

【Translation】

Ennostar

TWSE: 3714

Ennostar Inc.

2022 Annual Report

Printed on March 1, 2023

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.

1. Spokesperson & Deputy Spokesperson

Spokesperson : Po-Yi Chang, Vice President, Finance & Accounting Management Office
Deputy Spokesperson : Jia-Wei Tzeng, Manager, Finance & Accounting Management Office
Tel : +886 3 567-9000
Email : ir@Ennostar.com

2. Headquarters, Branches, and Plant

Ennostar Inc.

Address : 7F.-5, No.1, Sec.3, Gongdao 5th Rd., East Dist., Hsinchu City,
Taiwan (R.O.C.)
TEL : +886 3 567-9000

Epistar Corporation

Address : No. 21, Li-hsin Rd., Hsinchu Science Park
TEL : +886 3 567-8000

Lextar Electronics Corporation.

Address : No. 21, Li-hsin Rd., Hsinchu Science Park
TEL : +886 3 565-8800

Unikorn Semiconductor Corporation

Address : 1F, 5, Li-hsin 5th Rd., Hsinchu Science Park
TEL : +886 3 563-5666

3. Common Share Transfer Agent and Registrar

Name : Shareholders Service Department, Horizon Securities
Address : 3F., No.236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City
Website : <http://srd.honsec.com.tw>
TEL : +886 2 2326-8818

4. Auditors

Name of auditors : Tien-Yi Li, Chien-Hung Chou
Name of Accounting Firm : Pricewaterhouse Coopers, Taiwan
Address : 27F., No.333, Sec. 1, Keelung Rd., SongshanDist., Taipei City
Website : <http://www.pwc.tw/>
TEL : +886 2 2729-6666

5. 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.

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

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1. Letter to Shareholders

First of all, I would like to thank all shareholders for their support to Ennostar Inc. in the past year. In 2022, the global environment rapidly changed, and the outbreak of various crises such as the COVID-19 pandemic and the Russia–Ukraine War had a major impact on the global economy and supply chains. The consolidated revenue of the Group in 2022 is about NT\$28.878 billion, a decrease of 20.72% over that of 2021. The net operating loss is NT\$466 million, the net profit attributable to the owners of the parent company is NT\$38 million, and the basic earnings per share (EPS) is NT\$0.05. Although Ennostar was substantially affected compared with the previous year, the crisis may be a turnaround opportunity itself. We always believe that having enterprise resilience and improving risk management awareness are essential in times of severe turbulence.

Starting from core competence to carry out multi-disciplinary layout, and strengthening enterprise resilience to become the best compound semiconductor investment platform

In order to cultivate the resilience of enterprises in the event of environmental fluctuations, and reduce the damage caused by the crisis, Ennostar and its partners have worked together in stabilizing the core businesses and conducting multi-party layout through the advance-deployment risk prevention strategy, in order to reduce the proportion of applications vulnerable to market fluctuations, and transfer our efforts to areas related to the industry but with high stability and high potential. Therefore, at the time of establishment, Ennostar focused its business layout on applications with high added value, such as next-generation displays, automotive products, sensors and special lighting, extended its core capabilities to III-V compound semiconductors' epitaxy and manufacturing process, and actively developed the next-generation compound semiconductor foundry, so as to become the best compound semiconductor investment platform.

1. Next-Generation Displays

Thanks to the vigorous promotion and application of many international terminal brands, the mini LED market has entered the fast lane of development. The Group is happy to see the emergence of a large number of new products, and has full confidence in seizing the market share of mini LEDs. At the same time, the Group is still on the move to make deployment in the next-generation micro LEDs of high-end display technology. With the experience of mass production of mini LEDs, the Group has planned its micro LED plant and related equipment in advance, and mastered the key technology of mass production. At the initial stage, the Group will focus on large-scale applications such as large display screens and high-end televisions as well as small-size wearable device applications, and is

devoted to the early development of the next stage of automotive displays and VR and AR. In the past two years, the micro LED related supply chain has gradually taken shape; from chips, massive transfer, panel integrated driver ICs to terminal brand customers, Ennostar will continue advancing with its partners, actively consolidate industrial advantages, create a new vision of display, and actively prepare for mass production.

2. Automotive Products

The Group has been in the automotive market for many years. In recent years, it has developed diversified and forward-looking automotive products with its partners, including supplying mini LEDs together with major panel manufacturers to international car manufacturers. It is estimated that the product will begin to contribute to the revenue in the first half of 2023. The characteristics of mini LEDs such as high contrast, high brightness and design flexibility can significantly improve the visual experience of driving, and it is believed that it will become an important display technology for car manufacturers. With the introduction of LEDs into vehicle lighting which has become the trend, the Group's vehicle lighting products, such as ADB smart headlights and interior atmosphere lights, in addition to adhering to the consistent principle of high quality and high technology, have moved towards customization and intelligence in response to market demand. The Group also continues deepening the applications of vehicle sensing technology, such as the driving monitoring system (DMS), advanced driving assistance system (ADAS), gesture recognition and range laser radar, and is committed to providing a humanized and safe road and driving environment.

3. Sensors

The sensor market demand has been diversified in recent years, and Ennostar has actively invested in related sensing technologies. After investing in Tyntek Corporation to strengthen the light-receiving technology, the Group's sensor layout has become more comprehensive to meet the diverse needs of light source sensing. In addition to the original near-infrared products, the Group further explored the derivative applications of wearable devices, developed short-wave infrared crystals with low voltage, high-efficiency output and high reliability, and created the SWIR technology which ranks number one in the world in terms of luminous power. In the future, the Group will continue increasing the scale of mass production to meet the market demand for sensing applications.

4. Special Lighting

The Group focuses on niche lighting markets such as plant cultivation, human factors and medical applications, and aims at lighting development with small market fluctuation and countercyclical advantages. Horticulture lighting, which is not limited by the field of use, has the characteristics of high yield and high controllability, and is greatly favored by the market. In terms of medical application, with the improvement of post-pandemic

healthcare awareness, the Group's UVC LED integration scheme covers various air, surface and static water sterilization applications, and the Group has introduced many internationally famous brands which can meet the all-round sterilization demand of the market.

5. New-generation compound semiconductors

Unikorn Semiconductor Corporation among the three subsidiaries of Ennostar has the core capabilities of the epitaxy and process of III-V compound semiconductors, focusing on the two fields of optoelectronic components and microelectronics applications. In recent years, it has also accelerated the development of applications such as electric vehicles and fast charging and power converters based on the concept of sustainability and green energy-saving products. With the vigorous development of 5G communication, BAW filter elements will also be its focus of development.

Ennostar Incorporates ESG While Moving Forward to Create Its Sustainable Excellence Formula

2022 is the second anniversary of Ennostar, and various technologies have been on the track of realization. At the same time, 2022 is also its first ESG year, and Ennostar expects to develop ESG by integrating its core capabilities, in order to enable the Group to create the power of "well-being" from the inside out, internalize ESG into the Group's DNA, and create the exclusive sustainable equation of Ennostar.

As a member of global citizens, Ennostar is accelerating its promotion of various ESG affairs to implement the sustainable operation of the enterprise. In 2022, Ennostar won the silver award of Sustainability Report in its first participation in the Taiwan Enterprise Sustainability Award, and its three major subsidiaries, Epistar Corporation, Lextar Electronics Corp. and Unikorn Semiconductor Corporation, also passed the greenhouse gas Inventory of the British Standards Institute (BSI) and obtained the ISO 14064-1 certification in the same year. The Group also plans to expand its green power procurement contracts or relevant green power certificates, and expects to achieve the goals of non-production zone RE100 in 2030 and the whole Group's green power RE100 in 2050.

In order to achieve sustainable operation, an enterprise needs to achieve win-win results in terms of its sustainable concept and technical operation. In 2022, Ennostar worked with the First Bank for a 5-year syndicated loan of NT\$13 billion; the funds will not only be used to enrich the working capital of Ennostar and repay loans from financial institutions, but also provide the capital for the construction of the micro LED factory and machinery of Epistar, Ennostar's subsidiary. Ennostar also designed ESG (environmental protection, social participation and corporate governance) sustainability indicators in the perspective of sustainability and incorporated them into the credit terms, and continues increasing the use of green energy through the factory and machinery built with the funds of the loan in order to create sustainable excellence.

To improve economy and reduce the impact on the environment at the same time, the Group will also promote circular economy in a long-term manner and strive to develop more efficient and energy-saving products. In recent years, the Group has successively cooperated with relevant business operators to enable the waste generated from operation to enter a new cycle for reuse, so as to recycle the resources, extend the service life, reduce the environmental pollution caused by the exploitation of new resources, and create a perfect business model of circular economy. Ennostar will continue its efforts in corporate governance, social participation and environmental protection, strengthen the enterprise resilience, create irreplaceable market positioning, and achieve its business objective of sustainable excellence.

Chairman

Biing-Jye Lee

2. Company Introduction

2.1 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.

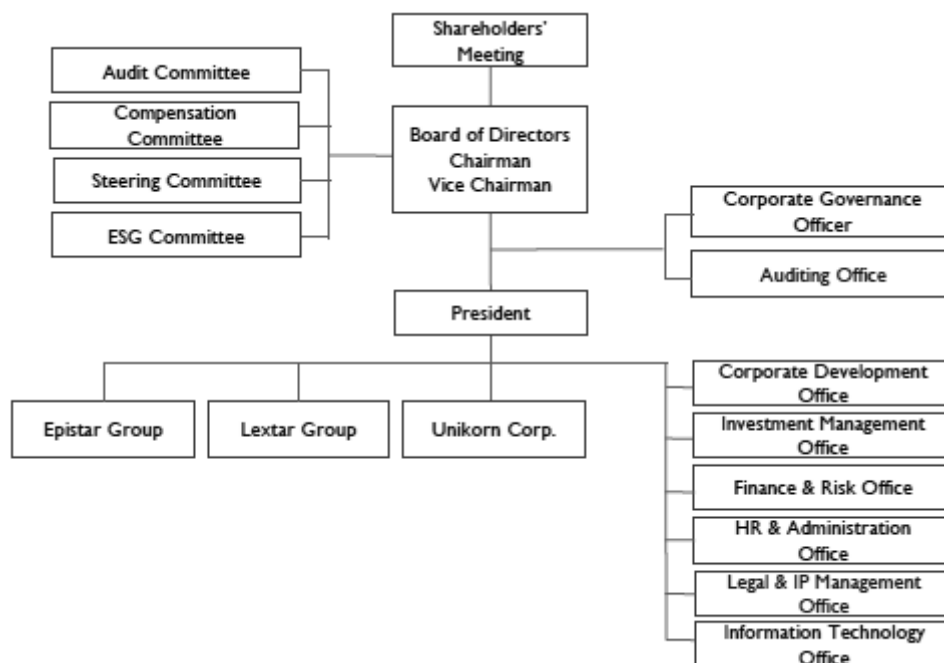
2.2 Company History

August 2020	On August 7, 2020, the special shareholders' meeting of EPISTAR Corporation and Lextar Electronics Corp 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.
March 2022	The subsidiary, Epistar, acquired the technology plant in Jhunan Science Park.
September 2022	The capital increase in cash via a private placement was completed and 70,000 thousand common shares issued; the strategic investors are AUO Corporation and Innolux Corporation.
January 2023	Ennostar passed the information security management system ISO 27001 certification.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Operation of Major Department

Name of Department	Major Function
Steering 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.
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.

Name of Department	Major Function
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, planning and implementation of group strategic positioning and investment deployment, assisting the Group to continuously exert its advantages in existing fields and applications for outcomes, actively investing in creating new applications and opportunities in the LED and the third generation semiconductor industries, while obtaining a leading industrial position in new fields, to exert the long-term competitive advantages and create long-term value for the Group. Incorporating environmental protection, corporate social responsibility and corporate governance vision into the corporate operation and development strategies, to achieve the Group's objectives of sustainable development and sustainable excellence.
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.

Name of Department	Major Function
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.
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 & IP Management Office	Responsible for the legal affairs and intellectual property related 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 supervision to the implementation at the same function in each subsidiary.

3.2 Information about Directors, president, vice presidents, assistant vice presidents, and department and branch managers

3.2.1 Information about directors Base date of shareholding February 28, 2023; Unit: shares

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		
Title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (inauguration) Date	Term	Date First Elected	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Experience & Education	Current Positions at the Company and Other Companies	Title	Name	Relationship
Chairman	R.O.C.	Bling-lye Lee	Male/ 61-70	August 7, 2020	3 years	August 7, 2020	732,247	0.11%	732,247	0.11%	737,298	0.11%	0	0.00%	Chairman, 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 Chairman	R.O.C.	AU Optronics Corp. Representative Shuan-Lang Peng	Not applicable	August 7, 2020	3 years	August 7, 2020	21,565,073	3.16%	93,568,898	12.40%	0	0.00%	0	0.00%	No	Note 2	No	No	No
Director	R.O.C.	Feng-Cheng Su	Male/ 61-70	August 7, 2020	3 years	August 7, 2020	0	0.00%	150,000	0.02%	0	0.00%	0	0.00%	Chairman and CEO, AU Optronics Corp Director, Qisda Corporation MBA, Heriot-Watt University	Note 3	No	No	No
Director	R.O.C.	Chin-Yung Fan	Male/ 51-60	August 7, 2020	3 years	August 7, 2020	133,506	0.02%	995,512	0.13%	419,984	0.06%	0	0.00%	Chairman, Lextar Electronics Corp. Senior VP, AU Optronics Corp Ph.D., Materials Science and Engineering, State University of New York, Stony Brook	Note 4	No	No	No
Independent Director	R.O.C.	Wei-Min Sheng	Male/ 61-70	August 11, 2021	2 years	August 11, 2021	0	0.00%	133,506	0.02%	0	0.00%	0	0.00%	Professor of Department of Public Finance in National Taichung University of Science and Technology. Independent Director, EPISTAR Corporation PhD in Accounting, Purdue University	Note 6	No	No	No

Managers, directors or supervisors who are spouses or relatives within the second degree of kinship	Relationship		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
	Name		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
	Title		No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Current Positions at the Company and Other Companies			Note 7			Note 8			Note 9			Note 10								
Experience & Education			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			Vice President and Plant Chief, United Microelectronics Corporation Vice President, AU Optonics Corp Independent Director, Lextar Electronics Corp. Bachelor, Department of Electronic Engineering, Chung Yuan Christian University			CPA and Partner, PwC Department of Accounting, NCCU								
Shareholding in others’ name			Shareholding %		0.00%	0	0.00%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
			Shares																	
Shareholding of spouse and minor children			Shareholding %		0.00%	0	0.00%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
			Shares																	
Current Shareholding			Shareholding %		0.00%	0	0.00%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
			Shares																	
Shareholding When Elected			Shareholding %		0.00%	0	0.00%		0	0.00%		0	0.00%		0	0.00%		0	0.00%	
			Shares																	
Date First Elected			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021		
Term			2 years			2 years			2 years			2 years			2 years			2 years		
Date elected (inauguration) Date			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021			August 11, 2021		
Gender/ Age			Male/ 71-80			Male/ 61-70			Male/ 61-70			Male/ 61-70			Male/ 60-69			Male/ 60-69		
Name			Sheng-Tai Weng			Ji-Yen Liang			Hsien-He Sheng			Wei-Cheng Wang								
Nationality or Place of Registration			R.O.C.			R.O.C.			R.O.C.			R.O.C.			R.O.C.			R.O.C.		
Title			Independent Director			Independent Director			Independent Director			Independent Director			Independent Director			Independent Director		

● The first appointment date of directors and supervisors of listed companies.

- 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, Biling-Jye Lee concurrently serves as Director of Unikorn Semiconductor Corporation; Chairman of Gan Force Corporation; Chairman of Harvester Investment Corp.; Chairman of Calystar Investment Corp.; Chairman of Precistar Investment Corp.; Chairman of Praistar Investment Corp.; Chairman of Manastar Investment Corp.; Chairman of Tyntek Corporation (TWSE: 2426); Director of GCS HOLDINGS, INC. (TWSE: 4991); Director of Kaistar Lighting (Xiamen) Co., Ltd.; Director of FormoLight Technologies, Inc. and Chairman of Epistar JV Holding (BVI) Co., Ltd. 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. Corporate director AU Optronics Corp concurrently serve as Director of Konly Venture Corp.; Director of Ronly Venture Corp.; Director of AUO Crystal Corp.; Director of Space Money Inc.; Director of AUO Envirotech Inc.; Director of Star River Energy Corporation; Director of Star Shining Energy Corporation; Director of Darwin Precisions Corporation (TWSE: 6120); Director of Qisda Corporation (TWSE: 2352); Director of Adlink Technology Inc. (TWSE: 6166); Director of AUO Care Inc.; Director of SINTRONES Technology Corp. (TWSE: 6680); Director of AUO Display Plus Corporation; Director of Da Ping Green Energy Corporation and Director of AUO Health Corporation.
3. Director Shuan-Lang Peng concurrently serve as Chairman and Strategy Chief of AU Optronics Corp (TWSE: 2409); Director of Qisda Corporation (TWSE: 2352); Chairman of AUO Foundation.; Chairman of AU Optronics (Suzhou) Corp., Ltd.; Chairman of AU Optronics (Xiamen) Corp., Ltd.; Chairman of AU Optronics (Shanghai) Corp., Ltd.; Chairman of AU Optronics (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.
4. 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 and Director of Wellybond Optonics (H.K.) Corporation. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
5. 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 Epicroystal Corporation (Changzhou) Ltd.; Director of Jiangsu Canyang Optoelectronics Ltd.; Director of Shenzhen Epikyllin 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 Epicroystal (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.
6. 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 and member of the Remuneration Committee of UPI Semiconductor Corp (TWSE: 6719) and Independent Director and member of the Remuneration Committee of Elite Semiconductor Memory Technology Inc. (TWSE: 3006)
7. Independent Director, Sheng-Tai Weng concurrently serves as the 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.
8. Independent Director, Ji-Yen Liang concurrently serves as Independent Director and member of the Remuneration Committee of Excellence MOS Corporation (TPEX: 5299); Member of the Remuneration Committee of Sesoda Corop (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.
9. 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.
10. 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) and Director of Etron Technology, Inc. (TPEX: 5351).

Major shareholders of corporate shareholders

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding percentage (%)
AU Optronics Corp (Note1)	Qisda Corporation	6.90
	Yuanta Taiwan Dividend Plus ETF	4.71
	Trust Holding for Employees of AU Optronics Corp	4.62
	Quanta Computer Inc	4.61
	ADR of AU Optronics Corp	2.52
	Nan Shan Life Insurance Company, Ltd.	1.50
	New Labor Pension Fund	1.27
	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	0.91
	Yuanta Taiwan Dividend Plus ETF	0.88
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.86

Note1: record on the shareholder roster at the book closure day, October 7, 2022.

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 2)	AU Optronics Corp	17.04
	Acer Incorporated	4.15
	Konly Venture Corp.	2.55
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	2.08
	Darfon Electronics Corp.	2.03
	Polunin Developing Countries Fund, LLC	1.03
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	1.03
	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	0.96
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93
	Creo Venture Corp	0.87
Quanta Computer Incorporated (Note 3)	Chien Yu Investment Co., Ltd	14.82
	Barry Lam	10.76
	Government of Singapore	2.85
	C.C. Leung	2.14
	He Sa Trust	2.07
	Cathay Life Insurance Co., Ltd.	2.04
	Nan Shan Life Insurance Co., Ltd.	1.99
	Yi Chia Xin Investment Company Ltd.	1.64
	Xin Ming Investment Company Limited	1.57
	New Labor Pension Fund	1.47

Name of corporate	Major shareholder of corporate	Shareholding percentage (%)
Nan Shan Life Insurance Company, Ltd. (Note 4)	Runcheng Investment Holding Co., Ltd.	89.55
	Runhua Dyeing Factory Co., Ltd.	1.34
	Du Yingzong	1.16
	Runtaixing Co., Ltd.	0.97
	Runtai Innovation International Co., Ltd.	0.23
	Runtai Global Co., Ltd.	0.21
	Yuanxin Investment Co., Ltd.	0.16
	Runtai Leasing Co., Ltd.	0.13
	Jipin Investment Co., Ltd.	0.11
	Pengcheng Co., Ltd.	0.10

Note 2: information recorded in the shareholder roster at the book closure date, April 1, 2022.

Note 3: information recorded in the shareholder roster at the book closure date, April 19, 2022.

Note 4: information recorded in the shareholder roster at the book closure date, April 17, 2022.

Professional qualification of directors and independence of independent directors

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 or more	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 15 ~ 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 directors is about 65 years old. The proportion of directors who are employees is 33%, that of independent directors is 56%, and that of female directors is 0%. For the future nomination of board members, the Board of Directors of Ennostar will introduce female directors.
- All the independent directors of the first term do not serve more than three terms in row.

Management objectives of the board diversity and information of independence

The Board of Directors cautiously evaluates and makes decisions on the business strategies and guidelines of the Ennostar Group, to strengthen the performance, and protect shareholders' rights and interests. For the review results of current independent directors' qualifications and independence, as well as the evaluation and implementation of the (current) board's diversity policy have been reviewed by corporate governance officer, and reported to the Board of Directors on February 23, 2023 for reference. The contribution of individual directors will be continuously evaluated to ensure that the Board of Directors maintain new perspectives and continue to optimize corporate governance.

Achievement of the specific management objectives in the board diversity policy:

Management objectives		During the service
Seats of independent directors exceeding the one-half of all seats		Achieved
It is advisable that the directors concurrently serving as the Company's managerial officers fewer than one-third of the seats.		Achieved
At least one female director		Not achieved
Complete six hours of continuing education every year		Achieved

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	✓	✓	✓	✓	✓	✓	✓	✓

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
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

Biing-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, Biing-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 founders 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 AIGaInP 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 conform 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) Wei-Min Sheng Independent Director
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 Corp. 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) Hsien-He Sheng Independent Director
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 AUO Corporation
 - (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 Ennostar, 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. Ennostar 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 "Steering 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, Chin-Yung Fan, Feng Cheng Su), approved by the board of directors. The Steering Committee convenes meeting monthly, and may convene meeting if required. Up to now, the meetings are held regularly every month, and the 96% attendance rate of the four members demonstrate their active participation on 2022.

The powers of the "Steering 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.

3.2.2 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, 2023; unit: 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	Share holding %	Shares	Share holding %	Shares	Share holding %			Title	Name	Relationship
President (Note 2)	R.O.C.	Bling-Jye Lee	Male	2021.01.06	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	2021.01.06	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	2021.11.10	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	2021.01.06	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	2021.01.06	995,012	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	2021.01.06	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	2021.01.06	249,230	0.03%	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	Share holding %	Shares	Share holding %	Shares	Share holding %			Title	Name	Relationship
Subsidiary President	R.O.C.	Jin-Xiang Wen	Male	2022.05.05	0	0.00%	0	0.00%	0	0.00%	President, HannsTouch Vice President, NuvoTon Technology Corporation M.A., Engineering Management University of Technology Sydney	No	No	No	No
Subsidiary Vice President	R.O.C.	Chen,Ou	Male	2021.01.06	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	2021.01.06	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	2021.01.06	0	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	2021.01.06	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	2021.01.06	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 2	No	No	No
Subsidiary Vice President	R.O.C.	Chung-Ming Weng	Male	2021.11.10	50,000	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant President, DARWIN PRECISIONS CORPORATION Master, Institute of Photonics, NCTU	No	No	No	No
Subsidiary Vice President	R.O.C.	Chia-Lin Chen	Male	2021.11.10	10,000	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	2021.01.06	266,196	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	2021.01.06	101,000	0.01%	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	2021.01.06	143,001	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	2021.01.06	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 for the positions in the affiliates that the managerial officers concurrently serve.

Note 2: Play Nitride Inc. (TWSE: : 6854) Director legal representative °

Note 3: 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.

3.2.3 Remuneration Paid to Directors, General Manager and Vice President in the most recent year

1. Remuneration Paid to Directors

December 31, 2022Unit: NT\$ thousand																	
Title	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		Remuneration received from investee enterprises other than subsidiaries or from 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)				
	The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company	All consolidated entitiest	Cash	Share		Cash	Share
Chairman																	179
Vice Chairman	5,500	5,500	0	0	0	270	270	Total: 5,770 Ratio: 15.17%	15,854	42,433	0	179	0	0	1,500	0	
Director								Total: 5,770 Ratio: 15.17%									179
Director								Total: 5,770 Ratio: 15.17%									
Independent Director																	0
Independent Director																	
Independent Director																	0
Independent Director																	
Independent Director																	0
Independent Director																	
Independent Director																	0
Independent Director																	

Note : In 2022, 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 Biing-Jye Lee served as a representative of the corporate director in the reinvestee, GCS Holding (TPEX: 4991) and Tyntek Corporation (TWSE:2426), 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 2022 (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 2022.
 - D: 2022 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 2022.
 - 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 2022 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage.
- Net income after tax: refers to the net income after tax in 2022 parent-only financial statements, NT\$38,024 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 consolidated entities	The Company	Parent and all reinvestees
NT\$0~ NT\$ 999,999	No	No	No	No
NT\$1,000,000 ~ NT\$1,999,999	Chin-Yung Fan, Feng-Cheng Su, AU Optronics and the Representative: Shuan-Lang Peng, Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng, Hsien-He Sheng, Wei-Cheng Wang	Chin-Yung Fan, Feng-Cheng Su, AU Optronics and the Representative: Shuan-Lang Peng, Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng, Hsien-He Sheng, Wei-Cheng Wang	Chin-Yung Fan, Feng-Cheng Su, AU Optronics and the Representative: Shuan-Lang Peng, Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng, Hsien-He Sheng, Wei-Cheng Wang	AU Optronics and the Representative: Shuan-Lang Peng, Wei-Min Sheng, Ji-Yen Liang, Sheng-Tai Weng, Hsien-He Sheng, Wei-Cheng Wang
NT\$2,000,000 ~ NT\$3,499,999	Bling-Jye Lee	Bling-Jye Lee	No	No
NT\$3,500,000 ~ NT\$4,999,999	No	No	No	No
NT\$5,000,000 ~ NT\$9,999,999	No	No	No	No
NT\$10,000,000 ~ NT\$14,999,999	No	No	No	Chin-Yung Fan,
NT\$15,000,000 ~ NT\$29,999,999	No	No	Bling-Jye Lee	Bling-Jye Lee 、 Feng-Cheng Su
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

Note: In Feng-Cheng Su's 2022 remuneration, there was wage expense recognized in accordance with IFRS2 "Share-based Payment" distributed to him (the previous Lextar RSAs distributed were converted to Ennostar's common shares), resulting in a change in the compensation range.

2. Remuneration Paid to President and Vice President

December 31, 2022 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 (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company	All consolidated entitiest	The Company		All consolidated entitiest		The Company	All consolidated entitiest	
								Cash	Share	Cash	Share			
President	Bling-Jye Lee	20,245	80,475	324	2,424	14,852	70,556	1,240	0	8,740	0	Total: 36,661 Ratio: 96.42%	Total: 162,195 Ratio: 426.56%	424
Vice President	Po-Yi Chang													
Vice President	Lin-Tien Yang													
Vice President	Wei, Shi													
CEO of the subsidiary	Feng Cheng Su													
President of the subsidiary	Chin-Yung Fan													
President of the subsidiary	Siou-Mu Tang													
President of the subsidiary	Jin-Xiang Wen (Note1)													
Vice President of the subsidiary	Chen Ou													
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: Newly appointed as a managerial officer on May 5, 2022.

A: 2022 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 2022."

D: For the amount of 2022 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 2022 parent-only financial statements, NT\$38,024 thousand

Range of Remuneration

Unit: NT\$

Remuneration Range Paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	Parent and all reinvestees
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	No	No
NT\$3,500,000 ~ NT\$4,999,999	No	Li-Cheng Hung, Chia-Lin Chen, Chung-Ming Weng
NT\$5,000,000 ~ NT\$9,999,999	Wei Shi, Lin-Tien Yang, Po-Yi Chang	Wei Shi, Lin-Tien Yang, Po-Yi Chang, Chen Ou, Ming-Da Jin, Ming-Xun Hsieh, Chih-Jie Lai, Meng-Yi Lin, Chao-Nien Huang, Cun-Jhong Li, Wan-Ji Hsu, Jin-Xiang Wen
NT\$10,000,000 ~ NT\$14,999,999	No	Chin-Yung Fan, Feng-Cheng Su, Siou-Mu Tang
NT\$15,000,000 ~ NT\$29,999,999	Biing-Jye Lee	Biing-Jye Lee
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	4	19

Note: Mr. Jin-Xiang Wen was appointed as managerial officers by the board of directors on May 5, 2022; and the remuneration calculation period starts from the month when the board of directors appointed him as managerial officer.

3. Name of Managerial Officers Received Employee Remunerations and the Distribution

Title and Name				December 31, 2022			Unit: NT\$ thousand
Title	Name	Title	Name	Share amount	Cash amount	Total	Total to the net income after tax (%)
President	Bing-Jye Lee	Vice President of the subsidiary	Ming-Xun Hsieh	0	8,740	8,740	22.99
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				
President of the subsidiary	Jin-Xiang Wen	Vice President of the subsidiary	Chao-Nien Huang				
Vice President of the subsidiary	Che, Ou	Vice President of the subsidiary	Wan-Ji Hsu				
Vice President of the subsidiary	Ming-Da Jin						

Note 1: For the amount of 2022 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage.

Note 2: Net income after tax: refers to the net income after tax in 2022 parent-only financial statements, NT\$38,024 thousand.

3.2.4 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:

a 、 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, 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. 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.

b 、 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.

c 、 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.

a 、 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.

b、Employee remuneration

Employee remuneration is determined pursuant to the Articles of Incorporation, i.e. within 0.1% to 15% of the profit for the year, 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 a reference for promotion goals of ESG and the Sustainability Committee.

(3) Reward with share-based payment

Restricted Stock Awards ("RSA")

The subsidiary, Lextar Electronics, issued new restricted employee shares (referred to as RSA) in 2018. According to the Procedures of RSA, for the 935,000 shares of the last phase (which are the Ennostar shares after the conversion of the succeeded share), the vesting conditions are calculated based on the EPS indicators in Lextar's 2021 financial statements, multiplied by individual performance appraisal. The calculation on March 20, 2022 got 467,500 shares that met the vesting conditions, and these shares were delivered to employees; 467,500 shares that did not meet the vesting conditions have been canceled for the share registration. The RSAs have been fully closed.

Title	Remuneration of Directors, Supervisors, Presidents and Vice Presidents to Net Income After Tax in Parent-Only Financial Statements (%)			
	2021		2022	
	The Company	All consolidated entitiest	The Company	All consolidated entitiest
Director	1.38	1.38	31.09	31.09
Suprvisor	0.25	0.25	NA	NA
Presidents and Vice Presidents	1.90	9.18	96.42	426.56

Note 1: Refers to the net income after tax in 2022 parent-only financial statements, NT\$38,024 thousand.

Note 2: The remuneration ratio in 2022 has increased significantly from 2021, mainly due to the impact of the overall economy, and the profit in 2022 short from the expectation.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors Meeting Status

Seven (A) meetings were held by the board of directors in 2022 (meeting dates: 2/24,3/28,5/5,6/24,8/4,11/3,12/15). The attendance of the directors as the following:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Actual attendance rate (B/A)
Chairman	Biing-Jye Lee	7	0	100.0%
Vice Chairman	AU Optronics Corp Representative: Shuan-Lang Peng	7	0	100.0%
Director	Feng-Cheng Su	7	0	100.0%
Director	Chin-Yung Fan	6	1	85.7%
Independent Director	Wei-Min Sheng	7	0	100.0%
Independent Director	Sheng-Tai Weng	7	0	100.0%
Independent Director	Ji-Yen Liang	7	0	100.0%
Independent Director	Wei-Min Sheng	7	0	100.0%
Independent Director	Wei-Cheng Wang	7	0	100.0%

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: Please refer to Page40.
- (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

The directors have a clear understanding of the proposals with conflicts of interest. In addition to explaining the important content of their conflicts of interest, they also recused themselves from discussions and voting, nor exercised the voting rights on behalf of other directors.

Term/Meeting Date	Proposal	Recused director	Status
1-12 2022.02.24	Recommendation of salaries to the managerial officers in 2022.	Chairman, Biing-Jye Lee, Director Feng-Cheng Su, Director Chin-Yung Fan	Chairman, Biing-Jye Lee, Directors Feng-Cheng Su and Director Chin-Yung Fan recused themselves by leaving seats respectively, without participating discussion and voting; the remaining directors approved without dissent.

Term/Meeting Date	Proposal	Recused director	Status
	Approved the permission for directors to compete.	Chairman, Biing-Jye Lee, Director Shuan-Lang Peng, Director Feng-Cheng Su, Director Wei-Cheng Wang	Chairman, Biing-Jye Lee, Director Shuan-Lang Peng, Director Feng-Cheng Su and Director Wei-Cheng Wang recused themselves by leaving seats respectively, without participating discussion and voting; the remaining directors approved without dissent.
	The Company and 100%-owned Harvestar Investment Corp. intended to jointly participate in the subscription of the 2022 capital increase in cash by Unikorn Semiconductor, for a total of NT\$600 million.	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Unikorn Semiconductor intends to resign as a director of GCS Holdings, Inc., and Mr. Biing-Jye Lee was nominated to participate in the by-election of the Company's directors as a natural person.	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Additional capex for Epistar to participate in the Jhunan plant auction, and authorizations for bidding and signing contract.	Director Chin-Yung Fan	Director Chin-Yung Fan temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Additional budget for the capex of Epistar.	Director Chin-Yung Fan	Director Chin-Yung Fan temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
1-13 2022.03.28	Issuance of common shares in the private placement for 2022 capital increase in cash.	Director Shuan-Lang Peng	Director Shuan-Lang Peng temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	The transfer transaction of the plant located at No. 3, Gongyeh East 3rd Road (referred to as Fab N5).	Director Chin-Yung Fan, Director Feng-Cheng Su	Director Chin-Yung Fan and Director Feng-Cheng Su recused themselves by leaving seats respectively, without participating discussion and voting; the remaining directors approved without dissent.
1-14 2022.05.05	Loan of funds of NT\$500 million to Unikorn Semiconductor.	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee served as the representative of the director of Unikorn Semiconductor Corporation. He temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.

Term/Meeting Date	Proposal	Recused director	Status
	The Company and 100%-owned Harvestar Investment Corp. intended to jointly acquire 70,000 thousand common shares in Unikorn Semiconductor from Epistar.	Chairman, Biing-Jye Lee 、 Director Chin-Yung Fan,	Chairman, Biing-Jye Lee served as the representative of the director of Unikorn Semiconductor Corporation. He temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Yenrich intended to decrease capital to compensate the losses and increase capital in cash; Lextar participated in the capital increase in cash of Yenrich.	Director Feng-Cheng Su,	Director, Feng-Cheng Su served as the representative of the director of Lextar Electronics Corp and Yenrich Technology Corporation. He temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
	Application for additional Micro LED capital expenses of Epistar.	Director Chin-Yung Fan,	Director, Chin-Yung Fan served as the representative of the director of Epistar Corporation. He temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
1-15 2022.06.24	Recommendations for 2021 distribution of remunerations to directors and supervisors (profit-sharing).	All directors recused respectively	Matters involving personal interests were recused by directors with conflicts of interest, without participating in the discussion and voting process; the proposal was approved as it was after the attending directors recused themselves respectively.
	Recommendations for 2021 distribution of employee remunerations to managerial officers (profit-sharing).	Chairman, Biing-Jye Lee 、 Director Chin-Yung Fan, 、 Director Feng-Cheng Su,	Matters involving personal interests were recused by directors with conflicts of interest, without participating in the discussion and voting process; the proposal was approved as it was after the attending directors recused themselves respectively.
	Pricing date, issuance plan and related matters for the 2022 capital increase in cash by common share private placement.	Director Shuan-Lang Peng,	Director Shuan-Lang Peng temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.
1-17 2022.11.03	Ennostar Group intended to participate in Unikorn Semiconductor's second capital increase in 2022. The upper limit of the increase was NT\$700 million.	Chairman, Biing-Jye Lee	Chairman, Biing-Jye Lee temporarily recused himself without participating discussion and voting; other directors approve the proposal without dissent.

3 、 evaluation period of the board of director

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
external	2022.01.01 to 2022.12.31	Implementation is made once every three years	Board of director	The evaluation was conducted by combining three approaches, namely the documents provided by the evaluated company, self-assessment questionnaires, and on-site interviews.	<ul style="list-style-type: none"> A. Board composition and professional development B. The Board's decision-making quality C. Effectiveness of the board operation D. Internal control and risk management E. Degree of the Board engaged in corporate social responsibility
internal	2022.01.01 to 2022.12.31	Once a year	Board of director	Evaluation to each other within the board	<ul style="list-style-type: none"> 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
	2022.01.01 to 2022.12.31	Once a year	Individual board member	Self-assessment of director	<ul style="list-style-type: none"> 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
	2022.01.01 to 2022.12.31	Once a year	The Audit Committee	Self-assessment of independent director	<ul style="list-style-type: none"> 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
	2022.01.01 to 2022.12.31	Once a year	Remuneration Committee	Self-assessment of member	<ul style="list-style-type: none"> A. Participation in the operation of the company; B. The recognition of the duties of the functional committee.

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
					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.
	2022.01.01 to 2022.12.31	Once a year	ESG Corporate Sustainability 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.

Self-evaluation

The Company has completed the self-evaluation of the board performance for 2022. The evaluation results were submitted to the Board for reporting on February 23, 2023, as a basis for review and improvement.

- (1) The overall average score of the Board's self-performance evaluation is 4.98 points (out of 5 points), and the overall average score of the self-performance evaluation of individual directors is 4.98 points (out of 5 points), showing that the overall operation of the Board was good;
- (2) For the self-performance evaluation results of the Audit Committee and the Remuneration Committee, all members are 100% satisfied with each measurement item;
- (3) The ESG Corporate Sustainability Committee's self-performance evaluation results have an average score of 4.93 (out of 5).

External evaluation

The "Rules for Performance Evaluation of Board of Directors and Functional Committees" were approved for formulation by the Board of Directors on August 12, 2021; in 2022, an external professional and independent institution, "Taiwan Investor Relations Institute," was engaged to conduct the external performance evaluation of the 1st Board of Directors.

- (1) Evaluation period: January 1, 2022 to December 31, 2022
- (2) On-site interview evaluation (execution) date: January 11, 2023 to January 17, 2023
- (3) Name of the external professional institution conducting the evaluation: Taiwan Investor Relations Institute
- (4) Reasons for the independence of the external institution: The Taiwan Investor Relations Institute is not a related party of the Company, nor does it have a commercial relationship that affects independence. None of the participants and their relatives within the second degree of kinship has a direct or indirect financial interest relationship with or accepts gifts from the Company.
- (5) Evaluation methods (such as questionnaires or onsite visits):
Documents and public information provided by the company, combined with self-evaluation and evaluation questionnaires (the questionnaires are planned and designed by the Institute based on various laws and regulations, while incorporating the guidelines of "Corporate Governance 3.0 Sustainable Development Roadmap," for the overall operation of the Board) and on-site interviews to evaluate.
- (6) Criteria (content and items)
 - Board composition and professional development
The structure of the board of directors, the diversity of the directors, the directors' continuing education, and the planning of directors' training, among other things.
 - The quality of board decision-making
The completeness and timeliness of information required for directors' decision-making, the degree of directors' participation in meetings, the frequency and time allocation of board meetings, etc.
 - Effectiveness of the board operation

Internal relationship management and communication, directors' participation in and mastery of the company's operations, communication between the board of directors and CPAs, among other things.

- Internal control and risk management

Directors' management of the Company's operational risks, formulation and implementation of the company's internal regulations, supervision over the effectiveness of the company's internal control system, and smooth channels for internal and external whistleblowing, among other things.

- Degree of the Board engaged in corporate social responsibility

The attention paid to ESG by the board of directors, the communication management between the company and external shareholders or stakeholders, the degree of the company's engagement and input to ESG, and the actions for implementing the company's governance mechanism, among other things.

(7) Date of evaluation results submitted to the Board: February 23, 2023

(8) Recommendations and improvement plans are as below:

Recommendation	Improvement plan
The board members include at least one female director or director(s) with legal expertise at the same time.	The 2nd Board has been planned for female candidates and candidates with legal expertise, to conform to the diversity management objective of the Board.
Establish the Nomination Committee (it is advisable to have the majority of its members be independent directors)	The establishment may be considered.
Appoint a dedicated corporate governance officer	The Company will re-evaluate whether to appoint a dedicated corporate governance officer.
Refer to the Audit Quality indicators (AQIs) to evaluate the independence and competence of CPAs and disclose such in the annual reports	These are originally scheduled to be disclosed in the annual reports.
Invest resources to support domestic cultural development	The "Sustainable Development Best-Practice Principles" of Ennostar have been amended and an action plan has been formulated.

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) The "Steering Committee" is established under the Board of Directors, composing four directors as the members. Through the responsibility management of the Committee (refer to page 14 of the annual report) and related approval authorities, it demonstrates that the chairman concurrently serves as the president is independent.
- (4) To stabilize the business operation and move towards the corporate sustainable development goals, the "Risk Management Committee" under the "ESG Corporate Sustainability Committee" subordinate to the Board was formally established on November 3, 2022 to conduct various risk management for the uncertain factors potentially threatening the operations of the Company and its key subsidiaries. The proposals ultimately are submitted to the Board (the highest governance unit for risk management) for resolution to allocate and assign sufficient and appropriate resources, to enable the effective operation of the Group's risk management and ensure the Group's operating strategic directions are consistent with the "Risk Management Policy and Procedures," while supervising and ensuring the effectiveness of the Group's overall risk management mechanism operation through the establishment of an appropriate risk management mechanism and the formation of a risk management culture.
- (5) The chair of each committee regularly reports to the Board on the activities and actions of each committee, and invites the CPAs to participate in the Audit Committee. For the review or audit results of the quarterly financial report, as well as other relevant legal requirements, they are communicated and discussed with the attesting CPAs, with the recommendation furnished as reference. For every six months, the individual communication between the independent directors and CPAs, and Chief Auditor, respectively is conducted. The communication is smooth.

- (6) On February 23, 2023, the candidates recommended for the 2nd Board included two females, one of them with legal expertise. The expected achievements for the specific management objectives of the diversity policy are as follows:

Management objectives	Candidates for the 2 nd of Directors
Seats of independent directors exceeding the one-half of all seats	Achieved
It is advisable that the directors concurrently serving as the Company's managerial officers fewer than one-third of the seats.	Achieved
At least one female director	Achieved
Board member(s) with legal expertise	Achieved
Complete six hours of continuing education every year	Scheduled in the annual schedule

3.3.2 Operation of the Audit Committee

Total of seven (A) Audit Committee meetings were held in 2022 (meeting dates: 2/24,3/28,5/5,6/24,8/4,11/3,12/15). 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	7	0	100.0%	Convener
Independent Director	Sheng-Tai Weng	7	0	100.0%	
Independent Director	Ji-Yen Liang	7	0	100.0%	
Independent Director	Hsien-He Sheng	7	0	100.0%	
Independent Director	Wei-Cheng Wang	7	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
1-5 2022.02.24	2021 evaluation for the effectiveness of the internal control system, and the Statement of Internal Control System	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.
	2021 Business Report and Financial Statements.		
	To amend "Acquisition or Disposal Procedures of Asset".		
	The Company and the 100%-owned Harvester Investment Corp. intended to jointly participate in the subscription of the capital increase in cash by Unikorn Semiconductor, for a total of NT\$600 million.		
	Epistar participated in the auction of Jhunan Plant		
1-6 2022.03.28	Issuance of common shares in the private placement for 2022 capital increase in cash with maximum 70,000 thousand shares to be issued.		
	The transfer transaction of the plant located at No. 3, Gongyeh East 3rd Road (referred to as Fab N5)		
1-7 2022.05.05	2022 Q1 financial report		
	Capital loan to Unikorn Semiconductor NT\$500 million		
	Amendment to partial provisions of the "Internal Control System" and the "Rules of Internal Audit Implement"		
	Application for additional Micro LED capital expenses of Epistar		
1-8 2022.06.24	Pricing date, issuance plan and related matters for the 2022 capital increase in cash by common share private placement		
1-9 2022.08.04	2022 Q2 financial report		
	To amend "Procedures for Endorsements and Guarantees".		
	Increased the capital in Epistar in cash several times, with a total of NT\$3.6274 billion.		
1-10 2022.11.03	2022 Q3 financial report		
	Ennostar Group intended to		

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
	participate in Unicorn Semiconductor's capital increase in cash. The upper limit of the increase was NT\$700 million.		
	Amendment to partial provisions of the "Internal Control System" and the "Rules of Internal Audit Implement," and "Procedures of Self-Evaluation to the Internal Control System"		
	2023 audit plan		
1-11 2022.12.15	Evaluated the independence and competence of CPAs, and the compensation for them to audit Ennostar Group in 2023 and 2024 [obtained/referred to Audit Quality Indicators (AQIs)]		

- (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 independent directors for review by the end of the following month. The independent directors offer suggestions on the report, and the audit officer replies the supplementary explanations in writing and via email and telephone contact. The audit officer regularly reports the audit operation to the independent directors in board meetings, and communicates with the independent directors 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 independent directors 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 major communications in 2022 are summarized as the follows:

Date	Key point of communication	Result of communication
2022.02.24	1. 2021 Q4 internal audit implementation report 2. 2021 Statement of Internal Control System 3. Individual communication between the independent directors and the audit officer (1) Amendments and clarifications to "Q&A for Internal Control System Handling Standards"	No opinion

Date	Key point of communication	Result of communication
	(2) The internal audit officer answered the questions raised by the independent directors in the meeting.	
2022.05.05	1. 2022 Q1 internal audit implementation report 2. Amendment to the Internal Control System/the Rules of Internal Audit Implement	1. Amended the content, and submitted to the Audit Committee and the Board for approval 2. No opinion
2022.08.04	1. 2022 Q2 internal audit implementation report 2. Individual communication between the independent directors and the audit officer (1) Amendments and clarifications to “Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities” (2) The internal audit officer answered the questions raised by the independent directors in the meeting.	No opinion
2022.11.03	1. 2022 Q3 internal audit implementation report 2. 2023 audit plan 3. Amendment to the “Internal Control System” and the “Rules of Internal Audit Implement,” and “Procedures of Self-Evaluation to the Internal Control System”	1. Amendments 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 major communications in 2022 are summarized as the follows:

Date	Key point of communication	Result of communication
2022.02.24	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q4 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.
2022.05.05	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q1 in 2022. 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	
2022.08.04	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q2 in 2022. 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	

Date	Key point of communication	Result of communication
2022.11.03	<ol style="list-style-type: none"> 1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q3 in 2022. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Referred to Audit Quality Indicators (AQIs), independence and competence of the CPAs 	

3.3.3 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	
(1) Does the Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance principles?	✓		No material variance
(2) Shareholding Structure & Shareholders' Rights a. Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		No material variance
b. Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		No material variance
c. Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Summary			
d. Has the Company established internal regulations to prohibit the insiders from trading securities with the information not disclosed to the market?	✓		<p>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. 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. The Company establishes the “Corporate Governance Best-Practice Principles” stipulating that the directors are not allowed to trade the Company’s shares during the lockdown period of 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report. Before such lockdown periods start, the board members are reminded again to prevent them from erroneously violating the requirement.</p>	No material variance
(3) Composition and Responsibilities of the Board of Directors				
a. Has the Board of Directors formulated and implemented a diversity policy regarding the composition of its members, with concrete management targets?	✓		Please refer to page 15-18 of the annual report	No material variance
b. Other than the Remuneration Committee and the Audit Committee that are required by law, does the Company plan to set up other Board committees?	✓		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	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	
			functional committee under the board of directors. Two independent directors serve as members. Based on the fact that international investors and the industry chain are paying more attention to issues related to environment, society and governance, in order to enhance and implement the Company's strong emphasis on corporate and economically sustainable development, the ESG Corporate Sustainability Committee has been established under the Board of Directors in 2021 as a functional committee, which consists of two independent directors as members. The ESG Corporate Sustainability Committee also has the Information Security Committee, which introduced ISO 27001; on November 3, 2022, the Risk Management Committee was established to introduce the Enterprise Risk Management (ERM) mechanism
c. 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?	✓		The board performance evaluation was completed before the end of December 2022, and reported to the board of directors in the first quarter of 2023. The results of the board performance evaluation will be properly linked to the remunerations paid to the directors. At the end of 2022, an external independent institution was engaged to conduct the external evaluation of the 1st board of directors. For relevant content, please refer to the annual report – Implementation of the Evaluation of the Board of Directors.
d. Does the Company regularly evaluate its external auditors' independence?	✓		The Company assesses the independence and competency of attesting accountants once a year on its own, and appointed two attesting accountants for their independence and competency, as well as the main contents of services and compensation for 2023 and 2024; such were resolved by the Audit Committee and the board of directors on December 15, 2022. The evaluation procedure for independence and eligibility is summarized as following: 1、The CPA has no direct or indirect financial interest relationship with the Company.

