

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REVIEW REPORT**  
**MARCH 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT

PWCR 22000015

To the Board of Directors and Shareholders of ENNOSTAR Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of ENNOSTAR Inc. and subsidiaries (the "Group") as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Basis for qualified conclusion***

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$ 7,570,800 thousand and NT\$8,605,101 thousand, constituting 9.96% and 12.00% of the consolidated total assets as at March 31, 2022 and 2021, respectively, total liabilities amounted to NT\$1,347,825 thousand and NT\$4,208,278 thousand, constituting 6.13% and 20.92% of the consolidated total liabilities as at March 31, 2022 and 2021 respectively, and the total comprehensive income (loss) amounted to NT\$82,822 thousand and NT\$(355,705) thousand, constituting 11.05% and 162.41% of the consolidated total comprehensive income for the three months then ended, respectively. The balance of these investments accounted for under the equity method amounting to NT\$2,861,737 thousand and NT\$1,026,758 thousand, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounting to NT\$11,039 thousand and NT\$21,577 thousand, respectively, were included.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

### ***Emphasis of matter***

We draw attention to Note 1 to the consolidated financial statements, which describes a share exchange transaction wherein 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 reorganisation 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.

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Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

May 5, 2022

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Chou, Chien-Hung

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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' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 12,733,214	17	\$ 12,336,039	16	\$ 7,100,070	10
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		223,753	-	225,284	-	203,555	-
1136	Current financial assets at	6(4)						
	amortised cost		286,561	-	150,756	-	366,544	-
1150	Notes receivable, net	6(5)	1,939,261	3	1,622,419	2	1,218,813	2
1170	Accounts receivable, net	6(5)	10,928,583	14	11,653,001	15	8,702,804	12
1180	Accounts receivable - related	7						
	parties, net		695,077	1	1,075,710	2	662,558	1
1200	Other receivables		314,051	-	162,252	-	286,736	-
1210	Other receivables - related	7						
	parties		59,691	-	15,821	-	33,622	-
130X	Inventories	6(6)	5,830,866	8	5,688,379	8	5,691,665	8
1410	Prepayments		1,503,191	2	1,637,188	2	1,166,085	2
1470	Other current assets	8	8,117	-	36,680	-	1,024	-
11XX	Current Assets		34,522,365	45	34,603,529	45	25,433,476	35
Non-current assets								
1510	Non-current financial assets at	6(2)						
	fair value through profit or loss		111,539	-	112,284	-	83,987	-
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		4,194,017	5	4,686,605	6	5,253,464	7
1535	Non-current financial assets at	6(4)						
	amortised cost		142,714	-	243,662	-	447,040	1
1550	Investments accounted for	6(7)						
	under equity method		3,976,367	5	3,272,047	4	1,939,245	3
1600	Property, plant and equipment	6(8)	23,233,214	31	24,299,352	32	25,599,635	36
1755	Right-of-use assets	6(9)	1,919,078	3	1,915,756	3	2,029,802	3
1760	Investment property, net		686,217	1	685,575	1	717,520	1
1780	Intangible assets	6(10)	5,002,520	7	4,941,663	6	5,196,037	7
1840	Deferred income tax assets	6(30)	1,742,440	2	1,785,253	2	4,016,553	6
1900	Other non-current assets		492,477	1	343,456	1	986,066	1
15XX	Non-current assets		41,500,583	55	42,285,653	55	46,269,349	65
1XXX	Total assets		\$ 76,022,948	100	\$ 76,889,182	100	\$ 71,702,825	100

(Continued)

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity			March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11) and 8	\$ 2,748,546	4	\$ 3,479,177	5	\$ 1,559,335	2
2110	Short-term notes and bills payable	6(12) and 8	880,930	1	877,011	1	891,471	1
2120	Financial liabilities at fair value through profit or loss - current		25,442	-	12	-	8,811	-
2150	Notes payable		159,388	-	45,455	-	9,618	-
2170	Accounts payable		3,928,003	5	4,396,401	6	4,177,024	6
2180	Accounts payable - related parties	7	254,412	-	319,572	-	259,050	-
2200	Other payables	6(13) and 7	6,801,566	9	5,843,445	8	4,663,182	7
2230	Current income tax liabilities		9,421	-	30,370	-	25,594	-
2280	Current lease liabilities		106,673	-	107,868	-	109,138	-
2320	Long-term liabilities, current portion	6(14) and 8	123,579	-	131,683	-	640,569	1
2399	Other current liabilities - others		473,009	1	533,353	1	342,816	1
21XX	Current Liabilities		15,510,969	20	15,764,347	21	12,686,608	18
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	3,915,373	5	4,007,482	5	3,628,987	5
2570	Deferred income tax liabilities	6(30)	364,311	1	429,338	-	1,706,486	2
2580	Non-current lease liabilities		1,451,331	2	1,449,261	2	1,563,230	2
2600	Other non-current liabilities	6(17)	747,297	1	633,711	1	527,332	1
25XX	Non-current liabilities		6,478,312	9	6,519,792	8	7,426,035	10
2XXX	Total Liabilities		21,989,281	29	22,284,139	29	20,112,643	28
Equity attributable to owners of parent company								
	Share capital	6(18)						
3110	Share capital - common stock		6,847,840	9	6,852,514	9	6,859,527	10
	Capital surplus	6(19)						
3200	Capital surplus		43,714,691	58	43,830,638	57	42,916,979	60
	Retained earnings	6(20)						
3350	Unappropriated retained earnings (accumulated deficit)		1,547,600	2	2,169,446	3	(260,786)	-
	Other equity interest	6(21)						
3400	Other equity interest		(170,071)	-	(235,543)	-	158,586	-
3500	Treasury stocks	6(18)	(294,810)	(1)	(294,810)	(1)	(492,150)	(1)
31XX	Equity attributable to owners of the parent		51,645,250	68	52,322,245	68	49,182,156	69
36XX	Non-controlling interest		2,388,417	3	2,282,798	3	2,408,026	3
3XXX	Total equity		54,033,667	71	54,605,043	71	51,590,182	72
3X2X	Total liabilities and equity		\$ 76,022,948	100	\$ 76,889,182	100	\$ 71,702,825	100

