	68,687	-	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2	184,478	15,193	199,671	0.79	-	3,424	32,532	-	-	
Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2	421,144	1,188	422,332	4.20	-	-	64,641	-	-	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	600,012	9,286	609,298	2.14	-	1,662	82,443	-	-	
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	6,046	524,606	530,652	0.11	-	73,187	13,642	-	-	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 2	129,556	21,230	150,786	2.89	-	7,997	58,885	-	-	
Epistar Corporation	Yenrich Technology Corporation	Note 2	40,796	108,446	149,242	1.51	-	-	20,611	-	-	
Epistar Corporation	Lextar Electronics Corporation	Note 2	15,292	92,386	107,678	0.82	-	174	94,549	-	-	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	78,227	89,432	167,659	2.37	-	-	14,748	-	-	

Balance as at December 31, 2021											
Creditor	Counterparty	Relationship with the counterparty	Accounts receivable			Other receivable	Total	Turnover rate	Overdue receivables		Allowance for doubtful debts
			\$	697,866	\$				3,406	\$	
Epicroystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2									
Epicroystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2		711,934		-	711,934	1.42	249,369	-	-
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 2		68,215		-	68,215	10.29	-	-	55,453
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2		284,407		476	284,883	2.99	-	-	-
Luxlite (Shenzhen) Corporation Limited	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2		97,524		-	97,524	0.75	-	-	-
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 2		338,875		-	338,875	3.99	-	-	125,058
Lextar Electronics Corporation	Epistar Corporation	Note 2		332,814		-	332,814	1.93	1,540	-	1,760
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties		133,224		-	133,224	2.62	-	-	28,682
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2		1,175,829		-	1,175,829	3.66	111,206	-	225,845
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2		430,873		-	430,873	2.16	115,261	-	76,943
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties		424,662		-	424,662	4.02	117,273	-	105,701
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Note 2		125,315		-	125,315	1.91	54,255	-	26,457

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021				Overdue receivables			Allowance for doubtful debts
			Accounts receivable	Other receivable	Total	Turnover rate	Amount collected subsequent to the balance sheet date			
							Amount	Action taken		
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 2	\$	56 \$	200,000 \$	0.00	\$	-	-	\$
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 2		7,200	173,760	0.21		406	-	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$49,824, \$3,424, \$1,662, 12,865, \$7,997 and \$139 from LEDAZ, Jiangsu Canyang, Episky(Xiamen), Unikorn, Epicrystal (Changzhou) and Lextar, respectively; and Lextar has received \$1,540 from Epistar. Lextar(Chuzhou) has received \$111,206 and \$76,943 from Lextar and Lextar(Suzhou), respectively; ProLight has received \$26,457 from Shanghai Weilight; LEADSTAR has received \$105,701 from Leyard.

Note 2: Investee company accounted for under the equity method directly and indirectly.

ENNOSTAR INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 8
Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	\$ 305,924	Conducted in the ordinary course of business with terms similar to those with third parties	0.84
1	Epistar Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	3	Sales	201,980	Conducted in the ordinary course of business with terms similar to those with third parties	0.55
1	Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Sales	886,497	Conducted in the ordinary course of business with terms similar to those with third parties	2.43
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	1,072,358	Conducted in the ordinary course of business with terms similar to those with third parties	2.94
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	482,638	Conducted in the ordinary course of business with terms similar to those with third parties	1.33
1	Epistar Corporation	Yenrich Technology Corporation	3	Sales	301,066	Conducted in the ordinary course of business with terms similar to those with third parties	0.83
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	955,781	Conducted in the ordinary course of business with terms similar to those with third parties	2.62
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	374,575	Conducted in the ordinary course of business with terms similar to those with third parties	1.03

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Cost of goods sold	\$ 1,694,363	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	184,478	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Accounts receivable	421,144	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	600,012	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	129,556	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts payable	697,866	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	524,606	Based on contract terms
1	Epistar Corporation	Yenrich Technology Corporation	3	Other receivable	108,446	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd. SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD		3	Sales	1,833,529	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd. SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD		3	Accounts receivable	483,853	Conducted in the ordinary course of business with terms similar to those with third parties
						Percentage of consolidated total operating revenues or total assets (Note 3)
						4.65
						0.24
						0.55
						0.78
						0.17
						0.91
						0.68
						0.14
						5.03
						0.63

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	\$ 377,655	Conducted in the ordinary course of business with terms similar to those with third parties	1.04
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,202,096	Conducted in the ordinary course of business with terms similar to those with third parties	3.30
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	711,934	Conducted in the ordinary course of business with terms similar to those with third parties	0.93
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	845,200	Conducted in the ordinary course of business with terms similar to those with third parties	2.32
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	249,606	Conducted in the ordinary course of business with terms similar to those with third parties	0.69
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	284,407	Conducted in the ordinary course of business with terms similar to those with third parties	0.37
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Other payable	152,626	Based on contract terms	0.20
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Processing fee	261,138	Conducted in the ordinary course of business with terms similar to those with third parties	0.72
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	338,875	Conducted in the ordinary course of business with terms similar to those with third parties	0.44

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
5	Lextar Electronics Corporation	Epistar Corporation	3	Sales	\$ 320,570	Conducted in the ordinary course of business with terms similar to those with third parties	0.42
5	Lextar Electronics Corporation	Epistar Corporation	3	Accounts receivable	332,814	Conducted in the ordinary course of business with terms similar to those with third parties	0.43
5	Lextar Electronics Corporation	Yennich Technology Corporation	3	Other receivable	200,000	Loans granted	0.26
5	Lextar Electronics Corporation	Lextar Electronics (Suzhou) Corp.	3	Cost of goods sold	143,603	Conducted in the ordinary course of business with terms similar to those with third parties	0.39
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Cost of goods sold	4,375,626	Conducted in the ordinary course of business with terms similar to those with third parties	12.01
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts payable	1,175,829	Conducted in the ordinary course of business with terms similar to those with third parties	1..53
6	Yennich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	3	Sales	121,386	Conducted in the ordinary course of business with terms similar to those with third parties	0.33
7	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Sales	214,412	Conducted in the ordinary course of business with terms similar to those with third parties	0.59
7	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Accounts receivable	125,315	Conducted in the ordinary course of business with terms similar to those with third parties	0.34
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	982,546	Conducted in the ordinary course of business with terms similar to those with third parties	2.70

		Transaction					
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	\$ 430,873	Conducted in the ordinary course of business with terms similar to those with third parties	0.56
9	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	3	Other receivable	173,760	Loans granted	0.23

Note 1: Parent company is '0'. The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure of the transactions over 100 million New Taiwan dollars only and the related party transactions for counterparty are not disclosed.

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2021						Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value		
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	\$ 10,210	\$ -	3,100,000	58.59	\$ 8,193	\$ 10,889	(\$ 2,017)
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	37,607,380	-	1,088,701,410	100.00	39,027,656	(1,825,620)	2,066,382
ENNOSTAR Inc.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	-	9,028,000	8.16	451,710	(378,497)	(18,076)
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	650,000	-	65,000,000	100.00	676,611	(11,625)	(11,625)
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	-	514,916,380	100.00	11,619,154	317,826	303,982
ENNOSTAR Inc.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	584,583	-	23,799,000	7.92	634,214	724,850	48,485
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	290,000	-	29,000,000	100.00	289,866	(134)	(134)

Initial investment amount				Shares held as at December 31, 2021				Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
Harvestar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 433,099	\$ -	9,013,000	8.15	\$ 453,052	\$ 378,497
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	113,931	-	4,777,000	1.59	123,592	724,850
Calystar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	265,135	-	6,500,000	5.87	265,135	(378,497)
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	39.09	40,881	28,856
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	10,066,886	459,172
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	cash USD8,660,000	100.00	262,763	(9,080)
Epistar Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	600,000	-	-	-	(229,906)
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	2,161,814	2,161,814	251,478,518	100.00	2,075,188	(179,594)
Epistar Corporation	Tekcore Co., Ltd.	Taiwan	Manufacturing and sales of LED wafers and chips	-	1,169,412	-	-	-	23,185

Initial investment amount			Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	OEM manufacturing of iii-v semiconductors	\$ 1,106,350	\$ 1,006,350	100,000,000	53.29	\$ 31,652	(\$ 800,249)	\$ 483,281
Epistar Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	101,500	-	0.00	-	36,968	810
Epistar Corporation	SH Co., Ltd.	Taiwan	Manufacturing and sales of LED wafers and chips	31,792	31,792	3,179,176	49.00	3,132	(267)	(131)
Epistar Corporation	TE Opto Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	9,200	9,200	920,000	40.00	43,223	1,055	422
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	695	3,112	2,002
Epistar Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	277,554	-	-	-	(378,497)	(14,680)
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	-	2,679,063	3.53	55,562	66,780	2,257
Epistar JV Holding (BVI) Co.,Ltd.	Country Lighting (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	-	89,843	-	-	-	5,599	2,133
Epistar JV Holding (BVI) Co.,Ltd.	Crystal Light Enterprise Group Ltd.	British Virgin Islands	Professional investment	-	6,754	-	-	-	(59)	(59)
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	25,296	(33)	(33)
Epistar JV Holding (BVI) Co.,Ltd.	Lite Star JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,637,845	39,188	32,295
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	273,986	14,434	10,806
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash	100.00	2,323,886	400,557	400,557
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,291,894	4,291,894	USD68,000,000	85.26	1,343,859	66,780	49,977
Epistar JV Holding (BVI) Co., Ltd.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	149,149	-	-	-	(378,497)	(7,266)