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
			<p>2、The CPA has no financing or guarantee relationship with the Company or the Company's directors.</p> <p>3、The CPA has no close business relationship and potential employment relationship with the Company.</p> <p>4、The CPA and its audit team members do not hold, or didn't hold in the most recent two years, the position as director or managerial officer of the Company or any position that has significant influence on the audit.</p> <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> <p>9、Obtained/ Referred to the Audit Quality Indicators (AQIs)</p>
(4) 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>The Company's Board approved the appointment of Vice President, Mr. Po-Yi Chang to serve as the Corporate Governance Officer, to take charge of the supervision and planning of corporate governance. His qualification meets the requirements of Section 1 of Article 3-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. While the Corporate Governance Officer is concurrently served by the Chief Finance Officer, he can effectively implement and maintain independence when performing his own duties and concurrent duties, and there is no conflict of interest or violation of the internal control system. 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>
			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>Summary</p> <p>1、Taking the meeting minutes of board meeting and shareholders meeting. 2、Assisting the directors in onboarding and continuing education. 3、Providing the directors with the information relating to perform the duties. 4、Assisting the directors to comply with the law and regulation. 5、Report to the Board about the results of the review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their office. 6、Handle matters related to the change of directors. 7、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 is continuing education and training about corporate governance. For details, please refer to continuing education and trainings on corporate governance for managers and audit officers</p>	
(5) 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?	✓		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	
(6) Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The professional shareholder service agent, Horizon Securities, was appointed to handle the affairs related to shareholders' meetings on behalf of the Company. Shareholder Service Agency department of Horizon Securities is also commissioned to tally and verify the proxies on behalf of the Company.
(7) Information Disclosure	✓		The Company has set up information sections for investors, product introductions and technology R&D at the official websites of the Company and its subsidiaries, to disclose information on consolidated financial statement, business and corporate governance from time to time.
a. Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		<ul style="list-style-type: none"> ● The Company has set up the English version of its homepage. ● Contact information including the spokesman system IR@Ennostar.com ● Each quarter, the disclosed information related to finance and business is explained in the investor conference.
b. 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.)?	✓		Search the information about investor conferences Inquiry the official website for inquiries: investor service section/ financial information/ investor conference report
c. 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 2022 annual financial report prepared on its own by the end of February 2023, signed or sealed by the chairman, managerial officers and accounting officer, and submitted to the board for approval at the end of February 2023.
(8) 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	✓		<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.

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
	Summary		
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)?		<p>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.</p> <ul style="list-style-type: none">● Worked 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 employees and suppliers' employees are treated well.● 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 of the annual report.● For the risk management policies, and implementation of risk measurement criteria, please see the official website and the annual report.● For the Company's purchase of liability insurance for directors, please see the annual report.	

Assessment Item	Implementation Status		Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	
(9) 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:			
I. The 7th Evaluation (2020)	The Company acquired 100% equity of the previously listed companies, Epistar and Lextar, through share conversion pursuant to the Business Mergers and Acquisitions Act. Regarding the scores of each indicator in the Seventh Evaluation (2020), the evaluations were received after the comprehensive consideration of the individual corporate governance conditions of Epistar and Lextar in 2020 (mainly the evaluation of Epistar), and the results of the Seventh Evaluation (2020) announced in the name of Ennostar (TWSE listed: 3714). The Company ranked among the top 6%–20% of TWSE listed companies; within the TWSE and TPEx listed electronics companies with a market value of more than NT\$10 billion, the Company was in the top 11% to 20%.		
II. The 8th Evaluation (2021)	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 scope of the 8th evaluation (2021). To support the philosophy of corporate governance to be deepened, the Company arranges directors to take at least six hours of continuing education courses every year, to maintain their core values, and professional advantages and capabilities.		
III. The 9th Evaluation (2022)	Not yet released up to the publication date of the annual report.		

3.3.4 Composition, duties, and operation of the Remuneration Committee

1. Information of member (professional qualifications and experience)

Identity	Name	Condition	Professional knowledge and skills		Major experience		Independence	Number other public companies where a member of the Remuneration Committee served concurrently
			Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		
Convener and Independent Director	Sheng-Tai Weng		✓	✓	✓	✓	Please refer to Page 15~18	1
Independent Director	Wei-Min Sheng		✓	✓	✓	✓		3
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 15~18 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 2022, the Remuneration Committee held six meetings(A).(meeting dates: 2/24、3/28、5/5、6/24、8/4、12/15) The members' attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)
Convener	Sheng-Tai Weng	6	0	100.0%
member	Wei-Min Sheng	6	0	100.0%
member	Ji-Yen Liang	6	0	100.0%
member	Hsien-He Sheng	6	0	100.0%

(3) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-6 2022.02.24	<ul style="list-style-type: none"> ● Recommendations for 2022 budget of salary adjustment ● Recommendations for adjustment to 2022 managerial officers' fixed salary ● Recommendations for percentage of appropriating the 2022 employee and director remunerations ● Recommendations for starting the "Employee Shareholding Trust" program 	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.
1-8 2022.05.05	<ul style="list-style-type: none"> ● Mr. Wei Shi concurrently serves the position of Chief Strategy Officer, Unikorn as the chairman of Unikorn ● Added the President of Unikorn to be the Company's mutatis mutandis managerial officer ● Recommendation regarding the share number for the managerial officers of the Company to obtain the employee subscription warrants issued by Unikorn Semiconductor. 		

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-9 2022.06.24	<ul style="list-style-type: none"> ● Recommendations for 2021 distribution of remunerations to directors and supervisors (profit-sharing) ● Recommendations for 2021 distribution of employee remunerations to managerial officers (profit-sharing) 	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.
1-11 2022.12.15	<ul style="list-style-type: none"> ● Recommendations for 2022 incentive measures ● Recommendations for percentage of appropriating the 2023 employee and director remunerations ● Recommendations for distributing 2022 variable year-end reward to managerial officers 		

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.

3.3.5 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 sustainable 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 insists on contributing to society. In 2021, the "ESG Corporate Sustainability Committee" was established as the highest governance body for the Company to promote sustainable development operations. It coordinates and plans the Group's ESG policy and sustainable development roadmap, responds to the United Nation's sustainable development goals (SDGs), and identifies the ESG-related risks and opportunities to determine relevant investment strategies. Meanwhile, it supervises the setting and achievement of various ESG performances. At the same time, a dedicated unit, the Sustainable Development Department, is established to take charge of the operation of the committee and the promotion of the matters related to 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 ESG vice chair and executive secretary of major subsidiaries, responsible for establishing the Group's ESG short</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>medium and long term goals and supervising ESG KPI performance. The fourth level is internal ESG committee of major subsidiaries.</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>In 2022, the Company established the eight major ESG task forces of the Group, namely, the innovation technology team, sustainable manufacturing team, sustainable energy team, risk governance team, social influence team, stakeholder team, information security team, and sustainable value chain team, to integrate cross-company resources of the Group, and connect to the cooperative value chain, seeking to accelerate the implementation of the Group's ESG strategic blueprint and expanding its social influence.</p> <p>For more details, please refer to of the ESG report.</p>
(2) Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		No material variance

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>Summary description</p> <p>the status to the ESG Committee (task force), the executive secretary to report to the ESG Corporate Sustainability Committee on a regular basis on the operation outcomes of its review. All of these would then be reported to the Board of Directors.</p> <p>The Company emphasizes the ESG expectations of stakeholders for the Company. In 2021, the first Sustainability Report of Ennostar Group was released. The senior executives of the Group and members of the ESG Committee were convened to identify key stakeholders. The evaluation results revealed eight key stakeholders. Before preparing the sustainability report every year, the ESG issue questionnaires are to be distributed to the eight key stakeholders. The scope of distribution covers the important subsidiaries of the Group in Taiwan and China. If any issue is identified as concerned by the stakeholders with great impact on the Company's operation, it is deemed a major issue.</p> <p>The Company also discloses the information of investor conferences, customer satisfaction surveys, mailboxes, latest news, social media platforms, sustainability reports and other information through the official website from time to time, to maintain smooth communication with stakeholders and continue to disclose the Company's sustainable performance transparently.</p> <p>Ennostar Group focuses on the technology research and development and production of compound semiconductors. The Group deploys the industrial cooperation strategy from upstream to downstream for the entire industry, integrating customized services and solutions from</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>epitaxy, grains, packaging, modules, and customer supply chains. To identify the challenges that may arise for Ennostar Group in the future, early and systematically, and respond appropriately to improve corporate resilience, the enterprise risk management is introduced. Upon the approval and confirmation of the highest risk governance unit, the Board of Directors, on November 3, 2022, the follow-up risk scenario analysis and risk assessment for implementation, response strategies and action plans were conducted. Meanwhile, the construction of Ennostar Risk Knowledge Database will be completed in 2023. The measurement standards and methods of risk assessment will start from the bottom, and the risk management will be incorporated into the business strategies to reduce the risks of these issues to which the Group is exposed. Through the introduction of ERM, the Company’s risk management policies and procedures are adjusted and optimized in a timely manner, and the annual risk management implementation results are reported, to gradually form a corporate governance culture through the guidance and supervision of the Board.</p> <p>For issues concerned by stakeholders in 2022, management strategies formulated by the Company, the risk management policy, objectives and implementation, please refer to the ESG Report of the Company for details.</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	
(3) Environmental topic a. Has the Company set an environmental management system designed to industry characteristics?	✓		<p>Since 2021, the Company promotes the assessment of corporate climate change risks and opportunities by complying with the climate-related financial disclosure framework, TCFD, while comprehensively conducting the ISO system verification, and promoting various internal carbon reduction strategies with the systematic and scientific management approaches. In 2022, the three major subsidiaries of Ennostar Group, Epistar, Lextar, and Unikorn have all passed ISO 14064-1. The short-, medium-, and long-term strategies are also established to keep aligned with the international net-zero trend. In the future, we look forward to working with the supply chain to build a low-carbon value chain, and move towards the goal of net zero together, to implement corporate sustainability. Regarding the Group's environment management system and performance, please refer to the Company's ESG Report. The company and three major entities have obtained EHS system and quality system verification for maintaining:</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																										
			<table><tr><th>System certification/verification</th><th>Ennostar</th><th>EPISTAR</th><th>Lextar</th><th>Unikorn</th></tr><tr><td>ISO 14001 Environmental management system verification</td><td>NA</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>Will pass inspection in 2023</td><td>V</td><td>V</td><td>V</td></tr><tr><td>ISO 45001 Occupational Health and Safety (OH&S)</td><td>NA</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>NA</td><td>V</td><td></td><td>V</td></tr></table>	System certification/verification	Ennostar	EPISTAR	Lextar	Unikorn	ISO 14001 Environmental management system verification	NA	V	V	V	ISO 14064-1 Organization quantification and reporting of greenhouse gases	Will pass inspection in 2023	V	V	V	ISO 45001 Occupational Health and Safety (OH&S)	NA	V	V	V	CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	NA	V		V
System certification/verification	Ennostar	EPISTAR	Lextar	Unikorn																								
ISO 14001 Environmental management system verification	NA	V	V	V																								
ISO 14064-1 Organization quantification and reporting of greenhouse gases	Will pass inspection in 2023	V	V	V																								
ISO 45001 Occupational Health and Safety (OH&S)	NA	V	V	V																								
CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	NA	V		V																								
b. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		<p>To support the net-zero emissions path planning of the government and exert corporate influence, Ennostar Group will successively purchase green power contracts or related green power certificates, formulate the Group's green power policy, and plan to achieve the RE100 objective in non-production bases by 2030, and the objective of achieving green power RE100 for the whole Group by 2050.</p> <p>From 2023 to 2027, the focuses are on solar energy/onshore wind power, and from 2027 to 2050, solar energy/onshore wind power/offshore wind power or other renewable energies will be</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>adopted. Through complete and planned green power procurement planning, Ennostar Group will be led to the goal of green power RE100. The implementation of each year is updated in the ESG report released annually to enhance information transparency.</p> <p>To continuously implement a friendly environment, the Group continues to conduct the energy-saving and carbon-reduction-related management to lower cost risks, and is committed to providing customers with environmentally friendly and energy-saving products by combining the core business capabilities with the introduction and R&D of green technologies, to improve the product competitiveness on sustainability issues. In line with international trends, the Company actively responds to climate change and reduces greenhouse gas emissions; the renewable energies are planned to be built to move towards natural resource management and sustainable management. The implementation of each year is updated in the ESG report released annually to enhance information transparency.</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</p>
c. Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		No material variance

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												
		change, enhancing product competitiveness, the Company's responses are:											
		<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 water 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><tr><td>Water utilization plan during water shortage</td><td>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.</td></tr><tr><td>Enhancing water shortage crisis drill</td><td>Implements the water shortage crisis drill on a regular basis each year, and proceeds with the factory area industry water support drill.</td></tr><tr><td>Energy saving and carbon reduction</td><td>Implements the electricity saving, water saving plans each year, contributing to protecting the earth and environment.</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 water 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.	Water utilization plan during water shortage	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.	Enhancing water shortage crisis drill	Implements the water shortage crisis drill on a regular basis each year, and proceeds with the factory area industry water support drill.	Energy saving and carbon reduction	Implements the electricity saving, water saving plans each year, contributing to protecting the earth and environment.	
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State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor																		
Summary description																					
Yes	No																				
Promoting item	✓	<p>Committed to environmental sustainability, expecting to move towards net zero carbon emissions together with the industrial value chain, and continue to complete the CDP carbon disclosure project every year</p> <ul style="list-style-type: none">● GHG Emissions in Recent Two Years Unit: Metric ton CO₂ equivalent <table><tr><th>year</th><th>2021</th><th>2022</th></tr><tr><td>GHG Emissions</td><td>357,380.79</td><td>349,804.65</td></tr></table> <p>* Including Taiwan factory and mainland China factory.</p> <p>* The data in the table are preliminary results calculated by Ennostar and is being verified by a third party. For the verified data , please refer to the ESG report.</p> <ul style="list-style-type: none">● Water Usage in Recent Two Years Unit : Million Liters <table><tr><th>category</th><th>Year</th><th>2021</th><th>2022</th></tr><tr><td>Total Water withdrawal</td><td></td><td>4,244.74</td><td>3,965.82</td></tr><tr><td>Total recovered and reused water</td><td></td><td>1814.30</td><td>2,346.08</td></tr></table> <p>* Including Taiwan factory and mainland China factory.</p>	year	2021	2022	GHG Emissions	357,380.79	349,804.65	category	Year	2021	2022	Total Water withdrawal		4,244.74	3,965.82	Total recovered and reused water		1814.30	2,346.08	No material variance
year	2021	2022																			
GHG Emissions	357,380.79	349,804.65																			
category	Year	2021	2022																		
Total Water withdrawal		4,244.74	3,965.82																		
Total recovered and reused water		1814.30	2,346.08																		

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor								
	Yes	No									
		<div>Summary description</div>									
		<div>● Waste Quantity in Recent Two Years</div> <div>Unit :Ton</div> <table><tr><th>category</th><th>Year</th><th>2021</th><th>2022</th></tr><tr><td>Total Waste Quantity</td><td></td><td>10,326.02</td><td>7370.17</td></tr></table> <div>* Including Taiwan factory and mainland China factory.</div>	category	Year	2021	2022	Total Waste Quantity		10,326.02	7370.17	
category	Year	2021	2022								
Total Waste Quantity		10,326.02	7370.17								
(4) Social topic a. Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		No material variance								

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	
c. Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>the year, it will distribute 0.1% to 15% 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. For the detailed employee welfare measures of the Group, please refer to the company's official website and ESG report.</p> <p>Occupational health management:</p> <p>There is a health service center in place in each plant of the Company, to maintain the physical health of employees in an all-round way, including regular health checkups, provision of new health knowledge and medical consultation. Meanwhile, the nutrition provided by the staff canteen is in check to protect the health of the employees.</p> <p>Healthcare:</p> <p>The Group has a "Health Center" in place. In addition to the functions of the general medical room, it also actively plans various activities like free health checks, medical consultation seminar, physical fitness, smoking cessation, and weight loss.</p> <p>Companies of three major entities fulfill the Occupational Safety and Health Management System, OSHMS certification:</p> <p>1. The Company complies with related domestic laws and regulations, and has obtained the OHSAS 18001 Occupational Safety and Health Management System certification, TOSHMS/CNS</p> <p>No material variance</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>Summary description</p> <p>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	
d. 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. Please refer to the annual report for the company training plan
e. 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 products produced and services provided by the Group comply with the relevant laws and regulations. Pursuant to the ISO 9001 quality management system and the internal management review procedures of IATF 16949 (please refer to the table below for the certifications passed by each company), effectiveness evaluations are conducted for the laws and regulations related to hazardous substances and hazardous substances free (HSF) requirements of customers, so that the products comply with relevant laws and regulations related to the prohibited and restricted environmental hazardous substances, and customers' requirements for HSF control; third-party verification units are engaged to verify products regularly to check the compliance of products with laws and regulations and satisfaction to customer requirements. To avoid the leakage of customer information or internal secrets, those who have business dealings with the company and involve the integrity and confidentiality of information assets, should first sign a confidentiality undertaking and non-disclosure agreement of customer data, to make them understand that the information obtained during the service in the Company is all considered as the Company's property, not allowed to be used for other unauthorized purposes in order to maintain customers' privacy.

Promoting item	State of implementation		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	
f. 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?	✓		<p>In addition to regular meetings with customers to communicate needs, the Company also conducts annual customer satisfaction surveys for key customers of various products, collecting customers' evaluations and recommendations for the Company's products in five aspects: procurement, quality, research and development, product development, and customer service. Upon the completion of the investigation, the data will be compiled and reviewed, and submitted to the internal management meeting for report review. The senior management will resolve the guidelines for the adjustment to the Company's operating strategy, and then the various responsible units will promote each 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.</p> <p>Regarding the selection of supplier operation service, quality system,</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>R&D capability, manufacturing, environmental 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 <p>In 2022, a total of 226 suppliers were evaluated, and a total of one supplier with a poor result will be provided with enhanced coaching for improvement, and the second audit will be conducted after</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	
(5) 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?	✓		improvement; more information on supplier management and implementation will be updated in the ESG report, please refer to it. The Company is established on January 6, 2021. In order to raise the reliability of the report, an independent third party, the TÜV Rheinland, is engaged to verify the report for external guarantee of the information disclosed in the report. TÜV cites the Moderate Assurance of the AA1000 Assurance Standard developed by the global non-profit organization AccountAbility and the Moderate Assurance. The TÜV verification report is attached in the ESG report appendix (expected for release in end of June 2023).
(6) If the Company has established ethical corporate governance policies based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: 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 ESG report released in end of June every year.			
(7) Other important information to facilitate better understanding of the Company’s implementation of sustainable development: 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 promotion. They are targets, academies, projects, reports, official website and activities. Please refer to 2022 ESG report (expected release in end of June 2023) for details.			

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><u>ESG Corporate Sustainability Committee Organization</u></p> <pre> graph TD Board[Board] --- ESG[ESG Committee] ESG --- ESGWG[ESG Committee Working Group] ESGWG --- RMC[Risk Management Committee] ESGWG --- ESGO[ESG Office] ESGWG --- ISC[Information Security Committee] RMC --- Epistar[Epistar ESG Committee] ESGO --- Lextar[Lextar ESG Committee] ISC --- Unikorn[Unikorn ESG Committee] </pre>			

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					

Work function				
Unit	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	

3.3.6 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 thereof
	Yes	No	
(1) Establishment of ethical corporate management policy and plan a. 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 material variance
b. 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 less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		No material variance

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	
c. 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” 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 material variance
(2) Ethic Management Practice a. 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 group treat our customers, suppliers, distributor, competitors and employees in a fair and just manner. Competitive advantages through unethical means are forbidden. The Group’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 material variance
b. 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?	✓	In 2022, the Human Rights Policy, Regulations Governing Ethical and Moral Conduct Management have been formulated, and on December 15, 2022, the specific practices and implementation of the ethical management policy for the year was reported to the Board. The summary is as follows: Ethical management, forced and compulsory labor, labor relations, and non-discrimination were listed as major ESG issues in 2022. These issues belong to the scope of human rights protection and ethical governance. Therefore, Ennostar Group established the “Human Rights and Ethical Governance Task Force” to plan and improve tasks, under the supervision and management of the ESG Corporate Sustainability Committee.	No material variance

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	
c. Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		No material variance
	<p>On employees: The "Ethical Conduct" stipulates the prevention of conflicts of interest policy. All of the employees have obligations to avoid possible conflicts of interest between the individual and company. When formulating decision-making or any behaviors, it is mandatory to proceed for the biggest benefits for the Company. Employees can inquire from their direct supervisor and human resource unit, and also through the unimpeded communications channel set up by the Company: including president mailbox, employee comments mailbox, to support employees with responses and in resolving their problems.</p> <p>On directors: Article 16 of the Board of Directors Meeting Regulations stipulates the system for recusal of directors due to conflicts of interest - 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.</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	
d. 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 material variance
e. Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		No material variance
(3) Implementation of Complaint Procedures a. Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		No material variance

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	
b. 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? c. Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		No material variance
	✓		No material variance
(4) Information Disclosure			
a. 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?	✓		No material variance
(5) If the Company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: No material variance.			
(6) Other important information to facilitate better understanding of the Company's implementation of sustainable development			
Reporting channel and protection system 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.			

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>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 is 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> <p>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.</p>			

3.3.7 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 ● Reporting Channel and Protection System ● Regulations Governing the Management and Protection of Group Trade Secrets ● Risk Management Policies & Procedures 	<p>Market Observation Post System website: http://mops.twse.com.tw</p> <p>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>Company website: https://www.ennostar.com/</p> <p>Investors/Corporate Governance/Major Internal Policies</p>

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

1. Continuing Education/Training of Directors in 2022

Title	Name	Training date	Host by	Training title	Hr
Chairman and President	Biing-Jye Lee	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Vice Chairman	Shuan-Lang Peng	2022.04.20	Taiwan Corporate Governance Association	The importance of intellectual property right management to corporate governance	3.0
		2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0

Title	Name	Training date	Host by	Training title	Hr
Director and Subsidiary CEO	Feng- Cheng Su	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Director and Subsidiary President	Chin-Yung Fan	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Independent Director	Wei-Min Shen	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Independent Director	Sheng-Tai Wen	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Independent Director	Chi-Yen Liang	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.09.29	Taiwan Stock Exchange	Seminar for the release of the Guidelines for Independent Directors and Audit Committees to Exercise the Powers, and promotions to directors and supervisors.	3.0

Title	Name	Training date	Host by	Training title	Hr
Independent Director	Hsien-Ho Shen	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.10.14	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Independent Director	Wei-Chen Wang	2022.04.06	Securities & Futures Institute	Corporate governance and securities regulations	3.0
		2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.08.31	Corporate Operating and Sustainable Development Association	Discussion of the legal responsibilities of directors of a corporation from the perspective of intellectual property rights management	3.0
		2022.10.06	Taiwan Stock Exchange	Seminar for the release of the Guidelines for Independent Directors and Audit Committees to Exercise the Powers, and promotions to directors and supervisors.	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."

2. 2022 Continuing education and trainings on corporate governance for managers and audit officers

Title	Name	Training date	Host by	Training title	Hr
Finance and accounting officer	Po-Yi Chang	2022.12.01 ~ 2022.12.02	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	2022.05.05	Taiwan Corporate Governance Association	Integration after merger under an investment holding company, and corporate governance of investment holding companies	3.0
		2022.05.27	Taiwan Corporate Governance Association	Respond to the climate change and create corporate's sustainable competitiveness	3.0
		2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Vice President	Wei-Shih	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Vice President	Lin-Tien Yang	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary President	Siou-Mu Tang	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary President	Jin-Xiang Wen	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Ming-Da Jin	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Chia-Lin Chen	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Chen, Ou	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Chih-Jie Lai	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0

Title	Name	Training date	Host by	Training title	Hr
Subsidiary Vice President	Ming-Xun Hsieh	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Li-Cheng Hung	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Cun-Jhong Li	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Subsidiary Vice President	Wan-Ji Hsu	2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0
Audit Officer	Wen-Ting Tseng	2022.10.06	The Institute of Internal Auditors	Facing the climate change and the wave of sustainable development, explore the impact on corporate internal control and countermeasures from the perspective of ESG risk	6.0
		2022.11.18	The Institute of Internal Auditors	Comprehensive tactics for information security audit	6.0
		2022.10.14.	Taiwan Institute for Sustainable Energy	How ESG enhances corporate resilience: transformation and opportunity	3.0

3. 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, 2022 ~ January 6, 2023
All directors and supervisors	Insurance Company of North America / Cathay Century Insurance Co., Ltd. / Fubon Insurance Co., Ltd.	USD 30,000,000	January 6, 2023 ~ January 6, 2024

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 15, 2022.

3.3.9 Internal Control System Execution Status

(1) Statement of internal control system: See Appendix 1.

(2) The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None.

3.3.10 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.

3.3.11 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) 2022 Annual General Shareholders' Meeting

a. 2021 Business Report and Financial Statements.

Resolution: The resolution to approve that the consolidated revenue for 2021 is NT\$36,424,760 thousand; operating profit is NT\$2,110,130 thousand; net profit after tax is NT\$1,898,474 thousand; and earnings per share is NT\$3.21.

b. 2021 earnings distribution.

Resolution: The resolution to approve that the distributable earnings for 2021 was NT\$1,661,903,430.

NT\$1,365,880,920 was provided to distribute cash dividends to shareholders, and the cash distribution per share is about NT\$2.

c. To amend the Articles of Incorporation.

Resolution: Effective May 31, 2022.

d. To amend "Acquisition or Disposal Procedures of Asset".

Resolution: Effective May 31, 2022.

e. To conduct the private placement of common shares through cash capital increase.

Resolution: The placement was approved, and the qualified persons, AUO Corporation and Innolux Corporation, were contacted to subscribe 67,250 thousand shares and 2,750 thousand shares, respectively; the share payment was fully received on July 8, 2022, and the shares were delivered to the shareholders on August 31 of the same year.

f. To approve to release the directors from non-competition restrictions.

Resolution: Approved to lift the non-compete restriction from Directors Biing-Jye Lee, Feng-Cheng Su, AUO Corp., Shuang-Lang Peng, and Wei-Chen Wang; please refer to the meeting minutes of the 2022 regular shareholders' meeting for details.

(2) 2022 Board' Meeting

Date of resolution	Important resolution	State of implementation discussions
2022.02.24	<ol style="list-style-type: none"> 1. Recommendations for 2022 budget of salary adjustment 2. Recommendations for adjustment to 2022 managerial officers' fixed salary 3. Recommendations for percentage of appropriating the 2022 employee and director remunerations 4. Recommendations for starting the "Employee Shareholding Trust" program 5. 2021 evaluation for the effectiveness of the internal control system, and the Statement of Internal Control System 6. Distribution of the 2021 employee and director remunerations 7. 2021 financial report and business report 8. Proposal of earning distribution 9. Determine the base date for capital decrease by cancelling the RSAs issued by the previous Lextar Electronics Co., Ltd. 10. Amendment to partial provisions of the Articles of Incorporation 11. Approve to lift the non-compete restriction from directors 12. Amendment to partial provisions of "Handling Procedures of the Acquisition and Disposal of Assets," "Corporate Governance Best-Practice Principles," and "Corporate Social Responsibility Best-Practice Principles," as well as establishment of the "Risk Management Policy and Procedures." 13. Time, venue and cause for convening of the 2022 regular shareholders' meeting 14. The Company and Harvestar Investment Corp. intended to jointly participate in the subscription of the capital increase in cash by Unikorn Semiconductor, for a total of NT\$600 million 15. Unikorn Semiconductor intends to resign as a director of GCS KY, and Mr. Biing-Jye Lee was nominated to participate in the by-election of the Company's directors as a natural person. 	All resolutions are complied with for the implementation; Mr. Biing-Jye Lee was elected as the GCS-KY's director as a natural person on May 20, 2022.

Date of resolution	Important resolution	State of implementation discussions
	<p>16. Additional capex for Epistar to participate in the Jhunan plant auction, and authorizations for bidding and signing contract.</p> <p>17. Additional budget of capex for Epistar</p>	
2022.03.28	<p>1. Issuance of common shares in the private placement for 2022 capital increase in cash</p> <p>2. The transfer transaction of the plant located at No. 3, Gongyeh East 3rd Road (referred to as Fab N5) (acquired by Epistar and disposed by Lextar)</p>	Implementation was made pursuant to the resolutions of the meeting; the proceed of the private placement was fully received on July 8, 2022, and the shares were delivered to the shareholders on August 31 of the same year.
2022.05.05	<p>1. Lifted the non-compete restriction from managerial officers and approved the concurrent positions as managerial officers in other companies, as well as the recommendation of compensations for these concurrent positions</p> <p>2. Recommendation of compensation to the President of Unikorn who is added to be the Company's mutatis mutandis managerial officer</p> <p>3. Approved the managerial officers of the Company to obtain the employee subscription warrants issued by Unikorn Semiconductor.</p> <p>4. Q1 2022 financial report</p> <p>5. No earning was to be distributed for Q1 2022</p> <p>6. Capital loan to Unikorn Semiconductor NT\$500 million</p> <p>7. The Company and Harvestar Investment Corp. intended to jointly acquire 70,000 thousand common shares in Unikorn Semiconductor from Epistar.</p> <p>8. Yenrich decreased its capital to compensate for the losses and increase capital in cash; Lextar participated in the capital increase in cash of Yenrich.</p>	Follow the resolutions of the meeting

Date of resolution	Important resolution	State of implementation discussions
	<p>9. Establishment of the “Operating Procedures for Sustainability Report Preparation and Verification”; amendment to the “Rules of Procedure for Steering Committee Meeting,” and “Supervision and Management of Subsidiaries” in part.</p> <p>10. Amendment to partial provisions of the “Internal Control System” and the “Rules of Internal Audit Implement”</p> <p>11. Application for additional Micro LED capital expenses of Epistar</p>	
2022.06.24	<p>1. Recommendations for the 2021 distribution of remunerations to directors and supervisors, and remunerations to managerial officers and employees</p> <p>2. Pricing date, issuance plan and related matters for the 2022 capital increase in cash by common share private placement</p> <p>3. Additional budget for the capex of Lextar</p>	Follow the resolutions of the meeting
2022.08.04	<p>1. Amendment to Regulations Governing the Distribution of Fixed and Variable Remunerations to Directors</p> <p>2. Q2 2022 financial report</p> <p>3. Amendment to partial provisions of the “Operating Procedures for Endorsement/Guarantee,” and approved to the custodian of the seal dedicated to endorsement/guarantee</p> <p>4. Increased the capital in Epistar in cash several times, with a total of NT\$3.6274 billion.</p> <p>5. The NT\$12 billion syndicated loan led by First Commercial Bank and other banks (Within the limit of change of 20% of NT\$12 billion, the chairman is authorized to handle such.)</p>	Implementation was made pursuant to the resolutions of the meeting, the syndicate loan was completed at the end of 2022, for NT\$13 billion.
2022.11.03	<p>1. Q3 2022 financial report</p> <p>2. Ennostar Group has set up a “Risk Management Committee” to be responsible for the establishment and supervision of the Group’s risk management related mechanisms</p> <p>3. Increase the equity for compound semiconductor positioning</p>	Follow the resolutions of the meeting

Date of resolution	Important resolution	State of implementation discussions
	<p>4. Ennostar Group intended to participate in Unikorn Semiconductor's second capital increase in 2022. The upper limit of the increase was NT\$700 million.</p> <p>5. Amendment to partial provisions of the "Rules of Procedure for Board of Directors Meetings" and the "Regulations Governing Internal Material Information Handling and Management of Preventing Insider Trading"</p> <p>6. Amendment to partial provisions of the "Internal Control System" and the "Rules of Internal Audit Implement," and "Procedures of Self-Evaluation to the Internal Control System"</p> <p>7. 2023 audit plan</p>	
2022.12.15	<p>1. Recommendations for 2022 incentive measures</p> <p>2. Recommendations for distributing 2022 variable year-end reward to managerial officers</p> <p>3. Recommendations for percentage of appropriating the 2023 employee and director remunerations</p> <p>4. Added the capital expenditure budget for 2023, and further reduced the 2022 capital expenditure</p> <p>5. Assessed the independence and competence of CPAs and their audit for Ennostar Group</p> <p>6. Amendment to partial provisions of "Corporate Governance Best-Practice Principles"</p>	Follow the resolutions of the meeting

3.3.12 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.

3.3.13 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: None.

3.3.14 Acquisition of certificates and related documents by the Company and personnel with transparent financial information, as requested by the competent authority

License	number of people	
	Audit	Finance
Certified Internal Auditor (CIA)	1	
Certified Public Accountant (CPA)		1

3.4 Information of CPA audit fee

Unit: Thousands of NTD

CPA Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total
PwC Taiwan	Tien-Yi Li Chien-Hung Chou	2022.01.01~ 2022.12.31	8,060	3,791	11,851

Note 1: The non-audit service fees are the three-tiered transfer pricing document, industrial and commercial registration, supplementary public offering for the private placement of equity by a subsidiary, and dissolution and liquidation of a subsidiary.

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.

3.5 Replacement of CPAs: None.

3.6 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.

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

3.7.1 Changes in the transfer of shares by directors, managers, and major shareholders

Unit: Shares

Title	Name	2022			For the year 2023 up till 2/28	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Chairman and President	Biing-Jye Lee	0	0	0	0	0
Director and 10% shareholding hareholder	AUO Corporation	67,250,000	0	0	0	0
Representative of juristic person director	Shuang-Lang Peng	150,000	0	0	0	0
Director and CEO of subsidiary	Feng-Cheng Su	49,500	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
Vice President	Po Yi Chang	0	0	0	0	0
Vice President	Lin-Tien Yang	0	0	0	0	0
Vice President	Wei-Shih	(15,000)	0	0	0	0
President of subsidiary	Siou-Mu Tang	(62,500)	0	0	0	0
President of subsidiary	Jin-Xiang Wen (Note)	0	0	0	0	0
Vice President of subsidiary	Chen, Ou	0	0	0	0	0
Vice President of subsidiary	Ming-Da Jin	0	0	0	0	0
Vice President of subsidiary	Ming-Xun Hsieh	(337)	0	0	0	0
Vice President of subsidiary	Chih-Jie 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	20,000	0	0	0	0
Vice President of subsidiary	Chia-Lin Chen	10,000	0	0	0	0

Unit: Shares

Title	Name	2022		For the year 2023 up till 2/28	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Vice President of subsidiary	Meng-Yi Lin	22,550	0	0	0
Vice President of subsidiary	Cun-Jhong Li	81,750	0	0	0
Vice President of subsidiary	Chao-Nien Huang	30,250	0	0	0
Vice President of subsidiary	Wan-Ji Hsu	0	0	0	0

Note : Increase (decrease) in shareholding, calculated from the taking office of new manager on 2022/05/05

3.7.2 Information of shares transferred: None.

3.7.3 Information of shares pledged: None.

3.8 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	AUO Corporation	26,318,898	3.84%	NA	NA	NA	NA	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%		
2	Ronly Venture Corp.	20,686,050	3.02%	NA	NA	NA	NA	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%		
3	Konly Venture Corp.	16,413,457	2.40%	NA	NA	NA	NA	Note 2	None
	Responsible person: Shuang-Lang Peng	0	0.00%	0	0.00%	0	0.00%		
4	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	9,016,726	1.32%	NA	NA	NA	NA	None	None
5	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,336,740	1.22%	NA	NA	NA	NA	None	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
6	Taiwan Life Insurance Co., Ltd.	7,238,000	1.06%	NA	NA	NA	NA	None	None
	Responsible person: Tai-Ke Cheng	0	0.00%	0	0.00%	0	0.00%		
7	Tai Power Enterprise Corporation	7,038,743	1.03%	NA	NA	NA	NA	None	None
	Responsible person: Hung-Chi Lo	0	0.00%	0	0.00%	0	0.00%		
8	United Microelectronics Corporation	5,357,495	0.78%	NA	NA	NA	NA	None	None
	Responsible person: Stan Hung	0	0.00%	0	0.00%	0	0.00%		
9	Public Islamic Asia Tactical Allocation Fund	5,245,000	0.77%	NA	NA	NA	NA	None	None
10	Wan-Ting Tseng	5,223,000	0.76%	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 June 22, 2022.

Note 2: Ronly Venture Corp. and Konly Venture Corp. are 100% owned subsidiaries of AUO Corporation Chairperson for the 3 companies is Mr. Shuang-Lang Peng.

3.9 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, 2022

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	1,116,479,188	100.00	0	0.00	1,116,479,188	100.00
Lextar Electronics Corp.	514,916,380	100.00	0	0.00	514,916,380	100.00
Harvestar Investment Corp.	115,000,000	100.00	0	0.00	115,000,000	100.00
Calystar Investment Corp.	44,000,000	100.00	0	0.00	44,000,000	100.00
Precistar Investment Corp.	27,000,000	100.00	0	0.00	27,000,000	100.00
Praistar Investment Corp.	27,000,000	100.00	0	0.00	27,000,000	100.00
Manastar Investment Corp.	100,000	100.00	0	0.00	100,000	100.00
Amengine Corporation	6,922,000	75.96	0	0.00	6,922,000	75.96
Unikorn Semiconductor Corporation	56,200,000	17.99	118,800,000	38.03	175,000,000	56.02
Tyntek Corporation (TWSE: 2426)	23,799,000	7.92	15,802,000	5.26	39,601,000	13.17
GCS HOLDINGS, INC. (TPEX: 4991)	9,028,000	8.15	15,513,000	14.02	24,541,000	22.14

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

4. Capital Overview

4.1 Capital and shares

4.1.1 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
2022.03	10	1,500,000	15,000,000	684,784	6,847,840	Cancellation of restricted stock awards	None	4
2022.07	10	1,500,000	15,000,000	754,784	7,547,840	Cash capital increase to issue private placement common stock	None	5

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.

Note 4: On 2022/04/18, Jing-Shang-Zi No. 11101055630

Note 5: On 2022/08/19, Jing-Shang-Zi No. 11101143120

Unit: Shares

Types of shares	Authorized capital (Are shares of listed companies)		
	Outstanding shares (Note)	Unissued shares	Total
Common shares	754,783,960	745,216,040	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 Private placement common stock for a capital increase of 700,000 shares on 2022/7/8.

Shelf Registration in Taiwan: Not applicable.

4.1.2 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	2	16	403	358	128,358	129,139
Shareholding	1,949,500	10,064,780	116,437,245	94,077,145	462,255,290	684,783,960
Shareholding percentage (%)	0.28	1.47	17.01	13.74	67.50	100.00

Note : Before 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 June 22, 2022.

4.1.3 Diversification of Shareholdings

(1) Common shares

Shareholding Range	Number of shareholders	Face value per share, NTD 10	
		Shareholding	Shareholding percentage (%)
1 ~ 999	50,666	12,498,392	1.83%
1,000 ~ 5,000	62,984	127,083,753	18.56%
5,001 ~ 10,000	8187	63,238,365	9.23%
10,001 ~ 15,000	2,458	31,430,198	4.59%
15,001 ~ 20,000	1,494	22,388,630	4.00%
20,001 ~ 30,000	1,242	31,597,343	4.61%
30,001 ~ 40,000	548	19,533,267	2.85%
40,001 ~ 50,000	352	16,264,115	2.38%
50,001 ~ 100,000	682	49,277,237	7.20%
100,001 ~ 200,000	299	41,392,425	6.04%
200,001 ~ 400,000	108	29,629,024	4.33%
400,001 ~ 600,000	36	17,414,979	2.54%
600,001 ~ 800,000	15	10,479,751	1.53%
800,001 ~ 1,000,000	14	12,583,468	1.84%
Over 1,000,001	52	194,973,013	28.47%
Total	129,137	684,783,960	100.00 %

Note 1: Before 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 June 22, 2022.

(2) Preferred Share: None.

4.1.4 List of major shareholders

Name of major shareholders	Unit: Shares	
	Number of shares held (shares)	Shareholding percentage (%)
AUO Corporation	26,318,898	3.84%
Ronly Venture Corp.	20,686,050	3.02%
Konly Venture Corp.	16,413,457	2.40%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	9,016,726	1.32%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	8,336,740	1.22%
Taiwan Life Insurance Co., Ltd.	7,238,000	1.06%
Tai Power Enterprise Corporation	7,038,743	1.03%
United Microelectronics Corporation	5,357,495	0.78%
Public Islamic Asia Tactical Allocation Fund	5,245,000	0.77%
Wan-Ting Tseng	5,223,000	0.76%

Note 1: Before 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 June 22, 2022.

4.1.5 Information on market price, net worth, earnings, and dividends per share for the most recent two years

Unit: NTD

Item		Year	2022	2023 (As of 2/28)
Market price per share	Highest		104.00	52.10
	Lowest		39.70	44.50
	Average		58.30	49.49
Net worth per share	Before distribution		75.07	Note 4
	After distribution		75.07	Note 4
Earnings per share	The weighted average number of shares (shares in thousands)		715,603	Note4
	Earnings per share		0.05	Note4
Dividend per share	Cash dividend		0.00	—
	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)		1,166.00	—
	Price to dividend ratio (Note 2)		0.00	—
	Cash dividends yield (%) (Note 3)		0.00	—

[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 the annual report publication, the 2023 Quarter 1 Financial statements have not yet been completed; Thus, not applicable temporarily.

Note 5: The company's articles of association stipulate that the surplus shall be distributed annually, and if it is done in cash, the board of directors shall be authorized to resolve. On February 23, 2023, the company passed the resolution of the board of directors that the 2022 earnings will not be distributed.

4.1.6 Dividends policy and implementation

(1) Dividends policy

Considering the characteristics of the industry where the Company operates, the earnings are distributed annually. Based on factors such as the Company's current and future development plans, investment environment, capital demand, and domestic and foreign competition conditions, while taking shareholders' interests and capital adequacy ratio into account, it is determined by the Board of Directors. The principle is 10% to 80% of the after-tax profit of the concerned year, and the proportion of cash dividend distribution to shareholders shall not be less than 10% of the total dividends distributed.

After the Board considers the Company's operations, appropriate cash is retained, and 10% of the earnings is provided as the legal reserve and special reserve. The distribution principle is still maintained such that no less than 20% of the after-tax profit of the year will be distributed.

(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
2022	2023.02.23	0 (NTD 0 per share)	0 (NTD 0 per share)	0 (NTD 0 per share)

(3) Expected dividend policy will have a significant change in circumstances: None.

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

4.1.8 Profit sharing remuneration for employees and directors

(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 1%~15% for employee remuneration; The employee remuneration can be paid in the form of stock or cash, and the recipient of the payment includes employees of subordinate companies qualifying the conditions.
Directors remuneration	Depending on the profit status for the current fiscal year, the Company will set aside 2% 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' and directors' remuneration of the current period (2022) 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 employee's 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) 2022 State of the remuneration distribution approved by the Board of Directors

Unit: NTD

Item	Account estimate		Board of Directors resolution (2023.02.23)		difference number
	%	Amount	%	Amount	
Directors' compensation (cash)	1%	790,407	0%	0	790,407
Employees' compensation (cash)	5%	3,952,034	5%	3,952,034	0
Total		4,742,441		3,952,034	790,407

Considering that the profit in 2022 is not as expected, and the Board has resolved not to distribute the shareholder dividends and bonuses, the difference between the accounted director remuneration and the proposed distribution amount, NT\$790,407 will be included in the 2023 profit and loss adjustment.

(4) 2021 State of the actual distribution of directors' and employee's remuneration:

Item	Board of Directors resolution (2022.02.24)	difference number	Reason
Directors' compensation (cash)	24,473,855	0	None
Employees' compensation (cash)	244,738,550	0	None
Total	269,212,405	0	None

4.1.9 Status of re-purchase of the Company's shares: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Preferred Shares: None.

4.4 Issuance of Overseas Depositary Shares: None.

4.5 Status of Employee Stock Option Plan: None.

4.6 Status of New Restricted Employee Shares

4.6.1 Not all the employee restricted stock has fulfilled the vesting condition

February 28, 2023

Type of employee restricted stock	2018 Employee restricted stock
Date of the effective registration	On September 28, 2018, approved the issuance of common shares of
Issue date	March 20, 2019
Number of employee restricted	2,337,500 shares (8,500,000 shares originally of Lextar Electronics for
Number of new restricted employee shares still available for issuance	0 share
Issued price	Issued at no consideration
Employee restricted stock as a percentage of shares issued	0.31% (Note 2)
Vesting conditions of employee restricted stock	Vesting conditions 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

	<p>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> <ol style="list-style-type: none"> 1. Company operations indicators: The Company's (refers to Lextar Electronics) earnings after 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). 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."
Vesting conditions of Employee Restricted Stock	<ol style="list-style-type: none"> 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. 2. During the vested period, the employee restricted stock can still participate and distribute shares, dividends and cash capital increase stock acquisition. 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.
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	<ol style="list-style-type: none"> 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. 2. Transfer in trust for the allotment and dividend obtained during the vested period. 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. 4. The Company will take back from the employee without

	conditions for unfulfilled vested conditions.
Number of Employee Restricted Stock Which Has Been Reclaimed	1,870,000 shares (Note 1)
Number of Released Employee	467,500 shares (Note 2)
Number of Unreleased Employee	0 shares (Note 2)
The ratio of Unreleased Employee Restricted Stock to Total Issued	0% (Note 2)
Impact on Shareholders' Interest	There is no material impact on shareholders' interest.

4.6.2 Employee Restricted Stock Granted to Management Team and Top 10 Employees

February 28, 2023

Title	Name	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	984,500	0.13%	196,900	0	0	0.03%	0	0	0	0 %
	Subsidiary President										
	Subsidiary Vice President										
	Subsidiary Vice President										
	Subsidiary Vice President										
	Subsidiary Vice President										
	Subsidiary Consultant										
Top ten employees obtaining the employee restricted stock	Subsidiary Senior Associate	1,353,000	0.18%	270,600	0	0	0.04%	0	0	0	0%
	Subsidiary Associate										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Senior Director										
	Subsidiary Consultant										
	Subsidiary Consultant										
	Subsidiary Consultant										

Note 1: The employee restricted stock (Ennostar common shares) 1,870,000 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 754,783,960 shares as stated in Ennostar's latest Change Registration Form to the competent authority.

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

4.8 Financing Plans and Implementation:

Raising new capital by issuing new common shares offered through private placement in 2022

4.8.1 Content of the plan

The Shareholders Meeting resolved to pass the offering of 70,000,000 common shares in 2022 through private placement in a session dated May 31 2022. Prospective investors are AUO Corporation and Innolux Corporation. The Board resolved to set June 24 2022 as the pricing day in a session dated June 24 2022. The subscription/issuance price was set at NT\$51.82/share at 10% discount of the reference price and July 8 2022 will be the day of capitalization pending on the fully payment of capital investment. The common shares through private placement will be delivered on August 31 2022. For information on prospective investors, refer to p. 137 of this Annual Report.