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

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)  
(UNAUDITED)

Items		Notes	Three months ended March 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 8,546,142	100	\$ 6,878,859	100
5000	Operating costs	6(6) and 7	( 6,694,143)	( 78)	( 5,941,451)	( 86)
5900	Operating margin		1,851,999	22	937,408	14
5910	Unrealized loss from sales		9,127	-	277	-
5920	Realized (loss) profit from sales		( 41)	-	1,589	-
5950	Net operating margin		1,861,085	22	939,274	14
	Operating expenses	6(28)(29)				
6100	Selling expenses		( 221,656)	( 3)	( 196,167)	( 3)
6200	General and administrative expenses		( 497,794)	( 6)	( 467,282)	( 7)
6300	Research and development expenses		( 619,442)	( 7)	( 634,277)	( 9)
6450	Expected credit loss		( 19,605)	-	( 25,336)	-
6000	Total operating expenses		( 1,358,497)	( 16)	( 1,323,062)	( 19)
6500	Other income and expenses - net	6(23)	27,511	-	54,435	-
6900	Operating profit (loss)		530,099	6	( 329,353)	( 5)
	Non-operating income and expenses					
7100	Interest income	6(24)	12,005	-	12,842	-
7010	Other income	6(25)	126,419	2	123,295	2
7020	Other gains and losses	6(26) and 7	126,281	1	( 93,063)	( 1)
7050	Finance costs	6(27)	( 28,309)	-	( 32,642)	( 1)
7055	Expected credit losses		( 5,160)	-	-	-
7060	Share of loss of associates and joint ventures accounted for under equity method		( 57,716)	( 1)	( 25,427)	-
7000	Total non-operating income and expenses		173,520	2	( 14,995)	-
7900	<b>Profit (loss) before income tax</b>		703,619	8	( 344,348)	( 5)
7950	Income tax expense	6(30)	( 59,843)	-	( 22,008)	-
8200	<b>Profit (loss) for the period</b>		<u>\$ 643,776</u>	<u>8</u>	<u>( \$ 366,356)</u>	<u>( 5)</u>

(Continued)

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)  
(UNAUDITED)

		Three months ended March 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	( \$ 519,747) ( 7)	\$ 150,157	2
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		( 23,250) ( 1) ( 856)		-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	75,287 1	38,245	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 467,710) ( 6)	187,546	2
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations		360,358 4 ( 50,539)		-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will be reclassified to profit or loss		213,949 3 ( 933)		-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(30)	( 532) -	11,265	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		573,775 7 ( 40,207)		-
8300	<b>Other comprehensive income</b>		\$ 106,065 1	\$ 147,339	2
8500	<b>Total comprehensive income (loss)</b>		\$ 749,841 9	( \$ 219,017) ( 3)	
Profit (loss) attributable to:					
8610	Equity holders of the parent company		\$ 758,795 9	( \$ 259,930) ( 3)	
8620	Non-controlling interest		( \$ 115,019) ( 1)	( \$ 106,426) ( 2)	
Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company		\$ 809,551 10	( \$ 102,200) ( 1)	
8720	Non-controlling interest		( \$ 59,710) ( 1)	( \$ 116,817) ( 2)	
Earnings (loss) per share					
9750	Total basic earnings (loss) per share	6(32)	\$ 1.11	( \$ 0.38)	
9850	Total diluted earnings (loss) per share	6(32)	\$ 1.11	( \$ 0.38)	