Initial investment amount				Shares held as at December 31, 2021				Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	\$ 93,582	\$ 93,582	8,470,000	100.00	\$ 1,506	(\$ 2,003)
GaN Force Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	-	-	-	-	-	(23,323) (117)
Lighting Investment Ltd.	LEDACZ Co., Ltd	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	(9,026)	(186,979) (52,597)
Lighting Investment Ltd.	Interlight Optotech (HK) Co., Limited	Hong Kong	Sales of LED packages	12,806	12,806	429,000	30.00	11,663	375 112
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	(211)	(30) (30)
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,145	133,145	3,800,000	100.00	265,619	(15,179) (15,179)
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,413,440	39,301 39,301
Lighting Investment Corporation	LEDACZ Co., Ltd	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	(266)	(186,979) (25,679)
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	559,837	(71,090) (71,090)
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED light components	133,433	133,433	4,010,000	100.00	68,367	(86,782) (86,782)
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	56,322	318,929	10,000,000	14.69	150,428	36,968 12,471
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	108,284	66,780 4,588
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	64,301	62,370	3,868,000	81.43	(10,157)	(26,827) (26,442)
Lighting Investment Corporation	LEDOLUX Sp. Zo. O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,453	(500) (300)

Initial investment amount			Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value	
Lighting Investment Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ -	\$ 148,942	-	-	\$ -	
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	-	1,757,000	13.52	5,181 (	2,453)
Lighting Investment Corporation	Tytek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	258	-	10,000	-	278	21 Note 1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	641	-	620,400	35.68	642	1,376
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	-	49,000	49.00	385 (	105)
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash	3.31	156,441	1,393
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	USD5,200,000 cash	11.38	853,118 (	80,756)
Full Star Enterprises Limited	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	113,896	-	-	- (	5,582)

Initial investment amount			Shares held as at December 31, 2021				Investment income (loss)
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	
				\$	\$	Ownership (%)	Book value
							Net profit (loss) of the investee for the year ended December 31, 2021
							Investment income (loss) recognised by the Company for the year ended December 31, 2021
							Footnote
Yenrich Opto (Hong Kong) Limited	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	62,371	-	378,497
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	122,036	122,036	12.13	86,479
						cash	10,696
						RMB29,100,000	
GaNrich Semiconductor Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	54	-	378,497
							3)
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	China	Sales of LED chips	43,770	43,770	100.00	124,549
						cash	124,549
						RMB10,000,000	
Unikorn Semiconductor Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	-	0.02	378,497
						20,000	9)
							Note 1
Epistar Corporation	Tytek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	-	-	724,850
							1,372
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Singapore	Professional investment	2,709,310	2,709,310	100.00	101,867
						90,270,000	101,867
Lextar Electronics Corporation	Wellybond Optonics HK Limited	Hong Kong	Professional investment	17,888	17,888	100.00	138
						63,000,000	138
Lextar Electronics Corporation	Wellypower Optonics Corporation	British Virgin Islands	Professional investment	44,898	44,898	100.00	7,068
						5,153,061	7,068

Initial investment amount				Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			Net profit (loss) of the investee for the year ended December 31, 2021
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	\$ 381,638	\$ 381,638	31,300,000	100.00	\$ 1,097,223	\$ 52,684	\$ 52,684	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	25,374	3,000,000	100.00	152,559	(2,757)	(2,757)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	396,484	40,000,000	100.00	629,562	13,543	13,543	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	41,880	8,266	7,481	
Lextar Electronics Corporation	HEXAWAVE INC.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.69	94,030	(65,459)	(22,218)	
Lextar Electronics Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	-	-	-	-	724,850	(953)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	530,487	-	60,000,000	100.00	476,095	(229,906)	(62,460)	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	1,403	140	70	
Wellybond Corporation	HEXAWAVE INC.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.68	94,023	(65,459)	(22,216)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	10,000	10,000	1,000,000	90.91	4,971	(5,532)	(5,029)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	33,000	-	22,000,000	16.92	25,895	(23,323)	(7,105)	

Initial investment amount			Shares held as at December 31, 2021								
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	\$ 250	\$ -	16,810,000	24.70	\$ 252,913	\$ 36,968	\$ 1,903	
Wellybond Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	258	-	10,000	-	264	724,850	6	Note 1
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	3,025	3,025	22,000	100.00	4,046	361	361	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	180,789	(7,825)	631	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	89,270	-	6,185,000	9.09	93,056	36,968	1,299	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	19,994	29,372	1,822,000	2.68	27,366	36,968	903	
Yenrich Technology Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	228,748	-	-	-	(378,497)	(10,746)	
Yenrich Technology Corporation	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	-	12,050	-	-	-	(10,889)	(4,026)	
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	(972)	(1,087)	(1,807)	

Initial investment amount		Shares held as at December 31, 2021				Investment income (loss)
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	\$ 4,403	\$ 4,403	Net profit (loss) of the investee for the year ended December 31, 2021
					Number of shares	Ownership (%)
					150,000	100.00
						Book value
						945 (\$ 1,087) (\$ 1,807)
						Footnote

Note 1: The group holds two seats on the Board of Directors, which indicates that the Group has significant influence over the investee. Accordingly, the Group listed the investee as an associate.

ENNOSTAR INC. AND SUBSIDIARIES
Information on investments in Mainland China

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021						
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 1,882,240	2	\$ 1,882,240	\$ -	\$ -	\$ 400,557	100.00	\$ 400,557	\$ 2,323,879	\$ -	-	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,325,120	2	1,764,600	-	-	14,976	74.86	11,211	294,660	-	-	2(3)
EpiCrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,345,760	2	3,310,528	-	-	42,087	76.95	32,388	3,637,115	-	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	83,040	2	47,080	-	-	1,726	100.00	1,726	139,866	53,422	2(1)	
KFESLighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,528,927	2	1,413,341	-	-	-	18.77	-	2,256,697	-	-	2(3)
Everlight Electronics (Fujian) Co., Ltd	Manufacturing and sales of LED backlight and related parts	692,000	2	69,200	-	69,200	-	-	-	-	-	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,785,890	3	286,333	-	-	-	11.80	-	-	-	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/					Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted to Taiwan for the year ended December 31, 2021	Remitted to Mainland China as of December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021							
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	\$ 858,302	2	\$ 92,912	\$ -	\$ -	\$ 92,912	\$ -	8.97	(\$ 36,649)	\$ 17,110	\$ -	2(3)	
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	69,200	2	7,209	-	-	7,209	-	-	-	-	-	2(3)	
Huanui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	434,000	2	202,621	-	-	202,621	-	-	-	-	-	2(3)	
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	5,536	2	46,592	-	-	46,592	(59)	-	(59)	-	-	2(3)	
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,314,560	2	2,203,957	144,498	-	2,348,455	67,039	95.66	63,782	1,507,705	-	2(3)	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted back to Taiwan for the year ended December 31, 2021	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021					
				\$	\$	\$	\$	\$		\$	\$		
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	-	-	3,585,860	100.00	164,574	3,376,932	-	2(2)
Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	32,759	2	32,759	-	-	-	32,759	100.00	3,935	11,984	-	2(2)
Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	260,640	2	-	-	-	-	-	48.33	5,138	115,080	-	2(3)
Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,094,825	2	-	-	-	-	-	100.00	293,112	3,202,943	-	2(2)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	1,042,560	2	382,737	-	-	-	382,737	37.88	26,356	415,051	-	2(3)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,178	2	4,178	-	-	-	4,178	51.16	1,807	972	-	2(2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	\$ 11,352,640	\$ 12,374,631	\$ 24,134,751
Lextar Electronics Corporation	\$ 3,633,067	\$ 4,044,862	\$ 6,047,038

Note 1: The investments are classified in three types; they are numbered as follows:

1. Direct investment in Mainland China companies;
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
3. Other ways.

Note 2: Investment income or loss in this period:

The bases for recognition of investment income or loss are classified into four types; they are numbered as follows:

1. The financial statements that are audited by the international accounting firm which has a cooperative relationship with the R.O.C. accounting firm;
2. The financial statements that are audited by the R.O.C. parent company's independent auditors;
3. The financial statements that are not audited by the independent auditors;
4. Others.

Note 3: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: The numbers in the table shall be expressed in NTD. Foreign currencies shall be translated into NTD at the exchange rate prevailing on the financial reporting date.

Note 5: The 'amounts' are expressed in thousands of New Taiwan dollars.

ENNOSTAR INC. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the year ended December 31, 2021
	Amount	%	Amount	%	Balance at December 31, 2021		Balance at December 31, 2021		Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	
					December 31, 2021	%	December 31, 2021	Purpose			
Episky Corporation (Xiamen) Ltd.	\$ 1,072,506	4.25	2,559	-	\$ -	600,159	1.04	\$ 664,320	-	\$ -	-
Jiangsu Canyang Optoelectronics Ltd.	305,924	1.00	-	-	-	184,478	0.32	221,440	-	438,400	3,890
SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	886,497	3.51	-	-	-	421,144	0.73	434,400	-	-	-
Epitcrystal (Changzhou) Co., Ltd.	482,638	1.91	4,225	-	-	180,177	0.31	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd. (	955,781)	(3.79)	-	-	(-	68,215)	(0.12)	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(374,575)	(1.48)	-	-	(-	53,365)	(0.09)	-	-	-	-
Epitcrystal (Changzhou) Co., Ltd.	(1,694,363)	(6.71)	-	-	(-	697,866)	(1.21)	-	-	-	-
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	121,386	17.46	-	-	-	7,636	4.28	-	-	-	-
Lextar Electronics (Suzhou) Corp.	(143,603)	(2.28)	-	-	(-	13,680)	(0.82)	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(4,375,626)	(69.61)	-	-	(-	1,175,829)	(70.35)	-	-	-	-
Shanghai Welight Electronic Co., TLD	214,412	22.65	-	-	-	125,315	49.05	-	-	-	-

INDEPENDENT AUDITORS' REPORT

PWCR 21000271

To the Board of Directors and Shareholders of ENNOSTAR Inc.