1、Source of capital

A total of 70,000,000 shares will be offered in this issue of private placement with face value at NT\$10/share and the issuing price is NT\$51.82 with a total of \$3.6274 billion raised. If there is still an amount short, the Company will resort to bank loans or equity capital.

2、The use of fund

The capital will be used as capital expenditure for the construction/installation of a foundry exclusively designed for the 6" Micro LED, procurement of epitaxy production process and chip processing related equipment.

3、The content of previous changes in the plan, the reason for the change, the result before and after the changes, and the date on which the change in the plan was presented to the Shareholders Meeting: not applicable

4、The date for declaring at the website designated by Securities and Futures Bureau.

The price is required to be declared on June 24 2022 and the information on the full payment of investment is required to disclose at the website of MOPS on July 8 2022.

4.8.2 Status of execution

Unit: NT\$1,000

The project plan	The progress		
The construction/installation of a foundry exclusively designed for the 6" Micro LED (procurement of epitaxy production process and chip processing related equipment).	Amount used	Projected	3,627,400
		Actual	318,252
	Progress (%)	Projected	100.00%
		Actual	8.78%

The plan for raising \$3.6274 billion through private placement of securities will be used for the exclusive 6" foundry for the Micro LED and related equipment. This sum will be fully consumed as planned and will be accomplished in 2025.

As of the date this Annual Report was printed, the delivery lead-time of equipment is shorter than was previously expected under the influence of the change in the macroeconomic environment. Yet, the schedule for the installation of the exclusive 6" foundry for Micro LED remained unchanged. The capital investment through private placement will be paid in line with the timetable for placing order but the result could not be seen until the installation plan is completed.

5. Operation Overview

5.1 Business Contents

5.1.1 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 "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

Packaged components and modules for backlight, lighting, automotive, sensing, invisible light (UV, IR), vertical cavity surface emitting laser (VCSEL), RGB display 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, and 5G BAW Filter.

2. Operation Breakdown in 2022

Unit: NT\$ thousand

Item	Sales amount	% of sales
Chip/wafer	20,965,987	72.60
Packaging and Module	6,977,759	24.16
Other	934,504	3.24
Total	28,878,250	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:

Color of Emitted Light		Material	Product type
High brightness	Red	AlGaInP	Epi wafers and chips
	Orange		
	Yellow		
	Yellow-green		
	Green	InGaN	
	Blue		
UV			
Infrared		AlGaAs	

(2) Packages 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. Packages 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.

(4) Products of compound semiconductor foundry service:

- 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. Application of advanced display technology
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. LED (including Mini LED, Micro LED) Epi wafer & chip applicable to backlight, automotive lighting, sensor, professional lighting, UV RGB panel, and advanced display technology.

(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. LED (including Mini LED, Micro LED) encapsulation components and modules applicable to backlight, automotive lighting, sensor, professional lighting, UV RGB panel, and advanced display technology.

(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. Applicable to 3D sensor module related VCSEL components and modules, the RF and BAW filter of microwave communication application modules, GaN-on-SiC high frequency and power communication components in the 5G market, high power conversion efficiency GaN-On-Si process components.

5.1.2 Industry Overview and Development

1. Industry Status and Development

The LED industry of Taiwan has the advantage of a relatively complete supply chain, and the process technology is in a leading position worldwide. The rapid expansion of the production capacity in Mainland China allowed for the sizable increase of supply that triggered competition in price and resulted in excessive capacity. In responding to the competition from the sector of Mainland China, the LED industry of Taiwan spares no effort in developing technologies with high added-value and application to the high-end market (such as Mini LED, Micro LED) in order to overcome the disadvantage and gain a larger share of the profit.

To compare the specific features of Micro LED and OLED (organic light emission diode) for the market of direct view display, the former has an edge in brightness, energy efficiency, response speed, and endurance. However, the bottle neck technology of Micro LED is yet to be manageable. If technology, quality, cost, and market demand can match perfectly, there is an opportunity to emerge as the leader in the advanced display of the next generation. In the area of backlight application display, the technological know-how for Mini LED has been well-developed and the capacity in mass production is stable. This product will have its place in the mid to high-end display application market at high price/performance ratio. In the wake of the massive investment of big international big firms like Apple and Samsung, Mini LED technology has emerged as a must for big firms.

The development of the main application market of LED could be generally classified into 5 dimensions, namely, “backlight”, “Mini LED”, “Micro LED”, “Invisible LED”, “automotive LED” and “Lighting LED”, which are specified as follows:

(1) Backlight market

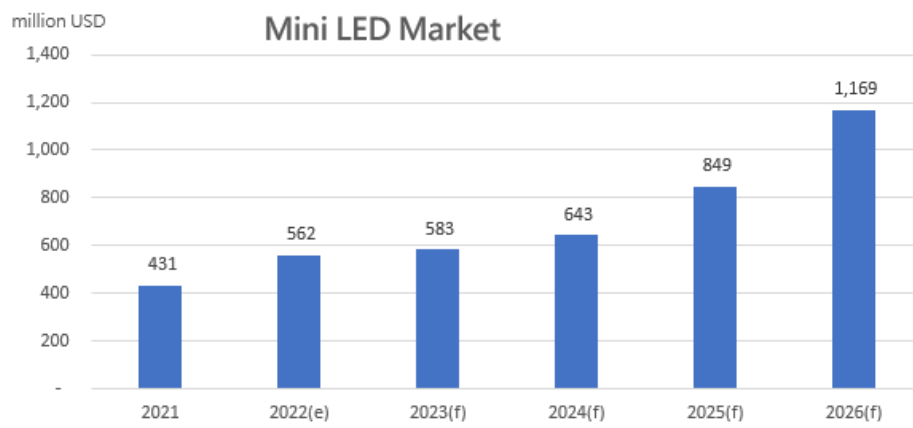
The application in the backlight market is differentiated by the size of the screen, which could further be divided into large size TV backlight, medium size IT application, including notebook computer and screen backlight, and small size mobile phone backlight.

Global economy in 2022 was clouded by the war between Russia and Ukraine and high inflation worldwide. The frail economy resulted in the decline of consumer demand, which directly affected the visibility of

purchase orders for TV and IT application panel. According to the forecast of TrendForce, the shipment volume of large and medium size panels is expected to decline by 9% in 2023 as compared with the same period of the previous year due to the high level of inventory. The small size smart phone backlight market thrived year after year in line with the market penetration rate of OLED albeit the influence of the frail global economy. TrendForce forecasted that the use of OLED panel for mobile phone in 2023 will increase to 50.8%, given the high penetration rate of the product in market, and will further affect the LED backlight market production value.

(2) Mini LED market

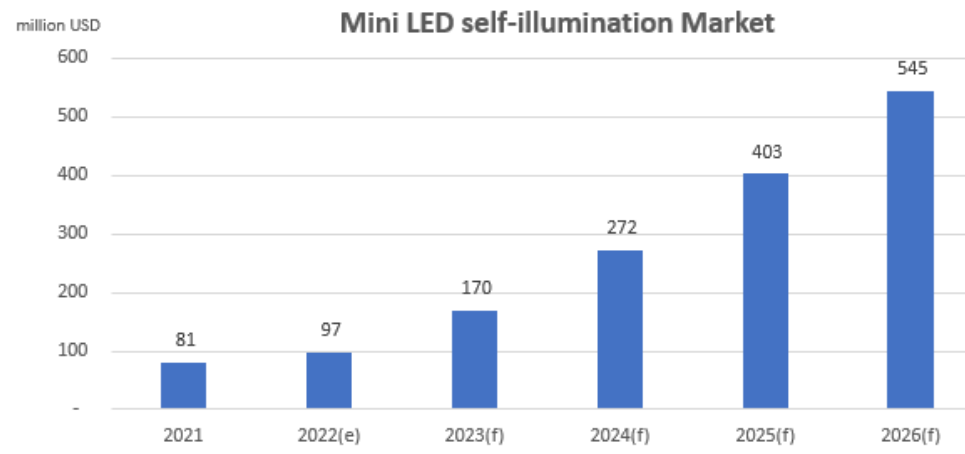
The Mini LED market could be divided into backlight application and direct view display. Driven by the two major areas of application, the market size of Mini LED is expected to embrace rapid growth. The backlight products of Mini LED tended to focus on display under the size of 110" and the field of application includes TV, eSports, high-end notebook computer, vehicle-mounted LCD backlight. The miniaturized (75 μm to 300 μm) LED chip is adopted for the Mini LED backlight solution. As compared with the edge lit solution, this solution has the advantage of brightness adjustment by designated area, high contrast level and high resolution, and could achieve HDR display effect. The continued adoption of the Mini LED by Apple in its new generation of iPad and also the introduction of Mini LED backlight technology by Samsung allowed for the continued growth in the demand for Mini LED. In the future, the prime force driving the Mini LED market will be high-end NB and Pad of the IT market, which will be extended to the mid to high-end TV market and automotive market. According to the forecast of TrendForce, the production value of the global Mini LED market will grow from USD562 million in 2022 to USD1,169 million in 2026 at CAGR of 20.1%.



Source: TrendForce (September 2022)

In the area of direct view display, the Mini LED direct view monitor is mainly applied to the display market of panel size larger than 110".

Under the constraint of cost, Mini LED is mainly applied to commercial and professional display market for the time being, including traffic control centers, security control center, and indoor and outdoor commercial display. With the increase of players in market and the declining production cost of Mini LED direct view display, the development of related applications will be accelerated. According to the forecast of TrendForce, the market value of the Mini LED display will grow from USD97 million in 2022 to USD545 million in 2026 at CAGR of 46%.



Source: TrendForce (September 2022)

(3) Micro LED market

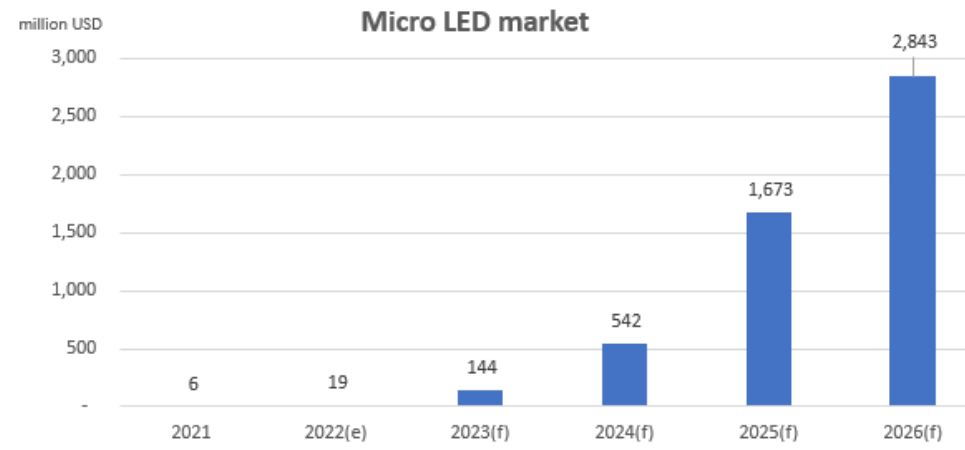
The technology of light source for Micro LED display is mainly consisted of 2 technological platforms:

1. RGB Mass transfer type
2. Monolithic type

The RGB Mass transfer type is composed by the Micro LED chip of R, G, B through the massive transfer technology to form pixels. The advantage of this direct view display is high quality pixel, high contrast, and energy efficient, and is mainly applied to large video screen or TV wall. The monolithic type is based on the design of different LED epitaxial structure or transfer of substrate in the manufacturing of high resolution micro display featuring R/G/B full color LED light source, and is mainly applied to AR (augmented reality), MR (mixed reality) and related wearable display market. In the future, it could be used in automotive display, special area digital display. Yet, Micro LED is still confronted by the challenges of a few critical elements, including the cost, yield rate, wavelength uniformity of LED chips, and the driving lamination technology and the massive transfer production process.

Micro LED is applicable to different sizes of display: from the small size AR/VR, wearables, smart phone, tablet PC, Notebook PC, automotive display, to big screen display (like advertising board, and TV), and the extra small pitch LED display. This type of Micro LED display features

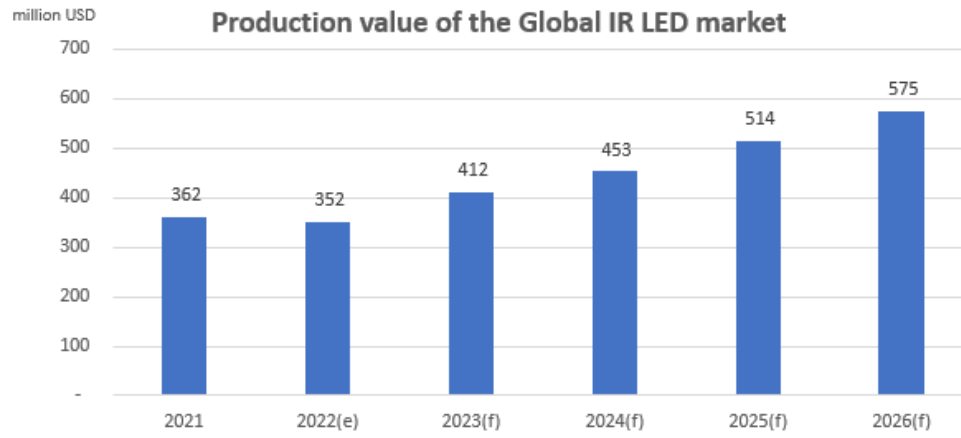
high PPI, high gray scale, high contrast without seam to make the screen display fine and flawless. This may replace LCD, PDP, and the DLP technologies and enjoy rapid growth in different types of application, including military command and control centers, public monitoring and command center, radio and TV broadcast centers, and advertisement in exhibitions. The development is promising. According to the forecast of TrendForce, the market size of Micro LED will be expected to reach USD2,843 million in 2026.



Source: TrendForce (September 2022)

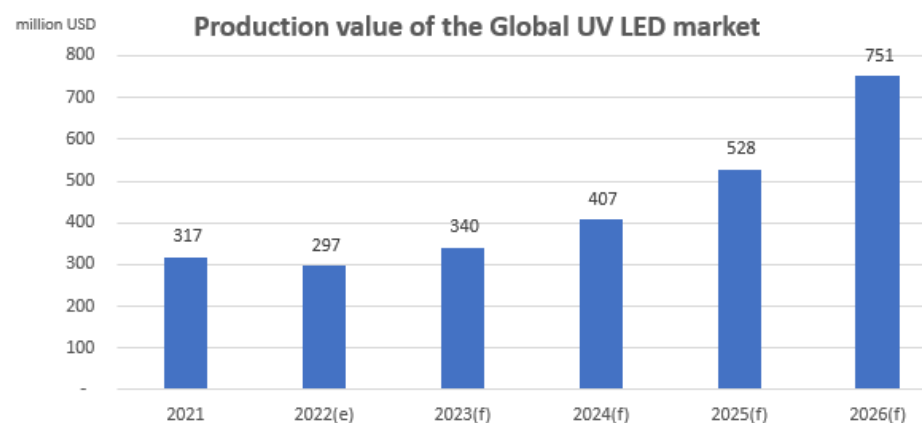
(4) Invisible LED market

In the invisible LED market, it could be classified into IR and UV markets. IR sensor has been extensively used in the 3D sensor function of mobile phone and tablet PC, and could be extended to AR/VR, facial recognition, and the application markets of gesture control, or robotic sensor, industrial automation, and autonomous vehicle. In addition, the extensive infection of the COVID-19 intensified the tightening of control for the prevention of the pandemic that the demand for indoor human traffic control and remote sensor also thrived. In the wake of the increasing popularity of wearables, biological detection application extended to the development of wearables featuring heart beat, oximetry, and blood sugar measurement. Major brands of terminal sensor products in the USA and Korea also moved from Smart Watch to TWS.



Source: TrendForce (September 2022)

In the application of the UV-A LED market, the pandemic in 2022 discouraged the customers in Mainland China in the investment of new projects, to the extent that the purchase orders for steppers and LCD lamination machine in the light solidification market declined. Yet, the demand for modification and replacement in 3D printing, printing market, yellow light in foundry still exist. Affected by the COVID-19, the new products for consumers continued to unveil in the air purifier market (UV-C LED matching with photocatalyst technology). Big branding firms also unveiled integrative products featuring disinfection function. With the continued upward adjustment of UV-C LED power, firms in Mainland China, Europe, Korea, and Japan continued to incorporate UV-C LED, which becomes a standard feature, into new style home appliances. In addition, UV-C LED has also been introduced into home water purifier, industrial water treatment and large water treatment plant facility incrementally for disinfection. According to the forecast of TrendForce, the market size of UV LED is expected to grow to USD751 million in 2026.



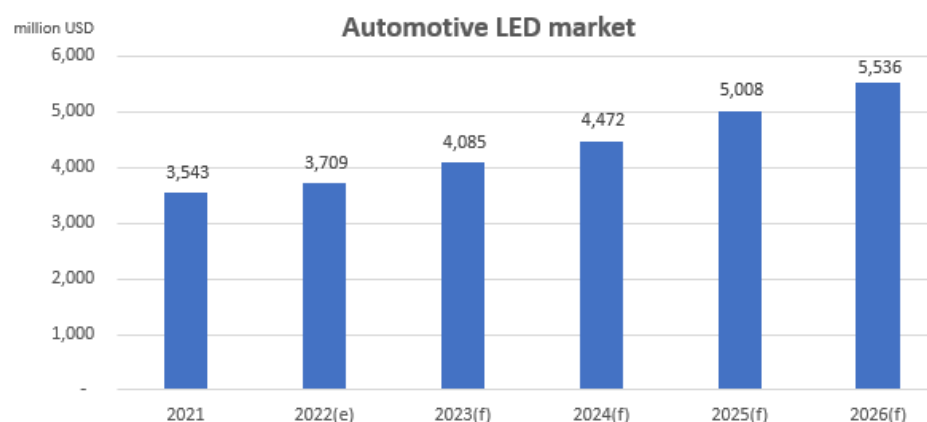
Source: TrendForce (September 2022)

(5) Automotive LED market

The automotive LED market mainly covers 3 areas, namely, vehicle lighting, automotive display, and automotive sensor.

In vehicle lighting, the demand for smart headlamp emerged as the trend. Adaptive Driving Beam Headlights (ADB Headlights) could broaden the view of drivers at nighttime, which help to provide more time for the drivers to respond to obstacle on the road. The Glare-Free High Beam helps to reduce the discomfort to the front vehicle, the vehicles from the opposite traffic direction or pedestrians. In automotive display, the trend will be oriented towards full body display, multi-dimensional or perspective display, and high resolution. Automotive sensor can further be classified into interior and exterior sensor. In interior sensor, the EU made it mandatory for all new cars to install the driver monitoring system (DMS) since July 2022, and also the occupant monitoring system (OMS) from the beginning of 2022. The governments of other countries also proactively introduced the DMS and the OMS, which will certainly drive for the rapid growth of the DMS/OMS system market. In the development towards high-end automated driving of motor vehicles, the equipment of advanced driving assistance system (ADAS) will be an irreversible course. This system can pick up the information in the surrounding environment of the vehicle in real-time, including the identification of dynamic and static objects, detection and tracking. The later version of the Light Detection and Ranging radar (LiDAR) used in ADAS includes the use of the commonly seen UV, visible light and IR, where light of wave length between 600-1,000 nm is most common. Light is taken as the necessary sensor for achieving L4 - L5 automatic driving. Automobile firms start to match with light to accumulate the high precision of the database.

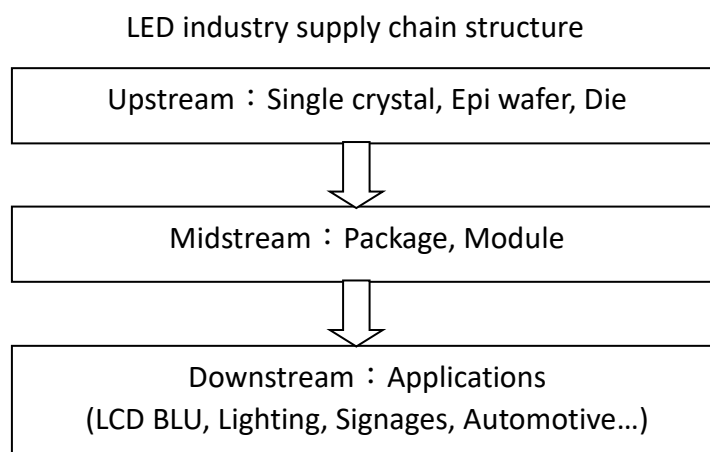
According to an analysis of TrendForce, the prime force driving for the growth of the automotive market includes headlamps, ambient light, signal light, and automotive backlight panel. It is expected that the value of the automotive LED market could reach USD5,536 million in 2026 in the same pace as the growth of demand d for automotive LED. Accordingly, LED products like headlamps, sensor components and display panel for EV will play a pivotal role for the growth of the industry.



Source: TrendForce (September 2022)

- (6) Lighting LED
- LED has also been developed positively in the area of special lighting, such as: biometric lighting, horticulture lighting, industrial lighting, medical lighting, safety warning, smart home lighting, which are thriving. The future is promising.
- Taking human centric 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 centric lighting products.

2. Relationship Between the Up, Mid and Down Streams of the Industry
- The LED industry in general could be classified as the single crystal, epi wafer, and chip manufacturing at upstream, package and module manufacturing at mid-stream, and the application industries developed at downstream, which is shown in the diagram below.



Source: Compiled by Ennostar in February 2023

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	In the manufacturing process, one or several layers of epitaxy were piled on the substrate to form epi wafer containing different chemical elements through chemical reaction and solidification.

Industry	Product	Process Description
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)	Package	The midstream is mainly the package business, and its manufacturing process includes chip fixation, wire bonding, 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 Lighting products Vehicle lighting RGB display Sensor module	The primary application at downstream includes backlight module, lighting products, vehicle lighting, RGB display, and sensor module.

Source: Compiled by Ennostar in February 2023

3. The application and development trend of LED products and compound semiconductor:

The LED related products mostly include the following application markets:

(1) General Indication and LED Large-scale Billboards

The packaging technology of LED indicator light has been developed from monochromatic indicator light to high-end RGB multiple colors function and extra compact and slim size products with more extensive applications. Examples are: network home appliance related products, eSports related products (keyboard and mouse), and personal consumer electronics (smart sound system, and wireless headset).

LED has been extensively used in market, given its high brightness and high contrast. This is particularly the case for display under strong sunlight, such as traffic lights, LED outdoor bulletin boards. LED display bulletin has been extensively used in large scale assemblies like the Olympic Game and the World Cup. It helps to create different light and sound effect to draw the attention of the viewers, and will be developed into products featuring even higher specification/performance. The price will also be suitable for most of the consumers so that the colorful LED big screen panel is expected to thrive further.

Outdoor full color image pixel has been developed from 10 mm to 2-5 mm pixel pitch. The surface lamination and packaging technology and the water resistance level of the module have also been improved. Similarly, the pixel pitch of indoor LED display has also been in progress from >2.0 mm to <1.0mm. The scope of application also been extended from the moderate and long distance of advertising boards in shopping malls to attract customers, to fine font display in public open space like

airport and bus stations. It has gradually replaced the traditional display technology of PDP/LDC/backlight projection. In addition, other indoor applications like cinemas and theaters, professional filming studio, large conference hall, classrooms in schools and training institutions will be the promising areas of application. In the application market of top-grade retailers and luxurious residence, LED display with Mini LED or Micro LED light source has already been introduced incrementally. It is expected that LED display will further be developed into “extra fine pitch” and emerged as the prime force driving for the growth of the industry.

(2) Automotive Lighting Market

In the development of vehicle lighting, durable, energy efficient, and instant response lighting of LED has been quickly and extensively used in the lighting at every corner inside and outside the vehicle. This is particularly the case for interior lighting, exterior indicator light, headlamps and smart headlamps.

A. Interior lights:

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

B. Exterior lights Exterior indicator signals:

Exterior vehicle lighting mainly includes the lighting at nighttime or poor visibility environment (e.g. daytime driving light, licensing plate light), indicator signals (e.g. brake light, direction signal, tail lamp, third brake light, and reverse light). The primary function is light signals outside the vehicle to alert people outside the vehicle.

C. Headlights:

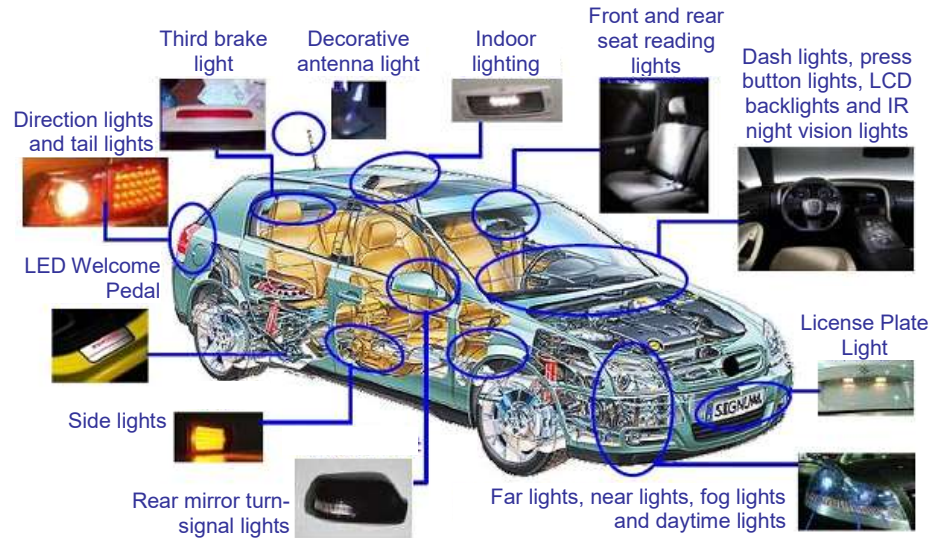
Including low beam, high beam and fog lamps, and the main function is to provide exterior lighting for drivers.

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 ambient 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 and game consoles 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.

The growth in the sale of smart phone slowed down over the years. Yet, the trend of larger screen and higher resolution remains unchanged. As such, the monochromatic LCD backlight source requires more LED chips (e.g. 6 for 3.5" backlight, 8 for 4" backlight, and 12 to 16 for 5" backlight). In addition, the demand for higher brightness and

lower voltage remains the obstacle in technology. Ever since the launch of the iPhone 8 of Apple, the previously used double-LED flash module has been evolved to 4-LED flash module, which further compelled other manufacturers to launch the same ratio of 5-LED flash for smart phone. Flash requires extra high current to drive to make LED flash achieve extra high current output and high brightness.

(4) Medium and Large Size TFT-LCD Backlights

In responding to the challenge of the rising ratio of using OLED in display, the LCD firms are required to develop higher grade products in slimmer and lighter, HDR and high saturation color. As such, the industry unveiled the slim backlight Mini LED with thousands of vertical die matching with 2D local dimming, which features outstanding performance/contrast/and thickness, and is expected to continue the penetration rate in the application market of tablet PC, notebook PC, and TV for satisfying the need for the dynamic screen quality and performance in commercial /eSports notebook PC, and the demand for brightness/contrast/color saturation, HDR, slim light/power efficient/durability of high-end TV.

In addition, this application market also entails the factors driving for related positive demand, including:

A. The annual increase of the dimension of LCD TV

The average dimension of LCD TV increased from 41.4" in 2015 to 43.6" in 2016, 45" in 2017, 46" in 2018, and 47" in 2019 at the annual average increase of 5% in screen size and LED demand. It is expected that the average screen size will be 50" or more in 2023.

B. Demand for high resolution(UHD : 8K4K)

The launch of high-resolution display requires the matching with larger size LCD TV. In addition, products of higher resolution in specification required 30-50% more LED in TV of the same size. Also, the introduction of Mini LED to high-end product lines also increase year after year.

C. The demand for high color gamut, High NTSC

NTSC indicated the increase from 70% to 72% in 2009 to approximately 95% to 99% at the moment. Accordingly, more LED chips will be required to compensate the loss in brightness for color saturation. The conversion efficiency of quantum dot currently in use is lower than the general phosphors and more LEDs will be required. In addition, quantum dot is not resistant to high temperature and the using standard is generally lower than the traditional mode of driving, which in turn dictated for the quantity of LED used in a single unit of 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.

In sum, albeit the penetration rate of LED in the LCD TV market is saturated, the demand for larger screen, UHD, HCG, and HDR also stimulate the growth of production value of mid to high-end LED components. The Mini LED backlight products of the new generation emphasized on high contrast, extra high brightness, and brightness adjustment by area to achieve HDR in the matrix backlight module, with slim and light and HDR effect taken into account. Now, it is the time for the models of eSports and professional drawing screen. In the wake of the successful development of Mini LED technology, matching with the rise of the automotive use market, high brightness, high contrast, and high reliability give an edge to the product to replace the function of the traditional mode of dashboard display.

(5) Lighting Market

A. The lighting market could be classified into general, commercial, special, outdoor or construction. The increasing awareness of energy saving, carbon reduction worldwide led to the estimation of replacing traditional light source with LED lighting for saving 1,325TWH of electricity per year, which is equivalent to the saving of 50% of energy consumption. Under the advocacy of energy saving and carbon reduction, the development trend of lighting products varied with the application markets in different countries (regions). In the EU territory, ErP new energy label has been proactively advocated, which pushed up the demand for high color rendering index (CRI) and high performance at significant level. In North America, people appeal to the quality of light, control, and performance in conformity to the new standard of DLC V5.1. In Mainland China, the harm to retina by blue ray is highly noticed, so the lighting fixtures must be designed particularly at the highest level of safety. Lighting at low blue ray will be the essential direction for development of the lighting market for human beings.

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. Professional Lighting:

The main application scope includes special professional lighting such as human centric lighting, smart lighting, warning light, industrial lighting (yellow light in clean room), medical lighting (surgical light), horticulture lighting. In recent years, niche lighting applications are the most prosperous area of the lighting market, such as horticulture 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

UVA-LED: The foremost development of UV LED is the solidification of UVA-LED. The application covers the printing market, medical devices, cosmetic devices, automobile coating, and industrial stepper, and also the 3D printing application developed in recent years. The breakthrough of material and new technology allowed for higher price-to-performance ratio. The increasing awareness of energy saving and carbon reduction also drives the voluntary participation of many materials suppliers in the development of UVA-LED related technologies and products.

UVC-LED: UVC can destroy the DNA or RNA molecular structure of micro organism, which can kill germs or deprive germs from reproduction, and hence achieve the goal of disinfection. The products can be applied to individual, family, or public facilities for the disinfection of air, water, and surface. The continued launch of UVC-LED new products by famous branding firms in terminal products, from high-end products to mid to low-end products particularly in general commercial use water purifying devices and large scale public facility disinfection equipment, which have introduced the use of UVC-LED modules.

(7) Sensing Application

There are a number of scenarios for the application of sensor, such as the user identification system of entrance control. IR has already been used in conjunction with camera for identification through facial recognition for replacement of the setup and entry of the cumbersome password. The specific feature of low power and customized special wave length of the IR LED is used in portable devices for identifying the retinal structure in yielding the high precision of biometric feature recognition function, the uniqueness and easy carrying characteristic. In the area of wearables, application to healthcare and physical fitness monitoring mushroomed lately. A large number of wrist-wearing heart rate detectors are featured with structure absorption rate of different wave length and visible ray and IR to correspond to the best signal judgment so that users can conveniently access to the information on the kind of physiological status of their body they need.

It is also extensively used in biomedical area like the light sensor component applicable to wearables. The function is the emission of LED ray in different wave length so that the sensor components can receive and sense out the signal. In the wake of the popularity of digital medical care, LED starts to incorporate the function of detecting heart rate and blood oxygen mainly through the photoplethysmography (PPG) optical measurement method to perform the function of biometric monitoring and control. In addition, the increasing demand for TWS bluetooth headset allow for the introduction of this biometric detection function as a value-adding product. Also, SWIR (wave length 1,000-1,700nm) products may also be applied to biometric sensor function. Further to heart rate, the detection of other physiological indicators like blood oxygen and blood sugar may also be matched with the use of IR LED in different wave lengths. Medical treatment may also be a direction for application further to the monitoring and detection function. In general, IR LED has already helped to upgrade the quality of lives of human beings through security protection/identification/ and biomedicine.

The compound semiconductors other than LED related products mostly include the following application markets:

(1) 3D sensor application

In the application area of 3D sensor, the vertical cavity surface emitting laser (VCSEL) is a critical component. The successful development of 3D sensor structure like the time of flight and structured light, and the rapid development of algorithm motivated many big firms to introduce 3D sensor technology to mobile devices. This provides more business opportunities for 3D sensor and related application in market. After the launch of 3D sensor in the flagship model of Apple in 2017, the shipment volume of VCSEL in consumer electronic products increased perpetually. In the future, 3D sensor with VCSEL as a key component will extend to new application area like floor sweeping robots, AR/VR, UAV, autonomous vehicles, and biomedical sensor. In the development of the demand for multiple purposes and compact size of products, sensor product also changed from single LED including 1 transmitter of IR LED matching with 1 sensor component in packaging design to multiple transmission and receiving matching with optical sensor IC component semiconductor system grade (System in Packing, or SiP) packaging technology.

(2) Optical communication application

The ongoing installation of 5G infrastructure, and the influence of the popularity of different intelligent terminal devices, cloud service and IoT, echoed with the high speed growth of the traffic volume of the network data centers, and the increase in the demand for Data Center Interconnect (DCI) which together emerged as the prime force driving for the growth of the optical fiber market. The VCSEL multiple mode fiber optics features high performance, low cost and low power

consumption, and could be extensively applied to the optical transmission module application for data centers in the distance of less than 2 km to provide optical communication transmission module of 10Gbps and 25Gbps. The technology of each channel of 25Gbps and 50Gbps is the standard foundation of 100G (4x25Gbps) and 400G (8x50Gbps or PAM4) Ethernet. Single route 25G network could be developed into 100G and 200G switch through multiple port combination. As such, 25Gbps VSCSEL is a practical optoelectronic component which entails high potential for development.

(3) Microwave communication products

In the advent of the new specification standard of WiFi 6 (E) and WiFi 7, wider scope of receiving and faster network speed will emerge as the mainstream market of the future. Participants in the industry tend to accelerate in the development of RF related module to meet the demand in market, including the RF PA and BAW filter. In the wake of the 5G communication era, the new communication system will certainly trigger a new wave of transformation of series of electronic components. BAW filter and GaN technology will emerge as the mainstream. As such, the development of high frequency GaN on SiC RF device process and technology platform will be critical for the deployment in the 5G communication components market.

(4) Power devices

In the area of application for power devices, the quest for small size and high performance power adapter has emerged as the trend of development. The advantage of GaN power device in high transforming efficiency and high power density has attracted the attention of rapid charging market. As such, the development of GaN-on-Si Power Device process platform and technology will be critical for the development of the power device application market.

4. Industry Competition

The government subsidy of the LED industry in Mainland China over years gave rise to keen competition in production capacity and market price. In response, Taiwan firms oriented towards the niche application market of high added-value such as automotive market, advanced display of Mini LED and Micro LED, professional lighting, invisible optical application, which are technology-intensive products.

In the area of automotive application, car makers all over the world tend to upgrade the utilization of LED and sensor products, which in turn gives rise to the high growth of demand for automotive LED. Automotive LED entails high quality and high level of technology that related application products are bound to pass the accreditation of various strict automobile regulations. In general, after the strict evaluation and selection, suppliers will not be easily replaced and can enjoy higher added-value and sustainable profit. It is expected that related firms can proactively commit their resources for a larger market share.

In the area of Mini LED application, big branding firms tended to unveil terminal products with Mini LED. Mini LED is taken as the new generation of mainstream technology of display. The local dimming technology adopted in Mini LED lighting could enhance brightness and contrast at significant level, and has the advantage of slimmer and longer life span. With the abundance of resources committed by the firms, it is expected that yield rate will continue be improved and cost will be reduced, which in turn will improve the penetration rate of the Mini LED terminal market.

Invisible LED could be applied to different areas of application. Under the sustainable growth of the market of signal transmission and sensor function application, the terminal application market is developed in diversity including intelligent home application, wearable electronic devices, UV disinfection devices in response to epidemic prevention, and indoor control of visitor flow, and remote sensor. The launch of these products will drive for further stable growth of the market, and will be further pursued by firms with greater effort.

5.1.3 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 (%)
2022	2,723,055	9.43

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) Development of ultra low voltage compact size horizontal dies for mobile phone screen application.
- (2) Development of high efficiency/high quality/ultra slim flip die for mobile phone screen application.
- (3) Development of ultra low voltage compact size horizontal dies for mobile phone and notebook screen application.
- (4) Development of Mini LED chip for keyboard backlight application.
- (5) Development of Mini LED chip technology for mobile phone, tablet PC, and TV backlight applications.
- (6) Development of RGB Mini LED chip technology for extra fine pitch display application.
- (7) Development of RGB Mini LED flip chip products for RGB display and eSports products applications
- (8) Development of full cut technology for Mini LED chip.

- (9) Flip chip technology for daytime vehicle driving and headlamps applications.
- (10) High performance 405-420 nm horizontal epi wafer & chip adaptable to solar spectrum for human centric lighting application.
- (11) Development of high performance green light vertical die technology and directionality horizontal green light technology for wearable biometric control application.
- (12) Development of high efficiency/low power consumption 520-535 nm vertical epi wafer & chip for wearable heart rate light sensor devices application.
- (13) Development of full reflective lens technology for flip chip.
- (14) Development of 660nm high performance LED for horticulture lighting application.
- (15) Development of 850nm, 940nm NIR high performance double flip wafer & chip for facial recognition function of mobile phone/notebook PC application.
- (16) Development of a new generation of NIR products for DMS.
- (17) Development approach switch application 1,100 nm - 1,600 nm SWIR UHB LED technology platform for biometric sensor and mobile devices application.
- (18) Development approach switch application InGaAS LED, including IR LED (900-1,650 nm) matching with SWIR LED technology platform for biometric sensor and mobile devices application.
- (19) Development of high performance and high uniformity micro LED blue and green light epi wafers.
- (20) Development of RGB Micro LED chip process technology.
- (21) 6" RGB Micro LED wafer development plan and 4" RGB micro LED performance enhancement plan.
- (22) Development laser lift-off (LLO) technology of Micro LED COW (Chip on Wafer).
- (23) Development of laser transfer technology for Micro LED COC (Chip on Carrier).
- (24) Development of high/mid-power deep violet 275nm LED chip.
- (25) Development of high reliability UV 364-410 nm vertical dies.
- (26) Development of blue laser wafer and chips.

Packaging and Modules:

- (1) Launch the new generation Mini LED COB light board that could be applied to high-end notebook PC and eSprots screen. This is an ultra slim, high color gamut and high contrast product, and the new backlight board is divided into 1,000 control zone, which could help to enhance the detail for the brightness of screen at significant level.
- (2) Launch the new generation of ultra slim and low blue LED, which mainly applied to notebook PC and desktop monitor to mitigate the harm to the eyes of computer users in exposing to computer screen for long hours.

- (3) Development of QD LED packaging and light bar ahead of the industry for application to ultra slim, high color gamut high-end notebook PC for creators, which could achieve DCI - P3 and Adobe RGB double 100 high-end application.
- (4) Development of the new generation of DOB (Driver on Board) technology for direct integration of mini driver IC to light board for multiple areas control and application to high-end eSports screen with over 3 thousand zones control. This could enhance the details of screen brightness at significant level.
- (5) Launch the COB Mini LED light board for applying to the new generation of TV, and in combination with the advantage given by the 3 major technologies and one-stop service from epitaxial brightness, chip quality, packaging process, the selection of substrate to design Mini LED TV with control for more than 1,000 zones and high dynamic contrast, which helps to improve the brightness and contrast at significant level.
- (6) Development of the new flip chip design of pitch 0.78 LED display products with brightness at 2,000 nits and the power consumption better than the products of its kind in market.
- (7) Development of the Pitch 0.78-1.25 high brightness dual surface all-in-one device with brightness at 500 nits, built-in control, ultra thin rim, which could save more space in housing the device.
- (8) Launch the single key low power CSP products, which could be applied to keyboard backlight products for upgrading keyboard light uniformity and power efficiency, and helps to save the stand-by time by 30% of the terminal products for achieving energy efficiency.
- (9) The use of i-mini technology for the development of ultra slim shaped display technology matching with IC embedded solution to simplify the circuit layout of terminal products to yield slim and light display effect.
- (10) For the new generation of automotive Mini LED, the latest vertical LED was released with design in largest beam angle for optimizing the cost of vehicle use panel at significant level for enhancing competitive power and market penetration.
- (11) Unveil the vehicle use White, Red/Super Red, RGB matrix mini LED tail lamps with the use of mini LED driver IC matching with TCON to provide safety signals for turning and braking. This can also alert the surrounding pedestrians and the vehicle at the back or give graphic image of the ambient environment of the vehicle.
- (12) Development of low radiation and brightness IR products for the interior driver monitoring system for vehicle (DMS, Driver Monitory Systems) and Occupant Monitoring System (OMS) to avoid interference of vision by red light. The products have passed the accreditation of AEC-Q102 and are in mass production.
- (13) Development of the 2G exterior VCSEL components, which could be used in LiDAR short distance detection and integrated with special beam pattern and sectional design.

- (14) Special beam pattern products like matrix light and bat wing for application to security protection system as supplementary light source. The main feature is field identification and compensation when the angular light effect of camera is low to enhance the recognition of the entire image.
- (15) Development of sensor module for application to wearables through integration with signal emission and receiving processing, and also optical design with smaller thickness of the module.
- (16) Development of the packaging technology of proximity sensor IC matching with VCSEL chip, which could be applied to TWS headsets.
- (17) Unveil the i-pixel 0202 LED display micro chip packaging technology. Through the brand new high precision, high speed and high reliability transfer technology to transfer micro PKG to the driver circuit board at >95% dark ratio, the contrast upgraded to 1: 1,000,000 can be achieved. This allows for higher dimensional display during daytime and color uniformity could be achieved from viewing at different angles. This can support high pixel quality and high price/performance ratio of indoor application at Pitch 0.4-1.0 mm.
- (18) Development of Micro LED Head-up Display (HUD). This is the active driving micro LED penetration display. With the use of mass transfer technology to transfer micro LEDs to TFT glass back board, the resolution of the display could reach 640*640 pixel with dot pitch of 0.3 mm. This could effectively improve the blinking of passive driver with penetration effect at 60% and could be applied to vehicle-mounted device, home appliances and shopping malls.
- (19) In the area of lighting application, low blue light packaging product is launched. In light of the increasing population of children in myopia that the public becomes more concerned about eye protection. The demand for lighting product aiming at low blue light for eye protection is on the growth in market.
- (20) With KSF phosphor for high CRI and high luminance, the package could be applied to special spectrum and high performance lighting devices for energy saving.
- (21) In UVA, the high price/performance ratio 365nm LED air purifying deodorization module is launched.
- (22) The 4-in-1 UVC is unveiled to realize COB (Chip on Board) packaging and single chip lens with the use of 4-chip lens design to effectively narrow the angle for enhancing the lighting effect.

Compound semiconductor professional foundry:

- (1) In responding to the demand for 3D sensor, the Company developed low, mid/high power VCSEL foundry products.
- (2) In alignment with the demand of quick charging in the future, the Company developed high performance and high power components, and speed up the development of VCSEL foundry operation.
- (3) In responding to the rise of WiFi technology, the Company developed WiFi 6 & WiFi 7 application RF switch.

- (4) Development of the GaN-on-SiC high frequency high power communication components for application to the 5G market.
- (5) Development of the power component products by GaN-on-Si Process.
- (6) Development of foundry service technologies including 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 2023 is approximately NT\$2.66 billion. The R&D projects for the three major businesses of "epiwafers and chips", "packages/modules" and "compound semiconductors professional foundry" are roughly described as follows:

Epiwafers and Chips:

- (1) Low current LED chips for display application.
- (2) High performance multiple flip chips for TV backlight application.
- (3) High brightness LED backlight application products for low blue light for eye protection application.
- (4) High optical electronic uniformity LED epi chip for Mini LED backlight products application.
- (5) High brightness and low current density blue LED chips for high performance lighting and portable screen backlight application.
- (6) High performance and high brightness InGaN/GaN blue green light 6" epi chip.
- (7) High performance and high reliability automotive headlamp LED flip chip.
- (8) Development of high efficiency, high quality, ultra slim flip die for mobile phone screen application.
- (9) New products for high-end LED flash light application.
- (10) Products for ultra low voltage and high directional green light for wearable heart rate sensor.
- (11) High performance flip chips for consumer electronics lighting products, road lamps, horticulture lighting application.
- (12) High quality and high performance horizontal dies for automotive backlight, ambient light, indoor reading room application.
- (13) High brightness and low current density blue LED chips for headlamps of motor vehicles application.
- (14) High brightness and mid current density blue LED chips for general lighting application.
- (15) High performance blue LED chips for high efficiency lighting products.
- (16) Upgrade the performance of AlGaInP yellow light, red light, 660nm UHB LED products.
- (17) Upgrade the performance of AlGaAs NIR UHB LED products.
- (18) Upgrade the performance of 1,100 nm- 1,600 nm SWIR UHB LED products.
- (19) Visible/NIR/SWIR LED slim products.
- (20) High performance SWIR LED and high SNR photodiode.
- (21) Flip chip photodiode components.

- (22) Combo photodiode components for wearables application.
- (23) High performance vertical green light wafer and chips for wearables application.
- (24) High performance and high power DUV wafer and chips.
- (25) Development and performance enhancement of high performance UV 410-420nm chips for full color lighting.
- (26) Development of high power blue laser wafer and chips.
- (27) Development of GaSb epitaxy technology.
- (28) High performance, ultra low current density blue LED chips for miniaturized LED components.
- (29) High performance blue micro LED chips stemming from 6"/8" silicon substrate.
- (30) Development of high performance blue LED epi wafer.
- (31) Micro LED optical electronic properties testing technology.
- (32) Development of RGB micro LED for miniaturized and high resolution display.
- (33) Development of RGB micro LED Array Monolithic wafer for AR/MR display.
- (34) Development of stamp mass transfer micro LED CoW technology for miniaturized /ultra high resolution display.
- (35) Development of low voltage red micro LED wafer and chip technology.
- (36) Development of high voltage micro LED wafer and chip technology.
- (37) Development of acute beam angle micro LED wafer and chip technology.
- (38) Development of micro LED COC transfer technology.

Packages 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 with high light efficiency, high color rendering, anti-sulfur and colorful LED package 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 that can dynamically adjust the spectrum and brightness according to the human circadian rhythm.
- (13) High-quality automotive-related LED package components for automotive lighting applications.
- (14) High-quality automotive-related LED light panel modules for automotive lighting applications.
- (15) Sensing related infrared LED package components.
- (16) Sensing related LED modules and package components.
- (17) UVA LED package components and module products used for curing.
- (18) UVC LEDs package 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:

Foundry service covers the OEM platform for the following products:

- (1) In responding to the demand of the 3D sensor market, the Company developed low, mid/high power VCSEL related foundry services and VCSEL package and module products.
- (2) In responding to the demand for quick charging devices, the Company developed high performance nitride power components.
- (3) In responding to the rise of the WiFi technology, the Company developed the RF front-end module (RF PA & BAW filter) for application to WiFi 6 & WiFi 7 application.
- (4) In responding to the rise of the WiFi technology, the Company developed the RF front-end module (RF PA & BAW filter) for application to WiFi 6 & WiFi 7 application.
- (5) Development of GaAs, Sapphire, SiC substrate for epitaxial platform.
- (6) Development of the foundry service technology for the next generation display technology of Micro LED.