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



ENNOSTAR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

Equity attributable to owners of the parent									
Notes	Share capital - common stock	Capital surplus	Unappropriated retained earnings(accumulated deficit)	Other equity interest		Treasury stocks	Total	Non-controlling interest	Total equity
				Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>2021</u>									
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
Loss for the period 6(20)	-	-	( 259,930 )	-	-	-	( 259,930 )	( 106,426 )	( 366,356 )
Other comprehensive income(loss) for the period 6(21)	-	-	( 856 )	( 30,311 )	188,897	-	157,730	( 10,391 )	147,339
Total comprehensive income(loss)	-	-	( 260,786 )	( 30,311 )	188,897	-	( 102,200 )	( 116,817 )	( 219,017 )
Issuance of ordinary shares under business combination	1,416,020	10,308,626	-	-	-	-	11,724,646	239,900	11,964,546
Non-controlling interests	-	-	-	-	-	-	-	181,028	181,028
Change in equity of associates and joint ventures accounted for under equity method	-	( 47,669 )	-	-	-	-	( 47,669 )	-	( 47,669 )
Expiration of restricted employee stock	-	7,013	-	-	-	( 7,013 )	-	-	-
Effect of joint share exchange	( 5,443,507 )	( 3,466,447 )	7,908,188	730,022	271,742	-	( 2 )	-	( 2 )
Balance at March 31, 2021	\$ 6,859,527	\$ 42,916,979	(\$ 260,786 )	(\$ 30,311 )	\$ 188,897	(\$ 492,150 )	\$ 49,182,156	\$ 2,408,026	\$ 51,590,182
<u>2022</u>									
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 period 6(20)	-	-	758,795	-	-	-	758,795	( 115,019 )	643,776
Other comprehensive income(loss) for the period 6(21)	-	-	( 14,930 )	522,554	( 456,868 )	-	50,756	55,309	106,065
Total comprehensive income(loss)	-	-	743,865	522,554	( 456,868 )	-	809,551	( 59,710 )	749,841
Appropriation of 2021 earnings									
Cash dividends	-	-	( 1,365,881 )	-	-	-	( 1,365,881 )	-	( 1,365,881 )
Changes in ownership interests in subsidiaries accounted for using equity method 6(19)	-	( 130,723 )	-	-	-	-	( 130,723 )	-	( 130,723 )
Change in equity of associates and joint ventures accounted for under equity method 6(19)	-	10,102	-	-	-	-	10,102	-	10,102
Difference between consideration and carrying amount of subsidiaries acquired and disposed 6(21)	-	-	-	3	-	-	3	-	3
Non-controlling interests	-	-	-	-	-	-	-	165,329	165,329
Proceeds from disposal of financial assets at fair value through other comprehensive income 6(21)	-	-	170	-	( 217 )	-	( 47 )	-	( 47 )
Expiration of restricted employee stock 6(19)(20)	( 4,674 )	4,674	-	-	-	-	-	-	-
Balance at March 31, 2022	\$ 6,847,840	\$ 43,714,691	\$ 1,547,600	\$ 116,022	(\$ 286,093 )	(\$ 294,810 )	\$ 51,645,250	\$ 2,388,417	\$ 54,033,667

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

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

		Three months ended March 31	
	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before tax		\$ 703,619	( \$ 344,348 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(28)	1,247,723	1,199,086
Amortization (long-term prepaid rents)	6(10)(28)	65,211	62,517
Expected credit losses	12(2)	24,765	25,336
(Gain) loss on disposal of investments		( 34,927 )	4,058
Net loss on financial assets at fair value through profit or loss	6(26)	23,167	34,238
Interest expense	6(27)	28,309	32,641
Interest income	6(24)	( 12,005 )	( 12,842 )
Dividend revenue		( 395 )	( 38,246 )
Share of loss of associates and joint ventures accounted for under the equity method		57,716	25,427
(Gain) loss on disposal of property, plant and equipment	6(26)	( 7,740 )	3,462
Unrealized loss from sales		( 9,127 )	( 277 )
Realized profit from sales		41	( 1,589 )
Other income from recognition of long-term deferred revenues	6(17)	( 16,424 )	( 35,874 )
Property, plant and equipment transferred to expense		1,943	( 3,192 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		( 211,508 )	( 195,041 )
Notes receivable		( 252,056 )	( 124,823 )
Accounts receivable		1,155,524	( 53,691 )
Other receivables		( 171,018 )	( 66,495 )
Inventories		( 97,028 )	( 1,379,539 )
Prepayments		145,275	30,507
Other current assets		29,845	12,572
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss			
loss - current		( 38,329 )	369
Notes payable		110,040	( 1,384 )
Accounts payable		( 547,830 )	( 17,789 )
Other payables		( 463,575 )	15,956
Other current liabilities		( 58,509 )	( 120,421 )
Other non-current liabilities		26,281	( 3,763 )
Cash inflow (outflow) generated from operations		1,698,988	( 953,145 )
Interest received		11,833	14,059
Dividend received		16,752	38,246
Interest paid		( 22,238 )	( 27,177 )
Income tax refund		26,596	36,903
Net cash flows from (used in) operating activities		1,731,931	( 891,114 )

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**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