Opinion

We have audited the accompanying parent company only balance sheet of ENNOSTAR Inc. (the “Company”) as at December 31, 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the period from January 6, 2021 (date of establishment) to December 31, 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, as described in the other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021, and its parent company only financial performance and its parent company only cash flows for the period from January 6, 2021 to December 31, 2021 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Auditors” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the parent company only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Auditors in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The key audit matters in relation to the parent company only financial statements for the year ended December 31, 2021 are outlined as follows:

Assessment of business combination

Description

ENNOSTAR Inc. acquired a 100% equity interest in Lextar Electronics Corporation by exchanging 0.275 common share of ENNOSTAR Inc. into 1 common share of Lextar Electronics Corporation in accordance with the Enterprise Merger and Acquisition Act and other related regulations on January 6, 2021 (the effective date for the merger). The allocation of acquisition price for the merger was based on the allocation report issued by the external appraiser. The identifiable assets acquired and liabilities assumed in the business combination was measured and allocated in the business combination.

As the assumptions of the acquisition price allocation in the business combination involves management's estimates, and are significant to the financial statements, we consider the business combination a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

1. Inquired and evaluated the professional ability, qualifications and objectiveness of the independent appraisal expert appointed by the management.
2. Evaluated the reasonableness of the assumptions for allocation of the acquisition price and appointed our financial advisory experts to assist in the process of evaluating the acquisition price report (including the valuation models and the parameters adopted by the Group, identifiable intangible assets and estimated economic benefits life). Verified the accuracy of the calculations of the valuation model.

3. Obtained the accounting entries of business combination and ensured the assets acquired and liabilities assumed in the business combination were recognised in accordance with the abovementioned price allocation report and the related information was fully disclosed in the notes to the financial statements.

Investments accounted for using the equity method-evaluation of inventories

Description

The subsidiaries of the Company is primarily engaged in manufacturing and sales of LED wafers, chips, packages and models. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. The subsidiaries of the Company evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Company and subsidiaries's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.
2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

Other matter – Audit by Other Independent Auditors

We did not audit the 2021 financial statements of certain equity investments accounted for under the equity method. Those financial statements were audited by other independent auditors, whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and certain information disclosed in Note 13 relative to these investments, was based solely on the reports of the other independent auditors. These equity investments amounted to NT\$1,320,489 thousand, representing 2.50% of the parent company only total assets as of December 31, 2021, and their comprehensive loss (including share of loss of

associates and joint ventures accounted for under equity method and share of other comprehensive income/(loss) of associates and joint ventures accounted for under equity method) amounted to NT\$1,315 thousand, representing 0.06% of the parent company only comprehensive gain for the period then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Li, Tien-Yi

Chou, Chien-Hung

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ENNOSTAR INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021	
			AMOUNT	%
Current assets				
1100	Cash and cash equivalents	6(1)	\$ 43,752	-
1200	Other receivables		10	-
1210	Other receivables - related parties	7	59,564	-
1410	Prepayments		2,499	
11XX	Current Assets		105,825	-
Non-current assets				
1550	Investments accounted for under equity method	6(2)	52,707,404	100
1600	Property, plant and equipment	6(3)	10,157	-
1900	Other non-current assets		408	-
15XX	Non-current assets		52,717,969	100
1XXX	Total assets		\$ 52,823,794	100
Liabilities and Equity				
Current liabilities				
2100	Short-term borrowings		\$ 150,000	-
2200	Other payables		304,026	1
2220	Other payables to related parties	7	46,725	-
2300	Other current liabilities		788	-
21XX	Current Liabilities		501,539	1
Non-current liabilities				
2600	Other non-current liabilities		10	-
2XXX	Total Liabilities		501,549	1
Equity				
	Share capital	6(4)		
3110	Share capital - common stock		6,852,514	13
	Capital surplus	6(5)		
3200	Capital surplus		43,830,638	83
	Retained earnings	6(6)		
3350	Unappropriated retained earnings		2,169,446	4
	Other equity interest	6(7)		
3400	Other equity interest		(235,543)	-
3500	Treasury stocks	6(4)	(294,810)	(1)
3XXX	Total equity		52,322,245	99
3X2X	Total liabilities and equity		\$ 52,823,794	100

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JANUARY 6, 2021(DATE OF ESTABLISHMENT) TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Period from January 6, 2021 to December 31, 2021	
Items	Notes	AMOUNT	%
4000 Sales revenue		\$ 2,417,618	100
5000 Operating costs		(235,213)	(10)
5900 Operating margin		2,182,405	90
5950 Net operating margin		2,182,405	90
6900 Operating profit		2,182,405	90
Non-operating income and expenses			
7100 Interest income		27	-
7010 Other income		241	-
7020 Other gains and losses		(2,976)	-
7050 Finance costs		(1,348)	-
7000 Total non-operating income and expenses		(4,056)	-
7900 Profit before income tax		2,178,349	90
7950 Income tax expense	6(10)	-	-
8200 Profit for the period		<u>\$ 2,178,349</u>	<u>90</u>
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss			
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		\$ 285,081	12
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(10)	(122,992)	(5)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>162,089</u>	<u>7</u>
Components of other comprehensive income that will be reclassified to profit or loss			
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(210,366)	(9)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(10)	(194,616)	(8)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(404,982)	(17)
8300 Other comprehensive loss		<u>(\$ 242,893)</u>	<u>(10)</u>
8500 Total comprehensive income		<u>\$ 1,935,456</u>	<u>80</u>
Earnings per share			
9750 Total basic earnings per share		\$ 3.21	
9850 Total diluted earnings per share		<u>\$ 3.20</u>	

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.

2021

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 6, 2021(DATE OF ESTABLISHMENT) TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>Period from January 6, 2021 to December 31, 2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax		\$ 2,178,349
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	6(7)	71
Interest expense		1,348
Interest income	(	143)
Dividend revenue	(	6,701)
Share of profit of associates and joint ventures accounted for under the equity method	(	2,191,207)
Distribution of compensation to employees		195,791
Changes in operating assets and liabilities		
Changes in operating assets		
Other receivables	(	10)
Other receivables-related parties	(	59,564)
Prepayments	(	2,499)
Changes in operating liabilities		
Other payables		294,025
Other payables-related parties		46,725
Other current liabilities		788
Cash inflow generated from operations		456,973
Dividend received		1,806,701
Interest received		143
Interest paid	(	1,348)
Net cash flows from operating activities		2,262,469
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisition of investments accounted for under the equity method		(2,368,092)
Acquisition of property, plant and equipment	6(11)	(227)
Increase in refundable deposits		(408)
Net cash flows used in investing activities		(2,368,727)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans		150,000
Increase in guarantee deposits received		10
Net cash flows from financing activities		150,010
Net increase in cash and cash equivalents		43,752
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year		\$ 43,752

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 6, 2021 (DATE OF ESTABLISHMENT) TO
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Ennostar Inc. (the “Company”) was incorporated on January 6, 2021. The Company’s share have been traded on the Taiwan Stock Exchange in the Republic of China since the date of its incorporation. The share exchange transaction, wherein the Company was established by Epistar Corporation (“Epistar”) and acquired all issued and outstanding ordinary shares of Epistar and Lextar Electronics Corporation (“Lextar”) by way of share exchange, has been approved both at Epistar’s board meeting on June 18, 2020 and special shareholders’ meeting on August 7, 2020. The share exchange was conducted at an exchange ratio of 1 ordinary share of Epistar and Lextar for 0.5 and 0.275 ordinary share of the Company respectively. As a result, Epistar and Lextar became wholly-owned subsidiaries of the Company on January 6, 2021, and both of Epistar’s and Lextar’s ordinary shares have been delisted while the ordinary shares of the Company were listed starting from the same date under the symbol “3714”.

The Company was mainly engaged in the management of investee business.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June, 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	
(3) <u>IFRSs issued by IASB but not yet endorsed by the FSC</u>	
New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:	

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

- B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

Foreign currency transactions and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within “other gains and losses”.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial assets.
- C. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(7) Investments accounted for using the equity method/ subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(8) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Office equipment	2 ~ 20 years
Leasehold improvements	3 ~ 15 years

(9) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(10) Borrowings

Borrowings comprise of long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(12) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(13) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(14) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(15) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(16) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Cash dividends are recorded as liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Investments accounted for using the equity method-evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the subsidiaries of the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the subsidiaries of the Company evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2021, the carrying amount of inventories of the subsidiaries of the Company was \$5,688,379.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>
Checking accounts and demand deposits	\$ 23,752
Bonds sold under repurchase agreement	20,000
	<u>\$ 43,752</u>

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Investments accounted for using the equity method

	<u>December 31, 2021</u>
Subsidiaries:	
Epistar Corporation	\$ 39,027,656
Lextar Electronics Corporation	11,619,154
Harvestar Investment Corp.	676,611
Amengine Corporation	8,193
Calystar Investment Corp.	289,866
	<u>51,621,480</u>
Associates:	
Tyntek Corporation	\$ 634,214
GCS Holdings, Inc.	451,710
	<u>1,085,924</u>
	<u>\$ 52,707,404</u>

A. Subsidiaries

Information on subsidiaries is provided in Note 4(3) of the 2021 consolidated financial statements.

B. Associates

The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2021, the carrying amount of the Company's individually immaterial associates amounted to \$1,085,924.

	Period from January 6 to December 31, 2021
Gain for the period from continuing operations	\$ 346,352
Other comprehensive loss	(78,537)
Total comprehensive gain	\$ 267,815

C. The investment gain from equity method investees for the period from January 6 to December 31, 2021 amounted to \$2,191,207.

D. The other comprehensive gain from equity method investees for the period from January 6 to December 31, 2021 amounted to \$74,715.

E. The fair value of the Company's material associates with quoted market prices is as follows:

	December 31, 2021
Tyntek Corporation	\$ 674,702
GCS Holdings, Inc.	443,275
	\$ 1,117,977

(3) Property, plant and equipment

	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 6, 2021 (date of establishment)				
Cost	\$ -	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2021</u>				
Opening net book amount at January 6 (date of establishment)	\$ -	\$ -	\$ -	\$ -
Additions	414	4,678	5,136	10,228
Depreciation charge	(32)	(39)	-	(71)
Closing net book amount at December 31	<u>\$ 382</u>	<u>\$ 4,639</u>	<u>\$ 5,136</u>	<u>\$ 10,157</u>
At December 31, 2021				
Cost	\$ 414	\$ 4,678	\$ 5,136	\$ 10,228
Accumulated depreciation and impairment	(32)	(39)	-	(71)
	<u>\$ 382</u>	<u>\$ 4,639</u>	<u>\$ 5,136</u>	<u>\$ 10,157</u>

(4) Share capital

A. As of December 31, 2021, the Company's authorized capital was \$15,000,000, consisting of 1,500,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee stock options), and the paid-in capital was \$6,852,514 with a par value of \$10 (in dollars) per share. In accordance with Article 31 of Business Mergers and Acquisitions Act, the Company issued new shares in exchange for the stocks of Epistar and Lextrar. The procedure of share exchange was completed on January 6, 2021.