5.1.4 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 to increase the proportion of export sales and 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. Advance towards the niche lighting market, and develop outdoor and smart and health lighting products.
- (7) Develop ambient signal light technology for increasing the shares of the notebook PC, eSports, smart home appliances, and network communication home appliance indicator light market.
- (8) RGB display applications continue to develop modules of various package sizes and pixel pitches to accelerate market deployment.
- (9) In terms of sensing business, continue to focus on the fields of vehicle-mounted industrial control, wearable devices, face recognition and home security.
- (10) In terms of UV product applications, strengthen low, mid and high power package product lines and develop sterilization modules.
- (11) Develop new compound semiconductor products and increase applications such as communications, energy storage and new energy vehicles.
- (12) Deeply cultivate patented technologies and improve industrial competitiveness.
- (13) Improve production efficiency, actively develop intelligent manufacturing, and increase automation technology to reduce production costs.
- (14) Improve the management system and continuously cultivate key technical talents.
- (15) 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 epi-wafers, chips, packages 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 applications for III - V semiconductor technology, and accelerate the development of the VCSEL foundry business.

5.2 Market and Production and Sales Overview

5.2.1 Market Analysis

1. The Company's main sales areas

Unit: NT\$ thousand

Area	2022 Sales amount	% of sales
Domestic sales	2,258,507	7.82
China	12,891,953	44.64
Hong Kong	1,522,528	5.27
South Korea	680,315	2.36
Malaysia	2,132,841	7.39
Japan	7,403,290	25.64
Singapore	680,140	2.36
Other	1,308,676	4.52
Total	28,878,250	100.00

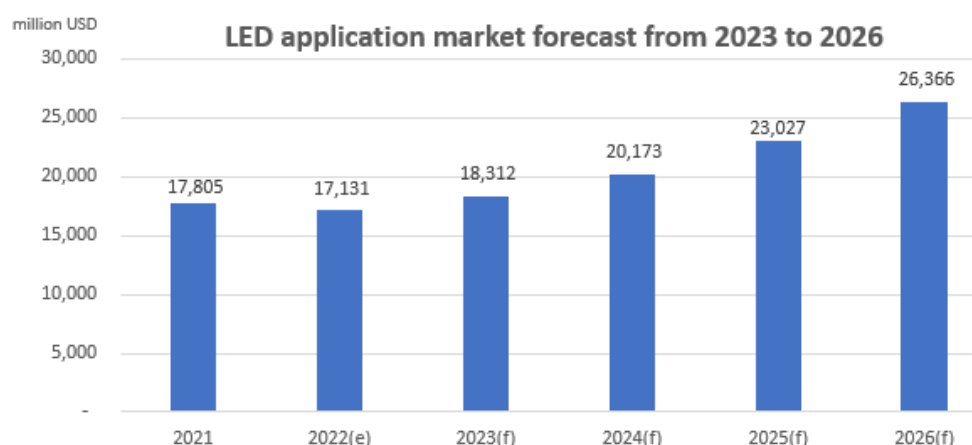
Note: IFRS (consolidated entity) is adopted.

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

According to the forecast of a market survey unit, the production value of the overall global LED market will increase from USD1,710 million in 2022 to USD2,630 million in 2026 at CAGR of 9.0%, which indicated the production

value of the LED industry as whole will continue to grow under the demand of different newly emerged application markets.

Different forms of application, like automotive, medical, horticulture lighting, security control, wearables, and smart living are still in demand. Related enterprises still continue to push display technology to the advanced level of the next generation. It is expected that the production value of the LED market will continue positive growth in 2026. The prime force driving the market forward in the period of 2023-2026 will be the combination of Micro LED, Mini LED, invisible LED and automotive LED products.



Source: TrendForce (September 2022)

(1) Major LED firms in the international market

EPISTAR Corporation and Lextar Electronics Corporation jointly established the equity joint-venture of Ennostar Inc. on January 6, 2021. The production capacity of EPISTAR is concentrated at LED epi wafer & chips while Lextar is focused on LED package and module. The two parties underwent resource integration for bolstering the vertical and horizontal integration of the industry chain in one-stop service mode. Ennostar is based on the LED technology to continue the expansion in the application market of compound semiconductors including 3D sensing, wireless communication, and power components to provide a complete solution for the customers.

In the area of LED, major international manufacturers are ams OSRAM, Nichia, Samsung LED, Seoul Semiconductor, Lumileds, and San'an Optoelectronics.

(2) The prospect of the application market in the future

The demand in the LED backlight market has been saturated over the years but newly emerged technologies of Mini LED and Micro LED have gained momentum, which unveiled new opportunity of application in the LED display market. The rise of the mobile phone applicable market made the facial recognition function a standard option for famous brands smart phone of the world 3D sensing market. Further to its application to mobile phone, 3D sensing can also be applied to security

protection system, crowd detection, driver monitoring system, biometric identification, and industrial automation.

Under the extension of the global 5G communication infrastructure and the effect of the global energy policies of most countries, the LED industry started to orient towards other compound semiconductor application. The products include power and communication components of which power components could be applied to high performance power switching device, EV, charging station, and charging poles. The communication components could be applied to wireless LAN, fixed network, and fiber optics communication, satellite communication and 5G micro stations.

3. Competitive Niche

Ennostar is the “Best Compound Semiconductor Investment Platform” of the world. Its business covers most common regular lighting, with transfer to advanced display, automotive, sensor, special lighting and others with high entrance barriers in terms of technological know-how and high added-value application. It also extends to III-V group semiconductor epitaxy and core competence in production process, with commitment of resources to the next generation of compound semiconductor application market.

- (1) Provide production of LED epi wafer, chips, package, and module products to demonstrate its advantage through vertical integration.

The subsidiaries of the Group include the EPISTAR Group, Lextar Group, and Unikorn Semiconductor Corp., a specialist of research and development and manufacturing of compound semiconductor optoelectronic products. Through the vertical integration of group resources, EPISTAR is mainly responsible for the business of epi wafer & Chips while Lextar is mainly responsible for package and module, and seeking collaboration in intellectual properties for diversification of the scope of products and intensification of technology in depth to provide full-range services and products for the customers.

- (2) Among the few suppliers of full spectrum epi wafer and chips

The AlGaInP products of the Company cover high brightness epi wafer and chips in green, yellow, orange, and red colors, and the InGaN products cover epi wafer and chips in violet, blue, and green colors. In the area of invisible LED, the Company provides UV and IR products from 365 nm to 1550 nm. The advantage in full spectrum and one-stop shopping can satisfy the needs of the customers in different applications.

- (3) With Type II and III compound semiconductor foundry service technology and capacity (sensor, optoelectronic communication, 5G application, microwave components, and power components).

Unikorn Semiconductor is engaged in the III-V group compound semiconductor component foundry service, and is the only professional firm in Taiwan that covers optoelectronic and microelectronic component application while capable of supplying epitaxy and wafer

foundry service. Unikorn Semiconductor can provide total solution in foundry service to the demand and design of the customers, and continue to install different process parameters and corresponding production platforms in precision production of products to the need of customers in specification. Further to delivery lead-time, yield rate and customized design, Unikorn also seeks to protect the intellectual property rights, process parameters, and structural design of the customers under the strictest information security standard.

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 portfolio 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 portfolio 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.

EPISTAR proactively developed IR LED for sensor application over the years. Related applications ranged from the monitoring and control application and proximity sensor application on hand, to the emerging markets of facial recognition and retinal identification and other biometric sensor. The Group also oriented to the development of compound semiconductors over the years, and related products cover power components and communication components for securing the

business opportunity given by EV, charging stations, 5G, Wi-Fi 6/7, low orbit satellite markets.

In responding to the needs in market, Ennostar Group satisfies the needs of the emerging market and also launches different front-end and backend products bearing its own brands (EPISTAR/Lextar), and established a professional foundry, Unikorn Semiconductor, to satisfy the needs of foundry service of the next generation products of compound semiconductors and different designer firms to satisfy the needs in market and of the customers.

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
GaN power components	GaN quick charging, high-power/high-frequency application electronic products, communication base stations, electric vehicles
GaN RF PA	5G application, satellite communications, defense industry
BAW filter	5G application: Base stations and smartphones

(5) Excellent technical ability and skilled management team

The R&D function of Ennostar has more than 2,300 professionals and the management team is consisted of members with many years of experience in LED and TFT LCD. The Group is fully capable of integrated manufacturing technology and well-seasoned in supply chain management. Ennostar is indulged in the R&D and manufacturing of LED to allow the products applicable to different LED application areas. As of the end of 2022, Ennostar and its subsidiaries have applied for more than 6,500 patent applications worldwide and have more than 5,600 patents granted. In 2022, Ennostar has acquired 246 patents all over the world. With the solid foundation of intellectual property right portfolio, the Group protects the technologies and products of the Company.

Ennostar has appointed a designated team in charge of the intellectual property right management to assist its subsidiaries such as EPISTAR and Lextar to continue the improvement of intellectual property management mechanisms. With systematic management and the corporate planning of the Company, the Group manages the intellectual property portfolio to maintain reasonable cost of protection and launch for the development of new technologies while giving necessary protection in responding to the risk deriving from intellectual property rights. This not only helps to safeguard the freedom to operate but also bolster the competitive advantage of the Company.

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 application of invisible LED covers security monitoring and control, mobile devices for biometric identification (face, retina, and finger print), wearables (heart rate, blood oxygen and blood pressure sensor), and optical sensors. The market is in rapid development. The spreading of COVID-19 triggered the application of biometric sensors related to human health. As such, large volume of SWIR LED products were introduced. The pandemic also drives the growth of different UVC and disinfection products under the increasing awareness of epidemic prevention and the growth in the demand for these products.

Finally, LED is also expected to be applicable to the necessary AR/VR application for the cyber world of metaverse. For wearable VR, the demand for higher contrast and higher resolution effect will drive for further growth and higher penetration rate of Mini LED backlight or Micro LED display in VR devices. The development of the AR goggle display technology also has a place for LED. The improvement of Micro LED technology will help to bring down the cost in the future. Micro LED is expected to have its place in AR goggle.

- B. Complete industrial structure of LED with barrier-free and rapid moving marketing channels.

The structure of LED industry of Taiwan is perfect with stable and well-developed technologies and high efficiency in production. The production value of the LED industry of Taiwan is second to none in the world. With the effort in developing overseas market, the Company has broad clientele base all over the world. With the large scale downstream operation as foundation, the Company has strong competitive advantage in marketing. Strategic alliance with LED downstream firms is one of the features of the Company. Through professional division of labor and strategic alliance, the Company can quickly keep abreast of the market trend and quickly adjust the direction of product production in order to bolster the competitive power.

- C. Future Application of MOVPE Core Technology

Since the MOCVD epitaxial system has better control over material purity, epitaxial layer thickness and uniformity comparing with 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

Competitors in market tend to manufacture high brightness LED as the objective. The competitors in Mainland China can expand their production capacity very quickly with price competition as the mean to secure purchase orders. This makes competition market more acute.

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.

5.2.2 Important Applications and Production Processes of Main Products

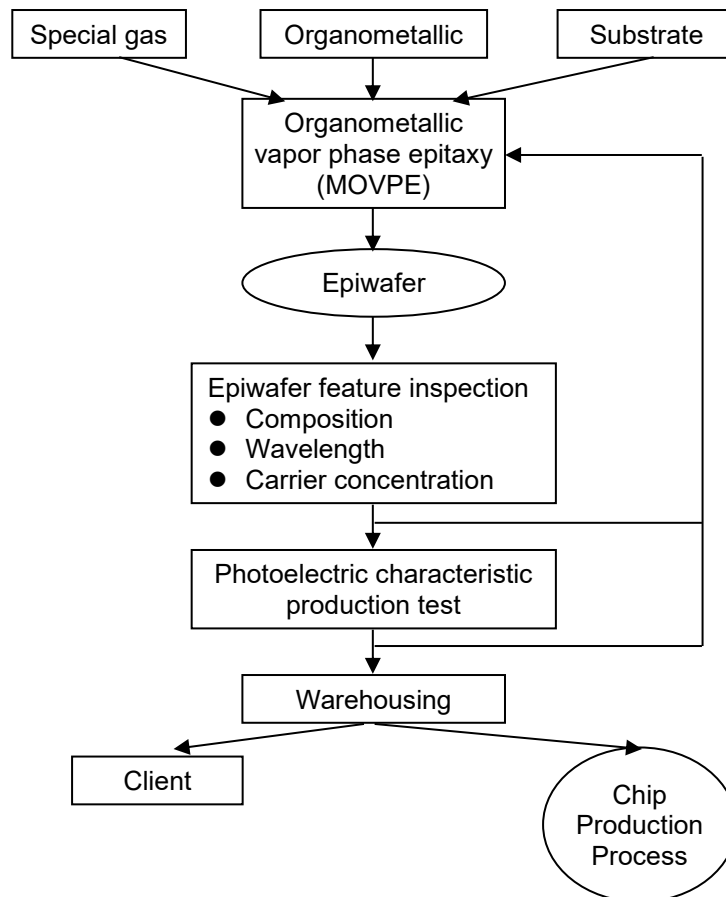
1. Important Applications

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 dash 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.

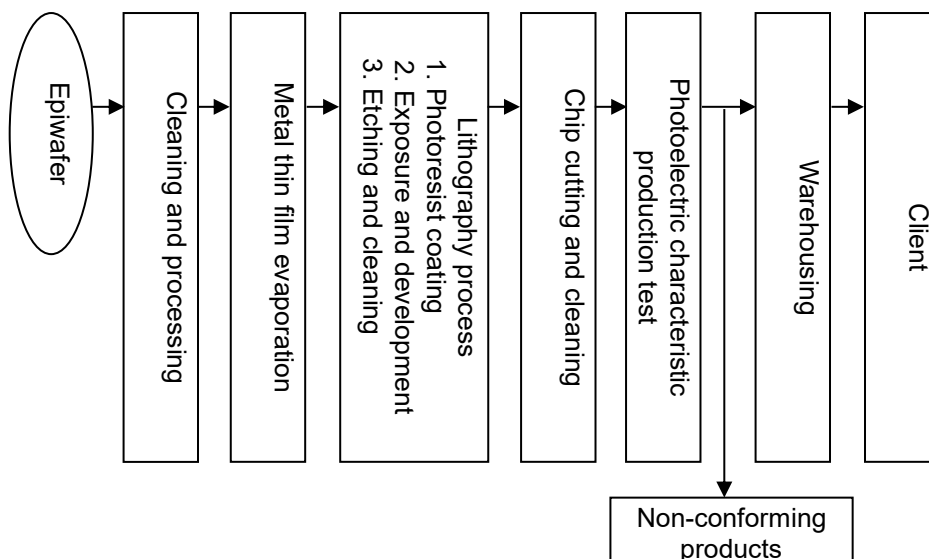
2. Production Process

(1) Epitaxy production process



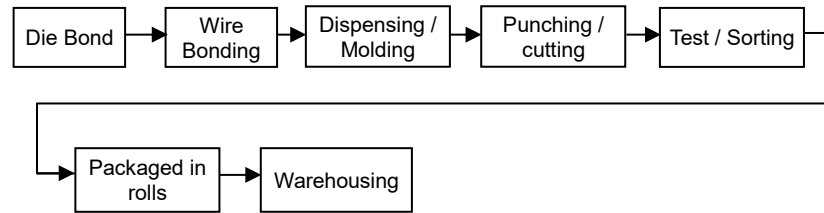
Source: Compiled by Ennostar in February 2023

(2) Chip Production Process



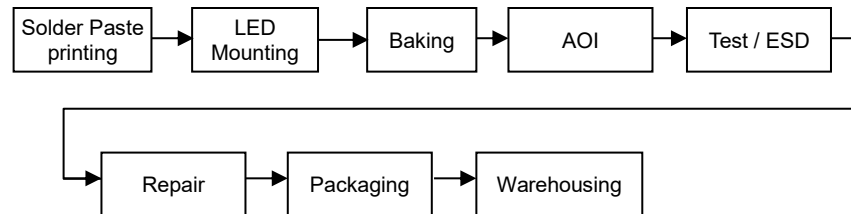
Source: Compiled by Ennostar in February 2023

(3) Packaging Process



Source: Compiled by Ennostar in February 2023

(4) SMT process



Source: Compiled by Ennostar in February 2023

5.2.3 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.

5.2.4 Name list for major procurement and sales customers

1. Major sales customers

Unit: Thousands of NTD

2021				2022			
Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer
Customer C	7,067,535	19.40	None	Customer C	7,001,287	24.24	None
Customer B	2,215,756	6.08	None	Customer B	2,660,661	9.21	None
Customer D	1,821,164	5.00	None	Customer D	1,786,146	6.19	None
Others	25,320,305	69.52		Others	17,430,156	60.36	
Net sales	36,424,760	100.00		Net sales	28,878,250	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

Due to the overall economic impact on consolidated revenue, customer C accounted for more than 20% of the net sales for the whole year in 2022. However, the Company continuously optimizes the sales mix. By comparing two periods, no major change is found, and thus there is no risk of consolidated sales.

2. Major procurement suppliers

Unit: Thousands of NTD

2021				2022			
Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer
Supplier A	2,150,507	11.81	None	Supplier A	1,270,250	9.60	None
Supplier B	1,730,504	9.50	None	Supplier B	1,135,858	8.59	None
Supplier C	1,066,459	5.86	None	Supplier C	1,094,293	8.27	None
Supplier D	1,055,204	5.80	None	Supplier D	797,821	6.03	None
Others	12,203,988	67.03		Others	8,930,772	67.51	
Net procurement amount	18,206,662	100.00		Net procurement amount	13,228,994	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

The Company continuously maintains a close cooperative relationship with suppliers, and there has been no major change in the overall net purchase amount and supplier ratio.

5.2.5 Production capacity/output value in the Last Two Years

Unit: Dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2021			2022		
	Production capacity/ output value	Production capacity	Production value	Production capacity	Production value	Production value
Major products						
Dies		1,347,601,885	22,464,608	1,594,402,839	1,280,440,521	17,394,559
Packages and modules		7,837,312	9,874,313	8,309,448	4,839,383	6,924,459
Total		—	32,338,921	—	—	24,319,018

Note: Consolidated entities.

5.2.6 Production capacity/output value in the Last Two Years

Unit: Dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2021			2022		
	Sales capacity/ output value	Domestic sales	Overseas sales	Domestic sales	Overseas sales	
		Capacity	Value	Capacity	Value	Value
Major products						
Chips/dies(Note2)		12,711,007	2,417,614	1,014,189,743	22,485,408	19,441,693
Packages and modules		191,574	520,255	2,330,348	9,435,345	6,529,786
Others		—	188,749	—	1,377,389	648,265
Total		—	3,126,618	—	2,258,506	26,619,744

Note1: Consolidated entities.

Note2: Chips are not the main sales product, so they are only included in the sales value, and not the sales volume.

5.3 Human Resources

Year		2021	2022	February 28, 2023
Number of Employees	Management	1,513	1,733	1,736
	R&D and Technician	2,448	2,358	2,343
	Direct	5,592	4,764	4,819
	Total	9,553	8,855	8,898
Average Age		33.6	35.7	35.0
Average Years of Service		5.6	6.6	6.5
Education (%)	Ph.D.	1%	1%	1%
	Masters	14%	16%	16%
	Bachelor's Degree	45%	48%	46%
	Senior High School & Below Senior High School	40%	35%	37%

Note: Consolidated entities.

5.4 Environmental Protection Expenditure

5.4.1 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
Lextar T01	August 1, 2022 Fu-Shou-Huan-Kong-Zhi No. 1110113693	Paragraph 2, Article 24 of Air Pollution Control Act	The consumption of raw materials exceeded 10% of the permitted approved annual consumption, and was inconsistent with the operation permit.	Fined NT\$80,000 with a two-hour environmental course	Due to the plant relocation before the consumption modification was re-applied for. In the future, attention will be paid to the sequence of application.
Epistar N8	December 13, 2022 Huan-Yeh-Zhi No. 113403594	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	The report of wafer waste scraps and dust waste of the LED was inconsistent with the waste disposal plan.	Fined NT\$60,000 with a two-hour environmental course	The code was immediately deleted from the industrial waste system; the Form of Monthly Self-Inspection for Waste Management (FVS080118) includes the confirmation mechanism for the industrial waste system

5.4.2 Countermeasures and Possible Expenditure

The Group has always been committed to reducing the impact and effect on the environment, and will also introduce the latest international pollution prevention and control technologies during the plant construction stage, while working hard with the 3R model, i.e. reduce, reuse, and recycle, to aim at improving energy efficiency, creating a comfortable living environment, and pursuing corporate sustainable development.

A low-pollution and more environmentally friendly environment is continuously refined and created. As a member of the global village, the Group comprehensively considers the overall environmental management performance for managing the pollution prevention and environmental protection management related expenses based on the spirit of continuous improvement of the environmental management system.

5.5 Labor Relations

5.5.1 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.

1. 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, hospitalization childcare subsidies, birthday gift money and May Day gift money;
- (5) Year-end party, social clubs subsidy, traveling subsidy, departmental activity Fee, 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.
- (7) For the employee shareholding trust, the Company makes the 100% contribution relatively, to share the performance results of the Company's operations with employees, and encourages employees to save and add value to their retirement lives, creating a win-win situation.

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
- (2) Health promotion programs
- (3) Operational health risk prevention and management
- (4) Infectious disease management
- (5) Occupational injured employee healthcare
- (6) Maternal protection & healthy workplace
- (7) A great diversity of activities and soft lectures

2. 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.

In addition, the Company spares no effort to implement the protection of trade secrets, intellectual property rights, and information security, among other things, to secure the fruits of the employees' hard work and the Company's competitiveness, while preventing the leakage of important company information. Therefore, the "Management Regulations of Classification and Protection of Data" are established, to cultivate the employees' habit of document protection in daily jobs, and serves as the basis for relevant regulations of document acquisition, processing, transmission and utilization; the Company has also established an "Information Security Management and Review Committee" to further improve information security goals. Every employee needs to accept information security education and training, to comply with the relevant laws, technologies, and expectations of stakeholders. It is also linked to business strategies. All employees must comply with the "Management Regulations of Classification and Protection of Data" and perform the fiduciary obligations.

To this end, the new staff shall complete the online courses about "Introduction to Intellectual Property Rights," "Information Security Policy" 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.

In 2022, the Ennostar Group employees' participation in education and training (including education and training on human rights policy and ethics and morality), as shown in the following table:

Total training cost (NT\$ thousand)	Total training hours	Total number of trainees
3,947	35,635	13,993

3. Retirement Systems

To fulfill social responsibilities and stabilize the lives of employees after retirement, the Company and its domestic subsidiaries have established the "Regulations Governing Employee Retirement" pursuant to the Labor Standards Act and the Labor Pension Act, and make monthly contributions pursuant to laws and regulations. The old and new system of retirement regulations are described generally as below:

Pension system	Old system	New system
Legal source applicable	Labor Standards Act	Labor Pension Act

Pension system	Old system	New system
Contribution approach	2% of the total salary is contributed to the retirement fund every month, to be deposited in the dedicated account in "Bank of Taiwan" under the name of the "Labor Retirement Reserve Fund Supervisory Committee."	6% of the salary is paid monthly to the employee's personal account with the Labor Insurance Bureau as the labor pension.

The Group's subsidiaries in the China contribute the pension insurance funds based on a certain percentage of the total salary of local employees every month pursuant to the pension insurance system stipulated by the government of People's Republic of China. The retirement pension of each employee is managed and arranged by the government, and the Group has no further obligations other than the monthly contributions.

4. 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 (7885) 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.

LaborThe Group companies hold face-to-face communication meetings with employees from time to time. Through employee communication meetings, employees are provided with the further understanding about the Company's operating positioning, Group's vision, mission and strategic blueprint; employees can also provide opinions or suggestions to the Company through communication meetings to enhance the chances of mutual communication.

5. 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.

6. Procedures for Preventing Insider Trading

The internal material information handling and management to prevent insider trading are included in the internal control system, including systems related to the evaluation procedures for releasing material information, the retention of report and approval records, and the handling of violations. The unit handling the internal material information consists of the members from the Finance, Accounting, and Risk Management Office, Enterprise Development Office; Legal and Administration Office; and Information Management Office. The Finance, Accounting, and Risk Management Office is responsible for disclosing material information on the MOPS. The Enterprise Development Office is responsible for dealing with external news media, and notifying all employees, managerial officers and the Board from time to time to remind them to monitor if there is any material information required to be disclosed pursuant to laws, and inform them of relevant regulations, to prevent their violations or occurrence of insider trading, as the basis for evaluation. The regulations are accessible from the company

website or the internal regulations for learning.

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.

5.5.2 Labor/employer dispute loss in 2022 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
Unikorn	June 8, 2022 Chu-Huan-Zhi No.1110018324A	Labor Standards Act Paragraph 1, Article 24	The wage of the extended working hours was not paid pursuant to laws	Fined NT\$50,000	Establish the alert system of working hour to remind officers the working hour management and application to prevent abnormal working hours.
	June 8, 2022 Chu-Huan-Zhi No.1110018324B	Labor Standards Act Paragraph 2, Article 32	Working hours extended beyond the requirement of laws	Fined NT\$50,000	

5.6 Cyber Security Management

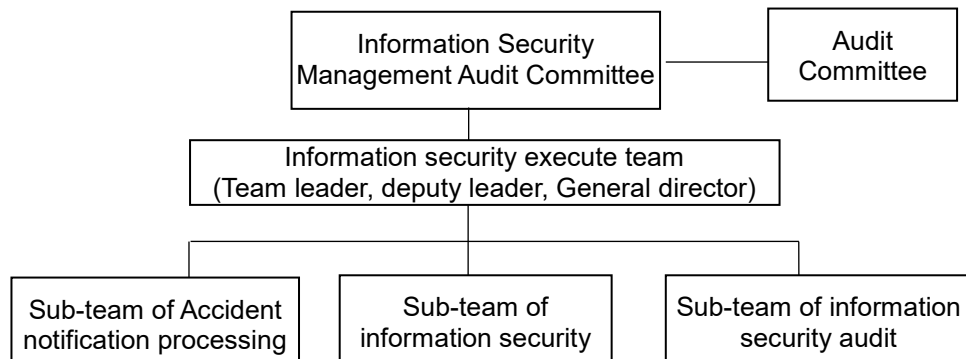
5.6.1 Cyber security management structure, policy, and concrete management plans and resources invested in cyber security management.

Framework of information security management

The Company continues to refine its information security system and strengthen its safeguarding capabilities. The Chief Information Security Officer is appointed, who is the highest responsible officer for information security, and directly reports to the President. He supervises the implementation of the company-wide information security operations, and the effectiveness of the information security risk management mechanism. The cross-function Information Security Committee is established and convened by the Chief Information Security Officer, to establish consistent information security policies and hold information security meetings every week. It is mainly responsible for the planning, approval and supervision of information security policies, achievement of various indicators, and related regulations. The Company also has the information security management department in place, which is responsible for planning, implementing, coordinating and improving the information security management system, to establish relevant management procedures for

compliance, while regularly conducting risk assessments, internal audits, and management reviews.

Structure



Ennostar Inc. (established in January 2021) has successfully obtained the information security certification of “Information Security Management System (ISMS) ISO/IEC 27001:2013” in 2022, to conduct information risk management by complying with international standards. The subsidiary, Epistar, obtained ISO 27001 information security certification in 2010, and successfully passed the review and certification by SGS every year. The re-review for every three years was completed in November 2022, and the certification will continue to be valid. Both Unikorn and Lextar Electronics started to prepare for obtaining ISO 27001 certification in 2022; it is planned to pass the certification by the end of 2023. For the new version of ISO 27001:2022, the Group’s companies also plan to complete the verification of the new version by 2024 at the latest.

Information security policy

Ensure the normal, safe and stable operation of the Company’s core information system services and important information infrastructure, regulate the highest guidelines for the information security management system of the Company’s information center, provide safe and reliable information services, ensure the confidentiality, integrity, and availability of the information assets in the information center and compliance with the requirements of relevant laws and regulations, maintain business continuity, reduce information operation risks, and protect the rights and interests of information service users.

Specific management program

- (1) Vertical-depth defense structure is adopted
- (2) Physical security
- (3) Endpoint security
- (4) Administration of accounts with privileges
- (5) Safeguard of classified data
- (6) Management and protection of trade secrets
- (7) Improvement of information security awareness
- (8) Management of supplier
- (9) Third-party risk evaluation

- (10) Talent incubation
- (11) Report and handling of information security incidents
- (12) Resilience of information systems

Sources invested in the information security management

- (1) Establishment of the dedicated information security unit.
- (2) The military simulation of hacking incidents is conducted every year, with the review meeting held after the drills, to continuously improve the process and familiarize the employees with the procedures.
- (3) The general training course of employees' information security awareness, and requirement of the training hours for information security personnel.
- (4) In 2022, the information security certification of "Information Security Management System (ISMS) ISO/IEC 27001:2013" was obtained. All important subsidiaries plan to obtain certifications in 2023, and complete the certification of the new version of ISO/IEC 27001:2022 in 2024.
- (5) The employees may only apply for Internet access and mail services after implementing information security awareness training and passing the test with full marks.
- (6) To improve the professional functions and execution efficiency of the Company's information security manpower, the employees have obtained certifications including ISO/IEC 27001:2013 Information Security Management System (ISMS) Lead Auditor (ISMS Lead Auditor), CISSP (Certified Information Systems Security Professional), CISM (Certified Information Security Manager), CRISC (Certified in Risk and Information Systems Control), EC-Council CEH (Certified Ethical Hacker Ethical Hacker), EC-Council ECSA (Certified Security Analyst), EC-Council CHFI (Computer Hacking Forensic Investigator), and CRTP (Certified Red Team Professional), and continue to learn technologies in the information security field.

5.6.2 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: None.

5.7 Material Contract

Subject	Counterparty	Counterparty	Contract term	Important restrictive clause
Patent licensing	Research unit	Based on the contract regulations	Non-exclusive patent license agreement	Based on the contract regulations
Technology and patent licensing	Research unit	Based on the contract regulations	Exclusive patent license agreement	Based on the contract regulations

Subject	Counterparty	Counterparty	Contract term	Important restrictive clause
Patent licensing	Company G	Based on the contract regulations	III-V compound semiconductor related technologies	Based on the contract regulations
real estate sale	Savior Lifetec Corporation	2022/3/3	Purchase plants	Based on the contract regulations
real estate sale	Epistar & Lextar	2022/3/24	Purchase plants	Based on the contract regulations
cooperative development	Play Nitride Inc.	2022/11/11~2025/4/30	Construction of production lines	Based on the contract regulations
joint credit	First Bank 、Ennostar and Epistar	Five years after first use	Loaning of funds	Based on the contract regulations
Licensing	Company C	Based on the contract regulations	Brand and patent license	Based on the contract regulations
Licensing	Company Y	Based on the contract regulations	Patent license	Based on the contract regulations
Licensing	Company T	Based on the contract regulations	Patent license	Based on the contract regulations

6. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed balance sheet

(Consolidated entities)

Unit: NT\$ thousand

Year		Years 2018~2019	Year 2020	Year 2021	Year 2022
Items					
Current assets			17,846,131	34,603,529	32,663,028
Property, plants & equipment			21,085,475	24,299,352	22,037,075
Intangible assets			4,132,191	4,941,663	4,907,583
Other assets			12,465,211	13,044,638	13,435,784
Total assets			55,529,008	76,889,182	73,043,470
Current liabilities	before distribution		9,144,162	15,764,347	10,312,376
	after distribution		9,144,162	17,130,228	10,312,376
Non-current liabilities			6,673,550	6,519,792	6,070,098
Total liabilities	before distribution		15,817,712	22,284,139	16,382,474
	after distribution		15,817,712	23,650,020	16,382,474
Owners' equity attributable to the parent company		Not applicable	37,607,381	52,322,245	54,404,269
Share capital			10,887,014	6,852,514	7,547,840
Capital reserve			36,115,456	43,830,638	46,421,664
Retained earnings	before distribution		(7,908,188)	2,169,446	654,565
	after distribution		(7,908,188)	803,565	654,565
Other equity			(1,001,764)	(235,543)	75,010
Treasury shares			(485,137)	(294,810)	(294,810)
Non-control equity			2,103,915	2,282,798	2,256,727
Total shareholders' equity	before distribution		39,711,296	54,605,043	56,660,996
	after distribution		39,711,296	53,239,162	56,660,996

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 2018~2020	Year 2021	Year 2022
Items				
Current assets		Not applicable	105,825	1,106,527
Property, plants & equipment			10,157	10,978
Intangible assets			0	0
Other assets			52,707,812	53,516,382
Total assets			52,823,794	54,633,887
Current liabilities	before distribution		501,539	229,610
	after distribution		1,867,420	229,610
Non-current liabilities			10	8
Total liabilities	before distribution		501,549	229,618
	after distribution		1,867,430	229,618
Equity			52,322,245	54,404,269
Share capital			6,852,514	7,547,840
Capital reserve			43,830,638	46,421,664
Retained earnings	before distribution		2,169,446	654,565
	after distribution		803,565	654,565
Other equity			(235,543)	75,010
Treasury shares			(294,810)	(294,810)
Total of equity	before distribution		52,322,245	54,404,269
	after distribution		50,956,364	54,404,269

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.

6.1.2 Condensed Statement of Comprehensive Income/Statement of Income

(Consolidated entities)		Unit: NT\$ thousand (Except EPS: NT\$)			
Items	Fiscal year	Fiscal years 2018~2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022
Net revenues			14,531,823	36,424,760	28,878,250
Gross profit			(444,985)	7,618,509	4,981,547
Operating profit and/or loss			(4,486,351)	2,110,130	(465,598)
Nonoperating income & expenses, net			(3,936,927)	253,178	(17,870)
Net profit (net loss) before tax			(8,423,278)	2,363,308	(483,468)
Net profit (net loss) from continuing operations			(8,499,242)	1,898,474	(566,383)
Net profit (net loss)			(8,499,242)	1,898,474	(566,383)
Other comprehensive profit and/or loss (Net amounts after tax)			520,546	(315,531)	206,055
Total comprehensive profit and/or loss		Not applicable	(7,978,696)	1,582,943	(360,328)
Net profit attributable to shareholders of the parent company			(8,109,453)	2,178,349	38,024
Net profit attributed to non-controlling interests			(389,789)	(279,875)	(604,407)
Comprehensive profit/loss attributed to shareholders of the parent company			(7,618,601)	1,935,456	207,398
Comprehensive profit/loss attributed to non-controlling interests			(360,095)	(352,513)	(567,726)
Earnings per share (EPS) (NT\$)			(15.04)	3.21	0.05

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	Fiscal years 2018~2020	Fiscal year 2021	Fiscal year 2022
Net revenues	Not applicable	2,417,618	244,729
Gross profit		2,182,405	65,591
Operating profit and/or loss		2,182,405	65,591
Nonoperating income & expenses		(4,056)	8,707
Net profit (net loss) before tax		2,178,349	74,298
Net profit (net loss) from continuing operations		2,178,349	38,024
Net profit (net loss)		2,178,349	38,024
Other comprehensive profit and/or loss (Net amount after tax)		(242,893)	169,374
Total comprehensive profit and/or loss		1,935,456	207,398
Earnings per share (EPS) (NT\$)		3.21	0.05

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

6.1.3 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
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
2022	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 2018~ 2020 were issued in the name of Epistar Corporation and the same for Fiscal year 2021~2022 were issued in the name of Ennostar Inc..)

6.2 Five-Year Financial Analysis

(Consolidated entities)

Items of analyses \ Year		Years 2018~2019	Year 2020	Year 2021	Year 2022
Financial Structure (%)	Debts Ratio (%)	Not applicable	28.49	28.98	22.43
	Long-term Fund to Property, Plant and Equipment (%)		219.98	251.55	284.66
Solvency (%)	Current Ratio (%)		195.16	219.50	316.74
	Quick Ratio (%)		149.55	172.81	262.36
	Times Interest Earned (Times)		(62.31)	20.51	(2.67)
Operating Performance	Average Collection Turnover (Times)		1.65	3.32	2.38
	Days Sales Outstanding		221.66	109.93	153.36
	Average Inventory Turnover (Times)		3.63	6.51	4.55
	Average Payment Turnover (Times)		7.02	7.37	5.24
	Average Inventory Turnover Days		100.55	56.06	80.21
	Property, Plant and Equipment Turnover (Times)		0.70	1.61	1.25
	Total Assets Turnover (Times)		0.25	0.55	0.39
Profitability	Return on Total Assets (%)		(14.69)	3.01	(0.62)
	Return on Equity (%)		(19.56)	4.03	(1.02)
	Pre-tax Income to Paid-in Capital Ratio (%)		(77.37)	34.49	(6.41)
	Net Margin (%)		(58.49)	5.21	(1.96)
	Earnings Per Share (NT\$)		(15.04)	3.21	0.05
Cash flow	Cash Flow Ratio (%)		19.53	27.61	77.18
	Cash Flow Adequacy Ratio (%)		126.38	89.32	81.98
	Cash Flow Reinvestment Ratio (%)		2.43	4.67	6.88
Leverage	Operating Leverage		N/A	3.41	N/A
	Financial Leverage		N/A	1.06	N/A

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

1. Times interest earned
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the times interest earned decreased.
2. Operating performance
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the operating performance decreased.
3. Profitability
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the profitability decreased.
4. Cash flows
Mainly due to the increased cash flows from operating activities, the cash flow ratio increased
5. Leverage
The leverage is not applicable as the 2022 operating income is negative.

(Individual entity)

Items of analyses \ Year		Years 2018~2020	Year 2021	Year 2022
Financial Structure (%)	Debts Ratio (%)	Not applicable	0.95	0.42
	Long-term Fund to Property, Plant, and Equipment (%)		515,134.93	495,575.49
Solvency (%)	Current Ratio (%)		21.10	481.92
	Quick Ratio (%)		20.60	476.34
	Times Interest Earned (Count)		1,616.99	104.48
Operating Performance	Average Collection Turnover (Count)		N/A	N/A
	Days Sales Outstanding		N/A	N/A
	Average Inventory Turnover (Count)		N/A	N/A
	Average Payment Turnover (Count)		N/A	N/A
	Average Inventory Turnover Days		N/A	N/A
	Property, Plant and Equipment Turnover (Count)		238.02	23.16
	Total Assets Turnover (Count)		0.05	0.00
Profitability	Return on Total Assets (%)		4.13	0.07
	Return on Equity (%)		4.16	0.07
	Pre-tax Income to Paid-in Capital Ratio (%)		31.79	0.98
	Net Margin (%)		90.10	15.54
	Earnings Per Share (NT\$)		3.21	0.05
Cash flow	Cash Flow Ratio (%)		451.11	559.55
	Cash Flow Adequacy Ratio (%)		95.53	54.09
	Cash Flow Reinvestment Ratio (%)		4.32	N/A
Leverage	Operating Leverage		1.00	1.01
	Financial Leverage		1.00	1.01

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

1. Times interest earned
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the times interest earned decreased.
2. Operating performance
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the operating performance decreased.
3. Profitability
Mainly due to the decreased revenue and profit resulting from the impacts of macroeconomy, the profitability decreased.
4. Cash flows
Mainly due to the increased cash flows from operating activities, the cash flow ratio increased

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) / Operating income
- (2) Financial Leverage = Income from Operations / (Operating income - Interest Expenses)

6.3 Audit Committee's Review Report for the Most Recent Year:

See Appendix II

6.4 Financial Statements for the Most Recent Year (including the consolidated financial statements of the parent and subsidiaries):

See Appendix IV

6.5 The Latest Individual Auditor's Report and Financial Statements Audited and Certified by CPA:

See Appendix V

6.6 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.

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

7.1 Financial conditions

(entities to be merged)		Expressed in Thousand New Taiwan Dollars		
Items \ Year	December 31, 2021	December 31, 2022	Amount in discrepancy	rate of change(s) (%)
Current assets	34,603,529	32,663,028	(1,940,501)	(5.61)
Non-current financial assets at fair value through profit or loss	112,284	90,007	(22,277)	(19.84)
Non-current financial assets at fair value through other comprehensive income	7,958,652	8,054,316	95,664	1.20
Property, plants & equipment	24,299,352	22,037,075	(2,262,277)	(9.31)
Right-of-use asstes	1,915,756	1,905,157	(10,599)	(0.55)
Intangible assets	4,941,663	4,907,583	(34,080)	(0.69)
Other assets	3,057,946	3,386,304	328,358	10.74
Total assets	76,889,182	73,043,470	(3,845,712)	(5.00)
Current liabilities	15,764,347	10,312,376	(5,451,971)	(34.58)
Non-current liabilities	6,519,792	6,070,098	(449,694)	(6.90)
Total liabilities	22,284,139	16,382,474	(5,901,665)	(26.48)
Share capital	6,852,514	7,547,840	695,326	10.15
Capital surplus	43,830,638	46,421,664	2,591,026	5.91
Retained earnings	2,169,446	654,565	(1,514,881)	(69.83)
Other equity	(235,543)	75,010	310,553	(131.85)
Treasury shares	(294,810)	(294,810)	0	0.00
Non-controlling interests	2,282,798	2,256,727	(26,071)	(1.14)
Total shareholders' equity	54,605,043	56,660,996	2,055,953	3.77

7.1.1 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. Current liability decreased

The decrease was mainly due to the decreased short-term borrowings, and the decreased accounts payable along with the declined operations in 2022

2. Decreased retained earnings

The retained earnings decreased mainly due to the distribution of 2021 cash dividends and profit decreasing in 2022.

3. Increased other equity

Mainly due to the gains from foreign exchange of the translated foreign operations' financial statements, and the increase in the unrealized valuation loss of the investment in equity instruments at FVOCI.

7.1.2 Impact resulting from the change: Without a significant impact upon the financial conditions.

7.1.3 Future countermeasures: Not applicable.

7.2 Financial performance

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
Year Items	Fiscal year 2021	Fiscal year 2022	Amount in discrepancy	rate of change(s) (%)
Net sales	36,424,760	28,878,250	(7,546,510)	(20.72)
Operating costs	(28,807,881)	(23,896,688)	4,911,193	(17.05)
Unrealized loss in sales	1,630	(15)	(1,645)	(100.92)
Gross profit (loss)	7,618,509	4,981,547	(2,636,962)	(34.61)
Operating expenses	(5,680,312)	(5,533,845)	146,467	(2.58)
Other gains and losses	171,933	86,700	(85,233)	(49.57)
Operating Profit	2,110,130	(465,598)	(2,575,728)	(122.06)
Non-operating income & expenses	253,178	(17,870)	(271,048)	(107.06)
Net income before tax from continued operation	2,363,308	(483,468)	(2,846,776)	(120.46)
Income tax expenses	(464,834)	(82,915)	381,919	(82.16)
Net Profit	1,898,474	(566,383)	(2,464,857)	(129.83)
Other comprehensive income(loss)	(315,531)	206,055	521,586	(165.30)

7.2.1 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. The net amount of gross profit and operating income decreased

The gross profit of the period decreased with the operating loss generated mainly due to the impacts of the overall economy resulting in less operating revenue and poorer operations.

2. Increased net non-operating expenses

Mainly due to the increase in the loss from the affiliates and joint ventures recognized with the equity method, the increase in the financial assets at FVTPL, and the increase in the net gain of foreign currency exchange.

3. Decreased income tax expense

The income tax expense decreased mainly due to the decreased 2022 profit.

4. Increased other comprehensive loss for the period

Mainly due to the gains from foreign exchange of the translated foreign operations' financial statements, and the increase in the unrealized valuation loss of the investment in equity instruments at FVOCI.

7.2.2 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. This year, mini automotive backlights will start to have an amplified volume. Recently, the new project of automotive display design have been mainly adopting the mini backlights. Meanwhile, to realize the mass production of Micro LED in 2025, the production capacity is being actively prepared. The Company is optimistic about its own red LED products being applied in the development of bio-sensing and plant lighting, as well as the future market demand for UVC. In the field of advanced compound semiconductors, customers' new projects have been successively received, and the early cultivation will continue to mature. 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.

7.3 Cash Flow

7.3.1 analysis on changes in cash flow

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
items \ year	Fiscal year 2021	Fiscal year 2022	increase (decrease) in amount	rate of change(s) (%)
Net cash flow from operating activities	4,352,588	7,959,042	3,606,454	82.86
Net cash flow from investing activities	(218,669)	(4,699,400)	(4,480,731)	2,049.09
Net cash flow from financing activities	3,549,634	295,875	(3,253,759)	(91.66)

Fiscal year 2022 analysis on changes in cash flow

1. Operating activities

The increase in net cash inflow from operating activities in 2022 from 2021 is mainly due to the good operating conditions in 2021, and the timing to collect the revenue of the fourth quarter was mainly in the first half of 2022.

2. Investing activities

The net cash outflow from investing activities in 2022 increased from 2021. While the capex of the two years did not deviate materially, the merger with Lextar in 2021 resulted in the effect of first subsidiary merger, and thus the net cash outflow in 2022 increased relatively.

3. Financing activities

The net cash inflow from financing activities in 2022 decreased from 2021, mainly due to the capital increase in cash in 2022 and the net cash inflow of operating activities. Therefore, more borrowings were repaid in 2022, while in 2021 there was net borrowing, resulting in the relative decrease in the net inflow in 2022.

Plan to improve cash deficit

At end of Year 2022, the Company's net cash inflow from operating activities came to NT\$7.96 billion. The problem of cash deficit is nonexistent.

7.3.2 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 management plans
16,127,132	3,737,896	(6,961,246)	12,903,782	—	—

Analysis on changes in cash flow in 2023

- 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.

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

7.4.1 Facts of the utilization of major capital expenditures by the Company and its subsidiaries in 2022 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, loans and private equity	4,320,230

7.4.2 Impact upon financial and business aspects

Based on the needs of the strategic positioning, the Group invests in relevant capital expenditures to meet the needs of customers in markets, and optimizes the Company's product mixes and technical specifications. In addition to industrial positioning, the Company also actively participates in ESG-related activities, and gradually enhances the environmental protection, and facilities of occupational safety and green power, seeking to exert the influence as an enterprise to drive the supply chain, and become a benchmark for everyone to emulate.

In 2022, due to the impact of the overall economy resulting in the decline in consolidated revenue, the Company responded by strictly controlling inventory and strengthening cash management, resulting in an increase in the current ratio rather than a decrease. Meanwhile, the capital needed for the purchase plans of machinery equipment is carefully evaluated internally, and the utilization of

working capital is properly planned, without risk of insufficient funds due to capital expenditures. Therefore, there is no major adverse impact on the finance and business of the Company and its subsidiaries.

7.5 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.

The Company's 2022 annual consolidated statement recognized the investment loss with the equity method for NT\$710 million. The is mainly because the LED industry boom has slowed down since the second quarter of 2022, and the peak season in the latter half of the year also missed the expectation. The pandemic lockdown measures in China impacted the production capacity of plants in China, and further the overall consumption power in mainland China (such as LED lighting and LED displays). The sluggish consumer demand for terminal electronic products (such as mobile phones, tablets, and computers) caused by the Russia-Ukraine War and global inflation have also seriously impacted the procurement of electronic parts and components, bringing the headwinds to the operations of the overall reinvestees.

Ennostar's reinvestments focus on medium- and long-term strategic objectives, and the investment targets are mainly the strategic investees to position the LED-related industries, to cultivate new competitive advantages and growth momentum. The investment pillars are the advanced display, automotive, sensing, special lighting and a new generation of compound semiconductors, to shift the business positioning to the high-tech and high-value-added application markets. Looking to the future, Ennostar will continue to invest based on the Group's long-term development strategies, to create a leading position in the industry. Starting from the core capabilities, it gathers the resources and strength of the Group and partners, and continuously invests in innovative research and development to realize the blueprint of the newest generation of compound semiconductors, to become the " #1 investment platform in compound semiconductors" in the world.