		Three months ended March 31	
	Notes	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash refund from financial assets capital reduction		\$ -	\$ 66,929
Acquisition of financial assets at fair value through other comprehensive income		( 22,050 )	( 1,099,573 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		793	-
(Increase) decrease in current financial assets at amortised cost		( 34,857 )	112,642
Acquisition of investments accounted for under the equity method		( 7,211 )	( 27,437 )
Proceeds from disposal of subsidiaries		88,100	-
Decrease in changes of consolidated entities		( 448,335 )	-
Proceeds from disposal of investments accounted for under the equity method		-	5,637
Acquisition of property, plant and equipment	6(33)	( 933,161 )	( 1,735,667 )
Proceeds from disposal of property, plant and equipment	6(33)	18,674	16,167
Decrease in refundable deposits		589	273
Decrease in other non-current assets		18,370	259,249
Acquisition of intangible assets	6(33)	( 6,269 )	( 12,384 )
Proceeds from disposal of intangible assets		1,472	1,025
Effect on initial consolidation of subsidiaries		-	3,763,629
Net cash flows (used in) from investing activities		( 1,323,885 )	1,350,490
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease) increase in short-term loans		( 737,951 )	25,131
(Decrease) increase in short-term notes and bill payable		( 22,174 )	322,952
Proceeds from long-term loans		154,740	941,700
Repayment of long-term loans		( 11,254 )	( 10,288 )
Increase (decrease) in guarantee deposits received		7,990	( 521 )
Repayment of principal portion of lease liabilities		( 29,740 )	( 35,904 )
Increase in cash paid for acquisition of non-controlling interests		600,000	-
Net cash flows (used in) from financing activities		( 38,389 )	1,243,070
Effects of foreign currency exchange		27,518	169,613
Net increase in cash and cash equivalents		397,175	1,872,059
Cash and cash equivalents at beginning of period		12,336,039	5,228,011
Cash and cash equivalents at end of period		\$ 12,733,214	\$ 7,100,070

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

ENNOSTAR INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 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 May 5, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

None.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, others are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the 2021 consolidated financial statements of the Group.

(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:

The principles used in the preparation of the financial statements were consistent with those used in the financial statements for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 10
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	Note 10
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	100%	-	Note 6 Note 7
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	100%	-	Note 6 Note 7
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	58.59%	58.59%	-	Note 6 Note 11
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	5.63%	-	-	Note 1 Note 2
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	5.63%	-	-	Note 1 Note 2
Epistar Corporation	Lighting Investment Corporation	Professional investment	100%	100%	100%	Note 5 Note 6
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	100%	
Epistar Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	-	-	100%	Note 5 Note 12
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49%	49%	49%	Note 1 Note 5 Note 6
Epistar Corporation	Full Star Enterprises Limited	Professional investment	100%	100%	100%	Note 5 Note 6

Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Epistar Corporation	iReach Corporation	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	39.09%	39.09%	100%	Note 3 Note 5
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	41.29%	53.29%	63.94%	Note 1 Note 2 Note 5
Epistar Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	-	8.52%	Note 5 Note 12
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	64.32%	Note 5 Note 6
Epistar Corporation	Can Yang Investments Limited	Professional investment	3.53%	3.53%	3.53%	Note 5 Note 6
GaN Force Corporation	GV Semiconductor Inc.	R&D and sales of electronic components	-	100%	100%	Note 5 Note 9
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	Professional investment	82.41%	82.41%	82.41%	Note 5 Note 6
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	Professional investment	74.86%	74.86%	74.86%	Note 5 Note 6
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 5 Note 6
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	Professional investment	100%	100%	100%	Note 5 Note 6
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Professional investment	85.26%	85.26%	80.10%	Note 5 Note 6
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	Professional investment	100%	100%	100%	Note 5 Note 6
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	93.38%	

Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 5 Note 6
Episky (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	100%	100%	100%	
Episky Corporation (Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	3.31%	3.31%	3.31%	
Episky Corporation (Xiamen)Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	12.12%	12.12%	15.32%	Note 5 Note 8
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Sales of LED chips	100%	100%	100%	
Lighting Investment Corporation	Lighting Investment Ltd.	Professional investment	100%	100%	100%	Note 5 Note 6
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting product	83.93%	81.43%	100%	Note 5 Note 6
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	100%	100%	100%	Note 5 Note 6
Lighting Investment Corporation	Can Yang Investments Limited	Professional investment	6.87%	6.87%	6.87%	Note 5 Note 6
Lighting Investment Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	14.69%	14.69%	40.46%	Note 5 Note 6 Note 12
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	35.68%	-	Note 4 Note 6
Lighting Investment Ltd.	Luxlite (Hong Kong) Corporation Limited	Professional investment	100%	100%	100%	Note 5 Note 6



Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 5 Note 6
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 6
Luxlite (Hong Kong) Corporation Limited	Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	100%	100%	100%	Note 6
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	2.68%	2.68%	2.68%	Note 5 Note 6 Note 12
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	37.88%	37.88%	21.53%	Note 5 Note 8 Note 12
Yenrich Technology Corporation	Amengine Corporation	Developing and sales of medical optical sensor modules	-	-	58.59%	Note 5 Note 11
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	100%	Note 5 Note 6 Note 12
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional investment	100%	100%	100%	Note 5 Note 6 Note 12
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	100%	Note 5 Note 6 Note 12
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Professional investment	100%	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	Professional investment	100%	100%	100%	Note 5 Note 6
Lextar Electronics Corporation	Wellypower Optronics Corporation	Professional investment	100%	100%	100%	Note 5 Note 6
Lextar Electronics Corporation	Apower Optronics Corporation	Professional investment	100%	100%	100%	Note 5 Note 6
Lextar Electronics Corporation	Wellybond Corporation	Professional investment	100%	100%	100%	Note 5 Note 6
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	Professional investment	100%	100%	100%	Note 5 Note 6

Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	90.50%	90.50%	90.50%	Note 5 Note 6
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	10.68%	10.68%	22.99%	Note 3 Note 5
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.69%	31.69%	31.69%	Note 5 Note 6
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	-	Note 6 Note 12
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED lighting and modules	100%	100%	100%	Note 5 Note 6
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Sale of LED and after-sales service	100%	100%	100%	Note 5 Note 6
Liang Li Venture Corp.	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	1.91%	1.91%	3.83%	Note 3 Note 5
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.09%	9.09%	-	Note 6 Note 12
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50%	50%	50%	Note 5 Note 6
Wellybond Corporation	best Epitaxy Manufacturing Company Ltd.	Design and manufacturing VCSEL Lei chip	-	-	29.37%	Note 3 Note 5
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	24.70%	24.70%	-	Note 6 Note 12

Investor	Name of Subsidiary	Activities	Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.68%	31.68%	31.68%	Note 5 Note 6
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	90.91%	90.91%	90.91%	Note 5 Note 6
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Manufacturing and sales of compound semiconductor materials and modules	49%	100%	-	Note 7 Note 13

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

Note2: On April 19, 2021 and February 17, 2022, the Board of Directors of Unikorn Semiconductor Corporation during their meeting resolved to increase its capital in the amounts of \$500,000 and \$1,200,000, respectively. Epistar did not participate in the capital increases, therefore, Epistar's shareholding ratio was decreased to 53.29% and 41.29% on December 31, 2021 and March 31, 2022, respectively. ENNOSTAR Inc. and Harvestar Investment Corp. had participated in the capital increase of Unikorn on February 17, 2022, therefore, their shareholding ratios were 5.63% and 5.63% on March 31, 2022, respectively.

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

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

Note5: The financial statements of the entity as of and for the three months ended March 31, 2021 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note6: The financial statements of the entity as of and for the three months ended March 31, 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note7: Newly invested or established companies in 2021.

Note8: Because of the changes of control power, it was not consolidated in the entity since January 2022.

Note9: The liquidation was completed on January, 2022, as the company will not continue its operation.

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

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

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

Note13: Due to changes in equity, it has not been included in the consolidated entity since March, 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) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and petty cash	\$ 1,285	\$ 918	\$ 1,749
Checking accounts and demand deposits	3,293,544	3,816,612	2,918,248
Time deposits	8,157,853	7,289,316	2,745,367
Bonds sold under repurchase agreement	1,280,532	1,229,193	1,434,706
	<u>\$ 12,733,214</u>	<u>\$ 12,336,039</u>	<u>\$ 7,100,070</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	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 100,711	\$ 69,150	\$ 54,151
Listed stocks	193,439	193,439	193,439
Derivatives	7,269	17,814	13,244
	301,419	280,403	260,834
Valuation adjustment	( 77,666)	( 55,119)	( 57,279)
	223,753	225,284	203,555
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	321,359	321,358	275,249
Valuation adjustments	( 209,820)	( 209,074)	( 191,262)
	111,539	112,284	83,987
	<u>\$ 335,292</u>	<u>\$ 337,568</u>	<u>\$ 287,542</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:

March 31, 2022			
Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 56,400	USD to NTD	2022.04.07~2022.05.31
Forward foreign exchange contract - sell	USD 64	USD to JPY	2022.04.22~2022.06.24
Forward foreign exchange contract - sell	USD 36,000	USD to RMB	2022.04.26~2022.08.26
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
March 31, 2021			
Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Foreign exchange swap	USD 10,000	USD to NTD	2021. 04. 12~2021. 06. 10
Forward foreign exchange contract - sell	USD 11,000	USD to NTD	2021. 04. 12~2021. 05. 10
Forward foreign exchange contract - sell	USD 25	USD to JPY	2021. 04. 23~2021. 06. 24
Forward foreign exchange contract - sell	USD 12,000	USD to RMB	2021. 04. 26~2021. 07. 26

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 recognized by the Group amounted to \$23,167 and \$34,238 for the three months ended March 31, 2022 and 2021.