Movements of the Company's outstanding ordinary shares are as follows (expressed in thousands of shares):

	2021
At January 6 (date of establishment)	-
Issuance of ordinary shares under business combination	678,926
Proceeds from treasury shares transferred to employees	3,900
Expiration of restricted employee stock	(701)
At December 31	<u>682,125</u>

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(Unit: share in thousands/ dollars in thousands)

	At January 6 (date of establishment)					
Reason for reacquisition	Issuance of ordinary shares under business combination	Increase	Decrease (Note)	At December 31	Book value	
Held by subsidiaries	10,365	701	(9,784)	1,282	\$ 135,163	
Redemption shares held by objecting shareholders	3,687	-	(1,843)	1,844	159,647	

Note : Effect of conversion under joint share conversion agreement.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the rules governing share repurchase by the Company, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

C. Information of the Company's shares held by subsidiaries as follows:

	December 31, 2021
Lighting Investment Corporation	<u>1,282 thousand shares</u>
Book value	\$ 135,163
Fair value	\$ 98,358
Epistar Corporation	<u>1,844 thousand shares</u>
Book value	\$ 159,647
Fair value	\$ 141,396

(5) Capital surplus

Pursuant to the Company Act, capital surplus, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or to issue new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Change in net equity of associates and joint ventures accounted for under equity method
At January 6, 2021 (date of establishment)					
Issuance of ordinary shares under business combination	\$ 42,957,635	\$ -	\$ -	\$ -	\$ -
Change in net equity of associates and joint ventures accounted for under equity method	(62,279)	-	-	-	49,663
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(7,754)	-	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	115,823	574,746	-	-
Expiration of restricted employee stock	7,013	-	-	-	-
Distribution compensation to employee	-	-	-	195,791	-
At December 31, 2021	<u>\$ 42,894,615</u>	<u>\$ 115,823</u>	<u>\$ 574,746</u>	<u>\$ 195,791</u>	<u>\$ 49,663</u>

(6) Retained earnings

	2021
At January 6 (date of establishment)	\$ -
Profit for the period	2,178,349
Financial assets at fair value through other comprehensive income transferred to investments accounted for using equity method	(8,974)
Remeasurement of defined benefit obligations	71
At December 31	<u>\$ 2,169,446</u>

- A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be retained and appropriated in proportion to the number of shares held by each shareholder accordingly.
- B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.
- E. The appropriations of 2021 earnings had been resolved at the Board of Directors on February 24, 2022, and distributed a cash dividend of \$2 (in dollars) per share.

(7) Other equity items

	2021		
	Unrealized gain or loss	Currency translation	Total
At January 6 (date of establishment)	\$ -	\$ -	\$ -
Revaluation - gross	285,303	-	285,303
Revaluation - tax	(123,285)	-	(123,285)
Difference on carrying amounts of subsidiaries disposed	-	(1,553)	(1,553)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	8,974	-	8,974
Currency translation			
–Group	-	(210,366)	(210,366)
–Tax on Group	-	(194,616)	(194,616)
At December 31	<u>\$ 170,992</u>	<u>(\$ 406,535)</u>	<u>(\$ 235,543)</u>

(8) Expenses by nature

	Period from January 6 to December 31, 2021
Employee benefit expenses	<u>\$ 199,747</u>
Depreciation charges on property, plant and equipment	<u>\$ 71</u>

(9) Employee benefit expenses

	Period from January 6 to December 31, 2021
Wages and salaries	\$ 187,102
Labor and health insurance expenses	6,275
Pension costs	3,444
Other personnel expenses	2,926
	<u>\$ 199,747</u>

- A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 10%~20% and 2% of the distributable profit of the current period, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the period from January 6 to ended December 31, 2021, employees' compensation and directors' remuneration were accrued at \$244,739 and \$24,474, respectively.

C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(10) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Period from January 6 to December 31, 2021
Total current tax	\$ -
Total deferred tax	-
Income tax expense	<u>\$ -</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Period from January 6 to December 31, 2021
Change in fair value of financial assets at fair value through other comprehensive income	\$ 123,285
Currency translation differences	191,996
Share of other comprehensive income of associates	2,620
Remeasurement of defined benefit obligations	(293)
Total	<u>\$ 317,608</u>

B. Reconciliation between income tax expense and accounting profit

	Period from January 6 to December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 435,670
Expenses disallowed & tax exempt income by tax regulation	(1,340)
Temporary differences not recognised as deferred tax assets	(438,239)
Effect of loss deductible income tax	3,909
Income tax expense	<u>\$ -</u>

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2021	Amount filed	\$ 19,547	\$ 19,547	2031

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021
Deductible temporary differences	\$ 2,191,195

E. As the Company was established on January 6, 2021, no income tax returns were filed.

(11) Earnings per share

	Period from January 6 to December 31, 2021		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,178,349	678,590	\$ 3.21
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,178,349	678,590	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,191	
Employee restricted shares	-	91	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 2,178,349	681,872	\$ 3.20

(12) Supplemental cash flow information

Investing activities with partial cash payments

	Period from January 6 to December 31, 2021
Purchase of property, plant and equipment	\$ 10,228
Less: Ending balance of payable on equipment	(10,001)
Cash paid during the period	\$ 227

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Epistar Corporation	Subsidiary of the Company
Lextar Electronics Corporation	Subsidiary of the Company
Harvestar Investment Corp.	Subsidiary of the Company
Amengine Corporation	Subsidiary of the Company
Calystar Investment Corp.	Subsidiary of the Company
Tyntek Corporation	Associates
GCS Holdings, Inc.	Associates

(2) Significant related party transactions and balances

A. Operating revenue:

Period from January 6
to December 31, 2021

Epistar Corporation	\$ 151,479
Lextar Electronics Corporation	68,128
Total	<u>\$ 219,607</u>

B. Receivables from related parties:

December 31, 2021

Other receivables:

Epistar Corporation	\$ 39,534
Lextar Electronics Corporation	20,030
	<u>\$ 59,564</u>

C. Payables from related parties:

December 31, 2021

Other payables:

Epistar Corporation	\$ 6,183
Lextar Electronics Corporation	542
	<u>\$ 6,725</u>

D. Prepaid expense:

December 31, 2021

Epistar Corporation	<u>\$ 1,788</u>
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E. Loans to /from related parties:

December 31, 2021

Loans from related parties

Outstanding balance:

Lextar Electronics Corporation	<u>\$ 40,000</u>
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Period from January 6
to December 31, 2021

Interest expense:

Epistar Corporation	875
Lextar Electronics Corporation	283
	<u>\$ 1,158</u>

The loan condition to the related parties were to repay the money in one time after the due date, and the interest expense for the period from January 6 to December 31 would be charged at an annual interest rate of 1.25%~1.7%.

(3) Key management compensation

	Period from January 6 to December 31, 2021
Salaries and other short-term employee benefits	\$ 38,553
Termination benefits	285
Total	<u>\$ 38,838</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2021
Property, plant and equipment	<u>\$ 1,359</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Company's capital management policy is established taking into account the industry characteristics, the Company's future development and changes in external environments. The Company plans the working capital, capital expenditures, investments and dividends required for the future based on the capital management policy, makes financial analysis, and examines its capital structure periodically and makes appropriate adjustments to ensure that every company within the Company may grow and operate indefinitely.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021
<u>Financial assets</u>	
Financial assets at amortised cost	
Cash and cash equivalents	43,752
Other receivables (including related parties)	59,574
Guarantee deposits paid	408
	<u>\$ 103,734</u>
<u>Financial liabilities</u>	
Financial liabilities at amortised cost	
Short-term borrowings	\$ 150,000
Other payables (including related parties)	350,751
Guarantee deposits received	10
	<u>\$ 500,761</u>

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The company are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- iii. The Company's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in Thousands)	Exchange rate	(in Thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 100	27.68	\$ 2,758
<u>Non-monetary items</u>			
USD:NTD	11,000	27.68	304,480

- iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

Period from January 6 to December 31, 2021			
Unrealized exchange gain (loss)			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in Thousands)	Exchange rate	(in Thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	27.68	(\$ 12)

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Period from January 6 to December 31, 2021		
	Sensitivity analysis		
	Effect on profit	Effect on other	
Degree of variation	or loss	comprehensive income	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 28	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	3,045

Interest rate risk

- i. The Company's interest rate risk arises from bank deposits and borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.
 - ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$150 for the period from January 6 to December 31, 2021. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.
- (b) Liquidity risk
- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
 - ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2021, the Company held money market position of \$43,752 and those are expected to readily generate cash inflows for managing liquidity risk.
 - iii. The Company has the following undrawn borrowing facilities:
December 31, 2021:None.
 - iv. The table below shows analysis of the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 150,000	\$ -	\$ -	\$ -
Other payable (including related parties)	350,751	-	-	-
Other financial liabilities	-	10	-	-

The Company does not expect the timing of the estimated cash outflows through the maturity date analysis will be significantly earlier, or expect the actual cash flow amount

will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

(4) For the period from January 6 to December 31, 2021, the impact of COVID-19 on the Company's business operations.