7.6 Risk-related issues

7.6.1 Policy and organizational structure of risk management

The Board and senior management of Ennostar Group have been committed to strengthening corporate governance and promoting risk management for a long time. In light of the increasingly complex business operations faced by enterprises, to steadily operate the business, and move toward the corporate sustainable development goals, Ennostar Group promotes comprehensive enterprise risk management (ERM). On November 3, 2022, the Board approved the formal establishment of the "Risk Management Committee" under the "ESG Corporate Sustainability Committee" subordinate to the Board, expecting to focus on the following aspects:

- 1、The Risk Management Committee is established to assist the risk management team in sub-committees to operate smoothly
- 2、Optimize the basic risk management framework, to fully implemented the risk management mechanism.

- 3、Comprehensively introduce the enterprise risk management mechanism, identify the Group's focused risks through the top-down and bottom-up approaches, and formulates corresponding action plans, to improve the corporate resilience of the Group's companies when facing operational risks
- 4、Elevate the risk management awareness of all employees and establish the Group's risk management culture

Risk management policy

Including risk management procedures, and risk management procedures include five major elements, namely risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanism; the actual implementation procedures and methods of each element are specified, too.

Organizational structure



Operations

To identify the challenges that may arise to Ennostar Group in the future, early and systematically, and respond appropriately to improve corporate resilience, at the initial stage of the enterprise risk management (ERM) introduction, the five common risks to be monitored first were identified through executives, namely technological development, supply chain, talent shortage, geopolitics, and climate change (shortage of water/power). Upon the approval and confirmation of the highest risk governance unit, the Board of Directors, on November 3, 2022, the follow-up risk scenario analysis and risk assessment for implementation, response strategies and action plans were conducted. Meanwhile, the construction of the Ennostar Risk Knowledge Database will be completed in 2023. The measurement standards and methods of risk assessment will start from the bottom, and the risk management will be incorporated into the business strategies to reduce the risks of these issues to which the Group is exposed. Through the introduction of ERM, the Company's risk management policies and procedures are adjusted and optimized in a timely manner, and the annual risk management implementation results are reported, to gradually form a corporate governance culture through the guidance and supervision of the Board.

The Risk Management Committee is composed of the chairmen of the Company, Epistar, Lextar Electronics and Unicorn Semiconductor; the members of the executive office and the executive secretaries of the four groups under the Committee are the chief financial officers of the four companies. In the early stage of ERM introduction, regular weekly communication and coordination meetings were convened, to be responsible for promoting, implementing and maintaining the risk management mechanism. Members within the risk management organization (including officers and execution staff) also need to receive relevant education and training courses. For their duties and functions, please refer to the “Risk Management Policy and Procedures” published on the official website.

7.6.2 The impact upon the Company’s profit and/or loss by the changes in interest rate, exchange rate and inflation and the future countermeasures.

1. Interest rate

(1) Impact upon the Company’s profit and/or loss

As owning net deposit positions, the Company and its subsidiary, on December 31, 2022, 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\$10,806,000 in Fiscal 2022. 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.

2. exchange rate

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

Expressed in Thousand New Taiwan Dollars; %

Items	Year	Fiscal year 2022
Net revenues (1)		28,878,250
Operating profit (loss) (2)		(465,598)
Foreign exchange gain (loss), net (3)		526,415
(3)/(1)		1.82%
(3)/(2)		-113.06%

(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.

3. 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 2022. 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.

7.6.3 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 in the most recent year and as of the publication date of the Annual Report	Both the Company and its subsidiaries have focused on the principal business lines and have not engaged in high risk, high leverage investment.
Capital funds loaned to others	<ol style="list-style-type: none"> 1. Due to the business turnover needs of Unikorn Semiconductor Corporation, the company has loaned NT\$500 million to the company. 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 Other Parties" 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 and Guarantees" 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 "Acquisition or Disposal Procedures of Assets" and "Engage in Derivatives Transaction Handlers" 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.

7.6.4 The future research & development plans and the research & development costs anticipated to be invested.

The R&D function of the Company is in Taiwan. Unicorn Semiconductor Corp provides integrated R&D for foundry service while the major R&D plans were administered by the subsidiaries (EPISTAR and Lextar), and will continue to refine the production process and different R&D technologies, and integrate Group resources for efficient R&D design. In 2022, the Company is expected to invest at high level in R&D. For additional information, refer to p.125.

7.6.5 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.

7.6.6 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.

Hacking incidents have increased. In 2022, many TWSE and TPEX listed companies in Taiwan announced that they were hacked in their material information release. Information security has been listed as one of the important risk management issues by the Group. To grasp the posture of information security, the Group participates in TWCERT/CC and has become a member of Taiwan Chief Information Security Officer Alliance; the subsidiaries also work with the SP-ISAC of the industries they belong to, to participate in the joint defense program, to grasp information security information, respond to risk threats early, and effectively improve the Group's information security defense capabilities. Facing the major international system vulnerabilities or information security incidents, the timely contingent fixes are conducted through weekly meetings, the methods of intrusion cases are studied, to mend the existing deficiencies. The detection mechanism is enhanced as well to detect abnormal behavior immediately to reduce the risk.

7.6.7 The impact resulting from a change in corporate image upon the management over the corporate crisis and the countermeasures thereof.

The Company regards ethical management as an important core value, and constructs the corporate culture and systems accordingly. The "Risk Management Policy and Procedures" are established to protect the rights and interests of stakeholders, strengthen communication channels, and understands their needs and expectations for the reference of sustainable development planning, and enhance the sustainable performance in the Company's operations. Meanwhile, the Company is committed to becoming the best investment platform in compound semiconductors, actively investing in product research and development and innovation management, including fields of Mini/Micro LED, sensing, automotive, power devices and 5G, to exert the integration synergy via the Group. The positioning and maintenance of patents are helpful to strengthen industrial competitiveness. In the future, we will continue insisting on the philosophy of sustainable management to lead the group to grow together. During the most recent year up to the date of publication of the annual report, the Company had nothing to affect the corporate image.

7.6.8 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

7.6.9 The benefit anticipated from the effort of plant expansion, the potential risks and the countermeasures.

To respond to the Group's professional division of labor and the integration of resources by various businesses under the Group, other than continuously promoting the integration of the plant zones to consolidate equipment of the Group, to boost the operation scale and efficiency of management of a single plant, the advanced manufacturing process equipment, clean rooms, and R&D equipment are added, and the machines are upgraded, with expansion of new capacities to cope with the introduction of the new Micro LED products, R&D development of the OEM business of III-V compound semiconductors, and competitiveness improvement. It is expected to construct/build Micro LED fab, and develop new products jointly with strategic partners, to accelerate the introduction of new products to the markets, and lower possible risks of new product development.

7.6.10 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 III-V 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.

Although the sales amount of one customer of the Group in 2022 exceeded 20% of the total sales amount, this is due to a decrease in consolidated revenue resulting from the overall economic impacts, and there is no risk of consolidated sales as a whole.

7.6.11 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.

AUO Group acquired the Company's equity through private placement in July 2022. Its shareholding ratio has risen from 9.3% to 17.3% currently, becoming the largest single shareholder of Ennostar, which is helpful to the long-term strategic collaborations between the two parties. It is expected to have positive effects on the Company's finance and business.

7.6.12 The impact and risk upon the Company resulting from a change in the managerial officer's power and the countermeasures.

None.

7.6.13 Litigation or non-litigation issues

Ennostar Group

Subject	Fa t 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 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	Pending for a judgment to be ruled by the court	2020.05.22	Lowe's	Currently being heard in the District Court in Texas, USA
Civil litigation of patent infringement	Suit filed for the infringement by Amazon Fire TV to the US patents of Epistar: US7,705,344, US9,530,934, US10,199,542, US10,505,076, US9,257,604, US10,181,549, US10,522,715, US9,293,656, US9,893,257, US10,038,129, US8,963,123, US9,425,362, and US7,821,026 for total 13 invention patents	Pending for a judgment to be ruled by the court	2022.05.24	Amazon	Currently being tried in the Western District Court, Texas, U.S.A.

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

(Source: AUO Corporation's Consolidated Financial Statements for Fiscal 2022)

In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. AUO does not believe service has been properly made, but in order to protect its rights, AUO has retained counsel to handle the related matter, and at this stage, the final outcome of these matters is uncertain. AUO has been reviewing the merits of this lawsuit on an on-going basis. In September 2018, AUOUS received a complaint filed by the Government of Puerto Rico against certain LCD manufacturers including AUO and AUOUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the litigation. The Superior Court of San Juan, Court of First Instance has revoked the case in October 2022

7.6.14 Other significant risks and countermeasures.

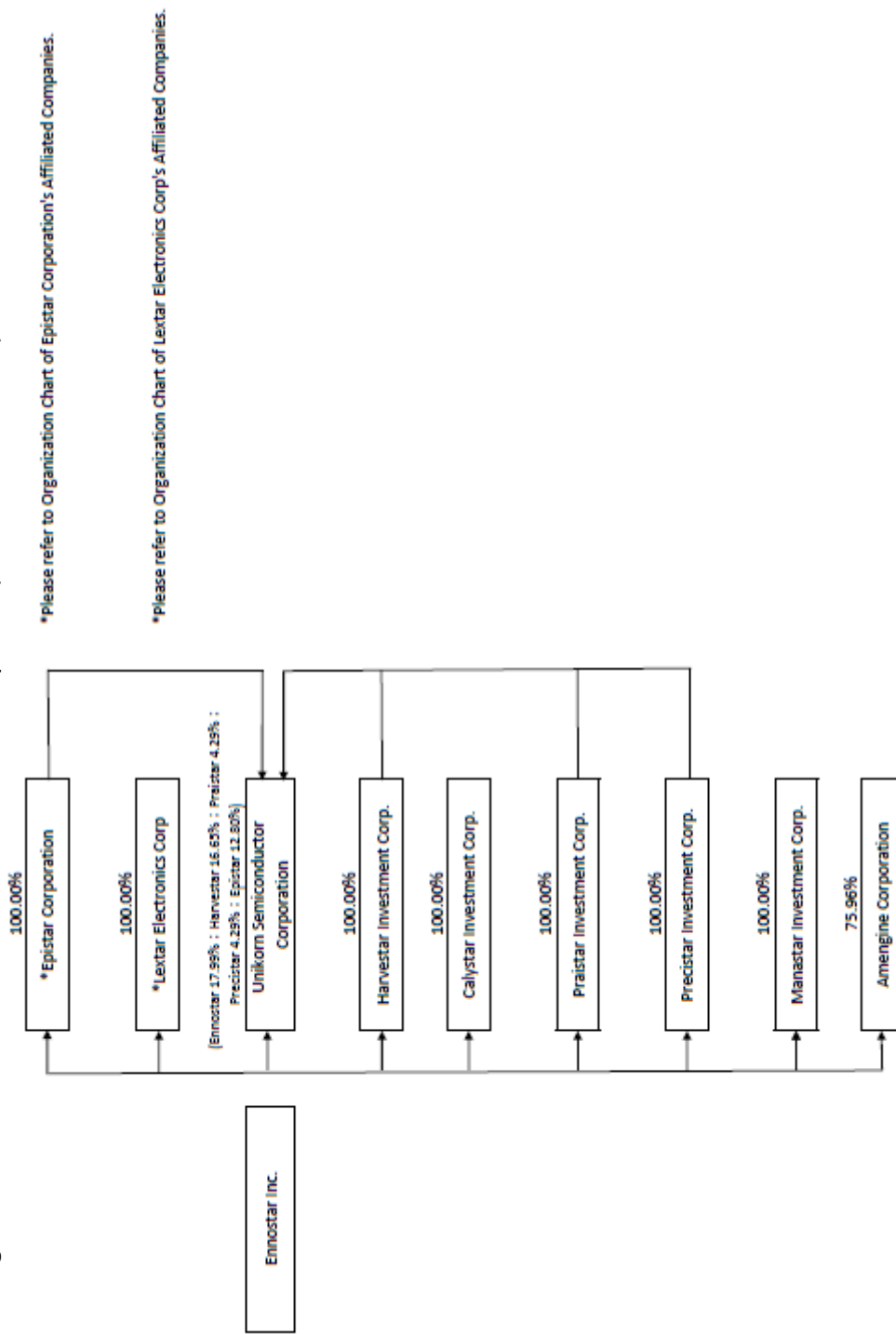
None.

7.7 Other important notes: None

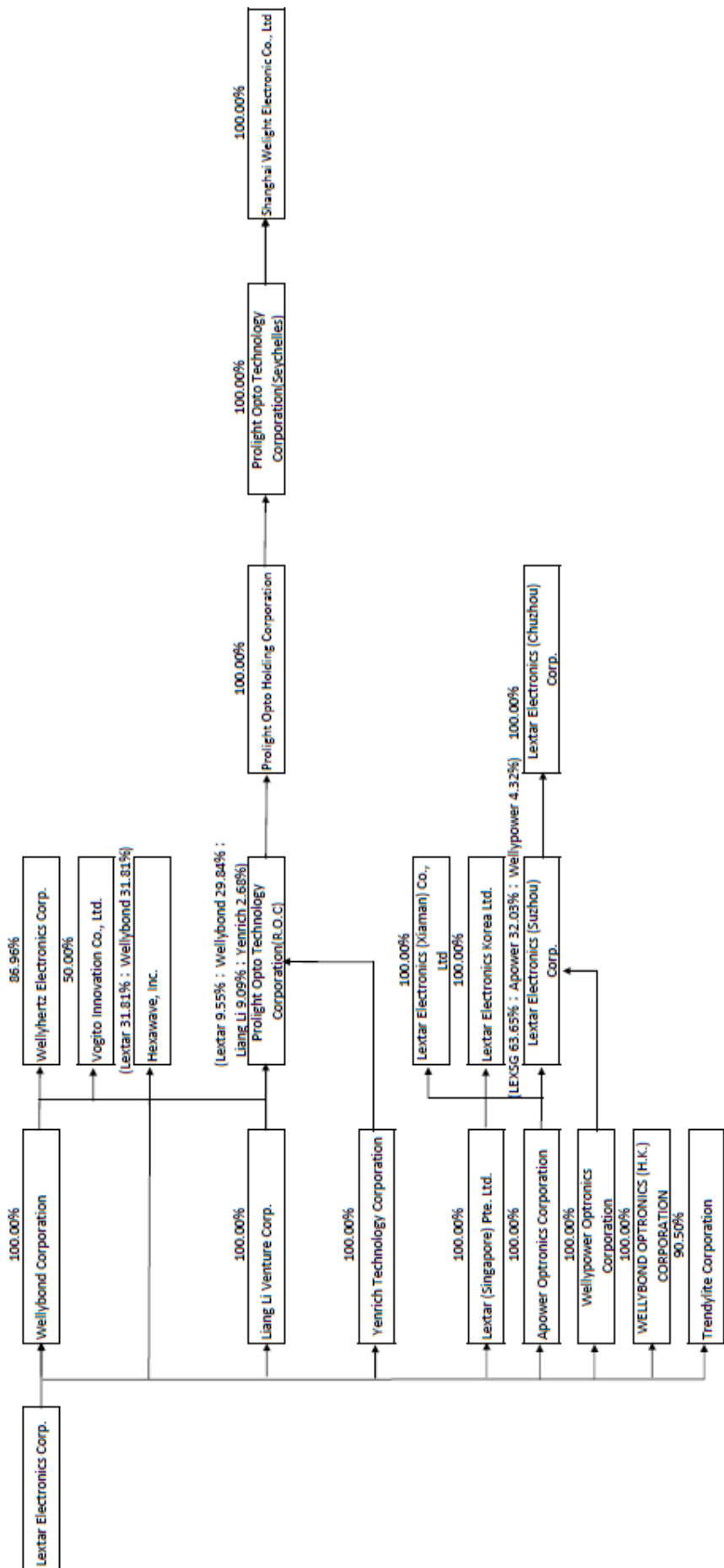
8. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Organization Chart of Ennostar Inc.'s Affiliated Companies (December 31, 2022)



[illegible]



8.1.2 Basic Information of Affiliates

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Epistar Corporation	1996.09.19	No. 21 Lixing Road, Hsinchu City, Hsinzhu Science Part Zone	NTD 11,164,791,880	Research & development, manufacture and sales of Light Emitting Diode upstream LED epitaxy and chip grains
Lextar Electronics Corp.	2008.05.23	6F No. 21 Lixing Road, Hsinchu City, Hsinzhu Science Part Zone	NTD 5,149,163,800	From photoelectric semiconductor packages, SMT to module products
Lighting Investment Corp.	2007.11.08	7F-5, No. 1 Gongdao 5th Road, Eastern District, Hsinchu City	NTD 1,914,785,180	professional investment
Episky Corporation (Xiamen) Ltd.	2006.12.13	No. 99 Xiangxing Road, Torch Gaoxin District (Xiang'an) 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 1501, 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 1501, 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

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Yenrich Technology Corporation	2010.12.11	2F, No. 52 Park Zone 2nd Road, Baoshan Township, Hsinchu County, Hsinchu Science Park Zone	NTD 660,000,000	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
United Led Shan Dong Corporation	2010.02.25	No. 6688 Chungwen Boulevard, Gaoxin District, Jining 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 Buildinf, Bach Road, Apia Somoa.	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
Ganrich Semiconductor Corporation	2018.03.02	7F~5, No. 1 Gongdao 5th Road, Eastern District, Hsinchu City	NTD 37,050,000	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 1,562,000,000	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 2,218,000	Research & development, design and sales of electronic components
Amengine Corporation	2020.06.15	2F-3, No. 6-1, Sec. 2, Shengyi Rd., Zhubei City, Hsinchu County , Taiwan (R.O.C.)	NTD 50,566,250	Research & development, production and sales of optical sensing modules

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Shenzhen Epikylin 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
Lextar Electronics (Suzhou) Corp.	2010.02.05	West Side, 1F, Building T, No.13, Chun Hui Road, Suzhou Industrial Park, China	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 Pentierium IT Tower, 282 Hagui-ro Dongan-gu, Anyang-si, Gyeonggi-do, South Korea	USD 100,000	Rendering LED related after-sales services
Wellypower Optonics Corporation	1999.06.08	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, Vg1110, British Virgin Islands	USD 5,153,061	Business in general investment
Apower Optonics Corporation	2003.02.11	VISTRA CORPORATE SERVICES CENTRE, WICKHAM'S 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 Optonics (H.K.) Corporation	2008.10.15	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	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 N. 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

Name of enterprise	Date of incorporation	Address	paid-in capital	Major business lines or production items
Hexawave, Inc.	1991.02.20	1F, No. 2 Zhanyeh 2nd Road, Hsinchu City, Hsinzhu Science Part Zone	NTD 399,778,340	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 23,000,000	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)
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
Harvestar Investment Corp	2021.07.02	7F-5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 1,150,000,000	Business in general investment
Calystar Investment Corp.	2021.11.11	7F-5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 440,000,000	Business in general investment
Precistar Investment Corp.	2022.10.20	7F-5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 270,000,000	Business in general investment
Praistar Investment Corp.	2022.10.20	7F-5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 270,000,000	Business in general investment
Manastar Investment Corp.	2022.10.20	7F-5, No. 1, Gongdao 5th Road, Sec. 3, Hsinchu City	NTD 1,000,000	Business in general investment

8.1.3 Shareholders representing both holding companies and subordinates: None.

8.1.4 Industries Covered by all the Affiliates: Including optoelectronic industry and investment industry.

8.1.5 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 shareholding 1,116,479 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 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	Epistar. shareholding 191,479 thousand shares	100.00%
	Supervisor	Epistar Corporation Legal representative : Wun-Ting Wang		
Episky Corporation (Xiamen) Ltd.	Director	Episky (Hong Kong) Ltd. Legal representative : Jen-Chau Wu 、 Chang Bao 、 Ming-Da Jin 、 Wen-Chieh Kuo	Episky (Hong Kong) invested USD 68,000 thousand	100.00%
	Supervisor	Episky (Hong Kong) Ltd. Legal representative : Yung-Sheng Yu		
Episky (Hong Kong) Ltd.	Director	Chin-Yung Fan	Epistar JV invested USD 68,000 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 46 thousand shares	100.00%
Epistar JV Holding (BVI) Co., Ltd.	Director	Bling-Jye Lee	Epistar shareholding 48 thousand shares	100.00%
LiteStar JV Holding (BVI) Co., Ltd.	Director	Chin-Yung Fan 、Jen-Chau Wu 、Liao-Shou Yen	Epistar JV shareholding 11 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 3,800 thousand 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 USD 3,000 thousand	100.00%
	Supervisor	Luxlite (HK) Corporation Limited Legal representative : Wun-Ting Wang		

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 : Ming-Da Jin	Epicrystal (Hong Kong) invested USD 146,600 thousand Episky (Xiamen) invested USD 5,200 thousand	96.69%
	Supervisor	Wun-Ting Wang		
Yenrich Technology Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Siou-Mu Tang 、 Li-Yuan Huang 、 Wan-Ji Syu 、 Chao-Nien Huang	Lextar shareholding 66,000 thousand 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 67,000 thousand 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 84,000 thousand	100.00%
	Supervisor	United Led Corporation Hong Kong Limited Legal representative : Yung-Sheng Yu		
HUGA Holding (Samoa) Limited	Director	Chin-Yung Fan	Epistar JV shareholding 12,551 thousand shares	100.00%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Epistar (Hong Kong) Limited	Director	Chin-Yung Fan	Lighting shareholding 83 thousand shares	100.00%
Yen-Rich Opto (Hong Kong) Limited	Director	Yung-Sheng Yu	Lighting invested shareholding 4,010 thousand shares	100.00%
Full Star Enterprises Limited	Director	Yung-Sheng Yu	Epistar invested USD 8,660 thousand	100.00%
Can Yang Investments Limited	Director	Chin-Yung Fan 、 Jen-Chau Wu 、 Chen Ou 、 Cheng-Chi Chiang 、 Lin-Tien Yang	Epistar shareholding 2,679 thousand shares Epistar JV shareholding 64,794 thousand shares shareholding 5,219 thousand 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 USD 192,000 thousand	100.00%
	Supervisor	Can Yang Investments Limited Legal representative : Hui-Nin Chen		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Ganrich Semiconductor Corporation	Director	Lighting Investment Corp. Legal representative : Yung-Sheng Yu 、 Shao-You Deng 、 Hsin-Mao Liu Jia-Tay Kuo	Lighting shareholding 4,428 thousand shares	83.39%
	Supervisor	Teng-Yuan Hsu		
Unikorn Semiconductor Corporation	Director	Ennostar Inc. Legal representative : Wei Shih 、 Bliing-Jye Lee 、 Jin-Xiang Wen Bau-Hsing Ann Ta-Lun Huang	Ennostar shareholding 56,200 thousand shares Harvestar shareholding 52,000 thousand shares Precistar shareholding 13,400 thousand shares Praistar shareholding 13,400 thousand shares Epistar shareholding 40,000 thousand shares	56.02%
	Supervisor	Harvestar Investment Corp. Legal representative : Wun-Ting Wang GCS Holdings, Inc. Legal representative : Ya-Ching Li		
Prolight Opto Technology Corporation(R.O.C)	Director	Wellybond 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)	Lextar shareholding 6,500 thousand shares Wellybond shareholding 20,310 thousand shares Liang Li shareholding 6,185 thousand shares Yenrich shareholding 1,822 thousand shares	51.16%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Gan Force Corporation	Director	Epistar Corporation Legal representative : Bing-Jye Lee 、 Min-Hsun Hsieh 、 Yung-Sheng Yu	Epistar shareholding 1,119 thousand shares Lighting shareholding 620 thousand shares	100.00%
	Supervisor	Tzu-Hsiang Tai		
Amengine Corporation	Director	Ennostar Inc. Legal representative : Lin-Tien Yang 、 Chih-Ming Shih 、 Chien-Te Lin Chia-Liang Hsu Chang-Po Chao	Ennostar shareholding 6,922 thousand shares	75.96%
	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 10,000 thousand	100.00%
	Supervisor	Episky Corporation (Xiamen) Ltd. Legal representative : Tao-Jung Lin		
Lextar Electronics (Suzhou) Corp.	Director	Siou-Mu Tang 、 Chi-Chung Chao 、 Kuei-Liang Lai	LEXSG invested USD 80,000 thousand Wellypower invested USD 5,436 thousand Apower invested USD 40,269 thousand	100.00%
	Supervisor	Yan-Qin Wong		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Liang Li Venture Corp.	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Siou-Mu Tang	Lextar shareholding 18,000 thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative : Yan-Qin Wong		
Lextar (Singapore) Pte. Ltd.	Director	Teng-Huei Huang 、 Siou-Mu Tang 、 Kai-Lin Hsu	Lextar invested USD 90,270 thousand	100.00%
Lextar Electronics Korea Ltd.	Director	Ming-De Wu	LEXSG shareholding 22 thousand shares	100.00%
Wellypower Optronics Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Siou-Mu Tang	Lextar invested USD 5,153 thousand	100.00%
Apower Optronics Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Siou-Mu Tang	Lextar invested USD 31,600 thousand	100.00%
Wellybond Optronics Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Siou-Mu Tang	Lextar shareholding 75,000 thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative : Yan-Qin Wong		
Wellybond Optronics (H.K) Limited	Director	Feng-Cheng Su 、 Teng-Huei Huang 、 Siou-Mu Tang	Lextar invested USD 500 thousand	100.00%

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Trendylite Corporation	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Teng-Huei Huang 、 Cun-Jhong Li	Lextar shareholding 2,851 thousand shares	90.50%
	Supervisor	Yan-Qin Wong		
Lextar Electronics (Xiaman) Co., Ltd	Director	Siou-Mu Tang 、 Chi-Chung Chao 、 Kuei-Liang Lai	LEXSG invested USD 1,100 thousand	100.00%
	Supervisor	Yan-Qin Wong		
Lextar Electronics (Chuzhou) Corp.	Director	Siou-Mu Tang 、 Chi-Chung Chao 、 Kuei-Liang Lai	Lextar (Suzhou) invested RMB 700,000 thousand	100.00%
	Supervisor	Yan-Qin Wong		
Vogito Innovation Co., Ltd.	Director	Wellybond Corporation Legal representative : Teng-Huei Huang 、 Siou-Mu Tang Qi Da Investment Co., Ltd. Legal representative : Feng-Cheng Su	Wellybond shareholding 100 thousand shares	50.00%
	Supervisor	Yan-Qin Wong		
Hexawave, Inc.	Director	Lextar Electronics Corp. Legal representative : Feng-Cheng Su 、 Mong-I Lin 、 Jin-Yu Lu 、 Huang-Chung Cheng Tung Ho Steel Enterprise Corp. Legal representative : Che-Chung Lin	Lextar shareholding 12,716 thousand shares Wellybond shareholding 12,715 thousand shares	63.62%
	Supervisor	Wellybond Corporation Legal representative : Shao-Lan Wang		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Wellyhertz Electronics Corp.	Director	Wellybond Corporation Legal representative : Teng-Huei Huang 、 Feng-Cheng Su 、 Jin-Yu Lu	Wellybond shareholding 20,000 thousand shares	86.96%
	Supervisor	Shao-Lan Wang		
Sh Optotech Co., Ltd.	Director	Epistar Corporation Legal representative : Lin-Tien Yang 、 Wen-Chung Lee SEOUL VIOSYS Co., Ltd. Legal representative : Young-Joo Lee 、 Woodchul Kwak	Epistar shareholding 3,179thousand shares	49.00%
	Supervisor	Wun-Ting Wang Seoul Semiconductor Co., Ltd. Legal representative : Jonghyeon Chae		
ProLight Opto Holding Corporation	Director	Chen-Lun Hsing Chen	ProLight (R.O.C) invested USD150 thousand	100.00%
ProLight Opto Technology Corporation	Director	Chen-Lun Hsing Chen	ProLight Opto Holding invested USD150 thousand	100.00%
Shanghai Wellight Electronic Co., Ltd	Director	Tong Guan	ProLight Opto Technology invested USD150 thousand	100.00%
	Supervisor	Ming-Sian Shih		
Harvestar Investment Corp.	Director	Ennostar Inc. Legal representative : Bing-Jye Lee 、 Po Yi Chang 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Wun-Ting Wang	Ennostar shareholding 115,000 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		

Company Name	Title	Name or Representative	Number of shares held (Note 1)	
			Number of shares (Amount of capital)	shareholding percentage
Calystar Investment Corp.	Director	Ennostar Inc. Legal representative : Biing-Jye Lee 、 Po Yi Chang 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Wun-Ting Wang	Ennostar shareholding 44,000 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		
Precistar Investment Corp.	Director	Ennostar Inc. Legal representative : Biing-Jye Lee 、 Po Yi Chang 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Wun-Ting Wang	Ennostar shareholding 27,000 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		
Praistar Investment Corp.	Director	Ennostar Inc. Legal representative : Biing-Jye Lee 、 Po Yi Chang 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Wun-Ting Wang	Ennostar shareholding 27,000 thousand shares	100.00%
	Supervisor	Ennostar Inc. Legal representative : Yan-Qin Wong		
Manastar Investment Corp.	Director	Ennostar Inc. Legal representative : Biing-Jye Lee 、 Po Yi Chang 、 Lin-Tien Yang 、 Yung-Sheng Yu 、 Wun-Ting Wang	Ennostar shareholding 100 thousand 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.

8.1.6 Affiliates' Operating Results

As of December 31, 2022 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)
Harvestar Investment Corp.	1,150,000	849,744	0	849,744	0	(201,849)	(200,651)	(1.95)
Calystar Investment Corp.	440,000	409,063	0	409,063	0	(48,836)	(48,708)	(1.29)
Precistar Investment Corp.	270,000	49,006	3	49,003	0	(109)	(17)	(0.00)
Praistar Investment Corp.	270,000	49,006	3	49,003	0	(109)	(17)	(0.00)
Manastar Investment Corp.	1,000	981	0	981	0	(19)	(19)	(0.19)
Amengine Corporation	50,566	45,718	7,966	37,752	3,531	(11,584)	(11,542)	(1.74)
Unikorn Semiconductor Corporation	1,562,000	2,902,736	1,790,138	1,112,598	407,961	(972,136)	(976,415)	(3.74)
Epistar Corporation	11,164,792	51,656,890	11,721,409	39,935,481	18,321,133	1,132,156	915,860	0.84
GaNRich Semiconductor Corporation	37,050	30,195	52,577	(22,382)	6,158	(25,221)	(23,623)	(4.53)
Lighting Investment Corp.	1,914,785	1,537,018	69,413	1,467,605	528,933	(15,323)	(15,533)	(0.08)
Lighting Investment Ltd.	152,701	739,305	0	739,306	0	(6,227)	52,613	Note 1
Epistar (Hong Kong) Limited	2,556	16	261	(245)	0	(34)	(34)	Note 1
Epistar JV Holding (BVI) Co., Ltd.	14,960,129	10,157,130	327,172	9,829,958	0	(156)	(154,187)	Note 1
Lite Star JV Holding (BVI) Co., Ltd.	4,169,444	4,328,133	34	4,328,099	0	(165)	(203,142)	Note 1
Episky Corporation (Xiamen) Ltd.	2,124,096	4,832,379	2,540,381	2,291,997	4,764,399	(19,147)	(44,979)	Note 1
Episky(Hong Kong)Ltd.	2,124,096	2,292,004	0	2,292,004	0	0	(44,979)	Note 1
United LED Corporation Hong Kong Limited	2,689,036	386,716	251	386,465	0	(266)	(12,849)	Note 1
United LED Shan Dong Corporation	2,404,500	417,645	41,757	375,888	6,295	(13,869)	(13,777)	Note 1
Epicrystal Corporation (ChangZhou) Ltd.	4,494,125	5,672,524	1,038,463	4,634,061	2,424,191	(140,557)	(217,465)	Note 1
Epicrystal (Hong Kong) Co., Ltd.	4,403,034	4,327,287	0	4,327,287	0	0	(203,069)	Note 1
Full Star Enterprises Limited	262,991	271,689	0	271,689	0	37	8,927	Note 1
Jiangsu Canyang Optoelectronics Ltd.	5,902,624	2,600,538	900,241	1,700,297	1,423,385	(26,290)	45,772	Note 1
Can Yang Investments Limited	2,324,763	1,707,663	61,095	1,646,568	0	(94)	46,497	Note 1
SH Optotech Co., Ltd.	64,881	15,627	10,729	4,898	0	(449)	(1,494)	(0.23)
HUGA Holding (SAMOA) Limited	334,967	4,231	0	4,231	0	(41)	(10)	Note 1
Yen-Rich Opto (Hong Kong) Limited	133,403	75,946	37	75,909	0	0	57	Note 1
Luxlite (Shenzhen) Corporation Limited	0	0	0	0	(3)	463	929	Note 1, 2

As of December 31, 2022 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)
Luxite (HK) Corporation Limited	133,979	280,172	34	280,138	0	(56)	5,284	Note 1
Gan Force Corporation	2,218	4,208	3,531	677	0	(271)	(1,899)	(1.09)
Shenzhen Epikyin Optoelectronics Co., Ltd.	43,770	981,799	788,070	193,729	2,188,648	30,004	23,127	Note 1
Lextar Electronics Corp.	5,149,164	11,224,671	1,452,121	9,772,550	4,577,584	(153,412)	(264,720)	(0.51)
Liang Li Venture Corp.	180,000	124,840	1	124,839	0	(133)	(717)	(0.04)
Wellybond Corporation	750,000	553,016	651	552,365	0	(6,058)	(68,360)	(0.91)
Trendlyte Corporation	31,500	52,093	10,586	41,507	55,334	2,498	2,089	0.66
Vogito Innovation Co., Ltd.	2,000	5,715	841	4,874	7,199	2,570	2,067	10.34
Lextar (Singapore) Pte. Ltd.	2,709,310	2,504,066	2	2,504,064	0	(318)	(152,032)	Note 1
Apower Optonics Corporation	381,638	1,188,147	9	1,188,138	0	(90)	23,452	Note 1
Wellypower Optonics Corporation	44,898	165,393	9	165,384	0	(90)	3,167	Note 1
Wellybond Optonics HK Limited	17,888	11,848	0	11,848	0	(65)	119	Note 1
Lextar Electronics Korea Ltd.	3,025	5,322	680	4,642	7,661	355	383	Note 1
Lextar Electronics (Suzhou) Corp.	3,722,205	8,332,964	4,714,659	3,618,305	889,941	(157,196)	72,649	Note 1
Lextar Electronics (Chuzhou) Corp.	3,094,825	8,209,533	4,720,616	3,488,917	5,117,569	147,186	239,532	Note 1
Lextar Electronics (Xiamen) Co., Ltd	32,759	71,433	62,441	8,992	0	(3,193)	(3,179)	Note 1
Hexawave, Inc.	399,778	261,108	33,943	227,165	74,552	(69,267)	(59,224)	(1.48)
Wellyhertz Electronics Corp.	23,000	25,512	6,859	18,653	5,336	(9,831)	(9,753)	(4.24)
ProLight Opto Technology Corporation	680,620	1,016,724	344,700	672,024	609,887	(115,677)	(94,172)	(1.38)
ProLight Opto Holding Corporation	4,402	423	59	364	0	0	1,228	Note 1
ProLight Opto Technology Corporation	4,403	420	29	391	0	0	1,228	Note 1
Shanghai Welight Electronic CO., LTD	4,695	68,945	68,530	415	149,060	1,692	1,228	Note 1
Yenrich Technology Corporation	660,000	972,340	220,109	752,231	398,111	(112,853)	(174,328)	(2.64)

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

Note 2: Luxlite (Shenzhen) Corporation Limited already completed the liquidation process in late 2022

8.1.7 Affiliates Consolidated Financial Statements

See Appendix III

8.1.8 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.

8.2 Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report:

Item	2022 First private placement of common stock Issue date was August 31, 2022 (delivery date).
Types of Securities placed	Common shares
Approval date and number of shares	Approval date: May 31, 2022 Number of shares: Within the limit of 70,000 thousand shares
The Pricing Basis and Reasonableness	<p>1. The price for issuing ordinary shares in the Proposed Private Placement was set to be the price determined by the following calculation, whichever is higher. The reference price was NTD 57.57.</p> <p>(1) The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading day prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares cancelled in connection with capital reduction. These prices were NTD 49.45, NTD 50.38, and NTD 50.51. The average closing price, NTD 50.51, of the fifth trading day prior to the pricing date was considered as the basis price.</p> <p>(2) The simple arithmetical average closing price, NTD 57.57, of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares cancelled in connection with capital reduction was considered as the basis price.</p> <p>2. The price for issuing ordinary shares in the Proposed Private Placement shall not be lower than 80% of the reference price. The actual private placement price, NTD 51.82, was 90% of the reference price abiding by the resolution of shareholders meeting.</p> <p>3. The subscription price of this private placement should be reasonable based on the company's future prospects, the fact that the timing, counterparties and quantity of private placement securities are strictly limited, no retrospective public offering within three years, poor liquidity and other factors. It would have no significant influence on the rights and benefits of shareholders.</p>

The Method for Selecting Investors	The selection method is to have a good understanding of the Company's operation, industrial development and directly or indirectly to contribute benefit to the future operation of the Company.				
Necessity and of Private Placement	If the strategic partners purchase the Company's shares from the market, this action could not ease the Group's capital needs produced by the CAPEX for factory construction and production equipment. If the Company adopts public placement, the Company should observe shares for employees and public subscription in accordance with Article 267 of the Company Act and Article 28-1 of the Securities and Exchange Act. In addition, if the shares of subscription reach 10% of total issued shares, the Company should lift the amount of cash capital increase to overly exaggerate capital and ask existing shareholders to waive the subscription rights to allow the specific counterparties to subscribe. The uncertainty goes higher. In contrast to public placement, the fact that private placement of common stock has the advantage of quick and easy fund raising and the restriction of non-transferability within three years will further ensure the long-term collaboration between the Company and the counterparties, as well as the confidentiality of technology patents. Therefore, financing through this private placement could increase the flexibility of funding sources.				
The date of receiving fund	The total raised fund was NTD 3,627,400 thousand on July 8 th , 2022.				
Specific subscribers	Subscriber	Qualification	Subscription amount	Relation	Participation in the Company's operation
	AUO Corporation	In accordance with the article 43-6, Paragraph 1, subparagraph 3.	67,250 thousand shares	Director of the Company	To integrate the industry chain and to assure long-term cooperation and confidentiality of technology.
	INNOLUX Corporation	In accordance with the article 43-6, Paragraph 1, subparagraph 3.	2,750 thousand shares	None	None
Actual private placement price	NTD 51.82				
The difference between the actual private placement price and reference price	The actual price was NTD 51.82 equivalent to 90% of the reference price NTD 57.57 in accordance with the resolution of shareholders meeting.				
Impact on the rights and interests of the Company's shareholders	The issuance number of private equity ordinary shares was 70,000 thousand ordinary shares, approximately 9.27% of the equity after the capital increase.				
The plan and execution of private placement application	The funds of private placement would be invested in capital expenditure of Micro LED 6-inch fab and related equipment. NTD 318,252 thousand has been used till Dec. 31, 2022 and rest of the funds would be devoted on schedule by the end of 2025.				

Benefits after private placement	Changes of macroeconomic environment resulted in shorter lead time of equipment. The construction plan of Micro LED 6-inch fab is on track and the funds of private placement would be utilized to follow the procurement timeline. The benefit would not emerge before the completion of the construction plan.
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8.3 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

		Unit: NT\$; Shares; %									
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 pledge 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\$57,386 Thousand	None	0	0
Jing Yuan Optonics 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\$82,497 Thousand	None	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\$139,883 thousand	None	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 Optonics 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 Optonics Company and Long Da Electronic Company. Where the shareholders of Jing Yuan Optonics 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 Optonics 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.

8.4 Other supplementary notes: None

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

Ennostar Inc.
Declaration on Internal Control System

Date: February 23, 2023

The Company carried out a self-evaluation of its internal control system for Fiscal 2022. 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, 2022, 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 23, 2023, 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 Committee's Review Report

To: ENNOSTAR Inc. Annual General Shareholders' Meeting of 2023

With respect to the Company's 2022 Business Report, Financial Statements and Proposal for allocation of profit, Tien-Yi Li CPA and Chien-Hung Chou CPA of PricewaterhouseCoopers have also audited the financial statements and issued the auditors' report. The Business Report, Financial Statements and Proposal for 2022 allocation of profit have been reviewed and determined to be correct and accurate by the Audit Committee members of ENNOSTAR Inc.. According to article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit the report.

ENNOSTAR Inc.

Chairman of the Audit Committee: Mr. Wei-Min Sheng

Date: February 23, 2023

Ennostar Inc.

Declaration on the Consolidated Financial Statements of Affiliated Enterprises

Here in the Company for Fiscal 2021 (Starting from January 1, 2022, until December 31, 2022), as required under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises”, the companies covered within the Consolidated Financial Statements of Affiliated Enterprises are exactly same as the companies required to work out Consolidated Financial Statements of the Both the Parent Company and the Subsidiary(ies) as required under the International Accounting Standards #10. Besides, the required exposures of the Consolidated Financial Statements of Affiliated Enterprises have been duly disclosed in the aforementioned Consolidated Financial Statements of Both the Parent Company and the Subsidiary(ies). Accordingly, no more Consolidated Financial Statements of Affiliated Enterprises are required to be additionally worked out.

The Declaration is herewith solemnly presented.

Company name: Ennostar Inc.

Responsible person: Biing-Jye Lee

February 23, 2023

INDEPENDENT AUDITORS' REPORT

PWCR22000392

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of 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 of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of 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.