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	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Equity instruments			
Listed stocks	\$ 714,032	\$ 714,661	\$ 1,504,354
Unlisted stocks	4,130,845	4,121,556	3,924,325
	4,844,877	4,836,217	5,428,679
Valuation adjustment	( 650,860)	( 149,612)	( 175,215)
	<u>\$ 4,194,017</u>	<u>\$ 4,686,605</u>	<u>\$ 5,253,464</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 \$ 4,194,017, \$4,686,605 and \$ 5,253,464 as at March 31, 2022, December 31, 2021 and March 31, 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	Three months ended March 31, 2022	Three months ended March 31, 2021
Fair value change recognised in other comprehensive income	(\$ 519,747)	\$ 150,652
Dividend income recognized in profit or loss	\$ 395	\$ 38,246
Held at end of period		

C. As of March 31, 2022, December 31, 2021 and March 31, 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 \$4,194,017, \$4,686,605 and \$5,253,464, 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	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Others	<u>\$ 286,561</u>	<u>\$ 150,756</u>	<u>\$ 366,544</u>
Non-current items:			
Others	<u>\$ 142,714</u>	<u>\$ 243,662</u>	<u>\$ 447,040</u>

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest income	<u>\$ 160</u>	<u>\$ 2,248</u>

B. As of March 31, 2022, December 31, 2021 and March 31, 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 \$429,275, \$394,418 and \$813,584, 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

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 2,823,249	\$ 2,506,407	\$ 2,059,009
Less: Allowance for uncollectible accounts	( 883,988)	( 883,988)	( 840,196)
	<u>\$ 1,939,261</u>	<u>\$ 1,622,419</u>	<u>\$ 1,218,813</u>
Accounts receivable	\$ 10,965,394	\$ 11,695,601	\$ 8,759,659
Less: Allowance for uncollectible accounts	( 36,811)	( 42,600)	( 56,855)
	<u>\$ 10,928,583</u>	<u>\$ 11,653,001</u>	<u>\$ 8,702,804</u>

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

	March 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 10,530,611	\$ 1,939,261	\$ 11,217,706	\$ 1,622,419
Up to 30 days	227,611	-	239,277	-
31 to 90 days	73,871	-	83,745	-
91 to 180 days	32,900	-	22,863	-
Over 180 days	100,401	883,988	132,010	883,988
	<u>\$ 10,965,394</u>	<u>\$ 2,823,249</u>	<u>\$ 11,695,601</u>	<u>\$ 2,506,407</u>

  

	March 31, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 7,999,554	\$ 1,175,021
Up to 30 days	412,100	14,543
31 to 90 days	268,379	33,090
91 to 180 days	29,899	83,514
Over 180 days	49,727	752,841
	<u>\$ 8,759,659</u>	<u>\$ 2,059,009</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had outstanding discounted notes receivable amounting to \$426,348, \$209,538 and \$418,686, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were presented as a deduction item to notes receivable. Those discounted notes receivable were deducted from notes receivable directly.

C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.

D. The Group holds collateral including commercial papers, financial assets, patents as well as machinery and equipment as security for accounts receivable.

E. As of March 31, 2022, December 31, 2021 and March 31, 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 \$1,939,261, \$1,622,419 and \$1,218,813; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$10,928,583, \$11,653,001 and \$8,702,804, respectively.

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

(6) Inventories

March 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,723,168	(\$ 118,783)	\$ 1,604,385
Work in progress	2,273,006	( 269,111)	2,003,895
Finished goods	2,566,497	( 343,911)	2,222,586
	<u>\$ 6,562,671</u>	<u>(\$ 731,805)</u>	<u>\$ 5,830,866</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>
March 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,660,494	(\$ 88,944)	\$ 1,571,550
Work in progress	2,402,961	( 692,326)	1,710,635
Finished goods	2,926,755	( 517,275)	2,409,480
	<u>\$ 6,990,210</u>	<u>(\$ 1,298,545)</u>	<u>\$ 5,691,665</u>

The cost of inventories recognised as expense for the three months ended March 31, 2022 and 2021:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cost of goods sold	\$ 6,399,538	\$ 5,625,034
Scrap loss	1,847	53,470
Loss on market price decline	98,303	108,148
Loss on idle capacity	194,520	156,213
Other	( 65)	( 1,414)
	<u>\$ 6,694,143</u>	<u>\$ 5,941,451</u>



(7) Investments accounted for using the equity method

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates:			
Aurora International Lighting Corporation Limited	\$ 185,116	\$ 180,789	\$ 186,185
Country Lighting (BVI) Co., Ltd.	-	-	87,265
LEDAZ Co., Ltd.	3,120	( 9,292)	55,948
LEDOLUX Sp. Zo.O.	11,454	11,453	12,303
Interelight Optotech (HK) Co., Limited	11,937	11,663	11,857
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	571,267	-	-
GCS Holdings, Inc.	1,225,949	1,199,915	912,487
Tekcore Co., Ltd.	-	-	27,692
Changzhou Chemsemi Co., Ltd.	892,622	853,118	454,075
Joint Power Exponent, Ltd.	27,351	31,076	39,773
iReach Corporation	45,087	40,881	-
Chuzhou Bwin Technology Corp.	109,073	115,080	108,120
Tyntek Corporation	776,655	793,756	-
WellyWave Semiconductors Inc.	72,122	-	-
TE Opto Corporation	44,241	43,223	43,540
Domi-Star Optoelectronics Corporation	373	385	-
	<u>\$ 3,976,367</u>	<u>\$ 3,272,047</u>	<u>\$ 1,939,245</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 March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$3,976,367, \$3,272,047 and \$1,939,245, respectively.