In addition to actively cooperating with the local governments' epidemic precaution policies, the Company held higher standards in protecting its employees and encouraged the Company employees to vaccinate to avoid significant impact on the Company production and sales. For the period from January 6 to December 31, 2021, overall sales increased significantly compared to the same period due to the strong demand for LED backlight and high-end red LED, as well as the mass production of Mini LED for the period from January 6 to December 31, 2021. As a whole, the impact of COVID-19 on the operation of the Company was immaterial. The Company will continue to monitor the trend of the COVID-19 pandemic and adjust its strategies in a timely manner.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT \$300 million or 20% paid-in capital or more: Please refer to table 4.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

None.

ENNOSTAR INC.
Loans to others
Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period from 6-Jan to 31-Dec-21	Balance at 31-Dec-21	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	\$ 438,400	\$ -	\$ -	0.00%	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	3,913,659	\$ 11,740,978	Note 1
1	Epistar Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	300,000	300,000	150,000	1.56%	Short-term financing	-	Working capital	-	Promissory Note	300,000	3,913,659	11,740,978	Note 1
1	Epistar Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	1,000,000	1,000,000	-	1.70%	Short-term financing	-	Working capital	-	Promissory Note	1,000,000	3,913,659	11,740,978	Note 1
2	Epicrystal (Changzhou) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Other receivables-related parties	Y	218,250	217,200	-	4.35%	Short-term financing	-	Working capital	-	None	-	945,264	1,417,896	Note 2
2	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	349,200	347,520	86,880	4.35%	Short-term financing	-	Working capital	-	Promissory Note	347,520	945,264	1,417,896	Note 2
3	Yenrich Technology Corporation	iReach Corporation	Other receivables-related parties	Y	20,000	-	-	1.56%	Short-term financing	-	Working capital	-	None	-	190,438	190,438	Note 3
4	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	800,000	40,000	1.70%	Short-term financing	-	Working capital	-	None	-	1,007,840	4,031,359	Note 4
4	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	250,000	250,000	200,000	1.05%	Short-term financing	-	Working capital	-	Promissory Note	250,000	1,007,840	4,031,359	Note 4

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period from 6-Jan to 31-Dec-21	Balance at 31-Dec-21	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
5	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	526,080	521,280	173,760	1% ~ 4.45%	Short-term financing	-	Working capital	-	None	-	1,007,840	2,783,809	Note 5
6	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	251,640	124,560	-	1.5% ~ 2.25%	Short-term financing	-	Working capital	-	None	-	1,007,840	1,993,599	Note 6

Note 1: In accordance with Epistar Corporation's Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 2: In accordance with Epistar (Changzhou) Ltd. Procedures for Provision of Loans: the limit on loans granted to a single party is 20% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 3: In accordance with Yench Technology Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 40% of its net equity, and the ceiling on total loans granted is 40% of its net equity.

Note 4: In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 40% of its net equity. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company will not be subject to the limit of 40% of the net worth of the lending subsidiary. However, these subsidiaries shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Note 5: In accordance with Lextar Electronics (Suzhou) Corp.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

Note 6: In accordance with Lextar (Singapore) Pte. Ltd.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

Table 2

ENNOSTAR INC.
Provision of endorsements and guarantees to others
Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Party being endorsed/guaranteed			Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company																Footnote	
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021		Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	\$	-	1.70	\$	7,827,319	N	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote	
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	2	\$ 3,913,659	\$ 1,540,890	\$ 664,320	\$ 260,640	-	-	-	-	-	-	-	-	-	-	-	Y	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd	2	\$ 3,913,659	\$ 513,630	\$ 221,440	\$ -	-	-	-	-	-	-	-	-	-	-	-	Y	
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	\$ 3,913,659	\$ 1,620,955	\$ 1,150,000	\$ 731,074	-	-	-	-	-	-	-	-	-	-	-	N	
1	Epistar Corporation	Yenrich Technology Corporation	2	\$ 3,913,659	\$ 142,675	\$ -	\$ -	-	-	-	-	-	-	-	-	-	-	-	N	
2	Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	2	\$ 580,970	\$ 436,000	\$ 434,400	\$ -	-	-	-	-	-	-	-	-	-	-	-	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: (1) In accordance with the Epistar's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 20% of the Company's net assets, and the limit on endorsements/guarantees to a single party is 10% of its net assets.

(2) In accordance with the Episky (Xiamen) 's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 40% of the Company's net assets, and the limit on endorsements/guarantees to a single party is 25% of its net assets.

ENNOSTAR INC.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2021				Footnote
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
Harvestar Investment Corp.	Amengine Corporation	None	Non-current investments in equity instruments at fair value through other comprehensive income	300,000	\$ 1,500	-	\$ 1,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	32,701	7.39	32,701	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	303,888	13.68	303,888	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	66,174	12.57	66,174	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,000,000	507,585	10.00	507,585	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,664,355	60,427	3.02	60,427	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	5,746,000	\$ 135,606	4.48	\$ 135,606	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	192,220	9.06	192,220	
Epistar Corporation	OSTENDO TECHNOLOGIES, INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	4.50	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	241,708	19.90	241,708	
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,798,522	105,189	13.37	105,189	
Epistar JV Holding (BVI) Co., Ltd.	Everlight Electronics (Fujian) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	-	-	-	-	
Epistar JV Holding (BVI) Co., Ltd.	KAISTAR Lighting (Xiamen) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash USD51,060,000	2,256,697	18.77	2,256,697	
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	21,907	15.00	21,907	
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	50,928	1.14	50,928	
Episky Corporation(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	7,777	4.08	7,777	
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	14,983	10.00	14,983	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	127,528	5.74	127,528	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	10,705,000	252,683	8.35	252,638	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,951	2.17	9,951	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	10,222	16.92	10,222	
Lighting Investment Corporation	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	50,000	-	6.20	-	
Lighting Investment Corporation	De-an Venture Capital Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	20,710	10.77	20,710	
Lighting Investment Corporation	iReach Corporation (Stock)	Investee company accounted for under the equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	\$ 1,891	1.70	\$ 1,891	

As of December 31, 2021

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	5,851,182	138,088	4.56	138,088	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	98,358	0.19	98,358	Note1
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	4,559,731	62,371	N/A	62,371	
Lighting Investment Ltd.	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	41,500	-	5.15	-	
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	58,000	2.73	58,000	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	45,382	2.04	45,382	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	17,110	8.97	17,110	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	5,258	8.93	5,258	
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	

ENNOSTAR INC.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Harvestar Investment Corp.	GCS Holding Inc.	Investments accounted for under equity method	-	-	-	\$ -	9,013,000	\$ 433,099	-	\$ -	-	9,013,000	\$ 453,052
ENNOSTAR Inc.	GCS Holding Inc.	Investments accounted for under equity method	Yenrich Technology Corporation.	Related	-	-	9,028,000	431,990	-	-	-	9,028,000	451,070
ENNOSTAR Inc.	Tyntek Corporation	Investments accounted for under equity method	-	-	-	-	23,799,000	584,583	-	-	-	23,799,000	634,214
Epistar Corporation	Yenrich Technology Corporation. (Stock)	Investments accounted for under equity method	Lextar Electronics Corporation	Related	60,000,000	600,000	-	-	60,000,000	566,341	534,991	-	-
Epistar Corporation	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	25,842,529	353,000	25,842,529	353,133	353,000	133	-
Epistar Corporation	Tyntek Corporation (Stock)	Investments accounted for under equity method	-	-	-	-	10,218,000	187,467	10,218,000	243,699	264,541 (	20,815)	-
Lighting Investment Corporation	ProLight Opto Technology Corporation (Stock)	Investments accounted for under equity method	Lextar Electronics Corporation	Related	27,539,234	400,612	-	-	17,539,234	308,693	306,087	2,606	150,428

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Lextar Electronics Corporation	Tyntek Corporation (Stock)	Investments accounted for under equity method	-	-	-	\$ -	9,423,000	\$ 196,364	9,423,000	\$ 224,739	\$ 241,689	\$ 16,950)	-	\$ -
Lextar Electronics Corporation	Yenrich Technology Corporation (Stock)	Investments accounted for under equity method	Epistar Corporation	Related	-	-	60,000,000	566,341	-	-	-	-	60,000,000	476,095

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

ENNOSTAR INC.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 5

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price		Other commitments
											Appraisal report	None	
Epistar Corporation	Land and plant of the Longtan	2021/5/27	2016/9/29	\$ 250,796	\$ 430,000	Installment based on agreement	\$ 179,204	ARDENTEC CORPORATION	None	Assets activation for reducing cost			

Expressed in thousands of NTD
(Except as otherwise indicated)

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ENNOSTAR INC.

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Differences in transaction terms			Notes/accounts receivable (payable)	Footnote
						Unit price	Credit term	Balance		
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 1	Sales	(\$ 1,833,529)	(40)	N/A	Normal	\$ 483,853		27
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	(374,575)	(8)	N/A	Normal	53,365		3
Epistar Corporation	LEDAZ Co., Ltd	Note 1	Sales	(420,650)	(2)	N/A	Normal	294,549		3
Epistar Corporation	CRELED HONG KONG LTD	Note 2	Sales	(139,276)	(1)	N/A	Normal	-		-
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(305,924)	(1)	N/A	Normal	184,478		2
Epistar Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Note 1	Sales	(201,980)	(1)	N/A	Normal	65,479		1
Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 1	Sales	(886,497)	(4)	N/A	Normal	421,144		4
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(1,072,358)	(5)	N/A	Normal	600,012		6
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(482,638)	(2)	N/A	Normal	129,556		1
Epistar Corporation	Yenrich Technology Corporation	Note 1	Sales	(301,066)	(1)	N/A	Normal	40,796		-
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(377,655)	(13)	N/A	Normal	78,227		3
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(1,694,363)	(56)	N/A	Normal	697,866		28