Key audit matters in relation to the consolidated financial statements for the year ended December 31, 2022 are outlined as follows:

Evaluation of Inventories

Description

Please refer to Note 4(14) 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(6) for the explanations regarding inventory valuation. As of December 31, 2022, the balances of inventories and the allowance for valuation loss were NT\$5,687,552 thousand and NT\$862,507 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of LED wafers, chips, packages and modules. 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\$268,634 thousand and NT\$273,986 thousand, constituting 0.37% and 0.36% of the consolidated total assets as at December 31, 2022 and 2021, 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, 2022 and 2021, respectively. Furthermore, we did not audit the 2022 and 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 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\$1,781,200 thousand and NT\$1,046,503 thousand, representing 2.44% and 1.36% of the consolidated total assets as of December 31, 2022 and 2021, respectively, and their comprehensive (loss) income (including share of loss of associates and joint ventures accounted for under equity method and share of other comprehensive (loss)/income of associates and joint ventures accounted for under equity method) amounted to NT\$(144,437) thousand and NT\$7,403 thousand, representing 40.08% and 0.47% of the consolidated comprehensive (loss) income 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 at and for the year ended December 31, 2022 and 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 that came into effect 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and 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 23, 2023

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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 16,127,132	22	\$ 12,336,039	16
1110	Financial assets at fair value through profit or loss - current	6(2)	164,066	-	225,284	-
1136	Current financial assets at amortised cost	6(4)	647,408	1	150,756	-
1150	Notes receivable, net	6(5)	1,872,810	3	1,622,419	2
1160	Notes receivable due from related parties, net	7	10,285	-	-	-
1170	Accounts receivable, net	6(5)	7,544,597	10	11,653,001	15
1180	Accounts receivable - related parties, net	7	425,969	1	1,075,710	2
1200	Other receivables		127,695	-	162,252	-
1210	Other receivables - related parties	7	135,418	-	15,821	-
130X	Inventories	6(6)	4,825,045	7	5,688,379	8
1410	Prepayments		761,976	1	1,637,188	2
1470	Other current assets		20,627	-	36,680	-
11XX	Current Assets		<u>32,663,028</u>	<u>45</u>	<u>34,603,529</u>	<u>45</u>
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	90,007	-	112,284	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	4,445,317	6	4,686,605	6
1535	Non-current financial assets at amortised cost	6(4)	180,137	-	243,662	-
1550	Investments accounted for under equity method	6(7)	3,608,999	5	3,272,047	4
1600	Property, plant and equipment	6(8)	22,037,075	30	24,299,352	32
1755	Right-of-use assets	6(9)	1,905,157	3	1,915,756	3
1760	Investment property, net		692,498	1	685,575	1
1780	Intangible assets	6(10)	4,907,583	7	4,941,663	6
1840	Deferred income tax assets	6(33)	1,717,418	2	1,785,253	2
1900	Other non-current assets		796,251	1	343,456	1
15XX	Non-current assets		<u>40,380,442</u>	<u>55</u>	<u>42,285,653</u>	<u>55</u>
1XXX	Total assets		<u>\$ 73,043,470</u>	<u>100</u>	<u>\$ 76,889,182</u>	<u>100</u>

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 1,203,495	2	\$ 3,479,177	5
2110	Short-term notes and bills payable	6(15) and 8	775,294	1	877,011	1
2120	Financial liabilities at fair value through profit or loss - current	6(14)	2,214	-	12	-
2150	Notes payable		243,332	-	45,455	-
2170	Accounts payable		2,195,394	3	4,396,401	6
2180	Accounts payable - related parties	7	266,478	-	319,572	-
2200	Other payables	6(16) and 7	4,619,754	6	5,843,445	8
2230	Current income tax liabilities		30,804	-	30,370	-
2280	Current lease liabilities		108,817	-	107,868	-
2320	Long-term liabilities, current portion	6(17) and 8	426,518	1	131,683	-
2399	Other current liabilities - others		440,276	1	533,353	1
21XX	Current Liabilities		10,312,376	14	15,764,347	21
Non-current liabilities						
2540	Long-term borrowings	6(17) and 8	3,691,498	5	4,007,482	5
2570	Deferred income tax liabilities	6(33)	421,272	-	429,338	-
2580	Non-current lease liabilities		1,476,370	2	1,449,261	2
2600	Other non-current liabilities	6(20)	480,958	1	633,711	1
25XX	Non-current liabilities		6,070,098	8	6,519,792	8
2XXX	Total Liabilities		16,382,474	22	22,284,139	29
Equity attributable to owners of parent company						
Share capital						
		6(21)				
3110	Share capital - common stock		7,547,840	11	6,852,514	9
Capital surplus						
		6(22)				
3200	Capital surplus		46,421,664	64	43,830,638	57
Retained earnings						
		6(23)				
3310	Legal reserve		216,945	-	-	-
3320	Special reserve		290,598	-	-	-
3350	Unappropriated retained earnings		147,022	-	2,169,446	3
Other equity interest						
		6(24)				
3400	Other equity interest		75,010	-	(235,543)	-
3500	Treasury stocks	6(21)	(294,810)	-	(294,810)	(1)
31XX	Equity attributable to owners of the parent		54,404,269	75	52,322,245	68
36XX	Non-controlling interest		2,256,727	3	2,282,798	3
3XXX	Total equity		56,660,996	78	54,605,043	71
3X2X	Total liabilities and equity		\$ 73,043,470	100	\$ 76,889,182	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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(25) and 7	\$ 28,878,250	100	\$ 36,424,760	100
5000 Operating costs	6(6) and 7	(23,896,688)	(83)	(28,807,881)	(79)
5900 Operating margin		4,981,562	17	7,616,879	21
5910 Unrealized loss from sales		26	-	41	-
5920 Realized (loss) profit from sales		(41)	-	1,589	-
5950 Net operating margin		4,981,547	17	7,618,509	21
Operating expenses	6(31)(32)				
6100 Selling expenses		(883,849)	(3)	(884,563)	(3)
6200 General and administrative expenses		(1,985,724)	(7)	(2,005,479)	(6)
6300 Research and development expenses		(2,723,055)	(9)	(2,656,848)	(7)
6450 Expected credit profit (loss)		58,783	-	(133,422)	-
6000 Total operating expenses		(5,533,845)	(19)	(5,680,312)	(16)
6500 Other income and expenses - net	6(26)	86,700	-	171,933	1
6900 Operating (loss) profit		(465,598)	(2)	2,110,130	6
Non-operating income and expenses					
7100 Interest income	6(27)	104,600	-	45,090	-
7010 Other income	6(28)	515,509	2	493,075	1
7020 Other gains and losses	6(29) and 7	217,015	1	76,939	-
7050 Finance costs	6(30)	(131,602)	-	(121,117)	-
7055 Expected credit losses		(9,807)	-	(57,836)	-
7060 Share of loss of associates and joint ventures accounted for under equity method		(713,585)	(3)	(182,973)	(1)
7000 Total non-operating income and expenses		(17,870)	-	253,178	-
7900 (Loss) profit before income tax		(483,468)	(2)	2,363,308	6
7950 Income tax expense	6(33)	(82,915)	-	(464,834)	(1)
8200 (Loss) profit for the year		(\$ 566,383)	(2)	\$ 1,898,474	5

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

		Year ended December 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain (loss) on remeasurements of defined benefit plans	6(18)			
		\$	19,277	-	(\$ 336)
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)			
		(	244,257)	(	1) 250,820
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss				
		(	6,876)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(33)			
		(	39,989)	-	(122,992)
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss				
		(	271,845)	(	1) 127,492
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations				
			175,385	1	(248,407)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss				
			302,943	1	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(33)			
		(	428)	-	(194,616)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
			477,900	2	(443,023)
8300	Other comprehensive income (loss)		\$ 206,055	1	(\$ 315,531)
8500	Total comprehensive (loss) income		(\$ 360,328)	(	1) \$ 1,582,943
Profit (loss) attributable to:					
8610	Equity holders of the parent company		\$ 38,024	-	\$ 2,178,349
8620	Non-controlling interest		(\$ 604,407)	(	2) (\$ 279,875)
Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company		\$ 207,398	1	\$ 1,935,456
8720	Non-controlling interest		(\$ 567,726)	(	2) (\$ 352,513)
Earnings per share (NT\$)					
9750	Total basic earnings per share	6(34)	\$	0.05	\$ 3.21
9850	Total diluted earnings per share	6(34)	\$	0.05	\$ 3.20

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent														
	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other equity interest								
				Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total			
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(23)	-	-	-	-	2,178,349	-	-	-	2,178,349	(279,875)	1,898,474			
Other comprehensive income(loss) for the year	6(24)	-	-	-	-	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		1,416,020	10,308,626	-	-	-	-	-	-	11,724,646	239,900	11,964,546			
Changes in ownership interests in subsidiaries accounted for	6(22)	-	-	-	-	-	-	-	-	-	-	-			
using equity method		-	574,746	-	-	-	-	-	-	574,746	-	-			
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(22)	-	-	-	-	-	-	-	-	-	-	-			
Distribution to subsidiaries' employee compensation		-	(7,754)	-	-	-	(1,553)	-	-	(9,307)	-	(9,307)			
Proceeds from treasury shares transferred to employees		-	195,791	-	-	-	-	-	-	195,791	-	195,791			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(22)	-	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(22)	-	-	-	-	-	-	-	-	-	291,496	291,496			
Expiration of restricted employee stock	6(22)	(7,013)	(12,616)	-	-	-	-	-	-	(12,616)	-	(12,616)			
Effect of joint share exchange		(5,443,507)	(3,466,447)	-	-	-	-	-	-	-	-	-			
Balance at December 31, 2021		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 7,908,188	\$ 730,022	\$ 271,742	\$ 294,810	\$ 52,322,245	\$ 2,282,798	\$ 54,605,043			
2022															
Balance at January 1, 2022		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	(\$ 406,535)	\$ 170,992	(\$ 294,810)	\$ 52,322,245	\$ 2,282,798	\$ 54,605,043			
Profit (loss) for the year	6(23)	-	-	-	-	38,024	-	-	-	38,024	(604,407)	(566,383)			
Other comprehensive income(loss) for the year	6(24)	-	-	-	-	19,477	442,615	(292,718)	-	169,374	36,681	206,055			
Total comprehensive income(loss)		-	-	-	-	57,501	442,615	(292,718)	-	207,398	(567,726)	(360,328)			
Appropriation of 2021 earnings		-	-	-	-	-	-	-	-	-	-	-			
Legal reserve		-	-	-	216,945	(216,945)	-	-	-	-	-	-			
Special reserve		-	-	-	-	(290,598)	-	-	-	-	-	-			
Cash dividends		-	-	-	-	(1,365,881)	-	-	-	(1,365,881)	-	(1,365,881)			
Proceeds from issuance of share capital		700,000	2,927,400	-	-	-	-	-	-	3,627,400	-	3,627,400			
Changes in ownership interests in subsidiaries accounted for	6(22)	-	-	-	-	-	-	-	-	-	-	-			
using equity method		-	-	-	-	-	-	-	-	-	-	-			
Net change in equity of associates and joint ventures	6(22)	-	(257,645)	-	-	-	-	-	-	(257,645)	-	(257,645)			
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(24)	-	104,634	-	-	-	-	-	-	104,634	-	104,634			
Non-controlling interests		-	(188,037)	-	-	(45,848)	3	-	-	(233,882)	-	(233,882)			
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(24)	-	-	-	-	-	-	160,653	-	-	541,655	541,655			
Expiration of restricted employee stock	6(22)	(4,674)	4,674	-	-	-	-	-	-	-	-	-			
Balance at December 31, 2022		\$ 7,547,840	\$ 46,421,664	\$ 216,945	\$ 290,598	\$ 147,022	\$ 36,083	\$ 38,927	(\$ 294,810)	\$ 54,404,269	\$ 2,256,727	\$ 56,660,996			

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 483,468)	\$ 2,363,308
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(31)	4,952,508	5,036,375
Amortization	6(10)(31)	257,757	232,935
Expected credit (profit) loss		(48,976)	191,258
Gain on disposal of investments	6(29)	(72,090)	(254,040)
Net loss (gain) on financial assets at fair value through profit or loss	6(29)	285,929	(17,537)
Interest expense	6(30)	131,602	121,117
Interest income	6(27)	(104,600)	(45,090)
Dividend revenue	6(28)	(44,296)	(105,228)
Share of loss of associates and joint ventures accounted for under the equity method	6(7)	713,585	182,973
(Gain) loss on disposal of property, plant and equipment	6(29)	(42,014)	5,664
Loss on disposal of intangible assets	6(29)	2,932	11,223
Impairment loss on non-financial assets	6(11)	13,312	114,693
Unrealized loss from sales		(26)	(41)
Realized loss (profit) from sales		41	(1,589)
Other income from recognition of long-term deferred revenues	6(20)	(77,630)	(131,295)
Property, plant and equipment transferred to expense		2,827	4,474
Gain on disposal of non-current assets held for sale		-	(179,204)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(146,522)	(10,006)
Notes receivable		(273,957)	(542,948)
Accounts receivable		4,888,612	3,556,983
Other receivables		(4,911)	(27,168)
Inventories		867,140	(1,447,254)
Prepayments		809,993	(488,679)
Other current assets		16,145	337,228
Other non-current assets		43,498	499,681
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		(131,956)	1,633
Notes payable		55,616	34,418
Accounts payable		(2,253,017)	573,986
Other payables		(1,180,492)	1,239,536
Other current liabilities		(257,961)	70,198
Other non-current liabilities		(30,366)	173,460
Cash inflow generated from operations		7,889,215	4,387,098
Interest received		86,565	47,401
Interest paid		(41,226)	(115,775)
Income tax paid		(54,153)	(97,802)
Dividend received		78,641	131,666
Net cash flows from operating activities		7,959,042	4,352,588

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 188,173)	(\$ 765,140)
Proceeds from disposal of financial assets at fair value through other comprehensive income		186,823	695,324
Increase in current financial assets at amortised cost		(433,127)	-
Acquisition of investments accounted for under the equity method		(365,338)	(1,018,523)
Proceeds from disposal of investments accounted for under the equity method		-	818,718
Cash refund from investments accounted for under the equity method		-	87,283
Acquisition of property, plant and equipment	6(36)	(4,320,230)	(4,732,066)
Proceeds from disposal of property, plant and equipment	6(36)	389,592	235,179
Acquisition of intangible assets	6(36)	(130,200)	(117,588)
Proceeds from disposal of intangible assets		6,089	4,205
(Increase) decrease in refundable deposits		(49,462)	717
Effect on initial consolidation of subsidiaries		-	3,763,629
Cash refund from financial assets capital reduction		-	66,929
Decrease in other financial assets		391,869	312,664
Proceeds from disposal of non-current assets held for sale		-	430,000
Proceeds from disposal of subsidiaries	6(36)	88,100	-
Decrease in changes of consolidated entities		(275,343)	-
Net cash flows used in investing activities		(4,699,400)	(218,669)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(37)	(2,295,709)	1,947,559
Decrease in short-term notes and bill payable	6(37)	(112,938)	-
Proceeds from long-term loans	6(37)	12,760	1,836,127
Repayment of long-term loans	6(37)	(33,909)	(1,035,106)
(Decrease) increase in guarantee deposits received	6(37)	(108,264)	24,360
Repayment of principal portion of lease liabilities	6(37)	(127,584)	(155,101)
Cash dividends paid	6(23)	(1,365,881)	-
Proceeds from issuance of share capital	6(21)	3,627,400	-
Proceeds from treasury shares transferred to employees	6(21)	-	306,150
Increase in cash paid for acquisition of non-controlling interests		700,000	625,645
Net cash flows from financing activities		295,875	3,549,634
Effects of foreign currency exchange		235,576	(575,525)
Net increase in cash and cash equivalents		3,791,093	7,108,028
Cash and cash equivalents at beginning of year		12,336,039	5,228,011
Cash and cash equivalents at end of year		<u>\$ 16,127,132</u>	<u>\$ 12,336,039</u>

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, 2022 AND 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 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 23, 2023.

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”) came into effect as endorsed by the Financial Supervisory Commission (“FSC”)
New standards, interpretations and amendments endorsed by FSC and became 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
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.	

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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 came into effect 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:
- On January 6, 2021, the Company became the ultimate parent company of the Group through a share exchange transaction with Epistar and Lextar. Epistar, Lextar and their subsidiaries were consolidated in the financial statements thereafter.

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	Note 9
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	Note 9
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	100%	Note 5
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	100%	Note 5
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	75.96%	58.59%	Note 10
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	17.99%	-	Note 2
ENNOSTAR Inc.	Precistar Investment Corp.	Professional investment	100%	-	Note 6
ENNOSTAR Inc.	Praistar Investment Corp.	Professional investment	100%	-	Note 6
ENNOSTAR Inc.	Manastar Investment Corp.	Professional investment	100%	-	Note 6
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	16.65%	-	Note 2
Precistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	4.29%	-	Note 2
Praistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	4.29%	-	Note 2
Epistar Corporation	Lighting Investment Corporation	Professional investment	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	Note 1
Epistar Corporation	Full Star Enterprises Limited	Professional investment	100%	100%	
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	12.80%	53.29%	Note 2
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%	3.53%	
GaN Force Corporation	GV Semiconductor Inc.	R&D and sales of electronic components	-	100%	Note 8
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.	Can Yang Investments Limited	Professional investment	85.26%	85.26%	
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%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
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	9.70%	12.12%	Note 7 Note 11
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Sales of LED chips	100%	100%	
Lighting Investment Corporation	Lighting Investment Ltd.	Professional investment	100%	100%	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting	83.39%	81.43%	
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%	Note 11
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	35.68%	Note 4
Lighting Investment Ltd.	Luxlite (Hong Kong) Corporation Limited	Professional investment	100%	100%	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
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%	Note 12
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	2.68%	2.68%	Note 11
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	33.63%	37.88%	Note 7 Note 11
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	Note 11
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional investment	100%	100%	Note 11
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	Note 11
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%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.69%	
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	Note 11
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.55%	-	Note 11
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%	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.09%	9.09%	Note 11
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50.00%	50.00%	
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	29.84%	24.70%	Note 11
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.68%	
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	86.96%	90.91%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2022	December 31, 2021	
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	49.00%	100%	Note 3 Note 5

Note 1: Due to the control over the entity's financial and operational policies, this company is included in the consolidated financial statements.

Note 2: ENNOSTAR Inc. and Harvestar Investment Corp. had participated in the capital increase of Unikorn in the first quarter of 2022, and acquired part of shares of Unikorn from Epistar due to the reorganization in the second quarter of 2022. ENNOSTAR Inc., Harvestar Investment Corp., Precistar Investment Corp., and Praistar Investment Corp. had participated in the capital increase of Unikorn in the fourth quarter of 2022, therefore, ENNOSTAR, Harvestar, Precistar, Praistar and Epistar's shareholding ratios were 17.99%, 16.65%, 4.29%, 4.29% and 12.80% on December 31, 2022, respectively.

Note 3: Due to changes in equity, it has not been included in the consolidated entity since March, 2022.

Note 4: Acquiring an additional 35.68% of ordinary share from non-controlling interest in December, 2021.

Note 5: Newly invested or established companies in 2021.

Note 6: Newly invested or established companies in 2022.

Note 7: Because of the changes of control power, it was not consolidated in the entity since January 2022.

Note 8: The liquidation was completed on January, 2022, as the company will not continue its operation.

Note 9: 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.

Note 10: 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.

Note 11: 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.

Note 12: Luxlite (Shenzhen) Corporation Limited has applied for liquidation in 2022.

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) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
- (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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

(18) 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.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(26) 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' remuneration

Employees' compensation and directors' 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.

(27) 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'.

(28) 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.

(29) 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.

(30) 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.

(31) 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 repair 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.

(32) 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.

(33) 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.

(34) 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, 2022, the carrying amount of inventories was \$4,825,045.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 1,451	\$ 918
Checking accounts and demand deposits	2,838,714	3,816,612
Time deposits	12,415,967	7,289,316
Bonds sold under repurchase agreement	871,000	1,229,193
	<u>\$ 16,127,132</u>	<u>\$ 12,336,039</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, 2022	December 31, 2021
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 45,181	\$ 69,150
Listed stocks	193,438	193,439
Derivatives	22,415	17,814
	<u>261,034</u>	<u>280,403</u>
Valuation adjustment	(96,968)	(55,119)
	<u>164,066</u>	<u>225,284</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	298,308	321,358
Valuation adjustments	(208,301)	(209,074)
	<u>90,007</u>	<u>112,284</u>
	<u>\$ 254,073</u>	<u>\$ 337,568</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, 2022			
Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 68,000	USD to NTD	2023.01.05~2023.04.20
Forward foreign exchange contract - sell	USD 81	USD to JPY	2023.01.04~2023.03.24
Forward foreign exchange contract - sell	USD 8,000	USD to RMB	2023.02.24~2023.04.25

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

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 (loss) gain recognized by the Group amounted to (\$285,929) and \$17,537 for the years ended December 31, 2022 and 2021, respectively.

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, 2022	December 31, 2021
Non-current items:		
Equity instruments		
Listed stocks	\$ 1,170,038	\$ 714,661
Unlisted stocks	3,564,502	4,121,556
	4,734,540	4,836,217
Valuation adjustment	(289,223)	(149,612)
	<u>\$ 4,445,317</u>	<u>\$ 4,686,605</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 \$4,445,317 and \$4,686,605 as at December 31, 2022 and 2021, 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, 2022	Year ended December 31, 2021
Fair value change recognised in other comprehensive income	(\$ 244,257)	\$ 250,820
Dividend income recognized in profit or loss held at end of period	\$ 44,296	\$ 105,228

C. As of December 31, 2022 and 2021, 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 \$4,445,317 and \$4,686,605, 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) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Others	\$ 647,408	\$ 150,756
Non-current items:		
Others	\$ 180,137	\$ 243,662

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	\$ 4,860	\$ 3,583

B. As of December 31, 2022 and 2021, 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 amortised cost held by the Group was \$827,545 and \$394,418, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 2,756,798	\$ 2,506,407
Less: Allowance for uncollectible accounts	(883,988)	(883,988)
	\$ 1,872,810	\$ 1,622,419
Accounts receivable	\$ 7,597,170	\$ 11,695,601
Less: Allowance for uncollectible accounts	(52,573)	(42,600)
	\$ 7,544,597	\$ 11,653,001

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 7,168,484	\$ 1,872,810	\$ 11,217,706	\$ 1,622,419
Up to 30 days	255,017	-	239,277	-
31 to 90 days	45,268	-	83,745	-
91 to 180 days	26,347	-	22,863	-
Over 180 days	102,054	883,988	132,010	883,988
	\$ 7,597,170	\$ 2,756,798	\$ 11,695,601	\$ 2,506,407

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, the Group had outstanding discounted notes receivable amounting to \$193,017 and \$209,538, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. However, the credit rating of the aforesaid acceptance bank is extremely high, and the Group judges that the discounted notes receivable meets the requirements for delisting financial assets and will be 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 of December 31 2022 and 2021, 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 \$1,872,810 and \$1,622,419; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$7,544,597 and \$11,653,001, respectively.

F. Information on credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,283,725	(\$ 116,182)	\$ 1,167,543
Work in progress	1,861,632	(273,819)	1,587,813
Finished goods	2,542,195	(472,506)	2,069,689
	<u>\$ 5,687,552</u>	<u>(\$ 862,507)</u>	<u>\$ 4,825,045</u>
	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>

The cost of inventories recognised as expense for the years ended December 31, 2022 and 2021:

	Year ended December 31, 2022	Year ended December 31, 2021
Cost of goods sold	\$ 21,166,872	\$ 28,423,693
Scrap loss	39,617	84,112
Loss on market price decline (recovery benefits in market value)	359,310 (	334,996)
Loss on idle capacity	2,386,793	658,955
Other	(55,904)	(23,883)
	<u>\$ 23,896,688</u>	<u>\$ 28,807,881</u>

For the year ended December 31, 2021, the gain on reversal of decline in market value was caused by the decrease in the cost of inventories arising from the increase in the utilization rate of the Group.

(7) Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
Aurora International Lighting Corporation Limited	\$ -	\$ 180,789
LEDAZ Co., Ltd.	42,912	(9,292)
LEDOLUX Sp. Zo.O.	11,310	11,453
Interlight Optotech (HK) Co., Limited	10,941	11,663
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	441,348	-
GCS Holdings, Inc.	1,090,517	1,199,915
Changzhou Chemsemi Co., Ltd.	791,206	853,118
Joint Power Exponent, Ltd.	54,095	31,076
iReach Corporation	50,413	40,881
Chuzhou Bwin Technology Corp.	76,339	115,080
Tyntek Corporation	939,581	793,756
WellyWave Semiconductors Inc.	55,925	-
TE Opto Corporation	44,069	43,223
Domi-Star Optoelectronics Corporation	343	385
	<u>\$ 3,608,999</u>	<u>\$ 3,272,047</u>

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, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$3,608,999 and \$3,272,047, respectively.

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Loss for the period from continuing operations	(\$ 713,585)	(\$ 182,973)
Other comprehensive income	296,067	-
Total comprehensive loss	<u>(\$ 417,518)</u>	<u>(\$ 182,973)</u>

B. The fair value of the Group's material associates with quoted market prices is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
GCS Holdings, Inc.	\$ 957,879	\$ 1,205,945
Tyntek Corporation	653,891	806,407
	<u>\$ 1,611,770</u>	<u>\$ 2,012,352</u>

C. 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.

D. In the first quarter of 2022, due to changes in control of LEADSTAR micro-crystal display corporation (JiangSu) Ltd., the Group lost control over the company and therefore reclassified it into investments accounted for using the equity method at the same period.

E. In the first quarter of 2022, the Group disposed part of its shares of WellyWave Semiconductors Inc. and lost control over the entities. Therefore, the Group reclassified it into investments accounted for using the equity method at the same period.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2022								
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>
2022								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,191,397	\$ 12,632,426	\$ 107,768	\$ 105,742	\$ 415,163	\$ 1,288,661	\$ 24,299,352
Additions	-	8,280	251,877	13,748	4,005	44,009	3,295,514	3,617,433
Transfer	-	1,328,963	1,536,649	40,974	10,234	121,253	(3,038,073)	-
Disposals	-	(10,380)	(323,756)	(193)	(5,999)	(47,299)	-	(387,627)
Reclassifications	-	(20,362)	15,314	-	16	-	6,701	1,669
Reclassified to investment property	-	4,906	-	-	-	-	-	4,906
Depreciation charge	-	(911,507)	(3,655,684)	(64,806)	(26,117)	(132,988)	-	(4,791,102)
Impairment loss	-	(9,118)	(4,194)	-	-	-	-	(13,312)
Disposals of subsidiary	-	-	(545,435)	(7,092)	(412)	(29,692)	(173,884)	(756,515)
Net exchange differences	-	(30,054)	85,033	1,025	274	1,785	4,208	62,271
Closing net book amount at December 31	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>
At December 31, 2022								
Cost	\$ 1,558,195	\$ 18,091,812	\$ 45,433,185	\$ 542,033	\$ 346,373	\$ 1,734,085	\$ 1,383,127	\$ 69,088,810
Accumulated depreciation and impairment	-	(9,539,687)	(35,440,955)	(450,609)	(258,630)	(1,361,854)	-	(47,051,735)
	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction 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>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements — lessee

- A. 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.
- B. 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.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,670,856	\$ 1,504,759
Buildings	54,399	186,835
Machinery	126,084	174,428
Transportation equipment	16,610	9,478
Office equipment	37,208	40,256
	<u>\$ 1,905,157</u>	<u>\$ 1,915,756</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 63,166	\$ 54,506
Buildings	19,477	-
Machinery	57,165	39,990
Transportation equipment	7,707	57,619
Office equipment	13,891	5,362
Other equipment	-	14,421
	<u>\$ 161,406</u>	<u>\$ 171,898</u>

D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$338,279 and \$61,220, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 21,409	\$ 28,707
Expense on short-term lease contracts	21,235	44,747
Expense on leases of low-value assets	6,668	4,730

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$172,782 and \$189,463, respectively.

(10) Intangible assets

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022					
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>
<u>2022</u>					
Opening net book amount as at January 1	\$ 922,689	\$ 3,896,600	\$ 103,059	\$ 19,315	\$ 4,941,663
Additions — acquired separately	167,091	-	47,614	3,015	217,720
Disposals	(2,969)	-	(67)	-	(3,036)
Reclassifications	8,456	-	2,849	-	11,305
Amortisation charge	(190,387)	-	(59,358)	(8,012)	(257,757)
Disposals of subsidiary	-	-	(3,291)	-	(3,291)
Net exchange differences	783	-	196	-	979
Closing net book amount as at December 31	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>
At December 31, 2022					
Cost	\$ 2,935,957	\$ 7,087,692	\$ 560,309	\$ 131,859	\$ 10,715,817
Accumulated amortisation and impairment	(2,030,294)	(3,191,092)	(469,307)	(117,541)	(5,808,234)
	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>

	Patents	Goodwill	Software	Others	Total
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>
2021					
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>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Operating costs	\$ 88,857	\$ 121,103
Selling expenses	463	858
Administrative expenses	111,290	53,368
Research and development expenses	57,147	57,606
	<u>\$ 257,757</u>	<u>\$ 232,935</u>

(11) 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 \$13,312 and \$35,948 for the years ended December 31, 2022 and 2021, 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, 2022	Year ended December 31, 2021
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss – buildings and structure	\$ 9,118	\$ 4,592
Impairment loss – machinery	4,194	30,250
Impairment loss – leasehold improvements	-	1,106
	<u>\$ 13,312</u>	<u>\$ 35,948</u>

B. 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 \$0 and \$78,745 for the years ended December 31, 2022 and 2021, respectively.

(12) Non-current assets held for sale

The Group sold the land and plant of the Longtan plant in Taoyuan in the amount of \$430,000, and thus transferred it to disposal group held for sale. The sales and purchase agreement was signed in May 2021. The transaction was completed in the third quarter of 2021, which was recognized as gain on disposal of \$179,204 by the Group.

(13) Short-term borrowings

	December 31, 2022	December 31, 2021
Bank borrowings		
Unsecured borrowings	\$ 1,203,495	\$ 3,479,177
Interest rate range-NTD	1.86%	0.81%~1.25%
Interest rate range-foreign currency	1.80%~6.08%	0.69%~3.79%

As of December 31, 2022 and 2021, the Group has endorsements to Episky Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd., Unikorn Semiconductor Corporation and Yenrich Technology Corporation totalling \$981,000 and \$2,035,760, respectively.

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

Items	December 31, 2022	December 31, 2021
Current items:		
Derivative instruments	\$ 2,214	\$ 12

The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting, please refer to Note 6(2) for details.

(15) Short-term notes and bills payable

	December 31, 2022			
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 775,294</u>	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8
	December 31, 2021			
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 877,011</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	Note 8

(16) Other payables

Items	December 31, 2022	December 31, 2021
Payables on wages, salaries and bonus	\$ 1,137,583	\$ 1,274,884
Compensation due to employees, directors and supervisors	210,682	480,086
Payables on personnel expense	275,106	309,406
Payables on machinery and equipment	948,327	1,210,113
Payables on consumable goods and equipment repair expense	440,272	682,452
Payables on processing fees	612,444	1,060,702
Payables on reticle expense	17,952	23,542
Payables on gas expense	63,484	82,339
Payables on dividend	-	4,359
Payables on insurance expense	3,537	28,995
Payables on intangible assets	51,133	4,898
Others	859,234	681,669
	<u>\$ 4,619,754</u>	<u>\$ 5,843,445</u>

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2022
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 658,440
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	173,334
Unsecured borrowings	Before February 15, 2026	455,242
Unsecured borrowings	Before September 15, 2025	200,000
Unsecured borrowings	Before April 15, 2027	150,000
Unsecured borrowings	Before February 15, 2026	50,000
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
		4,118,016
Less: Current portion of long-term borrowings		(426,518)
		\$ 3,691,498
Interest rate range		0.68%~1.91%

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
		4,139,165
Less: Current portion of long-term borrowings		(131,683)
		\$ 4,007,482
Interest rate range		0.05%~4.99%

Pursuant to the bank loan agreements with 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.

(18) Pensions

A. (a) The Company and its domestic subsidiaries have 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 380,754)	(\$ 410,316)
Fair value of plan assets	<u>401,674</u>	<u>362,088</u>
Net defined benefit liability	<u>\$ 20,920</u>	<u>(\$ 48,228)</u>

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 410,316)	\$ 362,088	(\$ 48,228)
Current service cost	(841)	-	(841)
Interest (expense) income	(2,991)	2,745	(246)
Settlement profit or loss	117	(117)	-
	<u>(414,031)</u>	<u>364,716</u>	<u>(49,315)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	27,692	27,692
Change in demographic assumptions	(151)	-	(151)
Change in financial assumptions	(12,388)	-	(12,388)
Experience adjustments	27,112	-	27,112
Liquidation gain	16,527	(9,349)	7,178
	<u>31,100</u>	<u>18,343</u>	<u>49,443</u>
Pension fund contribution	-	19,178	19,178
Paid pension	2,177	-	2,177
Settlement returns to the company	-	(563)	(563)
At December 31	<u>(\$ 380,754)</u>	<u>\$ 401,674</u>	<u>\$ 20,920</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 400,469)	\$ 358,006	(\$ 42,463)
Current service cost	(1,446)	-	(1,446)
Interest (expense) income	(1,544)	1,393	(151)
Settlement profit or loss	7,961	(7,961)	-
	<u>(395,498)</u>	<u>351,438</u>	<u>(44,060)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,873	4,873
Change in demographic assumptions	(1,662)	-	(1,662)
Change in financial assumptions	17,139	-	17,139
Experience adjustments	(39,239)	-	(39,239)
Liquidation gain	133	-	133
	<u>(23,629)</u>	<u>4,873</u>	<u>(18,756)</u>
Pension fund contribution	-	12,399	12,399
Paid pension	8,811	(6,622)	2,189
At December 31	<u>(\$ 410,316)</u>	<u>\$ 362,088</u>	<u>(\$ 48,228)</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, 2022 and 2021 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, 2022	Year ended December 31, 2021
Discount rate	1.35%~1.40%	0.75%
Future salary increases	2.00%~4.00%	2.00%~4.00%

The assumptions about future mortality experience in 2022 and 2021 are set based on actuarial advice in sixth 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, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 11,462)	\$ 11,946	\$ 11,730	(\$ 11,317)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 13,322)	\$ 13,920	\$ 13,697	(\$ 13,180)

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, 2022 amount to \$10,545.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 12 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 does not have further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$367,051 and \$290,794, respectively.

(19) Share-based payment

A. Restricted stocks to employees.

(a) For the year ended December 31, 2022, 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 (Note 1) (Note 3)	2019.3.20	8,500	3 years	Note 2

Note 1: The remaining shares of Lextar in the original plan were converted to the shares of the Company in accordance with 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.

Note 3: All were vested or eliminated in March 2022.

(b) Details of the share-based payment arrangements are as follows (expressed in thousand of shares):

	2022	2021
Outstanding at January 1	3,400	5,950
Vested in the period	(1,700)	-
Expired	(1,700)	(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 (expressed in NTD):

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 ended December 31, 2022, the share-based payment arrangements 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	Note 1
Employee stock option- Unikorn Semiconductor Corporation	2022.05.06	9,518	Note 2
Employee stock option- Hexawave, Inc.	2022.08.10	3,000	Note 3

Note 1: 30% upon completion of 1 year's service; 60% upon completion of 2 years' service; 100% upon completion of 3 years' service.

Note 2: For 1 and 2 years from the date of issuance of stock options, the employees could exercise the stock options of 50% and 50% of the shares, respectively, which was based on the employees' individual performance indicators.

Note 3: Employees were able to exercise 30%, 30% and 40% of their stock options after 1 year, 2 years and 3 years from the grant date, respectively.

(b) Details of the share-based payment arrangements are as follows:

	2022		2021	
	No.of shares	Weighted-average	No.of shares	Weighted-average
	(in thousands)	exercise price	(in thousands)	exercise price
		(in US dollars)		(in US dollars)
Options outstanding from beginning to the end of the period - United LED Corporation (Hong Kong) Limited	<u>1,049</u>	\$ 0.0001	<u>1,049</u>	\$ 0.0001
Options exercisable at end of the period - United LED Corporation (Hong Kong) Limited	<u>1,049</u>		<u>1,049</u>	

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended	Year ended
	December 31, 2022	December 31, 2021
Equity-settled	<u>(\$ 24,091)</u>	<u>\$ 20,996</u>

(20) Long-term deferred revenue (shown under “Other non-current liabilities”)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deferred government grants revenue	\$ 167,229	\$ 223,716
Deferred technical services revenue	7,926	9,959
	<u>\$ 175,155</u>	<u>\$ 233,675</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 years ended December 31, 2022 and 2021 were \$151,147 and \$159,789 (shown under “Other income and expenses – net” and “Other income”), respectively.

(21) Share capital

A. As of December 31, 2022, 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 \$7,547,840 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):

	<u>2022</u>	<u>2021</u>
At January 1	682,125	1,074,649
Issuance of ordinary shares	-	141,602
Issuance of ordinary shares - private placement	70,000	-
Effect of the joint share exchange	- (	537,325)
Proceeds from treasury shares transferred to employees	-	3,900
Expiration of restricted employee stock	(467)	(701)
At December 31	<u>751,658</u>	<u>682,125</u>

B. The stockholders at their annual stockholders’ meeting on May 31, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on July 8, 2022, which will be used for capital expenditure of constructing/building a 6-inch wafer plant for Micro LEDs and purchasing the equipment related to epitaxy and LED chips, etc. The resolution issue 70,000 thousand shares of ordinary shares at a price of NT\$51.82 per share for a total amount of \$3,627,400 through private placement and had been registered. Pursuant to the Securities and Exchange Act of the ROC, the common shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have applied for retroactive handling of public issuance procedures. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued common shares.

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)

2022						
Reason for reacquisition	At January 1	Increase	Decrease	At December 31	Book value	
Held by subsidiaries	1,282	-	-	1,282	\$	135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844		159,647
2021						
Reason for reacquisition	At January 1	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 of 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 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 is as follows:

	December 31, 2022	December 31, 2021
Lighting Investment Corporation	<u>1,282 thousand shares</u>	<u>1,282 thousand shares</u>
Book value	\$ 135,163	\$ 135,163
Fair value	\$ 57,386	\$ 98,358
Epistar Corporation	<u>1,844 thousand shares</u>	<u>1,844 thousand shares</u>
Book value	\$ 159,647	\$ 159,647
Fair value	\$ 82,497	\$ 141,396

(22) 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.

	<u>Share premium</u>	<u>Treasury share transactions</u>	<u>Changes in ownership interests in subsidiaries accounted for using equity method</u>	<u>Change in net equity of associates and joint ventures accounted for under equity method</u>
At January 1, 2022	\$ 42,894,615	\$ 115,823	\$ 770,537	\$ 49,663
Issuance of ordinary shares - private placement	2,927,400	-	-	-
Change in equity of associates and joint ventures accounted for under equity method	-	-	-	104,634
Difference between consideration and carrying amount of subsidiaries acquired and disposed	7,754	-	(195,791)	-
Changes in ownership interests in subsidiaries accounted for using equity method	42,848	(947)	(299,546)	-
Expiration of restricted employee stock	4,674	-	-	-
At December 31, 2022	<u>\$ 45,877,291</u>	<u>\$ 114,876</u>	<u>\$ 275,200</u>	<u>\$ 154,297</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, 2021	\$ 35,015,440	\$ -	\$ 978,202	\$ 64,570	\$ 57,244
Issuance of new shares	10,308,626	-	-	-	-
Change in equity of associates and joint ventures accounted for under equity method	(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>

(23) Retained earnings

- 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 distributed by the Board of Directors. When issuing new shares, the distribution shall be submitted to the resolution of the Shareholders' Meeting. If it is in cash, it shall be resolved by the Board of Directors. The distribution shall be based on the proportion of shares held by each shareholder.
- 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 2022 earnings had been resolved at the Board of Directors on February 23, 2023, and decided not to distribute cash dividends.

F. The appropriations of 2021 earnings as resolved by the shareholders at their meeting on May 31, 2022 are as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 216,945	
Special reserve appropriated	\$ 290,598	
Cash dividends distributed	\$ 1,365,881	\$ 2

The abovementioned distribution of earnings for the year of 2021 was in agreement with those amounts proposed by the Board of Directors on February 24, 2022.

(24) Other equity items

	2022		
	Currency translation	Unrealized gain or loss	Total
At January 1	(\$ 406,535)	\$ 170,992	(\$ 235,543)
Revaluation - gross	- (	256,584)	(256,584)
Revaluation - tax	- (	36,134)	(36,134)
Difference on carrying amounts of subsidiaries acquired and disposed	3	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	160,653	160,653
Currency translation			
–Group	443,043	-	443,043
–Tax on Group	(428)	-	(428)
At December 31	\$ 36,083	\$ 38,927	\$ 75,010

	2021		
	Currency translation	Unrealized gain or loss	Total
At January 1	(\$ 730,022)	(\$ 271,742)	(\$ 1,001,764)
Effect of the joint share exchange	730,022	271,742	1,001,764
Revaluation - gross	-	285,303	285,303
Revaluation - tax	- (	123,285)	(123,285)
Difference on carrying amounts of subsidiaries acquired and 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	(\$ 406,535)	\$ 170,992	(\$ 235,543)

(25) Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers:		
Sales revenue	\$ 28,660,443	\$ 36,119,775
Services revenue	95,467	117,961
Other operating revenue	122,340	187,024
	<u>\$ 28,878,250</u>	<u>\$ 36,424,760</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, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 20,965,987	\$ 6,977,759	\$ 716,697	\$ 28,660,443
Services revenue	-	-	95,467	95,467
Other operating revenue	-	-	122,340	122,340
				<u>\$ 28,878,250</u>
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>

(26) Other income and expenses– net

	Year ended December 31, 2022	Year ended December 31, 2021
Other income		
Royalty income	\$ 13,977	\$ 12,144
Government grants revenue	72,723	159,789
Total	<u>\$ 86,700</u>	<u>\$ 171,933</u>

(27) Interest income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income from bank deposits	\$ 97,173	\$ 41,469
Other interest income	7,427	3,621
	<u>\$ 104,600</u>	<u>\$ 45,090</u>

(28) Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Rental income	\$ 212,932	\$ 152,404
Dividend income	44,296	105,228
Government grant revenues	78,424	-
Other income-other	179,857	235,443
	<u>\$ 515,509</u>	<u>\$ 493,075</u>

(29) Other gains and losses

	Year ended December 31, 2022	Year ended December 31, 2021
Gain (loss) on disposal of property, plant and equipment	\$ 42,014	(\$ 5,664)
Loss on disposal of intangible assets	(2,932)	(11,223)
Gain on disposal of investments	72,090	254,040
Gain on disposal of non-current assets held for sale	-	178,123
Net currency exchange gain (loss)	526,415	(139,782)
Net (loss) gain on financial assets at fair value through profit or loss	(285,929)	17,537
Impairment loss on property, plant and equipment	(13,312)	(35,948)
Impairment loss on intangible assets	-	(78,745)
Miscellaneous losses	(121,331)	(101,399)
	<u>\$ 217,015</u>	<u>\$ 76,939</u>

(30) Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest expense	\$ 67,037	\$ 86,861
Other interest expense	64,565	34,256
	<u>\$ 131,602</u>	<u>\$ 121,117</u>

(31) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expenses	\$ 7,808,368	\$ 8,624,345
Depreciation charges on property, plant and equipment (Note)	<u>\$ 4,952,508</u>	<u>\$ 5,036,375</u>
Amortisation charges on intangible assets	<u>\$ 257,757</u>	<u>\$ 232,935</u>

Note: Depreciation amounting to \$102,232 and \$131,986 were recognized as miscellaneous expenses for the years ended December 31, 2022 and 2021, respectively.

(32) Employee benefit expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	\$ 6,540,144	\$ 7,388,792
Labor and health insurance expenses	489,163	467,799
Pension costs	376,519	340,390
Other personnel expenses	402,542	427,364
	<u>\$ 7,808,368</u>	<u>\$ 8,624,345</u>

- A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 0.1%~15% and no higher than 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 years ended December 31, 2022 and 2021, employees' compensation was accrued at \$3,952 and \$244,739, respectively. For the years ended December 31, 2022 and 2021, the directors' remuneration was accrued at \$790 and \$24,474, respectively.
- C. On February 23, 2023, the board of directors of the company approved the distribution of directors' remuneration as \$0 in 2022, and the difference of \$790 between the directors' remuneration account and the proposed distribution will be listed as profit and loss in 2023.
- D. Information about employees' compensation and directors' 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.

(33) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Year ended December 31, 2022	Year ended December 31, 2021
Current tax:		
Current tax on profits for the period	\$ 248,706	\$ 70,320
Tax withheld at source from foreign income	-	17,329
Prior year income tax underestimation	17,514	744
Tax on undistributed surplus earnings	14,801	-
Total current tax	<u>281,021</u>	<u>88,393</u>
Deferred tax:		
Origination and reversal of temporary differences	18,582	71,492
Effect from loss deductible income tax	(216,688)	304,949
Total deferred tax	<u>(198,106)</u>	<u>376,441</u>
Income tax expense	<u>\$ 82,915</u>	<u>\$ 464,834</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Change in fair value of financial assets at fair value through other comprehensive income	\$ 36,629	\$ 123,285
Currency translation differences	168	191,996
Share of other comprehensive income of associates	(235)	2,620
Remeasurement of defined benefit obligations	3,855	(293)
Total	<u>\$ 40,417</u>	<u>\$ 317,608</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022	Year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 74,208	\$ 982,667
Tax withheld at source from foreign income	-	17,329
Expenses disallowed & tax exempt income by tax regulation	59,227	981
Temporary differences not recognised as deferred tax assets	(19,509)	(858,816)
Change in assessment of realisation of deferred tax assets	18,582	71,491
Effect from taxable loss	(81,908)	250,438
Prior year income tax underestimation	17,514	744
Tax on undistributed surplus earnings	14,801	-
Income tax expense	<u>\$ 82,915</u>	<u>\$ 464,834</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Unrealized loss on inventory	\$ 111,708	\$ 36,952	\$ -	\$ 148,660
Unrealized exchange loss	(204)	18,337	-	18,133
Unrealized sales returns and discounts	17,782	(2,317)	-	15,465
Allowance overrun	-	1,049	-	1,049
Unrealized loss of sales	2,200	191	-	2,391
Investment loss under equity method	784	22,110	-	22,894
Loss on valuation of financial assets	20,025	-	(20,025)	-
Impairment loss for financial assets	4,099	-	-	4,099
Deferred revenue	43,221	2,106	-	45,327
Currency translation differences	83	-	(83)	-
Unrealized pension	19,575	(2,039)	(3,855)	13,681
Others	129,554	(49,621)	-	79,933
Tax losses	<u>1,436,426</u>	<u>(70,640)</u>	<u>-</u>	<u>1,365,786</u>
Subtotal	<u>1,785,253</u>	<u>(43,872)</u>	<u>(23,963)</u>	<u>1,717,418</u>
Deferred tax liabilities:				
Property, plant and equipment	(212,321)	28,992	-	(183,329)
Unrealized exchange gain	(1,647)	(272)	-	(1,919)
Unrealized sales returns and discounts	-	(1,659)	-	(1,659)
Unrealized gross profit of sales	-	(8,343)	-	(8,343)
Investment gain under equity method	(451)	(1,330)	-	(1,781)
Gain on valuation of financial assets	(159,054)	-	(16,712)	(175,766)
Currency translation differences	(4,017)	-	(2,019)	(6,036)
Others	<u>(51,848)</u>	<u>9,409</u>	<u>-</u>	<u>(42,439)</u>
Subtotal	<u>(429,338)</u>	<u>26,797</u>	<u>(18,731)</u>	<u>(421,272)</u>
Total	<u>\$ 1,355,915</u>	<u>(\$ 17,075)</u>	<u>(\$ 42,694)</u>	<u>\$ 1,296,146</u>

	2021				
		Recognised in profit or loss	Recognised in other comprehensive income	Bussiness combination	December 31
	January 1				
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
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	\$ 2,212,559	(\$ 326,597)	(\$ 317,726)	(\$ 212,321)	\$ 1,355,915

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment tax credits for industrial innovation	\$ 637,989	\$ 637,989	2022
Investment tax credits for industrial innovation	607,539	607,539	2023
Investment tax credits for industrial innovation	1,000,000	1,000,000	2022
Investment tax credits for industrial innovation	727,411	727,411	2023
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

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 : None.

Unutilized tax loss from the Subsidiary is as follows:

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	\$ 79,718	\$ 79,718	2022
2013	Assessed	8,487	8,487	2023
2014	Assessed	2,035,867	2,035,867	2024
2015	Assessed	1,059,174	1,059,174	2025
2016	Assessed	3,560,309	3,560,309	2026
2017	Assessed	670,675	670,675	2027
2018	Assessed	558,507	347,618	2028
2019	Amount filed	699,349	531,925	2024
2019	Assessed	4,103,745	600,859	2029
2020	Amount filed	389,475	389,475	2025
2020	Amount filed	5,010	5,010	2030
2020	Assessed	4,986,357	1,877,293	2030
2021	Amount filed	74,491	74,491	2026
2021	Amount filed	1,117,083	1,117,083	2031
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

F. As of December 31, 2022 and 2021, the amounts of deductible temporary difference that are not recognised as deferred tax assets were \$97,543 and \$7,831,942, respectively.

G. The Company was established on January 6, 2021, and had filed profit-seeking enterprise income tax in June 2022. Currently, the Company's income tax returns have not been assessed and approved by the Tax Authority. Income tax returns of the Company's significant subsidiaries, Epistar and Lextar through 2020 have been assessed and approved by the Tax Authority, respectively.

(34) Earnings per share

	Year ended December 31, 2022		
	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	\$ 38,024	715,603	\$ 0.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 38,024	715,603	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	496	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,024	716,099	\$ 0.05
	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

(35) 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	<u>(228,957)</u>
Total identifiable net assets	<u>11,210,282</u>
Goodwill	<u>\$ 754,264</u>

- C. 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.

(36) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	\$ 3,617,433	\$ 3,949,671
Add: Opening balance of payable on equipment	1,210,113	2,068,474
Add: Ending balance of prepayment for equipment	630,431	189,420
Less: Ending balance of payable on equipment	(948,327)	(1,210,113)
Less: Opening balance of prepayment for equipment	(189,420)	(265,386)
Cash paid during the period	<u>\$ 4,320,230</u>	<u>\$ 4,732,066</u>

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of intangible assets	\$ 217,720	\$ 76,364
Add: Opening balance of payables (including non-current portion)	4,898	46,122
Less: Ending balance of payables (including non-current portion)	(92,418)	(4,898)
Cash paid during the period	<u>\$ 130,200</u>	<u>\$ 117,588</u>

B. Investing activities with partial cash received

	Year ended December 31, 2022	Year ended December 31, 2021
Sale of property, plant and equipment	\$ 387,627	\$ 235,192
Add: Opening balance of receivables	2,013	2,000
Less: Ending balance of receivables	(48)	(2,013)
Cash collected during the period	<u>\$ 389,592</u>	<u>\$ 235,179</u>

C. Cash received from disposal of ownership interests in subsidiaries and associates

	Year ended December 31, 2022	Year ended December 31, 2021
Disposal proceeds	\$ 88,100	\$ -
Add: Opening balance of receivables	-	-
Less: Ending balance of receivables	-	-
Net cash provided by disposal of subsidiaries and associates	<u>\$ 88,100</u>	<u>\$ -</u>

(37) 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, 2022	\$ 3,479,177	\$ 4,139,165	\$ 877,011	\$ 1,557,129	\$ 157,282	\$ 10,209,764
Changes in cash flow from financing activities	(2,295,709)	(21,149)	(112,938)	(127,584)	(108,264)	(2,665,644)
Effect of interest	-	-	-	21,409	-	21,409
Cash in other non-cash items	-	-	-	136,645	-	136,645
Impact of changes in foreign exchange rate	20,027	-	11,221	(2,412)	2,199	31,035
At December 31, 2022	<u>\$ 1,203,495</u>	<u>\$ 4,118,016</u>	<u>\$ 775,294</u>	<u>\$ 1,585,187</u>	<u>\$ 51,217</u>	<u>\$ 7,733,209</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, 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>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
LEDAZ Co., Ltd.	Associates
best Epitaxy Manufacturing Company Ltd.	Associates (Note 2)
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	Associates (Note 4)
GCS Holdings, Inc.	Associates
Changzhou Chemsemi Co., Ltd.	Associates
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates (Note 3)
Chuzhou Bwin Technology Corp.	Associates
Tyntek Corporation	Associates
CreeLED Hong Kong LTD.	Other related parties (Note 1)
CreeLED, Inc.	Other related parties (Note 1)
D-Tech Optoelectronics, Inc.	Other related parties
Global Communication Semiconductors, LLC	Other related parties
LEYARD EUROPE s.r.o.	Other related parties
Seoul Semiconductor Co., Ltd.	Other related parties
AU Optronics (Kunshan) Co., Ltd.	Other related parties

Names of related parties	Relationship with the Group
AUO Corporation	Other related parties
AU Optronics (Xiamen) Corp.	Other related parties
AUO (Suzhou) Corp Ltd.	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
Intermate Co., Ltd. (Suzhou)	Other related parties
PlayNitride Inc.	Other related parties
D-TECH OPTOELECTRONICS (TAIWAN) CORPORATION	Other related parties
Shenzhen Leyard Opto-Electronic Co.,	Other related parties
KAISTAR Lighting (Xiamen) Co., Ltd.	Other related parties
FormoLight Technologies, Inc.	Other related parties
Darwin Precisions Corporation	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Kunshan) Co., Ltd.	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

Note 1: It is no longer the Company's other related party beginning on April, 2021

Note 2: 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.

Note 3: It is no longer the Company's subsidiary in June 2021, and thus transferred the entities from consolidated entities to related parties.

Note 4: It is no longer the Company's subsidiary in January 2022, and thus transferred the entities from consolidated entities to related parties.