	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2021</u>
Loss for the period from continuing operations	(\$ 57,716)	(\$ 25,427)
Other comprehensive income (loss)	205,629	( 933)
Total comprehensive income (loss)	<u>\$ 147,913</u>	<u>(\$ 26,360)</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Tekcore Co. Ltd.	\$ -	\$ -	\$ 145,329
GCS Holdings, Inc.	1,004,545	1,205,945	963,067
Tyntek Corporation	751,311	806,407	-
	<u>\$ 1,755,856</u>	<u>\$ 2,012,352</u>	<u>\$ 1,108,396</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.

(8) Property, plant and equipment

		Buildings and		Office	Leasehold		Construction	
	Land	structures	Machinery	equipment	improvements	Others	in progress and	Total
							equipment to	
							be inspected	
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	\$ 1,558,195	\$ 8,191,397	\$ 12,632,426	\$ 107,768	\$ 105,742	\$ 415,163	\$ 1,288,661	\$ 24,299,352
amount at January 1								
Additions	-	816	23,504	1,550	99	5,889	669,038	700,896
Transfer	-	326,122	281,138	6,671	1,353	15,630	( 630,914)	-
Disposals	-	( 1,973)	( 2,834)	-	-	-	-	( 4,807)
Reclassifications	-	( 774)	( 8,480)	-	178	-	5,550	( 3,526)
Reclassified to	-	7,673	-	-	-	-	-	7,673
investment property								
Depreciation charge	-	( 219,620)	( 928,972)	( 17,492)	( 8,052)	( 32,038)	-	( 1,206,174)
Disposals of subsidiary	-	-	( 545,435)	( 7,092)	( 412)	( 29,692)	( 173,884)	( 756,515)
Net exchange differences	-	67,200	114,571	1,363	601	5,254	7,326	196,315
Closing net book								
amount at March 31	<u>\$ 1,558,195</u>	<u>\$ 8,370,841</u>	<u>\$ 11,565,918</u>	<u>\$ 92,768</u>	<u>\$ 99,509</u>	<u>\$ 380,206</u>	<u>\$ 1,165,777</u>	<u>\$ 23,233,214</u>
At March 31, 2022								
Cost	\$ 1,558,195	\$ 17,748,558	\$ 46,552,018	\$ 527,326	\$ 369,119	\$ 1,710,544	\$ 1,165,777	\$ 69,631,537
Accumulated								
depreciation and								
impairment	-	( 9,377,717)	( 34,986,100)	( 434,558)	( 269,610)	( 1,330,338)	-	( 46,398,323)
	<u>\$ 1,558,195</u>	<u>\$ 8,370,841</u>	<u>\$ 11,565,918</u>	<u>\$ 92,768</u>	<u>\$ 99,509</u>	<u>\$ 380,206</u>	<u>\$ 1,165,777</u>	<u>\$ 23,233,214</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	-	2,926	51,205	983	-	4,216	1,032,995	1,092,325
Transfer	-	40,460	1,595,239	3,622	3,184	31,781	( 1,674,286)	-
Acquired from business combinations	1,170,859	1,732,781	1,201,735	9,941	1,513	392,619	205,059	4,714,507
Disposals	-	( 1,210)	( 5,508)	( 12)	-	-	-	( 6,730)
Reclassifications	-	( 18,447)	( 82,429)	( 11)	-	-	854	( 100,033)
Reclassified to investment property	-	( 42,062)	-	-	-	-	-	( 42,062)
Depreciation charge	-	( 214,694)	( 874,168)	( 15,905)	( 4,652)	( 43,032)	-	( 1,152,451)
Net exchange differences	-	34,381	( 18,411)	( 362)	( 153)	( 652)	( 6,199)	8,604
Closing net book amount at March 31	<u>\$ 1,682,856</u>	<u>\$ 8,335,692</u>	<u>\$ 11,596,180</u>	<u>\$ 98,612</u>	<u>\$ 84,545</u>	<u>\$ 526,903</u>	<u>\$ 3,274,847</u>	<u>\$ 25,599,635</u>
At March 31, 2021								
Cost	\$ 1,682,856	\$ 17,470,049	\$ 53,235,165	\$ 481,635	\$ 351,163	\$ 3,183,467	\$ 3,274,847	\$ 79,679,182
Accumulated depreciation and impairment	-	( 9,134,357)	( 41,638,985)	( 383,023)	( 266,618)	( 2,656,564)	-	( 54,079,547)
	<u>\$ 1,682,856</u>	<u>\$ 8,335,692</u>	<u>\$ 11,596,180</u>	<u>\$ 98,612</u>	<u>\$ 84,545</u>	<u>\$ 526,903</u>	<u>\$ 3,274,847</u>	<u>\$ 25,599,635</u>