Transaction					Differences in transaction terms		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Epicroystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(\$ 1,202,096)	(40)	90 days after month-end closing	N/A	Normal	\$ 711,934	29	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	(955,781)	(48)	90 days after month-end closing	N/A	Normal	68,215	9	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(845,200)	(42)	90 days after month-end closing	N/A	Normal	284,407	38	
Jiangsu Canyang Optoelectronics Ltd.	Epicroystal (Changzhou) Co., Ltd.	Note 1	Sales	(249,606)	(12)	90 days after next month-end closing	N/A	Normal	45,933	6	
Lextar Electronics Corporation	CREELED HONG KONG LTD	Note 2	Sales	(173,532)	(2)	OA 45 days	Normal	Normal	-	-	
Lextar Electronics Corporation	Darwin Precisions (Xiamen) Corporation	Other related parties	Sales	(114,934)	(2)	120 days after month-end closing	Normal	Normal	48,702	2	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	(309,185)	(4)	120 days after month-end closing	Normal	Normal	133,224	5	
Lextar Electronics Corporation	Epistar Corporation	Note 1	Sales	(320,570)	(4)	90 days after month-end closing	Normal	Normal	332,814	13	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(4,375,626)	(58)	OA 90 days~OA 120 days	Normal	Normal	1,175,829	54	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(982,546)	(13)	OA 90 days~OA 120 days	Normal	Normal	430,873	20	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(143,603)	(14)	OA 90 days~OA 120 days	Normal	Normal	13,680	3	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties	Sales	(895,641)	(66)	30%: 7 days after signing the contract, 70%: the 15th of the next month after ...	Normal	Normal	424,662	90	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	LEYARD EUROPE s.r.o.	Other related parties	Sales	(436,970)	(32)	30%: Prepayments before shipment, 70%: 60 days after shipment	Normal	Normal	15,966	3	
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu)	Note 1	Sales	(121,386)	(17)	60 days after month-end closing	Normal	Normal	7,636	4	

Transaction				Differences in transaction terms		Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)	Footnote	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price			
Yenrich Technology Corporation	LEDAZ Co., Ltd	Note 1	Sales	(231,484) (	33)	90 days after month-end closing, paid on the 20th of the next month	Normal	Normal	81,178	46
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Note 1	Sales	(\$ 214,412)	23	120 days after month-end closing	Normal	Normal	\$ 125,315	49
	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	845,200	22	90 days after month-end closing	N/A	Normal	(284,407) (	17)
	Epistar Corporation	Note 1	Purchases	1,072,358	28	180 days after next month-end closing	N/A	Normal	(600,012) (	35)
	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,202,096	31	90 days after month-end closing	N/A	Normal	(711,934) (	42)
	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	955,781	9	90 days after month-end closing	N/A	Normal	(68,215) (	2)
	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	374,575	3	60 days after next month-end closing	N/A	Normal	(53,365) (	2)
	Epistar Corporation	Note 1	Purchases	1,694,363	15	150 days after month-end closing	N/A	Normal	(697,866) (	21)
	Lextar Electronics Corporation	Note 1	Purchases	320,570	3	90 days after month-end closing	N/A	Normal	(332,814) (	10)
	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	249,606	11	90 days after month-end closing	N/A	Normal	(45,933) (	11)
	Epistar Corporation	Note 1	Purchases	482,638	21	90 days after month-end closing	N/A	Normal	(129,556) (	30)
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Purchases	305,924	18	180 days after month-end closing	N/A	Normal	(184,478) (	57)
	Epistar Corporation	Note 1	Purchases	886,497	32	180 days after month-end closing	N/A	Normal	(421,144) (	42)
SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,833,529	65	90 days after month-end closing	N/A	Normal	(483,853) (	48)
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Purchases	377,655	22	90 days after month-end closing	N/A	Normal	(78,227) (	24)
	LEDAZ Co., Ltd	Note 1	Purchases	-	-	90 days after month-end closing	N/A	Normal	(172,753) (	5)
Lextar Electronics Corporation	Lextar Electronics (Suzhou) Corp.	Note 1	Purchases	143,603	2	OA 90 days~OA 120 days	Normal	Normal	(13,680) (	1)

Transaction			Differences in transaction terms		Notes/accounts receivable (payable)						
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	4,375,626	70	OA 90 days-OA 120 days	Normal	Normal	(1,175,829)	(70)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	\$ 982,546	93	OA 90 days-OA 120 days	Normal	Normal	(430,873)	(98)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Other related parties	Purchases	233,711	4	OA 60 days-OA 120 days	Normal	Normal	(34,164)	(2)	
Yenrich Technology Corporation	Epistar Corporation	Note 1	Purchases	301,066	49	120 days after month-end closing	Normal	Normal	(40,796)	(27)	
LEADSTAR Micro-Crystal Display Corporation	Epistar Corporation	Note 1	Purchases	201,980	20	60 days after month-end closing	Normal	Normal	(65,479)	(42)	
LEADSTAR Micro-Crystal Display Corporation	Yenrich Technology Corporation	Note 1	Purchases	121,386	12	60 days after month-end closing	Normal	Normal	(7,636)	(5)	
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties	Purchases	124,151	12	30%: Prepayments before shipment, 70%: 60 days after shipment	Normal	Normal	(32,106)	(21)	
Shanghai Welight Electronic Co., LTD	ProLight Opto Technology Corporation	Note 1	Purchases	214,412	99	120 days after month-end closing	Normal	Normal	(125,315)	(100)	

Note 1: Investee company accounted for under the equity method directly and indirectly.

Note 2: It is no longer the company's other related party beginning on April, 2021.

ENNOSTAR INC.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021				Overdue receivables			Amount collected		Expressed in thousands of NTD (Except as otherwise indicated)	
			Accounts receivable		Other receivable		Total	Turnover rate	Amount	Action taken	subsequent to the balance sheet date		Allowance for doubtful debts
			\$	\$	\$	\$							
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2		483,853	\$	-	\$	483,853	6.48	\$	-	\$	-
Epistar Corporation	LEDZ Co., Ltd	Note 2		294,549		-		294,549	1.98		160,762	53,976	68,687
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2		184,478		15,193		199,671	0.79		3,424	32,532	-
Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2		421,144		1,188		422,332	4.20		-	64,641	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2		600,012		9,286		609,298	2.14		1,662	82,443	-
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2		6,046		524,606		530,652	0.11		73,187	13,642	-
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 2		129,556		21,230		150,786	2.89		7,997	58,885	-
Epistar Corporation	Yenrich Technology Corporation	Note 2		40,796		108,446		149,242	1.51		-	20,611	-
Epistar Corporation	Lextar Electronics Corporation	Note 2		15,292		92,386		107,678	0.82		174	94,549	-
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2		78,227		89,432		167,659	2.37		-	14,748	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021				Overdue receivables			Amount collected	
			Accounts receivable	Other receivable	Total	Turnover rate	Amount	Action taken	balance sheet date	Allowance for doubtful debts	
			\$	\$	\$		\$		\$	\$	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2		697,866	3,406	2.99	701,272	-	167,609	-	-
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	711,934	-	711,934	1.42	249,369	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 2	68,215	-	68,215	10.29	-	-	55,453	-	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	284,407	476	284,883	2.99	-	-	-	-	-
Luxlite (Shenzhen) Corporation Limited	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	Note 2	97,524	-	97,524	0.75	-	-	-	-	-
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 2	338,875	-	338,875	3.99	-	-	125,058	-	-
Lextar Electronics Corporation	Epistar Corporation	Note 2	332,814	-	332,814	1.93	1,540	-	1,760	-	-
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	133,224	-	133,224	2.62	-	-	28,682	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	1,175,829	-	1,175,829	3.66	111,206	-	225,845	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2	430,873	-	430,873	2.16	115,261	-	76,943	-	-
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Leyard TV Technology Co., Ltd.	Other related parties	424,662	-	424,662	4.02	117,273	-	105,701	-	-
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Note 2	125,315	-	125,315	1.91	54,255	-	26,457	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021				Overdue receivables			Allowance for doubtful debts
			Accounts receivable	Other receivable	Total	Turnover rate	Amount collected subsequent to the balance sheet date			
							Amount	Action taken		
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 2	\$	56 \$	200,000 \$	0.00	\$	-	-	\$
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 2		7,200	173,760	0.21		406	-	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$49,824, \$3,424, \$1,662, \$7,997 and \$139 from LEDAZ, Jiangsu Canyang, Episky(Xiamen), Unikorn, Epicrystal (Changzhou) and Lextar, respectively; and Lextar has received \$1,540 from Epistar. Lextar(Chuzhou) has received \$111,206 and \$76,943 from Lextar and Lextar(Suzhou), respectively; ProLight has received \$26,457 from Shanghai Weilight; LEADSTAR has received \$105,701 from Leyard.

Note 2: Investee company accounted for under the equity method directly and indirectly.

ENNOSTAR INC.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	\$ 305,924	Conducted in the ordinary course of business with terms similar to those with third parties	0.84
1	Epistar Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	3	Sales	201,980	Conducted in the ordinary course of business with terms similar to those with third parties	0.55
1	Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Sales	886,497	Conducted in the ordinary course of business with terms similar to those with third parties	2.43
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	1,072,358	Conducted in the ordinary course of business with terms similar to those with third parties	2.94
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	482,638	Conducted in the ordinary course of business with terms similar to those with third parties	1.33
1	Epistar Corporation	Yenrich Technology Corporation	3	Sales	301,066	Conducted in the ordinary course of business with terms similar to those with third parties	0.83
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	955,781	Conducted in the ordinary course of business with terms similar to those with third parties	2.62
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	374,575	Conducted in the ordinary course of business with terms similar to those with third parties	1.03

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Cost of goods sold	\$ 1,694,363	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	184,478	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Accounts receivable	421,144	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	600,012	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	129,556	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts payable	697,866	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	524,606	Based on contract terms
1	Epistar Corporation	Yenrich Technology Corporation	3	Other receivable	108,446	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Sales	1,833,529	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	3	Accounts receivable	483,853	Conducted in the ordinary course of business with terms similar to those with third parties
						Percentage of consolidated total operating revenues or total assets (Note 3)
						4.65
						0.24
						0.55
						0.78
						0.17
						0.91
						0.68
						0.14
						5.03
						0.63