(2) Significant related party transactions and balances

A. Operating revenue:

	Year ended December 31, 2022	Year ended December 31, 2021
Other related parties	\$ 757,811	\$ 2,356,293
Associates	594,736	796,755
Total	<u>\$ 1,352,547</u>	<u>\$ 3,153,048</u>

All product sales prices have no significant difference between related parties and third parties.

B. Purchases:

	Year ended December 31, 2022	Year ended December 31, 2021
Other related parties	\$ 5,277	\$ 139,963
Associates	324,710	334,899
Total	<u>\$ 329,987</u>	<u>\$ 474,862</u>

All product purchases prices have no significant difference between related parties and third parties.

C. Receivables from related parties (Notes receivable and accounts receivable):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ 199,761	\$ 749,273
Associates	236,493	326,437
Total	<u>\$ 436,254</u>	<u>\$ 1,075,710</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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ 24,012	\$ 3,869
Associates	111,406	11,952
Total	<u>\$ 135,418</u>	<u>\$ 15,821</u>

The other receivables from related parties arise mainly from rent and service.

E. Payables from related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other related parties	\$ 1,242	\$ 32,681
Associates	265,236	286,891
Total	<u>\$ 266,478</u>	<u>\$ 319,572</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, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Acquisition proceeds</u>	<u>Accrued payable</u>	<u>Acquisition proceeds</u>	<u>Accrued payable</u>
Other related parties	\$ 308,956	\$ 4,821	\$ 12,311	\$ 4,328
Associates	3,602	-	-	-
	<u>\$ 312,558</u>	<u>\$ 4,821</u>	<u>\$ 12,311</u>	<u>\$ 4,328</u>

(b) Disposal of property, plant and equipment:

	<u>Year ended December 31, 2022</u>		<u>Year ended December 31, 2021</u>	
	<u>Acquisition proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Acquisition proceeds</u>	<u>Gain (loss) on disposal</u>
Associates	<u>\$ 4,026</u>	<u>\$ 676</u>	<u>\$ 12,815</u>	<u>\$ 1,166</u>

(3) Key management compensation

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Salaries and other short-term employee benefits	\$ 229,936	\$ 197,070
Post-employment benefits	883	980
Termination benefits	1,611	2,322
Share-based payment	(13,768)	(10,869)
Total	<u>\$ 218,662</u>	<u>\$ 189,503</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2022	December 31, 2021	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 478,405	\$ 81,085	Payables for bankers' acceptance
Time deposits (Shown in "Current financial assets at amortised cost, non-current financial assets at amortised cost and other non-current assets")	331,816	281,558	Lease deposit, performance bond, security for provisional attachment, customer deposit, collateral deposits for provisional seizure
Notes receivable	270,620	588,105	Short-term borrowings
Land, building and structures	549,585	332,163	Long-term borrowings
Machinery and office equipment	286,775	95,663	Long-term borrowings and short-term borrowings
	<u>\$ 1,917,201</u>	<u>\$ 1,378,574</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, 2022	December 31, 2021
Property, plant and equipment	<u>\$ 1,305,258</u>	<u>\$ 1,219,671</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, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 254,073	\$ 337,568
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	4,445,317	4,686,605
Financial assets at amortised cost		
Cash and cash equivalents	16,127,132	12,336,039
Financial assets at amortised cost	827,545	394,418
Notes receivable	1,872,810	1,622,419
Notes receivable - due from related parties	10,285	-
Accounts receivable	7,544,597	11,653,001
Accounts receivable - due from related parties	425,969	1,075,710
Other receivables	127,695	162,252
Other receivables - due from related parties	135,418	15,821
Guarantee deposits paid	79,650	30,844
	<u>\$ 31,850,491</u>	<u>\$ 32,314,677</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading	\$ 2,214	\$ 12
Financial liabilities at amortised cost		
Short-term borrowings	1,203,495	3,479,177
Short-term notes payable	775,294	877,011
Notes payable	243,332	45,455
Accounts payable	2,195,394	4,396,401
Accounts payable to related parties	266,478	319,572
Other payables	4,619,754	5,843,445
Long-term borrowings (including current portion)	4,118,016	4,139,165
Long-term accounts payable	41,285	-
Guarantee deposits received	51,217	157,282
	<u>\$ 13,516,479</u>	<u>\$ 19,257,520</u>
Lease liabilities (including current portion)	<u>\$ 1,585,187</u>	<u>\$ 1,557,129</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, RMB and JPY). 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, 2022			
	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	\$ 226,968	30.7100	\$ 6,970,187	
RMB:NTD	380,410	4.4080	1,676,847	
<u>Non-monetary items</u>				
USD:NTD	105,940	30.7100	3,253,417	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	97,279	30.7100	2,987,438	
RMB:NTD	184,438	4.4080	813,003	

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	\$	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

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, 2022				
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	\$	-	30.7100	(\$ 56,987)
RMB:NTD		-	4.4080	(646)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	30.7100	(18,557)
RMB:NTD		-	4.4080	(904)
JPY:NTD		-	0.2324	3,074

Year ended December 31, 2021			
Unrealized exchange gain (loss)			
(Foreign currency: functional currency)	Foreign currency		Book value
	amount (in thousands)	Exchange rate	(in thousands of NTD)
<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

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2022				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit		Effect on other comprehensive income
		or loss		
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	69,702	\$ -
RMB:NTD	1%		16,768	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	32,534
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(	29,874)	-
RMB:NTD	1%	(	8,130)	-

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)	-

Price risk

- i. 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.
- ii. 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 years ended December 31, 2022 and 2021 would have increased/decreased by \$25,186 and \$33,756, 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 \$444,532 and \$468,661, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and 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 \$10,806 and \$4,718 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Group's written-off financial assets that are still under recourse procedures all amounted to \$18,623 and \$18,628, 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, 2022 and 2021, the provision matrix, loss rate methodology is as follows:

		Up to 30 days	31~90 days	91~180 days	Over 180 days	
	Not past due	past due	past due	past due	past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	\$ 9,653,353	\$ 281,782	\$ 71,497	\$ 36,458	\$ 1,120,368	\$ 11,163,458
Loss allowance	\$ 280	\$ 254	\$ 2,909	\$ 6,131	\$ 1,037,110	\$ 1,046,684
		Up to 30 days	31~90 days	91~180 days	Over 180 days	
	Not past due	past due	past due	past due	past due	Total
<u>December 31, 2021</u>						
Expected loss rate	0%~5%	0%~15%	0%~86%	0%~100%	0%~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

	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
<u>December 31, 2022</u>			
Expected loss rate	100%	0%~100%	
Total book value	\$ 991,358	\$ 10,172,100	\$ 11,163,458
Loss allowance	<u>\$ 991,294</u>	<u>\$ 55,390</u>	<u>\$ 1,046,684</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	<u>\$ 1,067,601</u>	<u>\$ 27,991</u>	<u>\$ 1,095,592</u>

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, and other receivables are as follows:

	<u>2022</u>	
	<u>Accounts receivable</u>	
	<u>(including notes</u>	
	<u>receivable)</u>	<u>Other receivables</u>
At January 1	\$ 995,276	\$ 100,316
Provision for impairment	166,657	19,651
Reversal of impairment	(225,440)	(9,844)
Write-offs	(206)	-
Effect of exchange rate changes	274	-
At December 31	<u>\$ 936,561</u>	<u>\$ 110,123</u>
	<u>2021</u>	
	<u>Accounts receivable</u>	
	<u>(including notes</u>	
	<u>receivable)</u>	<u>Other receivables</u>
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	<u>\$ 995,276</u>	<u>\$ 100,316</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, 2022 and 2021, the Group held money market position of \$16,291,198 and \$12,561,323, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Floating rate:		
Expiring within one year	\$ 11,487,018	\$ 6,342,480
Expiring beyond one year	<u>15,426,259</u>	<u>1,112,992</u>
	<u>\$ 26,913,277</u>	<u>\$ 7,455,472</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, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Between 5 and 7 years</u>	<u>Over 7 years</u>
Short-term borrowings	\$ 1,203,495	\$ -	\$ -	\$ -
Short-term notes and bills payable	775,294	-	-	-
Notes payable	243,332	-	-	-
Accounts payable (including related parties)	2,461,872	-	-	-
Other payables	4,619,754	-	-	-
Lease liabilities	127,845	364,128	143,926	1,187,997
Long-term borrowings (including current portion)	431,263	3,778,482	6,466	-
Long-term payables (including current portion)	-	41,285	-	-
Guarantee deposits received	50,551	666	-	-

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Between 5 and 7 years</u>	<u>Over 7 years</u>
Short-term borrowings	\$ 3,479,177	\$ -	\$ -	\$ -
Short-term notes and bills payable	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	-	-

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, 2022			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,118,016</u>	<u>\$ -</u>	<u>\$ 4,117,506</u>	<u>\$ -</u>

	December 31, 2021			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,139,165</u>	<u>\$ -</u>	<u>\$ 4,141,818</u>	<u>\$ -</u>

(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, 2022 and 2021 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	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	\$ 96,301	\$ -	\$ 90,007	\$ 186,308
Beneficiary certificates	45,350	-	-	45,350
Derivatives	-	22,415	-	22,415
Financial assets at fair value through other comprehensive income				
Equity securities	1,186,718	-	3,258,599	4,445,317
Total	<u>\$ 1,328,369</u>	<u>\$ 22,415</u>	<u>\$ 3,348,606</u>	<u>\$ 4,699,390</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 2,214	\$ -	\$ 2,214
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

(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, 2022 and 2021:

	2022	2021
	<u>Financial instruments</u>	<u>Financial instruments</u>
At January 1	\$ 4,245,029	\$ 4,102,935
Gains (losses) recognised in profit or loss	774 (	46,172)
(Losses) gains recognised in other comprehensive income	(321,885)	39,508
Additions	188,200	277,327
Disposals	(303,530) (	171,895)
Acquired from business combination	-	17,040
Transfers into level 3	-	46,110
Transfers into investments accounted for under the equity method	(464,627) (	21,084)
Effect of exchange rate changes	4,645	1,260
At December 31	<u>\$ 3,348,606</u>	<u>\$ 4,245,029</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, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,053,691	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	213,364	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	25.08%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	36,480	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2022	1.29	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	19,512	Net asset value	N/A	-	N/A

	Fair value at	Valuation	Significant unobservable	Range	Relationship of
	December 31, 2021	technique	input	(weighted average)	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	Enterprise value to EBITDA 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	Equity value multiple (P/B ratio) on December 31, 2021	1.59	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2021	30.00%	The higher the liquidity discount ratio, 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

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:

have changed.

			December 31, 2022			
			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%	\$ 900	(\$ 900)	\$ 32,586	(\$ 32,586)
			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)

(4) Impact of COVID-19 on the Group's business operations for the year ended December 31, 2022.

Except for actively following the pandemic prevention policies of each local government, the Group protected employees with high standard prevention measures and encouraged employees to get vaccinated. The Group enhanced the manpower and the material management in response to this situation, and it did not significantly affect the Group's product sales. The Group will continuously monitor the development of the pandemic and timely adjust response strategies and coordinate with other resources to ensure that the daily operation will not be affected.

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: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- 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 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- 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 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 10.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 11.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 12.

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

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, 2022

	Epistar Group	Lextar Group	Others	Consolidated
Revenues from external customers	\$ 20,656,462	\$ 7,917,729	\$ 304,059	\$ 28,878,250
Segment income	757,527 (	338,290) (	985,620) (	566,383)
Segment income (loss) including :				
Interest income	60,771	38,350	5,479	104,600
Interest expense	120,871	8,672	2,059	131,602
Depreciation and amortisation	4,449,790	590,105	170,370	5,210,265
Investment loss under equity method	268,941	400,822	43,822	713,585
Income tax expense (benefit)	108,217 (	33,039)	7,737	82,915
Segment assets	53,849,830	13,136,814	6,056,826	73,043,470

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

(4) Information on products and services

Please refer to Note 6 (25) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,258,507	\$ 24,526,710	\$ 3,126,618	\$ 25,818,568
China	12,891,953	5,781,725	17,733,618	6,139,571
Hong Kong	1,522,528	105,790	2,138,234	114,160
Korea	680,315	1,464	1,257,421	1,165
Malaysia	2,132,841	-	2,139,015	-
Japan	7,403,290	-	7,595,774	-
Singapore	680,140	-	978,999	-
Others	1,308,676	12,881	1,455,081	15,715
	<u>\$ 28,878,250</u>	<u>\$ 30,428,570</u>	<u>\$ 36,424,760</u>	<u>\$ 32,089,179</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue		Revenue	
C	\$	7,001,287	\$	7,067,535
B		2,660,661		2,215,756
D		1,786,146		1,821,164

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended		Balance at 31-Dec-22	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
					31-Dec-22	31-Dec-22					Item	Value							
					\$	\$													
0	ENNOSTAR Inc.	Unikom Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 350,000	1.70%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 500,000	\$ 5,440,427	\$ 16,321,281	Note 1		
1	Epistar Corporation	Unikom Semiconductor Corporation	Other receivables-related parties	Y	300,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	3,993,548	11,980,644	Note 2		
1	Epistar Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	1,000,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	3,993,548	11,980,644	Note 2		
2	Epicrystal (Changzhou) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Other receivables-related parties	Y	218,350	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	926,812	1,390,218	Note 3		
2	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	360,480	352,640	-	3.75%	Short-term financing	-	Working capital	-	None	-	926,812	1,390,218	Note 3		
3	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	70,294	68,765	68,765	2.86%	Short-term financing	-	Working capital	-	Promissory Note	68,765	3,931,983	3,931,983	Note 4		
3	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	547,655	522,070	522,070	3.11%~3.93%	Short-term financing	-	Working capital	-	Promissory Note	522,070	3,931,983	3,931,983	Note 4		
4	Lighting Investment Ltd.	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	209,398	199,615	184,260	3.59%	Short-term financing	-	Working capital	-	Promissory Note	199,615	295,722	295,722	Note 5		

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-22	Balance at 31-Dec-22	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		
													Promissory Note	\$	\$	Note 6
5	Luxlite (HK) Corporation Limited	EPiSTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	\$ 144,968	\$ 138,195	\$ 138,195	3.93%	Short-term financing	\$ -	Working capital	\$ -	-	280,138	\$ 280,138	Note 6
6	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	3,909,020	Note 7
6	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	500,000	250,000	-	1.41%	Short-term financing	-	Working capital	-	None	977,255	3,909,020	Note 7
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	350,000	1.41%	Short-term financing	-	Working capital	-	Promissory Note	500,000	3,909,020	Note 7
7	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	540,720	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	2,894,644	Note 8
8	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	132,638	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	2,003,251	Note 9

Note 1: In accordance with ENNOSTAR Inc.'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 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 3: 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 4: Limit on loans granted by the subsidiary of Epistar, Epistar JV, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the Epistar JV's net asset.

Note 5: Limit on loans granted by the subsidiary of Epistar, Lighting Investment, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the Epistar JV's net asset.

Note 6: As the borrower of the subsidiary of Epistar, Luxlite (HK), was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, its ceiling on total loans granted and limit on loans granted to a single party are the net asset of the company.

Note 7: 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 8: 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 9: 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, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		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, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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
		Company name													
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	2	\$ 3,993,548	\$ 1,008,900	\$ 368,520	\$ -	\$ -	-	0.92	\$ 7,987,096	N	N	Y	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	2	3,993,548	243,480	-	-	-	-	-	7,987,096	N	N	Y	
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	3,993,548	1,150,000	300,000	300,000	300,000	-	0.75	7,987,096	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3	3,993,548	3,250,000	3,250,000	-	-	-	8.14	7,987,096	N	Y	N	
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epiky/in Optoelectronics Co., Ltd	2	572,999	443,900	-	-	-	-	-	916,799	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, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

As of December 31, 2022								
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	\$ 2,500	-	\$ 2,500	
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	-	7.39	-	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	174,310	13.68	174,310	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	66,948	12.57	66,948	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	35,000,000	583,735	10.00	583,735	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,330,951	\$ 10,967	3.03	\$ 10,967	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,042,808	94,570	4.47	94,570	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	637,055	8.53	637,055	
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	213,364	19.90	213,364	
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,009,183	75,716	11.64	75,716	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	82,497	0.24	82,497	Note 1
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD.	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	\$ -	4.68	\$ -	
Epistar Corporation	NanoCrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
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	2,018,014	18.77	2,018,014	
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	15,178	15.00	15,178	
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	41,243	1.14	41,243	
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	451	4.08	451	
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	-	
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	-	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	7,598	10.00	7,598	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	73,150	5.74	73,150	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	176,187	8.32	176,187	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	11,110	2.17	11,110	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	6,959	16.92	6,959	
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	19,512	10.77	19,512	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for under 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	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	96,301	4.55	96,301	

As of December 31, 2022

Securities held by Lighting Investment Corporation	Marketable securities ENNOSTAR Inc. (Stock)	Relationship with the securities issuer Parent company of Epistar Corporation	General ledger account Current financial assets at fair value through profit or loss	Number of shares 1,282,377	Book value		Ownership (%)	Fair value		Footnote
					\$	\$		\$	\$	
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	3,294,561	45,350		None	45,350		
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	192,224		2.57	192,224		
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	26,031		2.04	26,031		
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	993		8.97	993		
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	-		8.93	-		
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	22,040		5.00	22,040		

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lextar Electronics Corporation	Jhong Wei Corporation(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	106,000	\$ -	0.00	\$ -	Note 2
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	36,480	5.29	36,480	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current financial assets at fair value through profit or loss	3,135,000	23,059	6.30	23,059	

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, 2022

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, 2022		Addition (Note 3)		Disposal (Note 3)		Gain (loss) on disposal		Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value		Number of shares	Amount
ENNOSTAR Inc.	Epistar Corporation	Investments accounted for under equity method	Subsidiary	Related	1,088,701,410	\$39,027,656	27,777,778	\$1,000,000	-	\$ -	\$ -	-	1,116,479,188	\$ 39,769,781
ENNOSTAR Inc.	Harvestar Investment Corp.	Investments accounted for under equity method	Subsidiary	Related	65,000,000	676,611	50,000,000	500,000	-	-	-	-	115,000,000	849,744
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Subsidiary	Related	-	-	56,200,000	593,132	-	-	-	-	56,200,000	179,217
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Controlled by the same entity	Related	-	-	52,000,000	444,785	-	-	-	-	52,000,000	162,365
Lighting Investment Corporation	Taishin 1699 Money Market Fund	Current financial assets at fair value	-	None	4,559,731	62,151	25,526,655	350,000	26,791,825	367,500	366,969	531	3,294,561	45,350
Epistar Corporation	Taishin 1699 Money Market Fund	Current financial assets at fair value	-	None	-	-	76,000,836	1,042,000	76,000,836	1,042,733	1,042,000	733	-	-

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

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the seller	If the counterparty is a related party, information as to the last transfer of data				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate		Other commitments
						Owner	Relationship between the issuer and the seller	Date of the transfer	Amount		Required by the Company's long-term operation	real estate	
Epistar Corporation	Plant of SAVIOR LIFETEC CORPORATION	2022/3/3	\$ 610,000	Installment based on agreement	SAVIOR LIFETEC CORPORATION	None	-	-	-	\$ -	Experts' appraisal report and market price of nearby trading target	Required by the Company's long-term operation	None
Epistar Corporation	Plant of Hsinchu Science Park	2022/3/24	710,802	Installment based on agreement	Lexar Electronics Corporation	Controlled by the same entity	AUO Corporation	Related parties	2010/5/21	883,810	Experts' appraisal report and market price of nearby trading target	In response to the specialisation and strategic layout requirements of sub- group of ENNOSTAR Inc.	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in settling the price' column if the real estate acquisition 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

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 6

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
Lextar Electronics Corporation	Plant of Hsinchu Science Park	2022/3/24	2010/5/21	\$ 586,439	\$ 710,802	Installment based on agreement	\$ 124,363	Epistar Corporation	Controlled by the same entity	In response to the specialisation and strategical layout requirements of sub-group of ENNOSTAR Inc.	Experts' appraisal report and market price of nearby trading target	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, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Transaction			Differences in transaction terms			Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable)	Footnote
						Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance			
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 1	Sales	(\$ 232,435)	(5)	90 days after month-end closing	Normal	Normal	Normal	Normal	\$ 60,291	3		
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(1,493,516)	(31)	90 days after month-end closing	Normal	Normal	Normal	Normal	495,316	25		
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	(253,011)	(5)	180 days after month-end closing	Normal	Normal	Normal	Normal	29,414	1		
Epistar Corporation	LEDAZ Co., Ltd.	Note 1	Sales	(208,849)	(1)	90 days after month-end closing and 20 days after next monthly billings	Normal	Normal	Normal	Normal	49,417	1		
Epistar Corporation	Yenrich Technology Corporation	Note 1	Sales	(172,975)	(1)	90 days after month-end closing	Normal	Normal	Normal	Normal	52,057	1		
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(549,080)	(3)	180 days after month-end closing	Normal	Normal	Normal	Normal	247,976	4		
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(1,415,512)	(8)	150 days after next month-end closing	Normal	Normal	Normal	Normal	708,911	11		
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(223,855)	(1)	90 days after month-end closing	Normal	Normal	Normal	Normal	15,064	-		
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(1,368,266)	(62)	90 days after month-end closing	Normal	Normal	Normal	Normal	962,475	45		
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(962,056)	(43)	90 days after month-end closing	Normal	Normal	Normal	Normal	309,358	14		
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(1,222,560)	(55)	90 days after month-end closing	Normal	Normal	Normal	Normal	731,952	34		
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	(356,364)	(27)	90 days after month-end closing	Normal	Normal	Normal	Normal	16,161	2		

Transaction				Differences in transaction terms		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Percentage of total purchases		Percentage of total notes/accounts receivable			
				Amount	(sales)	Unit price	Credit term	Balance	(payable)
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	\$ 811,520	(61) 90 days after month-end closing	Normal	Normal	\$ 352,892	45
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(220,880)	(16) 90 days after month-end closing	Normal	Normal	63,792	8
Lextar Electronics Corporation	AU Optonics (Xiamen) Corp.	Other related parties	Sales	(109,133)	(2) 120 days after month-end closing	Normal	Normal	36,409	4
Lextar Electronics Corporation	AUO (Suzhou) Corp Ltd.	Other related parties	Sales	(168,442)	(4) 120 days after month-end closing	Normal	Normal	47,114	5
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	(257,572)	(6) 120 days after month-end closing	Normal	Normal	80,297	9
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(2,662,953)	(52) OA 90 days--OA 120 days	Normal	Normal	461,393	35
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(898,028)	(18) OA 90 days--OA 120 days	Normal	Normal	322,353	24
Yenrich Technology Corporation	LEDAZ Co., Ltd.	Note 1	Sales	(155,691)	(39) 90 days after month-end closing and 20 days after next monthly billings	Normal	Normal	44,978	38
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 1	Sales	(141,183)	(23) 120 days after month-end closing	Normal	Normal	65,004	44
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	811,520	19 90 days after month-end closing	Normal	Normal	(352,892)	(17)
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	1,415,512	34 150 days after next month-end closing	Normal	Normal	(708,911)	(34)
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,222,560	29 90 days after month-end closing	Normal	Normal	(731,952)	(35)
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	356,364	4 90 days after month-end closing	Normal	Normal	(16,161)	(1)
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	253,011	3 150 days after next month-end closing	Normal	Normal	(29,414)	(2)
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	962,056	12 90 days after month-end closing	Normal	Normal	(309,358)	(21)

Transaction				Differences in transaction terms		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance (\$)	Percentage of total notes/accounts receivable (payable)	Footnote
Jiangsu Canyang Optoelectronics Ltd.	Epicroystal (Changzhou) Co., Ltd.	Note 1	Purchases	\$ 1,368,266	130	90 days after month-end closing	Normal	(962,475)	(5)	
Epicroystal (Changzhou) Co., Ltd	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	220,880	16	90 days after month-end closing	Normal	(63,792)	(29)	
Epicroystal (Changzhou) Co., Ltd	Epistar Corporation	Note 1	Purchases	223,855	17	90 days after month-end closing	Normal	(15,064)	(7)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	549,080	27	180 days after month-end closing	Normal	(247,976)	(33)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,493,516	73	90 days after month-end closing	Normal	(495,316)	(67)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	2,662,953	79	OA 90 days-OA 120 days	Normal	(461,393)	(65)	
Lextar Electronics Corporation	Tyntek Corporation	Note 1	Purchases	125,619	4	OA 120 days	Normal	(25,726)	(4)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	898,028	93	OA 90 days-OA 120 days	Normal	(322,353)	(95)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Note 1	Purchases	178,622	5	OA 60 days-OA 120 days	Normal	(20,370)	(2)	
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	232,435	7	OA 90 days	Normal	(60,291)	(6)	
Yenrich Technology Corporation	Epistar Corporation	Note 1	Purchases	172,975	67	OA 90 days	Normal	(52,057)	(78)	
Shanghai Welight Electronic Co., LTD.	ProLight Opto Technology Corporation	Note 1	Purchases	141,183	100	120 days after month-end closing	Normal	(65,004)	(100)	

Note 1: Investee company accounted for under the equity method directly and indirectly.

ENNOSTAR INC. AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 8

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022				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		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	\$ -	\$ 351,856	\$ 351,856	-	\$ -	-	\$ 201	\$ -	-	
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	529,978	529,978	-	-	-	-	-	-	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	495,316	-	495,316	3.00	8,843	-	145,072	-	-	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2	16,799	249,055	265,854 (	1.58)	203	-	2,088	-	-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	247,976	1,529	249,505	1.64	-	-	73,665	-	-	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	708,911	43,095	752,006	1.72	99,151	-	133,589	-	-	
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	39,181	256,025	295,206	0.65	1,030	-	33,589	-	-	
Epierystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	309,358	919	310,277	0.10	-	-	36,302	-	-	
Epierystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	731,952	-	731,952	1.90	426,758	-	62,069	-	-	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	352,892	-	352,892	2.55	-	-	6,819	-	-	
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	187,163	187,163	-	-	-	-	-	-	
Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	139,975	139,975	-	-	-	-	-	-	
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	350,000	350,000	-	-	-	-	-	-	

			Balance as at December 31, 2022			Overdue receivables			Amount collected subsequent to the balance sheet date		Allowance for doubtful debts		
Creditor	Counterparty	Relationship with the counterparty	Accounts receivable			Other receivable	Total	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful debts	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	\$	461,393	\$	2,022	\$	463,415	3.25	\$	143,653	\$	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2		322,353		-		322,353	2.38		114,738		-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$203 and \$94,208 from Jiangsu Canyang and Episky Corporation (Xiamen). Episky Corporation (Xiamen) has received \$8,843 from Shenzhen Epikyin. Epicrystal (Changzhou) has received \$44,080 from Episky Corporation (Xiamen). Lextar Electronics (Chuzhou) has received \$141,211 from Lextar Electronics (Suzhou).

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, 2022

Table 9

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	
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	1	Other receivable	\$ 351,856	Based on contract terms	0.48
0	ENNOSTAR Inc.	Epistar Corporation	1	Other operating revenue	128,117	Based on contract terms	0.44
1	Epistar Corporation	Yenrich Technology Corporation	3	Sales	172,975	Conducted in the ordinary course of business with terms similar to those with third parties	0.60
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co., Ltd	3	Sales	549,080	Conducted in the ordinary course of business with terms similar to those with third parties	1.90
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	1,415,512	Conducted in the ordinary course of business with terms similar to those with third parties	4.90
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	223,855	Conducted in the ordinary course of business with terms similar to those with third parties	0.78
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	356,364	Conducted in the ordinary course of business with terms similar to those with third parties	1.23
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	253,011	Conducted in the ordinary course of business with terms similar to those with third parties	0.88

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	\$ 60,291	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	495,316	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd.	Epistar Corporation	3	Accounts receivable	29,414	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epi crystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	1,368,266	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epi crystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,222,560	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epi crystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	962,475	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epi crystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Accounts receivable	309,358	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epi crystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	731,952	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	811,520	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)
						0.08
						0.68
						0.04
						4.74
						4.23
						1.32
						0.42
						1.00
						2.81

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	\$ 220,880	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	3	Accounts receivable	16,161	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	352,892	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	63,792	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Processing fees	164,824	Conducted in the ordinary course of business with terms similar to those with third parties
5	Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	139,975	Loans granted
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	529,978	Loans granted
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	187,163	Loans granted
8	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	350,000	Loans granted
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	2,662,953	Conducted in the ordinary course of business with terms similar to those with third parties
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	461,393	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)
						0.76
						0.02
						0.48
						0.09
						0.57
						0.19
						0.72
						0.26
						0.48
						9.22
						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	
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	\$ 898,028	Conducted in the ordinary course of business with terms similar to those with third parties	3.11
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	322,353	Conducted in the ordinary course of business with terms similar to those with third parties	0.44
10	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Sales	141,183	Conducted in the ordinary course of business with terms similar to those with third parties	0.49

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, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount			Shares held as at December 31, 2022				Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	\$ 38,607,380	\$ 37,607,380	1,116,479,188	100.00	\$ 39,769,781	\$ 915,860 958,851
ENNOSTAR Inc.	Lexstar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	11,724,646	514,916,380	100.00	11,152,889	(264,720) (431,257)
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	650,000	115,000,000	100.00	849,744	(200,651) (200,375)
ENNOSTAR Inc.	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	584,583	584,583	23,799,000	7.92	594,097	(181,505) (16,149) Notel
ENNOSTAR Inc.	Anengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	10,210	6,922,000	75.96	25,747	(11,542) (7,576)
ENNOSTAR Inc.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.15	411,447	(939,717) (65,535) Notel
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	440,000	290,000	44,000,000	100.00	409,063	(48,708) (48,708)

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 593,132	\$ -	56,200,000	17.99	\$ 179,217	\$ 976,415	(\$ 122,088)
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	270,000	-	27,000,000	100.00	49,004	(17)	(17)
ENNOSTAR Inc.	Praistar Investment Corp.	Taiwan	Professional investment	270,000	-	27,000,000	100.00	49,004	(17)	(17)
ENNOSTAR Inc.	Manastar Investment Corp.	Taiwan	Professional investment	1,000	-	100,000	100.00	981	(19)	(19)
Harvestar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.13	412,471	(939,717)	(65,430) Note1
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	209,551	113,931	10,102,000	3.36	245,635	(181,505)	(4,955) Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	-	52,000,000	16.65	162,365	(976,415)	(131,230)

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 265,135	\$ 265,135	6,500,000	5.87	\$ 236,436	\$ 939,717	(\$ 46,489)	Notel
Calystar 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	97,787	-	5,190,000	1.73	93,362	(181,505)	(2,248)	Notel
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	-	13,400,000	4.29	47,021	(976,415)	-	
Praistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	-	13,400,000	4.29	47,021	(976,415)	-	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	1,125	(939,717)	(1)	Notel
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	50,413	31,974	9,532	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,824,559	(154,187)	(115,604)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	cash USD8,660,000	100.00	271,689	8,927	8,927	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	2,161,814	191,478,518	100.00	1,453,484	(25,467)	(23,621)	

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 400,000	\$ 1,100,000	40,000,000	12.80	\$ 140,533	\$ 976,415	(\$ 262,577)	
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,400	(1,494)	(732)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	44,069	5,951	2,380	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	230	(1,899)	(1,221)	
Epistar 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	1,243	-	50,000	0.02	1,198	(181,505)	(41)	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	58,043	46,497	1,639	
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	4,231	(10)	(10)	
Epistar JV Holding (BVI) Co., Ltd.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,566,786	(203,142)	(167,409)	
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	268,634	(12,849)	(9,619)	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash	100.00	2,292,004	(44,979)	(44,979)	
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,370,156	4,291,894	USD68,000,000	85.26	1,403,863	46,497	39,643	

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	\$ -	\$ 93,582	-	-	\$ -	(\$ 557)	\$ 1,831	
Lighting Investment Ltd.	LEDAC Co., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	25,818	131,992	37,129	
Lighting Investment Ltd.	Interlight Optotech (HK) Co., Limited	Hong Kong	Sales of LED packages	516	12,806	429,000	30.00	10,941	(4,334)	(1,300)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	(245)	(34)	(34)	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,145	3,800,000	100.00	280,138	5,284	5,284	
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	4,327,287	(203,069)	(203,069)	
Lighting Investment Corporation	LEDAC Co., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	17,094	131,992	16,367	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	739,306	52,613	52,613	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	133,403	133,403	4,010,000	100.00	75,909	57	57	
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	56,322	-	-	-	(94,172)	(4,365)	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	113,119	46,497	3,194	
Lighting Investment Corporation	GaNRich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	67,101	64,301	4,428,000	83.39	(27,420)	(23,623)	(19,609)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,310	(678)	(407)	

Initial investment amount				Shares held as at December 31, 2022							
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 11,599	\$ 11,599	1,757,000	11.26	\$ 5,587	\$ 28,185	\$ 3,464	Note1
Lighting Investment 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	1,276	258	50,000	0.02	790	(181,505)	(36)	Note1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	641	641	620,400	35.68	703	(1,899)	(261)	
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	343	(87)	(43)	
Episky Corporation (Xiamen) Ltd.	EpiCrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD5,200,000	3.31	153,387	(217,465)	(4,656)	
EpiCrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB110,000,000	10.44	791,206	(1,198,668)	(130,126)	
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	9.70	98,800	(359,037)	(23,926)	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikyin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	193,729	23,127	23,774	

Initial investment amount			Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Singapore	Professional investment	\$ 2,709,310	\$ 2,709,310	90,270,000	100.00	\$ 2,504,064	(\$ 152,032) (\$ 152,032)
Lextar Electronics Corporation	Wellybond Optonics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,848	119 119
Lextar Electronics Corporation	Wellypower Optonics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	165,384	3,167 3,167
Lextar Electronics Corporation	Apower Optonics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,188,138	23,452 23,452
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	124,839	(717) (717)
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	552,365	(68,360) (68,360)
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	37,564	2,089 1,890
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.81	74,062	(59,224) (20,300)
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	980,487	530,487	66,000,000	100.00	752,231	(174,328) (174,328)
Lextar Electronics Corporation	Pro-light Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	97,031	-	6,500,000	9.55	86,187	(94,172) (6,154)
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	1,304	-	50,000	0.02	1,126	(181,505) (124) Note1

Initial investment amount		Shares held as at December 31, 2022						Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and after-sales service	\$ 3,025	\$ 3,025	22,000	100.00	\$ 4,642	\$ 383
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	(1,051,816) (
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	2,437	2,067
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.81	74,056	(59,224) (
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	30,000	10,000	20,000,000	86.96	16,220	(9,753) (
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	33,000	4,550,000	29.17	48,508	(28,185) (
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	303,264	251,016	20,310,000	29.84	269,343	(94,172) (
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	1,288	258	50,000	0.02	1,114	(181,505) (
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	91,763	91,763	6,185,000	9.09	82,025	(94,172) (

Initial investment amount			Shares held as at December 31, 2022								
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Liang Li Venture 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	\$ 1,293	\$ -	50,000	0.02	\$ 1,116	(\$ 181,505)	(\$ 123)	Notel
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	137,100	6,717,900	49.00	55,925	(47,179)	(29,280)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	27,366	27,366	1,822,000	2.68	24,117	(94,172)	(2,521)	
Yenrich Technology 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	1,324	-	50,000	0.02	1,143	(181,505)	(126)	Notel
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	364	1,228	1,228	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	391	1,228	1,228	

ENNOSTAR INC. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2022

Table 11

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, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022					
					Remitted to Mainland China	back to Taiwan							
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 2,124,096	2	\$ 2,124,096	\$ -	\$ -	\$ 2,124,096	\$ 44,979	100.00	\$ 44,979	\$ 2,291,997	\$ -	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,404,500	2	1,824,844	-	-	1,824,844	(13,777)	74.86	(10,313)	281,390	-	2(3)
Epicroystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	(217,465)	76.95	(167,349)	3,566,116	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	929	-	929	-	59,270	2(1)
KFES Lighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	2,018,014	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,854,198	3	296,108	-	-	296,108	-	11.69	-	-	-	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	(41,420)	993	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from				Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022						
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	\$ 75,048	2	\$ 7,818	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-	2(3)
Huarui (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	479,839	2	215,687	-	215,687	-	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	56,843	-	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,578,552	-	2,578,552	45,772	95.66	44,477	1,575,026	-	-	2(3)
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	3,585,860	72,649	100.00	72,649	3,654,883	-	-	2(2)

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, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022					
Lextar Electronics (Xiamen) Co., Ltd.	Main business activities	\$ 32,759	2	\$ 32,759	\$ -	\$ -	\$ 32,759	\$ 3,179	100.00	\$ 3,179	\$ 8,992	\$ -	2(2)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Manufacturing and sales of LED packages and modules	1,322,400	1	391,909	133,906	-	525,815	(359,037)	33.63	(132,149)	342,548	-	2(3)
Shanghai Welight Electronic Co., LTD.	Developing, manufacturing and sales of LED packages, modules and related applications	4,695	2	4,695	-	-	4,695	1,228	51.16	1,228	364	-	2(2)
	Wholesale and export and import of LED and related electronic products												

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	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	\$ 12,682,757	\$ 13,816,621	\$ 24,589,144
Lextar Electronics Corporation	\$ 4,167,894	\$ 4,577,180	\$ 5,863,530

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.

Note 6: The shareholding of LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd. has not been deducted due to the part of the disposal in 2023.

According to the MOEA Regulation No. 11200009840 announced on January 30, 2023, the accumulative amount of investment in mainland China can be deducted in USD 2,952,514.59.

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, 2022

Table 12

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		Maximum balance during the year ended December 31, 2022		Financing		Interest during the year ended December 31, 2022	Others
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Balance at December 31, 2022	Interest rate	Balance at December 31, 2022	Interest rate		
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	\$ 12,858	0.06	\$ -	-	\$ 28,550	0.05	\$ -	-	\$ -	-	\$ -	-	-	-
Lextar Electronics (Chuzhou) Corp.	48,083	0.23	-	-	3,738	0.01	-	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	91,927	0.43	238,893	14.22	16,799	0.03	-	-	-	-	-	-	-	-
Shenzhen Epikylin Optoelectronics Co., Ltd	549,080	2.57	-	-	247,976	0.46	-	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	1,415,512	6.63	-	-	708,911	1.32	368,520	-	70,294	2.86%	68,765	2.86%	1,905	-
Epicrystal (Changzhou) Co., Ltd.	223,855	1.05	-	-	15,064	0.03	-	-	-	-	-	-	-	-
Shanghai Weight Electronic Co., LTD	141,183	23.15	-	-	65,004	44.34	-	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(253,011)	(1.18)	-	-	(29,414)	(0.05)	-	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	(962,056)	(4.51)	-	-	(309,358)	(0.57)	-	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(2,662,953)	(78.63)	-	-	(461,393)	(65.28)	-	-	-	-	-	-	-	-

ENNOSTAR INC. AND SUBSIDIARIES
Major Shareholders Information
December 31, 2022

Table 13

	Major Shareholders	Shareholding	
		Number of Shares Held	Shareholding Ratio
AUO Corporation		93,568,898	12.39

INDEPENDENT AUDITORS' REPORT

PWCR22000401

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, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, 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, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers that came into effect 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 Accountants and Standards on Auditing of 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 Accountants of 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.

Key audit matters in relation to the parent company only financial statements for the year ended December 31, 2022 are outlined as follows:

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 modules. 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 2022 and 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\$2,049,834 thousand and NT\$1,320,489 thousand, representing 3.75% and 2.50% of the parent company only total assets as of December 31, 2022 and 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\$139,085 thousand and NT\$1,315 thousand, representing 67.06% and 0.06% of the parent company only comprehensive gain for the years 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 that came into effect 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and 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 23, 2023

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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ENNOSTAR INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
Notes			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 690,933	1	\$ 43,752	-
1200	Other receivables		59	-	10	-
1210	Other receivables - related parties	7	402,738	1	59,564	-
1410	Prepayments		12,793	-	2,499	-
1470	Other current assets		4	-	-	-
11XX	Current Assets		1,106,527	2	105,825	-
Non-current assets						
1550	Investments accounted for under equity method	6(2)	53,490,974	98	52,707,404	100
1600	Property, plant and equipment	6(3)	10,978	-	10,157	-
1900	Other non-current assets		25,408	-	408	-
15XX	Non-current assets		53,527,360	98	52,717,969	100
1XXX	Total assets		\$ 54,633,887	100	\$ 52,823,794	100
Liabilities and Equity						
Current liabilities						
2100	Short-term borrowings		\$ 100,000	-	\$ 150,000	-
2200	Other payables		97,222	-	304,026	1
2220	Other payables to related parties	7	3,270	-	46,725	-
2230	Current tax liabilities		27,952	-	-	-
2300	Other current liabilities		1,166	-	788	-
21XX	Current Liabilities		229,610	-	501,539	1
Non-current liabilities						
2600	Other non-current liabilities		8	-	10	-
2XXX	Total Liabilities		229,618	-	501,549	1
Equity						
	Share capital	6(6)				
3110	Share capital - common stock		7,547,840	14	6,852,514	13
	Capital surplus	6(7)				
3200	Capital surplus		46,421,664	85	43,830,638	83
	Retained earnings	6(8)				
3310	Legal reserve		216,945	1	-	-
3320	Special reserve		290,598	1	-	-
3350	Unappropriated retained earnings		147,022	-	2,169,446	4
	Other equity interest	6(9)				
3400	Other equity interest		75,010	-	(235,543)	-
3500	Treasury stocks	6(6)	(294,810)	(1)	(294,810)	(1)
3XXX	Total equity		54,404,269	100	52,322,245	99
3X2X	Total liabilities and equity		\$ 54,633,887	100	\$ 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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(2)(10) and 7	\$ 244,729	100	\$ 2,417,618	100
5000	Operating costs	6(8)	(179,138)	(73)	(235,213)	(10)
5900	Operating margin		65,591	27	2,182,405	90
5950	Net operating margin		65,591	27	2,182,405	90
6900	Operating profit		65,591	27	2,182,405	90
	Non-operating income and expenses					
7100	Interest income		7,261	3	39	-
7010	Other income		1,969	1	241	-
7020	Other gains and losses		195	-	(2,988)	-
7050	Finance costs		(718)	-	(1,348)	-
7000	Total non-operating income and expenses		8,707	4	(4,056)	-
7900	Profit before income tax		74,298	31	2,178,349	90
7950	Income tax expense	6(13)	(36,274)	(15)	-	-
8200	Profit for the year		\$ 38,024	16	\$ 2,178,349	90
	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		(\$ 233,252)	(95)	\$ 285,081	12
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(13)	(39,989)	(17)	(122,992)	(5)
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(273,241)	(112)	162,089	7
	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		443,043	181	(210,366)	(9)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(13)	(428)	-	(194,616)	(8)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		442,615	181	(404,982)	(17)
8300	Other comprehensive income (loss)		\$ 169,374	69	(\$ 242,893)	(10)
8500	Total comprehensive income		\$ 207,398	85	\$ 1,935,456	80
	Earnings per share (NT\$)	6(14)				
9750	Total basic earnings per share		\$ 0.05		\$ 3.21	
9850	Total diluted earnings per share		\$ 0.05		\$ 3.20	

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital Reserves				Other equity interest			
			Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total
2021										
January 6 (Date of establishment)		\$ -	\$ -	\$ -	\$ -	\$ 2,178,349	\$ -	\$ -	\$ -	\$ -
Profit for the year	6(6)	-	-	-	-	-	-	-	-	-
Other comprehensive income(loss) for the year	6(7)	-	-	-	-	71	(404,982)	162,018	-	2,178,349
Total comprehensive income(loss)		-	-	-	-	2,178,420	(404,982)	162,018	-	2,178,349
Issuance of ordinary shares under business combination	6(6)	-	-	-	-	-	-	-	-	-
Expiration of restricted employee stock	6(6)	6,859,527	42,957,636	-	-	-	-	-	-	-
Distribution to subsidiaries' employee	6(7)	(7,013)	7,013	-	-	-	-	-	-	-
compensation		-	-	-	-	-	-	-	-	-
Proceeds from treasury shares transferred to employees	6(7)	-	195,791	-	-	-	-	-	-	195,791
Difference between consideration and carrying amount of subsidiaries acquired	6(7)	-	115,823	-	-	-	-	-	-	115,823
Net change in equity of associates and joint ventures	6(7)	-	(7,754)	-	-	-	(1,553)	-	-	(9,307)
Changes in ownership interests in subsidiaries accounted for using equity method	6(7)	-	(12,617)	-	-	-	-	-	-	(12,617)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(8)(9)	-	574,746	-	-	-	-	-	-	574,746
Shares of the parent company held by subsidiaries transferred to treasury shares	6(7)	-	-	-	-	(8,974)	-	8,974	-	-
December 31		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	\$ (406,535)	\$ 170,992	(294,810)	\$ 52,322,245
2022										
January 1		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	\$ (406,535)	\$ 170,992	\$ 294,810	\$ 52,322,245
Profit for the year		-	-	-	-	38,024	-	-	-	38,024
Other comprehensive income(loss) for the year		-	-	-	-	19,477	442,615	(292,718)	-	169,374
Total comprehensive income(loss)		-	-	-	-	57,501	442,615	(292,718)	-	207,398
Appropriation of 2021 earnings	6(8)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	216,945	-	(216,945)	-	-	-	-
Special reserve		-	-	-	290,598	(290,598)	-	-	-	-
Cash dividends		-	-	-	(1,365,881)	-	-	-	-	(1,365,881)
Proceeds from issuance of share capital	6(6)	-	-	-	-	-	-	-	-	-
Expiration of restricted employee stock	6(7)	700,000	2,927,400	-	-	-	-	-	-	1,365,881
Changes in ownership interests in subsidiaries accounted for using equity method	6(7)	(4,674)	4,674	-	-	-	-	-	-	3,627,400
Net change in equity of associates and joint ventures	6(7)	-	(257,645)	-	-	-	-	-	-	(257,645)
Difference between consideration and carrying amount of subsidiaries acquired	6(7)	-	104,634	-	-	-	-	-	-	104,634
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(8)(9)	-	(188,037)	-	-	(45,848)	3	-	-	(233,882)
December 31		\$ 7,547,840	\$ 46,421,664	\$ 216,945	\$ 290,598	\$ (160,653)	\$ 36,083	\$ 160,653	(294,810)	\$ 54,404,269

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 74,298	\$ 2,178,349
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(3)(11)	895	71
Interest expense		718	1,348
Interest income		(7,261)	(143)
Dividend revenue		-	(6,701)
Share of profit of associates and joint ventures accounted for under the equity method	6(2)	(67,110)	(2,191,207)
Distribution of compensation to employees		-	195,791
Compensation distributed to subsidiaries' employees		(1,494)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables		-	(10)
Other receivables-related parties		(343,174)	(59,564)
Prepayments		(10,294)	(2,499)
Other current assets		(4)	-
Changes in operating liabilities			
Other payables		(198,537)	294,025
Other payables-related parties		(43,455)	46,725
Other current liabilities		378	788
Cash (outflow) inflow generated from operations		(595,040)	456,973
Dividend received		1,881,651	1,806,701
Interest received		7,202	143
Interest paid		(718)	(1,348)
Income tax paid		(8,312)	-
Net cash flows from operating activities		<u>1,284,783</u>	<u>2,262,469</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for under the equity method		(2,814,135)	(2,368,092)
Acquisition of property, plant and equipment	6(15)	(9,984)	(227)
Increase in refundable deposits		(25,000)	(408)
Net cash flows used in investing activities		<u>(2,849,119)</u>	<u>(2,368,727)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(16)	(50,000)	150,000
(Decrease) increase in guarantee deposits received	6(16)	(2)	10
Proceeds from issuance of share capital		3,627,400	-
Cash dividends paid		(1,365,881)	-
Net cash flows from financing activities		<u>2,211,517</u>	<u>150,010</u>
Net increase in cash and cash equivalents		647,181	43,752
Cash and cash equivalents at beginning of year		43,752	-
Cash and cash equivalents at end of year		<u>\$ 690,933</u>	<u>\$ 43,752</u>

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 YEAR ENDED DECEMBER 31, 2022 AND 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 23, 2023.