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	\$ 377,655	Conducted in the ordinary course of business with terms similar to those with third parties	1.04
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,202,096	Conducted in the ordinary course of business with terms similar to those with third parties	3.30
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	711,934	Conducted in the ordinary course of business with terms similar to those with third parties	0.93
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	845,200	Conducted in the ordinary course of business with terms similar to those with third parties	2.32
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	249,606	Conducted in the ordinary course of business with terms similar to those with third parties	0.69
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	284,407	Conducted in the ordinary course of business with terms similar to those with third parties	0.37
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Other payable	152,626	Based on contract terms	0.20
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Processing fee	261,138	Conducted in the ordinary course of business with terms similar to those with third parties	0.72
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	338,875	Conducted in the ordinary course of business with terms similar to those with third parties	0.44

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
5	Lextar Electronics Corporation	Epistar Corporation	3	Sales	\$ 320,570	Conducted in the ordinary course of business with terms similar to those with third parties	0.42
5	Lextar Electronics Corporation	Epistar Corporation	3	Accounts receivable	332,814	Conducted in the ordinary course of business with terms similar to those with third parties	0.43
5	Lextar Electronics Corporation	Yennich Technology Corporation	3	Other receivable	200,000	Loans granted	0.26
5	Lextar Electronics Corporation	Lextar Electronics (Suzhou) Corp.	3	Cost of goods sold	143,603	Conducted in the ordinary course of business with terms similar to those with third parties	0.39
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Cost of goods sold	4,375,626	Conducted in the ordinary course of business with terms similar to those with third parties	12.01
5	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts payable	1,175,829	Conducted in the ordinary course of business with terms similar to those with third parties	1..53
6	Yennich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	3	Sales	121,386	Conducted in the ordinary course of business with terms similar to those with third parties	0.33
7	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Sales	214,412	Conducted in the ordinary course of business with terms similar to those with third parties	0.59
7	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Accounts receivable	125,315	Conducted in the ordinary course of business with terms similar to those with third parties	0.34
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	982,546	Conducted in the ordinary course of business with terms similar to those with third parties	2.70

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms Conducted in the ordinary course of business with terms similar to those with third parties	
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	\$ 430,873		0.56
9	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	3	Other receivable	173,760	Loans granted	0.23

Note 1: Parent company is '0'.The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure of the transactions over 100 million New Taiwan dollars only and the related party transactions for counterparty are not disclosed.

ENNOSTAR INC.

Information on investees

Year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2021								
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	\$ 10,210	\$ -	3,100,000	58.59	\$ 8,193	(\$ 10,889)	\$ 2,017	
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	37,607,380	-	1,088,701,410	100.00	39,027,656	(1,825,620)	2,066,382	
ENNOSTAR Inc.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	-	9,028,000	8.16	451,710	(378,497)	(18,076)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	650,000	-	65,000,000	100.00	676,611	(11,625)	(11,625)	
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	-	514,916,380	100.00	11,619,154	317,826	303,982	
ENNOSTAR Inc.	Tyniek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	584,583	-	23,799,000	7.92	634,214	724,850	48,485	Note 1
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	290,000	-	29,000,000	100.00	289,866	(134)	(134)	

Initial investment amount				Shares held as at December 31, 2021				Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
Harvestar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 433,099	\$ -	9,013,000	8.15	\$ 453,052	\$ 378,497
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	113,931	-	4,777,000	1.59	123,592	724,850
Calystar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	265,135	-	6,500,000	5.87	265,135	(378,497)
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	39.09	40,881	28,856
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	10,066,886	459,172
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	cash USD8,660,000	100.00	262,763	(9,080)
Epistar Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	600,000	-	-	-	(229,906)
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	2,161,814	2,161,814	251,478,518	100.00	2,075,188	(179,594)
Epistar Corporation	Tekcore Co., Ltd.	Taiwan	Manufacturing and sales of LED wafers and chips	-	1,169,412	-	-	-	23,185

Initial investment amount			Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of Shares	Ownership (%)	Book value	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	OEM manufacturing of iii-v semiconductors	\$ 1,106,350	\$ 1,006,350	100,000,000	53.29	\$ 31,652	(\$ 800,249) (\$ 483,281)
Epistar Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	101,500	-	0.00	-	36,968 810
Epistar Corporation	SH Co., Ltd.	Taiwan	Manufacturing and sales of LED wafers and chips	31,792	31,792	3,179,176	49.00	3,132 (	267) (131)
Epistar Corporation	TE Opto Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	9,200	9,200	920,000	40.00	43,223	1,055 422
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	695	3,112 2,002
Epistar Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	277,554	-	-	- (	378,497) (14,680)
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	-	2,679,063	3.53	55,562	66,780 2,257
Epistar JV Holding (BVI) Co.,Ltd.	Country Lighting (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	-	89,843	-	-	-	5,599 2,133
Epistar JV Holding (BVI) Co.,Ltd.	Crystal Light Enterprise Group Ltd.	British Virgin Islands	Professional investment	-	6,754	-	-	- (	59) (59)
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	25,296 (	33) (33)
Epistar JV Holding (BVI) Co.,Ltd.	Lite Star JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,637,845	39,188 32,295
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	273,986	14,434 10,806
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash	100.00	2,323,886	400,557 400,557
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,291,894	4,291,894	USD68,000,000	85.26	1,343,859	66,780 49,977
Epistar JV Holding (BVI) Co., Ltd.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	149,149	-	-	- (	378,497) (7,266)

Initial investment amount				Shares held as at December 31, 2021				Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	\$ 93,582	\$ 93,582	8,470,000	100.00	\$ 1,506	(\$ 2,003)
GaN Force Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	-	-	-	-	-	(23,323) (117)
Lighting Investment Ltd.	LEDACZ Co., Ltd	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	(9,026)	(186,979) (52,597)
Lighting Investment Ltd.	Interlight Optotech (HK) Co., Limited	Hong Kong	Sales of LED packages	12,806	12,806	429,000	30.00	11,663	375 112
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	(211)	(30) (30)
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,145	133,145	3,800,000	100.00	265,619	(15,179) (15,179)
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,413,440	39,301 39,301
Lighting Investment Corporation	LEDACZ Co., Ltd	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	(266)	(186,979) (25,679)
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	559,837	(71,090) (71,090)
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED light components	133,433	133,433	4,010,000	100.00	68,367	(86,782) (86,782)
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	56,322	318,929	10,000,000	14.69	150,428	36,968 12,471
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	108,284	66,780 4,588
Lighting Investment Corporation	GaNRich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	64,301	62,370	3,868,000	81.43	(10,157)	(26,827) (26,442)
Lighting Investment Corporation	LEDOLUX Sp. Zo. O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,453	(500) (300)

Initial investment amount			Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
Lighting Investment Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ -	\$ 148,942	-	-	\$ -	(\$ 378,497)	7,788)
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	-	1,757,000	13.52	5,181	(23,323)	(2,453)
Lighting Investment Corporation	Tytek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	258	-	10,000	-	278	724,850	21 Note 1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	641	-	620,400	35.68	642	3,112	1,376
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	-	49,000	49.00	385	(214)	(105)
Episky Corporation (Xiamen) Ltd.	Epicroystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash	3.31	156,441	42,087	1,393
Epicroystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash	11.38	853,118	(436,114)	(80,756)
Full Star Enterprises Limited	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	113,896	-	-	-	(378,497)	(5,582)

Initial investment amount			Shares held as at December 31, 2021				Investment income (loss)
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	
				\$	\$	Ownership (%)	Book value
							Net profit (loss) of the investee for the year ended December 31, 2021
							Investment income (loss) recognised by the Company for the year ended December 31, 2021
							Footnote
Yenrich Opto (Hong Kong) Limited	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	62,371	-	(\$ 378,497) (\$ 3,479)
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	122,036	122,036	cash RMB29,100,000	86,479
						12.13	132,926
							10,696
GaNrich Semiconductor Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	54	-	(378,497) (3)
Episky Corporation (Xiamen) Ltd.	SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	China	Sales of LED chips	43,770	43,770	100.00	168,096
							124,549
Unikorn Semiconductor Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	-	20,000	980 (378,497) (9)
						0.02	Note 1
Epistar Corporation	Tytek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	-	-	724,850
							1,372
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Singapore	Professional investment	2,709,310	2,709,310	90,270,000	101,867
Lextar Electronics Corporation	Wellybond Optonics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	10,569 (138) (138)
Lextar Electronics Corporation	Wellypower Optonics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	152,618
						100.00	7,068

Initial investment amount			Shares held as at December 31, 2021					Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)			Book value
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	\$ 381,638	\$ 381,638	31,300,000	100.00	\$ 1,097,223	\$ 52,684	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	25,374	3,000,000	100.00	152,559	(2,757)	(2,757)
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	396,484	40,000,000	100.00	629,562	13,543	13,543
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	41,880	8,266	7,481
Lextar Electronics Corporation	HEXAWAVE INC.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.69	94,030	(65,459)	(22,218)
Lextar Electronics Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	-	-	-	-	724,850	(953)
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	530,487	-	60,000,000	100.00	476,095	(229,906)	(62,460)
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	1,403	140	70
Wellybond Corporation	HEXAWAVE INC.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.68	94,023	(65,459)	(22,216)
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	10,000	10,000	1,000,000	90.91	4,971	(5,532)	(5,029)
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	33,000	-	22,000,000	16.92	25,895	(23,323)	(7,105)

Initial investment amount			Shares held as at December 31, 2021						Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	\$ 250	\$ -	16,810,000	24.70	\$ 252,913	\$ 36,968	\$ 1,903	
Wellybond Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	258	-	10,000	0.00	264	724,850	6	Note 1
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	3,025	3,025	22,000	100.00	4,046	361	361	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	180,789	(7,825)	631	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	89,270	-	6,185,000	9.09	93,056	36,968	1,299	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	19,994	29,372	1,822,000	2.68	27,366	36,968	903	
Yenrich Technology Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	-	228,748	-	-	-	(378,497)	(10,746)	
Yenrich Technology Corporation	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	-	12,050	-	-	-	(10,889)	(4,026)	
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	(972)	(1,087)	(1,807)	

Initial investment amount		Shares held as at December 31, 2021				Investment income (loss)
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	
					Number of shares	Ownership (%)
					150,000	100.00
					945	(
					1,087	(
					1,807	(
					Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021
						Footnote

Note 1: The group holds two seats on the Board of Directors, which indicates that the Group has significant influence over the investee. Accordingly, the Group listed the investee as an associate.