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 endorsed by 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
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.

(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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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 assoociates

- 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. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised 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.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. 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.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. 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) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(12) 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' remuneration

Employees' compensation and directors' 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.

(13) 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.

(14) 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.

(15) 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, 2022, the carrying amount of inventories of the subsidiaries of the Company was \$4,825,045.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Checking accounts and demand deposits	\$ 650,933	\$ 23,752
Bonds sold under repurchase agreement	40,000	20,000
	<u>\$ 690,933</u>	<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

	December 31, 2022	December 31, 2021
Subsidiaries:		
Epistar Corporation	\$ 39,769,781	\$ 39,027,656
Lextar Electronics Corporation	11,152,889	11,619,154
Amengine Corporation	25,747	8,193
Harvestar Investment Corp.	849,744	676,611
Calystar Investment Corp.	409,063	289,866
Precistar Investment Corp.	49,004	-
Praistar Investment Corp.	49,004	-
Manastar Investment Corp.	981	-
Unikorn Semiconductor Corporation	179,217	-
	<u>52,485,430</u>	<u>51,621,480</u>
Associates:		
Tyntek Corporation	\$ 594,097	\$ 634,214
GCS Holdings, Inc.	411,447	451,710
	<u>1,005,544</u>	<u>1,085,924</u>
	<u>\$ 53,490,974</u>	<u>\$ 52,707,404</u>

A. Subsidiaries

Information on subsidiaries is provided in Note 4(3) of the 2022 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, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$1,005,544 and \$1,085,924, respectively.

	Year ended December 31, 2022	Year ended December 31, 2021
(Loss) gain for the period from continuing operations	(\$ 81,684)	\$ 30,409
Other comprehensive income (loss)	16,565	(56,881)
Total comprehensive loss	(\$ 65,119)	(\$ 26,472)
C. The investment gain from equity method investees for the year ended December 31, 2022 and 2021 amounted to \$67,110 and \$2,191,207, respectively.		
D. The other comprehensive gain(loss) from equity method investees for the years ended December 31, 2022 and 2021 amounted to \$169,374 and (\$242,893), respectively.		
E. The fair value of the Company's material associates with quoted market prices is as follows:		
	December 31, 2022	December 31, 2021
Tyntek Corporation	\$ 395,063	\$ 674,702
GCS Holdings, Inc.	352,092	443,275
	<u>\$ 747,155</u>	<u>\$ 1,117,977</u>

(3) Property, plant and equipment

	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2022				
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>
<u>2022</u>				
Opening net book amount at January 1	\$ 382	\$ 4,639	\$ 5,136	\$ 10,157
Additions	468	-	1,248	1,716
Transfer	-	6,384	(6,384)	-
Depreciation charge	(91)	(804)	-	(895)
Closing net book amount at December 31	<u>\$ 759</u>	<u>\$ 10,219</u>	<u>\$ -</u>	<u>\$ 10,978</u>
At December 31, 2022				
Cost	\$ 882	\$ 11,062	\$ -	\$ 11,944
Accumulated depreciation and impairment	(123)	(843)	-	(966)
	<u>\$ 759</u>	<u>\$ 10,219</u>	<u>\$ -</u>	<u>\$ 10,978</u>

	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) Short-term borrowings

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 100,000</u>	1.86%	None
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 150,000</u>	1.13%	None

(5) Pensions

- 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 pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$4,001 and \$3,444, respectively.

(6) Share capital

- A. As of December 31, 2022, 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 \$7,547,840 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):

	2022
At January 1	682,125
Issuance of ordinary shares - private placement	70,000
Expiration of restricted employee stock	(467)
At December 31	<u>751,658</u>
	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. The stockholders at their annual stockholders' meeting on May 31, 2022 adopted a resolution to raise additional cash through private placement with the effective date set on July 8, 2022, which will be used for capital expenditure of constructing/building a 6-inch wafer plant for Micro LEDs and purchasing the equipment related to epitaxy and LED chips, etc. The resolution issue 70,000 thousand shares of ordinary shares at a price of NT\$51.82 per share for a total amount of \$3,627,400 through private placement and had been registered. Pursuant to the Securities and Exchange Act of the ROC, the common shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have applied for retroactive handling of public issuance procedures. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued common shares.

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)

Year ended December 31, 2022

	At January 1				
	Issuance of ordinary shares under				
Reason for reacquisition	business combination	Increase	Decrease	At December 31	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption shares held by objecting shareholders	1,844	-	-	1,844	159,647

Year ended December 31, 2021

	At January 6 (date of establishment)				
	Issuance of ordinary shares under		Decrease		
Reason for reacquisition	business combination	Increase	(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.

D. Information of the Company's shares held by subsidiaries as follows:

	December 31, 2022	December 31, 2021
Lighting Investment Corporation	1,282 thousand shares	1,282 thousand shares
Book value	\$ 135,163	\$ 135,163
Fair value	\$ 57,386	\$ 98,358
Epistar Corporation	1,844 thousand shares	1,844 thousand shares
Book value	\$ 159,647	\$ 159,647
Fair value	\$ 82,497	\$ 141,396

(7) 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.

	2022			
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for under equity method
At January 1	\$ 42,894,615	\$ 115,823	\$ 770,537	\$ 49,663
Issuance of ordinary shares - private placement	2,927,400	-	-	-
Change in net equity of associates and joint ventures accounted for under equity method	-	-	-	104,634
Difference between consideration and carrying amount of subsidiaries acquired or disposed	7,754	- (	195,791)	-
Changes in ownership interests in subsidiaries accounted for using equity method	42,848 (	947) (	299,546)	-
Expiration of restricted employee stock	4,674	-	-	-
At December 31	<u>\$ 45,877,291</u>	<u>\$ 114,876</u>	<u>\$ 275,200</u>	<u>\$ 154,297</u>

2021

	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 (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	<u>\$ 42,894,615</u>	<u>\$ 115,823</u>	<u>\$ 574,746</u>	<u>\$ 195,791</u>	<u>\$ 49,663</u>

(8) Retained earnings

- 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 distributed by the Board of Directors. When issuing new shares, the distribution shall be submitted to the resolution of the Shareholders' Meeting. If it is in cash, it shall be resolved by the Board of Directors. The distribution shall be based on the proportion of shares held by each shareholder.
- 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 2022 earnings had been resolved at the Board of Directors on February 23, 2023, and decided not to distribute cash dividends.

F. The appropriations of 2021 earnings as resolved by the shareholders at their meeting on May 31, 2022 are as follows:

	2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 216,945	
Special reserve appropriated	\$ 290,598	
Cash dividends distributed	\$ 1,365,881	\$ 2

The abovementioned distribution of earnings for the year of 2021 was in agreement with those amounts proposed by the Board of Directors on February 24, 2022.

(9) Other equity items

	2022		
	Currency translation	Unrealized gain or loss	Total
At January 1	(\$ 406,535)	\$ 170,992	(\$ 235,543)
Revaluation - gross	- (	256,584)	(256,584)
Revaluation - tax	- (	36,134)	(36,134)
Difference on carrying amounts of subsidiaries acquired and disposed	3	-	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	160,653	160,653
Currency translation			
–Group	443,043	-	443,043
–Tax on Group	(428)	-	(428)
At December 31	\$ 36,083	\$ 38,927	\$ 75,010

	2021		
	Currency translation	Unrealized gain or loss	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 acquired and 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	(\$ 406,535)	\$ 170,992	(\$ 235,543)

(10) Operating revenue

	Year ended December 31, 2022	Year ended December 31, 2021
Share of gain of associates and joint ventures accounted for under equity method	\$ 67,110	\$ 2,191,207
Dividend revenue	-	6,701
Other operating revenue	177,619	219,710
	<u>\$ 244,729</u>	<u>\$ 2,417,618</u>

(11) Expenses by nature

	Year ended December 31, 2022	Year ended December 31, 2021
Employee benefit expenses	\$ 147,653	\$ 199,747
Depreciation charges on property, plant and equipment	\$ 895	\$ 71

(12) Employee benefit expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Wages and salaries	\$ 131,605	\$ 187,102
Labor and health insurance expenses	8,323	6,275
Pension costs	4,001	3,444
Other personnel expenses	3,724	2,926
	<u>\$ 147,653</u>	<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 0.1%~15% and no higher than 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 years ended December 31, 2022 and 2021, employees' compensation was accrued at \$3,952 and \$244,739, respectively. For the years ended December 31, 2022 and 2021, the directors' remuneration was accrued at \$790 and \$24,474, respectively.
- C. On February 23, 2023, the board of directors of the company approved the distribution of directors' remuneration as \$0 in 2022, and the difference of \$790 between the directors' remuneration account and the proposed distribution will be listed as profit and loss in 2023.
- D. Information about employees' compensation and directors' 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.

(13) Income tax

A. Income tax expense

(a) Components of income tax expense :

	December 31, 2022	December 31, 2021
Current tax on profits for the period	\$ 16,394	\$ -
Prior year income tax underestimation	5,079	-
Tax on undistributed surplus earnings	14,801	-
Income tax expense	<u>\$ 36,274</u>	<u>\$ -</u>

(b) The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Change in fair value of financial assets at fair value through other comprehensive income	\$ 36,629	\$ 123,285
Currency translation differences	168	191,996
Share of other comprehensive income of associates	(235)	2,620
Remeasurement of defined benefit obligations	3,855	(293)
Total	<u>\$ 40,417</u>	<u>\$ 317,608</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2022	Year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 14,860	\$ 435,670
Expenses disallowed & tax exempt income by tax regulation	14,958	(1,340)
Temporary differences not recognised as deferred tax assets	(13,424)	(438,239)
Effect from taxable loss	-	3,909
Prior year income tax underestimation	5,079	-
Tax on undistributed surplus earnings	14,801	-
Income tax expense	<u>\$ 36,274</u>	<u>\$ -</u>

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows : None.

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 67,116</u>	<u>\$ 2,191,195</u>

E. The Company was established on January 6, 2021, and had filed profit-seeking enterprise income tax in June 2022. Currently, the Company's income tax returns have not been assessed and approved by the Tax Authority.

(14) Earnings per share

Year ended December 31, 2022			
	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 for the period	\$ 38,024	715,603	\$ 0.05
<u>Diluted earnings per share</u>			
Profit for the period	\$ 38,024	715,603	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	496	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,024	716,099	\$ 0.05
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 for the period	\$ 2,178,349	678,590	\$ 3.21
<u>Diluted earnings per share</u>			
Profit for the period	\$ 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

(15) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2022	Year ended December 31, 2021
Purchase of property, plant and equipment	\$ 1,716	\$ 10,228
Add: Opening balance of payable on equipment	10,001	-
Less: Ending balance of payable on equipment	(1,733)	(10,001)
Cash paid during the period	\$ 9,984	\$ 227

(16) Changes in liabilities from financing activities

	2022		
	Short-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 150,000	\$ 10	\$ 150,010
Changes in cash flow from financing activities	(50,000)	(2)	(50,002)
At December 31	<u>\$ 100,000</u>	<u>\$ 8</u>	<u>\$ 100,008</u>
	2021		
	Short-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
At January 6 (date of establishment)	\$ -	\$ -	\$ -
Changes in cash flow from financing activities	150,000	10	150,010
At December 31	<u>\$ 150,000</u>	<u>\$ 10</u>	<u>\$ 150,010</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Epistar Corporation	Subsidiary of the Company
Lextar Electronics Corporation	Subsidiary of the Company
Amengine Corporation	Subsidiary of the Company
Unikorn Semiconductor Corporation	Subsidiary of the Company
Yenrich Technology Corporation	Subsidiary of the Company

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Year ended December 31, 2022</u>	<u>Period from January 6 to December 31, 2021</u>
Epistar Corporation	\$ 128,117	\$ 151,479
Lextar Electronics Corporation	47,515	68,128
Other subsidiaries	1,987	-
Total	<u>\$ 177,619</u>	<u>\$ 219,607</u>

B. Receivables from related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables:		
Epistar Corporation	\$ 37,474	\$ 39,534
Lextar Electronics Corporation	13,254	20,030
Unikorn Semiconductor Corporation	1,856	-
Other subsidiaries	154	-
	<u>\$ 52,738</u>	<u>\$ 59,564</u>

C. Payables from related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
Epistar Corporation	\$ 3,252	\$ 6,183
Lextar Electronics Corporation	18	542
	<u>\$ 3,270</u>	<u>\$ 6,725</u>

D. Loans to /from related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unikorn Semiconductor Corporation	\$ 350,000	\$ -

(ii) Interest income

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Unikorn Semiconductor Corporation	\$ 1,705	\$ -

The loans to associates are repayable monthly carry interest at 1.7% per annum for the year ended December 31, 2022.

(b) Loans from related parties:

(i) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lextar Electronics Corporation	\$ -	\$ 40,000

(ii) Interest expense

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Epistar Corporation	\$ -	\$ 875
Lextar Electronics Corporation	124	283
	<u>\$ 124</u>	<u>\$ 1,158</u>

The loans from associates are repayable monthly carry interest at 1.7% and 1.25%~1.7% per annum for the years ended December 31, 2022 and 2021, respectively.

(3) Key management compensation

	<u>Year ended December 31, 2022</u>	<u>Year ended December 31, 2021</u>
Salaries and other short-term employee benefits	\$ 83,390	\$ 38,553
Termination benefits	324	285
Total	<u>\$ 83,714</u>	<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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ -	\$ 1,359

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 690,933	\$ 43,752
Other receivables (including related parties)	402,797	59,574
Guarantee deposits paid	25,408	408
	<u>\$ 1,119,138</u>	<u>\$ 103,734</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 100,000	\$ 150,000
Other payables (including related parties)	100,492	350,751
Guarantee deposits received	8	10
	<u>\$ 200,500</u>	<u>\$ 500,761</u>

B. Financial risk management policies

- 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.
- 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

- 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.
- The company are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- The Company's businesses involve some non-functional currency operations (the functional currency of the Company is NTD. 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, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38	30.71	\$ 1,181
RMB:NTD	19	4.41	82
<u>Non-monetary items</u>			
USD:NTD	11,000	30.71	337,810
<u>Financial liabilities</u>			
<u>Non-monetary items</u>			
USD:NTD	\$ 15	30.71	\$ 471

	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
<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.

	Year ended December 31, 2022			
	Unrealized exchange gain (loss)			
	Foreign currency amount		Book value	
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(in thousands of NTD)</u>	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB:NTD	\$ -	4.41	(\$	2)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ -	30.71	(\$	4)

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:

Year ended December 31, 2022				
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%	\$ 12	\$	-
RMB:NTD	1%	1		-
<u>Non-monetary items</u>				
USD:NTD	1%	-		3,378
<u>Financial liabilities</u>				
<u>Non-monetary items</u>				
USD:NTD	1%	(\$ 5)	\$	-
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

Cash flow and 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 \$846 and \$150 for the year ended December 31, 2022 and 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, 2022 and 2021, the Company held money market position of \$690,933 and \$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, 2022 : \$6,640,000.
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, 2022	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 100,000	\$ -	\$ -	\$ -
Other payable (including related parties)	100,492	-	-	-
Other financial liabilities	8	-	-	-

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) Impact of COVID-19 on the Company's business operations.

Except for actively following the pandemic prevention policies of each local government, the Company protected employees with high standard prevention measures and encouraged employees to get vaccinated. The Company enhanced the manpower and the material management in response to this situation, and it did not significantly affect the Company's product sales. The Company will continuously monitor the development of the pandemic and timely adjust response strategies and coordinate with other resources to ensure that the daily operation will not be affected.

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: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- 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 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 10.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 11.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 12.

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

14. SEGMENT INFORMATION

None.

ENNOSTAR INC.
Loans to others
Year ended December 31, 2022

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 year ended 31-Dec-22	Balance at 31-Dec-22	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				
0	ENNOSTAR Inc.	Unikom Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 350,000	1.70%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note		\$ 5,440,427	\$ 16,321,281	Note 1	
1	Epistar Corporation	Unikom Semiconductor Corporation	Other receivables-related parties	Y	300,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	3,993,548	11,980,644	Note 2	
1	Epistar Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	1,000,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	3,993,548	11,980,644	Note 2	
2	Epicroystal (Changzhou) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Other receivables-related parties	Y	218,350	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	926,812	1,390,218	Note 3	
2	Epicroystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	360,480	352,640	-	3.75%	Short-term financing	-	Working capital	-	None	-	926,812	1,390,218	Note 3	
3	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	70,294	68,765	68,765	2.86%	Short-term financing	-	Working capital	-	Promissory Note	68,765	3,931,983	3,931,983	Note 4	
3	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	547,655	522,070	522,070	3.11%~3.93%	Short-term financing	-	Working capital	-	Promissory Note	522,070	3,931,983	3,931,983	Note 4	
4	Lighting Investment Ltd.	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	209,398	199,615	184,260	3.59%	Short-term financing	-	Working capital	-	Promissory Note	199,615	295,722	295,722	Note 5	

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-22	Balance at 31-Dec-22	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		
													Promissory Note	\$	\$	Note 6
5	Luxlite (HK) Corporation Limited	EPiSTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	\$ 144,968	\$ 138,195	\$ 138,195	3.93%	Short-term financing	\$ -	Working capital	\$ -	-	\$ 280,138	\$ 280,138	Note 6
6	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	3,909,020	Note 7
6	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	500,000	250,000	-	1.41%	Short-term financing	-	Working capital	-	None	977,255	3,909,020	Note 7
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	350,000	1.41%	Short-term financing	-	Working capital	-	Promissory Note	500,000	3,909,020	Note 7
7	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	540,720	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	2,894,644	Note 8
8	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	132,638	-	-	0.00%	Short-term financing	-	Working capital	-	None	977,255	2,003,251	Note 9

Note 1: In accordance with ENNOSTAR Inc.'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 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 3: 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 4: Limit on loans granted by the subsidiary of Epistar, Epistar JV, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the Epistar JV's net asset.

Note 5: Limit on loans granted by the subsidiary of Epistar, Lighting Investment, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the Epistar JV's net asset.

Note 6: As the borrower of the subsidiary of Epistar, Luxlite (HK), was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, its ceiling on total loans granted and limit on loans granted to a single party are the net asset of the company.

Note 7: 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 8: 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 9: 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, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		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, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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
		Company name													
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	2		\$ 3,993,548	\$ 1,008,900	\$ 368,520	\$ -	\$ -	0.92	\$ 7,987,096	N	N	Y	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	2		3,993,548	243,480	-	-	-	-	7,987,096	N	N	Y	
1	Epistar Corporation	Unikorn Semiconductor Corporation	2		3,993,548	1,150,000	300,000	300,000	-	0.75	7,987,096	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3		3,993,548	3,250,000	3,250,000	-	-	8.14	7,987,096	N	Y	N	
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epiky/in Optoelectronics Co., Ltd	2		572,999	443,900	-	-	-	-	916,799	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.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2022

Table 3 Expressed in thousands of NTD
(Except as otherwise indicated)

As of December 31, 2022							
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	\$ 2,500	-	2,500
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	-	7.39	-
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	174,310	13.68	174,310
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	66,948	12.57	66,948
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	35,000,000	583,735	10.00	583,735

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,330,951	\$ 10,967	3.03	\$ 10,967	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,042,808	94,570	4.47	94,570	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	637,055	8.53	637,055	
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	213,364	19.90	213,364	
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,009,183	75,716	11.64	75,716	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	82,497	0.24	82,497	Note 1
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD.	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	\$ -	4.68	\$ -	
Epistar Corporation	NanoCrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
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	2,018,014	18.77	2,018,014	
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	15,178	15.00	15,178	
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	41,243	1.14	41,243	
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	451	4.08	451	
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	-	
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	-	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	7,598	10.00	7,598	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	73,150	5.74	73,150	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	176,187	8.32	176,187	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	11,110	2.17	11,110	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	6,959	16.92	6,959	
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	19,512	10.77	19,512	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for under 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	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	96,301	4.55	96,301	

As of December 31, 2022

Securities held by Lighting Investment Corporation	Marketable securities ENNOSTAR Inc. (Stock)	Relationship with the securities issuer Parent company of Epistar Corporation	General ledger account Current financial assets at fair value through profit or loss	Number of shares 1,282,377	Book value		Ownership (%)	Fair value		Footnote Note1
					\$	\$		\$	\$	
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	3,294,561	45,350		None	45,350		
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	192,224		2.57	192,224		
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	26,031		2.04	26,031		
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	993		8.97	993		
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	-		8.93	-		
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	22,040		5.00	22,040		

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lextar Electronics Corporation	Jhong Wei Corporation(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	106,000	\$ -	0.00	\$ -	Note 2
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	36,480	5.29	36,480	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current financial assets at fair value through profit or loss	3,135,000	23,059	6.30	23,059	

Note 1: Transferred from the Epistar's stocks held as treasury stocks.

Note 2: The company registrations had been canceled.

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, 2022

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, 2022		Addition (Note 3)		Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount						Amount	Amount
ENNOSTAR Inc.	Epistar Corporation	Investments accounted for under equity method	Subsidiary	Related	1,088,701,410	\$39,027,656	27,777,778	\$1,000,000	-	\$-	\$-	-	1,116,479,188	\$ 39,769,781	
ENNOSTAR Inc.	Harvestar Investment Corp.	Investments accounted for under equity method	Subsidiary	Related	65,000,000	676,611	50,000,000	500,000	-	-	-	-	115,000,000	849,744	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Subsidiary	Related	-	-	56,200,000	593,132	-	-	-	-	56,200,000	179,217	
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Controlled by the same entity	Related	-	-	52,000,000	444,785	-	-	-	-	52,000,000	162,365	
Lighting Investment Corporation	Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	None	4,559,731	62,151	25,526,655	350,000	26,791,825	367,500	366,969	531	3,294,561	45,350	
Epistar Corporation	Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	None	-	-	76,000,836	1,042,000	76,000,836	1,042,733	1,042,000	733	-	-	

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.

Aquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the seller	If the counterparty is a related party, information as to the last transfer of data				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
						Owner	Relationship between the issuer	Date of the transfer	Amount			
Epistar Corporation	Plant of SAVIOR LIFE/TEC CORPORATION	2022/3/3	\$ 610,000	SAVIOR LIFE/TEC CORPORATION	None	-	-	-	\$ -	Experts' appraisal report and market price of nearby trading development target	Required by the Company's long-term operation	None
Epistar Corporation	Plant of Hsinchu Science Park	2022/3/24	710,802	Installment based on agreement	Lexar Electronics Corporation	Controlled by the same entity	AUO Corporation	Related parties	2010/5/21	883,810	Experts' appraisal report and market price of nearby trading layout requirements of sub-group of ENNOSTAR Inc.	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquisition 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.

Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 6

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
Lextar Electronics Corporation	Plant of Hsinchu Science Park	2022/3/24	2010/5/21	\$ 586,439	\$ 710,802	Installment based on agreement	\$ 124,363	Epistar Corporation	Controlled by the same entity	In response to the specialisation and strategical layout requirements of sub-group of ENNOSTAR Inc.	Experts' appraisal report and market price of nearby trading target	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.

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, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Transaction				Differences in transaction terms			Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Percentage of total purchases		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
				Amount (\$)	(sales)					
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 1	Sales	232,435	(5)	90 days after month-end closing	Normal	\$ 60,291	3	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	1,493,516	(31)	90 days after month-end closing	Normal	495,316	25	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	253,011	(5)	180 days after month-end closing	Normal	29,414	1	
Epistar Corporation	LEDZ Co., Ltd.	Note 1	Sales	208,849	(1)	90 days after month-end closing and 20 days after next monthly billings	Normal	49,417	1	
Epistar Corporation	Yenrich Technology Corporation	Note 1	Sales	172,975	(1)	90 days after month-end closing	Normal	52,057	1	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	549,080	(3)	180 days after month-end closing	Normal	247,976	4	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	1,415,512	(8)	150 days after next month-end closing	Normal	708,911	11	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	223,855	(1)	90 days after month-end closing	Normal	15,064	-	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	1,368,266	(62)	90 days after month-end closing	Normal	962,475	45	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	962,056	(43)	90 days after month-end closing	Normal	309,358	14	
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	1,222,560	(55)	90 days after month-end closing	Normal	731,952	34	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	356,364	(27)	90 days after month-end closing	Normal	16,161	2	

Transaction				Differences in transaction terms		Notes/accounts receivable (payable)				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Percentage of total purchases		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
				Amount	(sales)					
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	\$ 811,520	(61)	90 days after month-end closing	Normal	\$ 352,892	45	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(220,880)	(16)	90 days after month-end closing	Normal	63,792	8	
Lextar Electronics Corporation	AU Optonics (Xiamen) Corp.	Other related parties	Sales	(109,133)	(2)	120 days after month-end closing	Normal	36,409	4	
Lextar Electronics Corporation	AUO (Suzhou) Corp Ltd.	Other related parties	Sales	(168,442)	(4)	120 days after month-end closing	Normal	47,114	5	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	(257,572)	(6)	120 days after month-end closing	Normal	80,297	9	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(2,662,953)	(52)	OA 90 days--OA 120 days	Normal	461,393	35	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(898,028)	(18)	OA 90 days--OA 120 days	Normal	322,353	24	
Yenrich Technology Corporation	LEDAZ Co., Ltd.	Note 1	Sales	(155,691)	(39)	90 days after month-end closing and 20 days after next monthly billings	Normal	44,978	38	
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 1	Sales	(141,183)	(23)	120 days after month-end closing	Normal	65,004	44	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	811,520	19	90 days after month-end closing	Normal	(352,892)	(17)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	1,415,512	34	150 days after next month-end closing	Normal	(708,911)	(34)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,222,560	29	90 days after month-end closing	Normal	(731,952)	(35)	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	356,364	4	90 days after month-end closing	Normal	(16,161)	(1)	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	253,011	3	150 days after next month-end closing	Normal	(29,414)	(2)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	962,056	12	90 days after month-end closing	Normal	(309,358)	(21)	

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 (\$)	
Jiangsu Canyang Optoelectronics Ltd.	Epicroystal (Changzhou) Co., Ltd.	Note 1	Purchases	\$ 1,368,266	130	90 days after month-end closing	Normal	Normal	(962,475)	(5)
Epicroystal (Changzhou) Co., Ltd	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	220,880	16	90 days after month-end closing	Normal	Normal	(63,792)	(29)
Epicroystal (Changzhou) Co., Ltd	Epistar Corporation	Note 1	Purchases	223,855	17	90 days after month-end closing	Normal	Normal	(15,064)	(7)
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	549,080	27	180 days after month-end closing	Normal	Normal	(247,976)	(33)
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,493,516	73	90 days after month-end closing	Normal	Normal	(495,316)	(67)
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	2,662,953	79	OA 90 days-OA 120 days	Normal	Normal	(461,393)	(65)
Lextar Electronics Corporation	Tyntek Corporation	Note 1	Purchases	125,619	4	OA 120 days	Normal	Normal	(25,726)	(4)
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	898,028	93	OA 90 days-OA 120 days	Normal	Normal	(322,353)	(95)
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Note 1	Purchases	178,622	5	OA 60 days-OA 120 days	Normal	Normal	(20,370)	(2)
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	232,435	7	OA 90 days	Normal	Normal	(60,291)	(6)
Yenrich Technology Corporation	Epistar Corporation	Note 1	Purchases	172,975	67	OA 90 days	Normal	Normal	(52,057)	(78)
Shanghai Welight Electronic Co., LTD.	ProLight Opto Technology Corporation	Note 1	Purchases	141,183	100	120 days after month-end closing	Normal	Normal	(65,004)	(100)

Note 1: Investee company accounted for under the equity method directly and indirectly.

ENNOSTAR INC.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 8

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022				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		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	\$ -	\$ 351,856	\$ 351,856	-	\$ -	-	\$ 201	\$ -	-	
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	529,978	529,978	-	-	-	-	-	-	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	495,316	-	495,316	3.00	8,843		145,072		-	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2	16,799	249,055	265,854 (	1.58)	203		2,088		-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	247,976	1,529	249,505	1.64	-		73,665		-	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	708,911	43,095	752,006	1.72	99,151		133,589		-	
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	39,181	256,025	295,206	0.65	1,030		33,589		-	
Epicroystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	309,358	919	310,277	0.10	-		36,302		-	
Epicroystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	731,952	-	731,952	1.90	426,758		62,069		-	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	352,892	-	352,892	2.55	-		6,819		-	
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	187,163	187,163	-	-		-		-	
Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	139,975	139,975	-	-		-		-	
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	350,000	350,000	-	-		-		-	

			Balance as at December 31, 2022			Overdue receivables			Amount collected subsequent to the balance sheet date		Allowance for doubtful debts				
Creditor	Counterparty	Relationship with the counterparty	Accounts receivable			Other receivable	Total	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful debts			
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	\$	461,393	\$	2,022	\$	463,415	3.25	\$	\$	143,653	\$	-	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2		322,353		-		322,353	2.38		114,738		114,211		-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$203 and \$94,208 from Jiangsu Canyang and Episky Corporation (Xiamen). Episky Corporation (Xiamen) has received \$8,843 from Shenzhen Epikylin. Epicrystal (Changzhou) has received \$44,080 from Episky Corporation (Xiamen). Lextar Electronics (Chuzhou) has received \$141,211 from Lextar Electronics (Suzhou).

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, 2022

Table 9

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	
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	1	Other receivable	\$ 351,856	Based on contract terms	0.48
0	ENNOSTAR Inc.	Epistar Corporation	1	Other operating revenue	128,117	Based on contract terms	0.44
1	Epistar Corporation	Yenrich Technology Corporation	3	Sales	172,975	Conducted in the ordinary course of business with terms similar to those with third parties	0.60
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co., Ltd	3	Sales	549,080	Conducted in the ordinary course of business with terms similar to those with third parties	1.90
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	1,415,512	Conducted in the ordinary course of business with terms similar to those with third parties	4.90
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	223,855	Conducted in the ordinary course of business with terms similar to those with third parties	0.78
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	356,364	Conducted in the ordinary course of business with terms similar to those with third parties	1.23
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	253,011	Conducted in the ordinary course of business with terms similar to those with third parties	0.88

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
1	Epistar Corporation	Epicroystal (Changzhou) Co., Ltd.	3	Cost of goods sold	\$ 962,056	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Yenrich Technology Corporation	3	Accounts receivable	52,057	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	247,976	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	708,911	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Epicroystal (Changzhou) Co., Ltd.	3	Accounts receivable	15,064	Conducted in the ordinary course of business with terms similar to those with third parties
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	256,025	Loans granted
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Other receivable	249,055	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Sales	232,435	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	1,493,516	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)

3.33

0.07

0.34

0.97

0.02

0.35

0.34

0.80

5.17

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	\$ 60,291	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	495,316	Conducted in the ordinary course of business with terms similar to those with third parties
2	Episky Corporation (Xiamen) Ltd.	Epistar Corporation	3	Accounts receivable	29,414	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epiertystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	1,368,266	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epiertystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,222,560	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epiertystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	962,475	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epiertystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Accounts receivable	309,358	Conducted in the ordinary course of business with terms similar to those with third parties
3	Epiertystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	731,952	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	811,520	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)
						0.08
						0.68
						0.04
						4.74
						4.23
						1.32
						0.42
						1.00
						2.81

Transaction						
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	\$ 220,880	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	3	Accounts receivable	16,161	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	352,892	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	63,792	Conducted in the ordinary course of business with terms similar to those with third parties
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Processing fees	164,824	Conducted in the ordinary course of business with terms similar to those with third parties
5	Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	139,975	Loans granted
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	529,978	Loans granted
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	187,163	Loans granted
8	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	350,000	Loans granted
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	2,662,953	Conducted in the ordinary course of business with terms similar to those with third parties
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	461,393	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)
						0.76
						0.02
						0.48
						0.09
						0.57
						0.19
						0.72
						0.26
						0.48
						9.22
						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	
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	\$ 898,028	Conducted in the ordinary course of business with terms similar to those with third parties	3.11
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	322,353	Conducted in the ordinary course of business with terms similar to those with third parties	0.44
10	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Sales	141,183	Conducted in the ordinary course of business with terms similar to those with third parties	0.49

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, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Initial investment amount				Shares held as at December 31, 2022				Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)				Book value
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	\$ 38,607,380	\$ 37,607,380	1,116,479,188	100.00	\$ 39,769,781	\$ 915,860	\$ 958,851
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	11,724,646	514,916,380	100.00	11,152,889	(264,720)	(431,257)
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	650,000	115,000,000	100.00	849,744	(200,651)	(200,375)
ENNOSTAR Inc.	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	584,583	584,583	23,799,000	7.92	594,097	(181,505)	(16,149) Note1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	10,210	6,922,000	75.96	25,747	(11,542)	(7,576)
ENNOSTAR Inc.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.15	411,447	(939,717)	(65,535) Note1
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	440,000	290,000	44,000,000	100.00	409,063	(48,708)	(48,708)

Initial investment amount			Shares held as at December 31, 2022								
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 593,132	\$ -	56,200,000	17.99	\$ 179,217	(\$ 976,415)	\$ 122,088	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	270,000	-	27,000,000	100.00	49,004	(17)	(17)	
ENNOSTAR Inc.	Praistar Investment Corp.	Taiwan	Professional investment	270,000	-	27,000,000	100.00	49,004	(17)	(17)	
ENNOSTAR Inc.	Manastar Investment Corp.	Taiwan	Professional investment	1,000	-	100,000	100.00	981	(19)	(19)	
Harvestar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.13	412,471	(939,717)	65,430	Note1
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	209,551	113,931	10,102,000	3.36	245,635	(181,505)	4,955	Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	-	52,000,000	16.65	162,365	(976,415)	131,230	

Initial investment amount				Shares held as at December 31, 2022							
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 265,135	\$ 265,135	6,500,000	5.87	\$ 236,436	\$ (939,717)	\$ (46,489)	Notel
Calystar 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	97,787	-	5,190,000	1.73	93,362	(181,505)	(2,248)	Notel
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	-	13,400,000	4.29	47,021	(976,415)	-	
Praistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	-	13,400,000	4.29	47,021	(976,415)	-	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	1,125	(939,717)	(1)	Notel
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	50,413	31,974	9,532	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,824,559	(154,187)	(115,604)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	cash USD8,660,000	100.00	271,689	8,927	8,927	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	2,161,814	191,478,518	100.00	1,453,484	(25,467)	(23,621)	

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 400,000	\$ 1,100,000	40,000,000	12.80	\$ 140,533	\$ 976,415	(\$ 262,577)	
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,400	(1,494)	(732)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	44,069	5,951	2,380	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	230	(1,899)	(1,221)	
Epistar 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	1,243	-	50,000	0.02	1,198	(181,505)	(41)	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	58,043	46,497	1,639	
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	4,231	(10)	(10)	
Epistar JV Holding (BVI) Co., Ltd.	LiteStar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,566,786	(203,142)	(167,409)	
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	268,634	(12,849)	(9,619)	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash	100.00	2,292,004	(44,979)	(44,979)	
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,370,156	4,291,894	USD68,000,000	85.26	1,403,863	46,497	39,643	

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	\$ -	\$ 93,582	-	-	\$ -	(\$ 557)	\$ 1,831	
Lighting Investment Ltd.	LEDAC Co., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	25,818	131,992	37,129	
Lighting Investment Ltd.	Interlight Optotech (HK) Co., Limited	Hong Kong	Sales of LED packages	516	12,806	429,000	30.00	10,941	(4,334)	(1,300)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	(245)	(34)	(34)	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,145	3,800,000	100.00	280,138	5,284	5,284	
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	4,327,287	(203,069)	(203,069)	
Lighting Investment Corporation	LEDAC Co., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	17,094	131,992	16,367	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	739,306	52,613	52,613	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	133,403	133,403	4,010,000	100.00	75,909	57	57	
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	56,322	-	-	-	(94,172)	(4,365)	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	113,119	46,497	3,194	
Lighting Investment Corporation	GaNRich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	67,101	64,301	4,428,000	83.39	(27,420)	(23,623)	(19,609)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,310	(678)	(407)	

Initial investment amount				Shares held as at December 31, 2022							
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 11,599	\$ 11,599	1,757,000	11.26	\$ 5,587	\$ 28,185	\$ 3,464	Note 1
Lighting Investment 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	1,276	258	50,000	0.02	790	(181,505)	(36)	Note 1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	641	641	620,400	35.68	703	(1,899)	(261)	
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	343	(87)	(43)	
Episky Corporation (Xiamen) Ltd.	EpiCrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD5,200,000	3.31	153,387	(217,465)	(4,656)	
EpiCrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB110,000,000	10.44	791,206	(1,198,668)	(130,126)	
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	9.70	98,800	(359,037)	(23,926)	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikyin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	193,729	23,127	23,774	

Initial investment amount				Shares held as at December 31, 2022					Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value		
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Singapore	Professional investment	\$ 2,709,310	\$ 2,709,310	90,270,000	100.00	\$ 2,504,064	\$ 152,032	(152,032)
Lextar Electronics Corporation	Wellybond Optonics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,848	119	119
Lextar Electronics Corporation	Wellypower Optonics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	165,384	3,167	3,167
Lextar Electronics Corporation	Apower Optonics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,188,138	23,452	23,452
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	124,839	(717)	(717)
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	552,365	(68,360)	(68,360)
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	37,564	2,089	1,890
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.81	74,062	(59,224)	(20,300)
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	980,487	530,487	66,000,000	100.00	752,231	(174,328)	(174,328)
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	97,031	-	6,500,000	9.55	86,187	(94,172)	(6,154)
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	1,304	-	50,000	0.02	1,126	(181,505)	(124) Note1

Initial investment amount		Shares held as at December 31, 2022						Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and after-sales service	\$ 3,025	\$ 3,025	22,000	100.00	\$ 4,642	\$ 383
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	(1,051,816) (
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	2,437	2,067
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.81	74,056	(59,224) (
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	30,000	10,000	20,000,000	86.96	16,220	(9,753) (
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	33,000	4,550,000	29.17	48,508	(28,185) (
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	303,264	251,016	20,310,000	29.84	269,343	(94,172) (
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	1,288	258	50,000	0.02	1,114	(181,505) (
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	91,763	91,763	6,185,000	9.09	82,025	(94,172) (

Initial investment amount			Shares held as at December 31, 2022								
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Liang Li Venture Corp.	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	\$ 1,293	\$ -	50,000	0.02	\$ 1,116	(\$ 181,505)	\$ 123	Note1
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	137,100	6,717,900	49.00	55,925	(47,179)	(29,280)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	27,366	27,366	1,822,000	2.68	24,117	(94,172)	(2,521)	
Yenrich Technology 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	1,324	-	50,000	0.02	1,143	(181,505)	(126)	Note1
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	364	1,228	1,228	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	391	1,228	1,228	

Initial investment amount		Shares held as at December 31, 2022				Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
Investor	Investee	Location	Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED wafers, chips, packages, lights, and modules.	3,094,825	3,094,825	cash RMB700,000,000	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	cash RMB29,000,000	
						100.00	
						48.33	
						76,339 (
						85,790) (
						239,532	
						239,532	
						239,532	

Note1: 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, 2022

Table 11

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					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022	Remitted to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022					
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 2,124,096	2	\$ 2,124,096	-	\$ -	\$ 2,124,096	\$ 44,979	100.00	\$ 44,979	\$ 2,291,997	\$ -	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,404,500	2	1,824,844	-	-	1,824,844	(13,777)	74.86	(10,313)	281,390	-	2(3)
Epicroystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	(217,465)	76.95	(167,349)	3,566,116	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	929	-	929	-	59,270	2(1)
KFES Lighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	2,018,014	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,854,198	3	296,108	-	-	296,108	-	11.69	-	-	-	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	(41,420)	993	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from					Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Net income of investee for the year ended December 31, 2022						
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	\$ 75,048	2	\$ 7,818	\$ -	\$ -	\$ 7,818	\$ -	-	-	\$ -	\$ -	-	2(3)
Huarui (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	479,839	2	215,687	-	215,687	-	-	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	-	56,843	-	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,578,552	-	-	2,578,552	45,772	95.66	44,477	1,575,026	-	-	2(3)
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	-	3,585,860	72,649	100.00	72,649	3,654,883	-	-	2(2)

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, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022					
Lextar Electronics (Xiamen) Co., Ltd.	Main business activities	\$ 32,759	2	\$ 32,759	\$ -	\$ -	\$ -	\$ 32,759	\$ 3,179)	100.00	\$ 8,992	\$ -	2(2)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Manufacturing and sales of LED packages and modules	1,322,400	1	391,909	133,906	-	-	525,815	(359,037)	33.63	(342,548	-	2(3)
Shanghai Welight Electronic Co., LTD.	Developing, manufacturing and sales of LED packages, modules and related applications	4,695	2	4,695	-	-	-	4,695	1,228	51.16	364	-	2(2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	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	\$ 12,682,757	\$ 13,816,621	\$ 24,589,144
Lextar Electronics Corporation	\$ 4,167,894	\$ 4,577,180	\$ 5,863,530

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.

Note 6: The shareholding of LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd. has not been deducted due to the part of the disposal in 2023.

According to the MOEA Regulation No. 11200009840 announced on January 30, 2023, the accumulative amount of investment in mainland China can be deducted in USD 2,952,514.59.

ENNOSTAR INC.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2022

Table 12

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		Maximum balance during the year ended December 31, 2022		Financing		Interest during the year ended December 31, 2022	Others
	Amount	%	Amount	%	Balance at December 31, 2022	%	Balance at December 31, 2022	Purpose	Balance at December 31, 2022	Interest rate	Balance at December 31, 2022	Interest rate		
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	\$ 12,858	0.06	\$ -	-	\$ 28,550	0.05	\$ -	-	\$ -	-	\$ -	-	-	-
Lextar Electronics (Chuzhou) Corp.	48,083	0.23	-	-	3,738	0.01	-	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	91,927	0.43	238,893	14.22	16,799	0.03	-	-	-	-	-	-	-	-
Shenzhen Epikylin Optoelectronics Co., Ltd	549,080	2.57	-	-	247,976	0.46	-	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	1,415,512	6.63	-	-	708,911	1.32	368,520	-	70,294	2.86%	68,765	2.86%	1,905	-
Epicrystal (Changzhou) Co., Ltd.	223,855	1.05	-	-	15,064	0.03	-	-	-	-	-	-	-	-
Shanghai Weight Electronic Co., LTD	141,183	23.15	-	-	65,004	44.34	-	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(253,011)	(1.18)	-	-	(29,414)	(0.05)	-	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	(962,056)	(4.51)	-	-	(309,358)	(0.57)	-	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(2,662,953)	(78.63)	-	-	(461,393)	(65.28)	-	-	-	-	-	-	-	-

ENNOSTAR INC.
Major Shareholders Information
December 31, 2022

Table 13

	Major Shareholders	Shareholding	
		Number of Shares Held	Shareholding Ratio
AUO Corporation		93,568,898	12.39

ENNOSTAR INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement1

Item	Description	Amount
Cash		
Bank deposits		
Demand deposits — NTD		\$ 149,670
— USD	USD 385 thousand at exchange rate of 30.71	1,181
— CNY	CNY 19 thousand at exchange rate of 4.408	82
Time deposits — NTD		500,000
Bonds sold under repurchase agreement — NTD		40,000
		<u>\$ 690,933</u>

ENNOSTAR INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Statement2

Name	Beginning Balance			Additions (Reduction)			Ending Balance			Market Value or Net Assets Value		
	Shares	Amount		Shares	Amount (Note1)	Gain (loss) on investments	Shares	Percentage of Ownership	Amount	Unit Price (in NTD)	Total Amount	Collateral
Epistar Corporation	1,088,701,410	\$ 39,027,656		27,777,778	\$ 216,726	\$ 958,851	1,116,479,188	100%	\$ 39,769,781	\$ 35.62	\$ 39,769,781	None
Lextar Electronics Corporation	514,916,380	11,619,154		-	(35,008)	(431,257)	514,916,380	100%	11,152,889	21.66	11,152,889	None
Amengine Corporation	3,100,000	8,193		3,822,000	25,130	(7,576)	6,922,000	75.96%	25,747	3.72	25,747	None
Harvestar Investment Corp.	65,000,000	676,611		50,000,000	373,508	(200,375)	115,000,000	100%	849,744	7.39	849,744	None
Calystar Investment Corp.	29,000,000	289,866		15,000,000	167,905	(48,708)	44,000,000	100%	409,063	9.30	409,063	None
Precistar Investment Corp.	-	-		27,000,000	49,021	(17)	27,000,000	100%	49,004	1.81	49,004	None
Praistar Investment Corp.	-	-		27,000,000	49,021	(17)	27,000,000	100%	49,004	1.81	49,004	None
Manastar Investment Corp.	-	-		100,000	1,000	(19)	100,000	100%	981	9.81	981	None
Unikorn Semiconductor Corpor	-	-		56,200,000	301,305	(122,088)	56,200,000	17.99%	179,217	3.19	179,217	None
Tyntek Corporation	23,799,000	634,214		-	(23,968)	(16,149)	23,799,000	7.92%	594,097	16.60	395,063	None
GCS Holdings, Inc.	9,028,000	451,710		-	25,272	(65,535)	9,028,000	8.15%	411,447	39.00	352,092	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
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Addition	Decrease	Transfer	Ending Balance
Office equipment	\$ 414	\$ 468	\$ -	\$ -	\$ 882
Leasehold improvements	4,678	-	-	6,384	11,062
Construction in progress and equipment to be inspected	5,136	1,248	-	(6,384)	-
	<u>\$ 10,228</u>	<u>\$ 1,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,944</u>

ENNOSTAR INC.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars)

Item	Beginning Balance	Addition	Decrease	Ending Balance
Accumulated depreciation:				
Office equipment	\$ 32	\$ 91	-	\$ 123
Leasehold improvements	39	804	-	843
	<u>\$ 71</u>	<u>\$ 895</u>	<u>-</u>	<u>\$ 966</u>

ENNOSTAR INC.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
 (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	\$ <u>100,000</u>	2022/06/16~2024/06/16	1.86%		\$ <u>800,000</u>	None	

ENNOSTAR INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement6

Nature	Function	Year ended December 31, 2022			Year ended December 31, 2021		
		Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense							
Wages and salaries		118,995	-	118,995	157,070	-	157,070
Labour and health insurance fees		8,323	-	8,323	6,275	-	6,275
Pension costs		4,001	-	4,001	3,444	-	3,444
Directors' remuneration		12,610	-	12,610	30,032	-	30,032
Other personnel expenses		3,724	-	3,724	2,926	-	2,926
Depreciation Expense		895	-	895	71	-	71
Depletion Expense		-	-	-	-	-	-
Amortisation Expense		-	-	-	-	-	-

Note:

- As at December 31, 2022 and 2021, the Company had 80 and 69 employees, including 6 and 8 non-employee directors.
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - Average employee benefit expense in current year \$1,825. ((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))

Average employee benefit expense in previous year \$2,811. ((Total employee benefit expense of previous year-Total directors' compensation of previous year) / (Number of employees of previous year-Number of non-employee directors of previous year))
 - Average employees salaries in current year \$1,608. (Total wages and salaries of current year/ (Number of employees of current year-Number employee of non- directors of current year))

Average employees salaries in previous year \$2,604. (Total wages and salaries of previous year/ (Number of employees of previous year-Number employee of non- directors of previous year))

ENNOSTAR INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY
FUNCTION (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement6

- (3) Adjustments of average employees salaries -38%. ((Average wages and salaries of current year-Average wages and salaries of prior year)/Average wages and salaries of prior year)
- (4) The supervisors' remuneration for the years ended December 31, 2022 and 2021 were \$0 and \$5,543.

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.

Ennostar Inc.

**Chairman
Biing-Jye Lee**