ENNOSTAR INC.

Information on investments in Mainland China

Year ended December 31, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote	
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021							
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 1,882,240	2	\$ 1,882,240	\$ -	\$ -	\$ 1,882,240	\$ 400,557	100.00	\$ 400,557	\$ 2,323,879	\$ -	-	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,325,120	2	1,764,600	-	-	1,764,600	14,976	74.86	11,211	294,660	-	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,345,760	2	3,310,528	-	-	3,310,528	42,087	76.95	32,388	3,637,115	-	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	83,040	2	47,080	-	-	47,080	1,726	100.00	1,726	139,866	53,422	2(1)	
KFESLighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,528,927	2	1,413,341	-	-	1,413,341	-	18.77	-	2,256,697	-	-	2(3)
Everlight Electronics (Fujian) Co., Ltd	Manufacturing and sales of LED backlight and related parts	692,000	2	69,200	-	-	-	-	-	-	-	-	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,785,890	3	286,333	-	-	286,333	-	11.80	-	-	-	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/					Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted to Taiwan for the year ended December 31, 2021	Remitted to Mainland China as of December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021							
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	\$ 858,302	2	\$ 92,912	\$ -	\$ -	\$ 92,912	\$ -	8.97	(\$ 36,649)	\$ 17,110	\$ -	2(3)	
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	69,200	2	7,209	-	-	7,209	-	-	-	-	-	2(3)	
Huanui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	434,000	2	202,621	-	-	202,621	-	-	-	-	-	2(3)	
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	5,536	2	46,592	-	-	46,592	(59)	-	(59)	-	-	2(3)	
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,314,560	2	2,203,957	144,498	-	2,348,455	67,039	95.66	63,782	1,507,705	-	2(3)	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted back to Taiwan for the year ended December 31, 2021	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021					
				\$	\$	\$	\$	\$		\$	\$		
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	-	-	3,585,860	100.00	164,574	3,376,932	-	2(2)
Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	32,759	2	32,759	-	-	-	32,759	100.00	3,935	11,984	-	2(2)
Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	260,640	2	-	-	-	-	-	48.33	5,138	115,080	-	2(3)
Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,094,825	2	-	-	-	-	-	100.00	293,112	3,202,943	-	2(2)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	1,042,560	2	382,737	-	-	-	382,737	37.88	26,356	415,051	-	2(3)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,178	2	4,178	-	-	-	4,178	51.16	1,807	972	-	2(2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	\$ 11,352,640	\$ 12,374,631	\$ 24,134,751
Lextar Electronics Corporation	\$ 3,633,067	\$ 4,044,862	\$ 6,047,038

Note 1: The investments are classified in three types; they are numbered as follows:

1. Direct investment in Mainland China companies;
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
3. Other ways.

Note 2: Investment income or loss in this period:

The bases for recognition of investment income or loss are classified into four types; they are numbered as follows:

1. The financial statements that are audited by the international accounting firm which has a cooperative relationship with the R.O.C. accounting firm;
2. The financial statements that are audited by the R.O.C. parent company's independent auditors;
3. The financial statements that are not audited by the independent auditors;
4. Others.

Note 3: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: The numbers in the table shall be expressed in NTD. Foreign currencies shall be translated into NTD at the exchange rate prevailing on the financial reporting date.

Note 5: The 'amounts' are expressed in thousands of New Taiwan dollars.

ENNOSTAR INC.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 11

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing			
	Amount	%	Amount	%	Balance at		Balance at		Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the year ended December 31, 2021
					December 31, 2021	%	December 31, 2021	Purpose				
Episky Corporation (Xiamen) Ltd.	\$ 1,072,506	4.25	2,559	-	\$	600,159	1.04	\$ 664,320	-	\$	-	-
Jiangsu Canyang Optoelectronics Ltd.	305,924	1.00	-	-		184,478	0.32	221,440	-	438,400	-	3,890
SHENZHEN EPIKYLIN OPTOELECTRONICS CO.,LTD	886,497	3.51	-	-		421,144	0.73	434,400	-	-	-	-
Epicroystal (Changzhou) Co., Ltd.	482,638	1.91	4,225	-		180,177	0.31	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	(955,781)	(3.79)	-	-	(	68,215)	(0.12)	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(374,575)	(1.48)	-	-	(	53,365)	(0.09)	-	-	-	-	-
Epicroystal (Changzhou) Co., Ltd.	(1,694,363)	(6.71)	-	-	(	697,866)	(1.21)	-	-	-	-	-
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	121,386	17.46	-	-		7,636	4.28	-	-	-	-	-
Lextar Electronics (Suzhou) Corp.	(143,603)	(2.28)	-	-	(	13,680)	(0.82)	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(4,375,626)	(69.61)	-	-	(	1,175,829)	(70.35)	-	-	-	-	-
Shanghai Welight Electronic Co., LTD	214,412	22.65	-	-		125,315	49.05	-	-	-	-	-

ENNOSTAR INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement1

Item	Description	Amount
Cash		
Bank deposits		
Demand deposits — NTD		\$ 20,994
— USD	USD 100 thousand at exchange rate of 27.68	2,758
Bonds sold under repurchase agreement — NTD		20,000
		<u>\$ 43,752</u>

ENNOSTAR INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
PERIOD FROM JANUARY 6 TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement2

Name	Beginning Balance			Additions (Reduction)			Gain (loss)			Ending Balance			Market Value or Net Assets Value		
	Shares	Amount	-	Shares	Amount	-	Amount	(Note1)	on investments	Shares	Percentage of Ownership	Amount	Unit Price (in NTD)	Total Amount	Collateral
Epistar Corporation	-	\$	-	1,088,701,410	\$ 36,961,274	-	2,066,382			1,088,701,410	100%	\$ 39,027,656	35.85	\$ 39,027,656	None
Lextar Electronics Corporation	-	-	-	514,916,380	11,315,172	-	303,982			514,916,380	100%	11,619,154	22.57	11,619,154	None
Harvestar Investment Corp.	-	-	-	65,000,000	688,236	(	11,625)			65,000,000	100%	676,611	10.41	676,611	None
Amengine Corporation	-	-	-	3,100,000	10,210	(	2,017)			3,100,000	58.59%	8,193	2.64	8,193	None
Calystar Investment Corp.	-	-	-	29,000,000	290,000	(	134)			29,000,000	100%	289,866	10.00	289,866	None
GCS Holdings, Inc.	-	-	-	23,799,000	585,729		48,485			23,799,000	7.92%	634,214	28.35	674,702	None
Tyntek Corporation	-	-	-	9,028,000	469,786	(	18,076)			9,028,000	9.85%	451,710	49.10	443,275	None

Note1: Including investments of additions, Cumulative translation differences of foreign operations, Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income, cash dividend paid and except Subsidiary holds shares of parent company.

ENNOSTAR INC.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
PERIOD FROM JANUARY 6 TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance
Office equipment	\$ -	414	\$ -	414
Leasehold improvements	-	4,678	-	4,678
Construction in progress and equipment to be inspected	-	5,136	-	5,136
	\$ -	10,228	\$ -	10,228

ENNOSTAR INC.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
PERIOD FROM JANUARY 6 TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement4	Item	Beginning Balance	Addition	Decrease	Ending Balance
	Accumulated depreciation:				
	Office equipment	\$ -	\$ 32	-	\$ 32
	Leasehold improvements	-	39	-	39
		\$ -	\$ 71	-	\$ 71

ENNOSTAR INC.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Statement5

Nature	Description	Ending Balance	Contract Period	Range of Interest		Credit Line	Collateral	Note
				Rate				
Unsecured borrowings	Unsecured borrowings	\$ 150,000	2021/11/10~2022/11/9	1.12%		\$ 150,000	None	

ENNOSTAR INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION

PERIOD FROM JANUARY 6 TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement6

Nature	Function	Year ended December 31, 2021		
		Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense				
Wages and salaries		157,070	-	157,070
Labour and health insurance fees		6,275	-	6,275
Pension costs		3,444	-	3,444
Directors' remuneration		30,032	-	30,032
Other personnel expenses		2,926	-	2,926
Depreciation Expense		71	-	71
Depletion Expense		-	-	-
Amortisation Expense		-	-	-

Note:

1. As at December 31, 2021, the Company had 69 employees, including 8 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - (1) Average employee benefit expense in current year \$2,811. ((Total employee benefit expense of current year-Total directors' compensation of current year) / (Number of employees of current year-Number of non-employee directors of current year))
 - (2) Average employees salaries in current year 2,604. (Total wages and salaries of current year/ (Number of employees of current year-Number employee of non- directors of current year))
 - (3) Adjustments of average employees salaries 0%. ((Average wages and salaries of current year-Average wages and salaries of prior year) /Average wages and salaries of prior year)
 - (4) Remuneration of the supervisors in current year \$5,543.

ENNOSTAR INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
PERIOD FROM JANUARY 6 TO DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement6

Description:

1. The number of employees described in Note to this form should be calculated by using average number of employees and the basis of calculation was the same as the employee benefits expenses and employees' salaries.
2. According to IAS19, employees may provide services in a full-time, part-time, permanent, irregular or temporary manner, including directors and other management personnel. Therefore, "employees" in this form include directors, managers, general employees and contract hires, etc., but not including supervisors, dispatched manpower, labor contracting or business outsourcing personnel.
3. "Directors' remuneration" refers to the remuneration received by all directors, retirement pension, director's remuneration and business execution expenses, etc., but does not include employee directors' salary, labor and health insurance.
4. "Supervisors' remuneration" refers to the remuneration received by all supervisors, supervisors' remuneration and business execution expenses, etc.