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

(9) Leasing arrangements — lessee

- The Group leases various assets including land, buildings, machinery, transportation equipment and office equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- Short-term leases with a lease term of 12 months or less comprise of buildings, transportation equipment and office equipment. Low-value assets comprise of office equipment.
- The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 1,539,892	\$ 1,504,759	\$ 1,514,425
Buildings	157,167	186,835	244,314
Machinery	170,005	174,428	215,277
Transportation equipment	15,081	9,478	10,810
Office equipment	36,933	40,256	44,976
	<u>\$ 1,919,078</u>	<u>\$ 1,915,756</u>	<u>\$ 2,029,802</u>

	Three months ended March 31, 2022	Three months ended March 31, 2021
	Depreciation charge	Depreciation charge
Land	\$ 14,302	\$ 13,943
Buildings	8,489	12,588
Machinery	13,921	14,862
Transportation equipment	1,514	1,707
Office equipment	3,323	3,535
	<u>\$ 41,549</u>	<u>\$ 46,635</u>

D. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were \$28,414 and \$26,757, respectively.

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,448	\$ 5,697
Expense on short-term lease contracts	4,481	2,623
Expense on leases of low-value assets	2,777	921

F. For the three months ended March 31, 2021 and 2020, the Group's total cash outflow for leases were \$50,034 and \$58,478, respectively.

(10) Intangible assets

	Patents	Goodwill	Software	Others	Total
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	122,971	-	2,741	-	125,712
Reclassifications	1,462	-	( 163)	-	1,299
Amortisation charge	( 48,446)	-	( 14,851)	( 1,914)	( 65,211)
Disposals of subsidiary	-	-	( 3,291)	-	( 3,291)
Net exchange differences	1,976	-	372	-	2,348
Closing net book amount as at March 31	<u>\$ 1,000,652</u>	<u>\$ 3,896,600</u>	<u>\$ 87,867</u>	<u>\$ 17,401</u>	<u>\$ 5,002,520</u>
At March 31, 2022					
Cost	\$ 2,882,334	\$ 7,087,692	\$ 519,004	\$ 128,843	\$ 10,617,873
Accumulated amortisation and impairment	( 1,881,682)	( 3,191,092)	( 431,137)	( 111,442)	( 5,615,353)
	<u>\$ 1,000,652</u>	<u>\$ 3,896,600</u>	<u>\$ 87,867</u>	<u>\$ 17,401</u>	<u>\$ 5,002,520</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>
<u>2021</u>					
Opening net book amount as at January 1	\$ 871,585	\$ 3,142,336	\$ 101,022	\$ 17,248	\$ 4,132,191
Additions—acquired separately	148	-	91	-	239
Additions—acquired through business combinations	353,123	711,930	-	74,294	1,139,347
Reclassifications	( 15,481)	-	2,660	-	( 12,821)
Amortisation charge	( 39,592)	-	( 16,157)	( 6,768)	( 62,517)
Net exchange differences	( 248)	-	( 154)	-	( 402)
Closing net book amount as at March 31	<u>\$ 1,169,535</u>	<u>\$ 3,854,266</u>	<u>\$ 87,462</u>	<u>\$ 84,774</u>	<u>\$ 5,196,037</u>
At March 31, 2021					
Cost	\$ 2,774,813	\$ 7,036,589	\$ 456,253	\$ 189,366	\$ 10,457,021
Accumulated amortisation and impairment	( 1,605,278)	( 3,182,323)	( 368,791)	( 104,592)	( 5,260,984)
	<u>\$ 1,169,535</u>	<u>\$ 3,854,266</u>	<u>\$ 87,462</u>	<u>\$ 84,774</u>	<u>\$ 5,196,037</u>

Details of amortisation on intangible assets are as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Operating costs	\$ 23,879	\$ 32,072
Selling expenses	115	282
Administrative expenses	27,146	15,284
Research and development expenses	14,071	14,879
	<u>\$ 65,211</u>	<u>\$ 62,517</u>

(11) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Bank borrowings			
Unsecured borrowings	<u>\$ 2,748,546</u>	<u>\$ 3,479,177</u>	<u>\$ 1,559,335</u>
Interest rate range-NTD	<u>1.00%~1.30%</u>	<u>0.81%~1.25%</u>	<u>0.75%~1.24%</u>
Interest rate range-foreign currency	<u>0.82%~3.65%</u>	<u>0.69%~3.79%</u>	<u>3.80%~4.05%</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has endorsements to Episky Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd., Unikorn Semiconductor Corporation and Yenrich Technology Corporation totalling 1,866,000, \$2,035,760 and \$3,818,150, respectively.

(12) Short-term notes and bills payable

March 31, 2022				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 880,930</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	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
March 31, 2021				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 891,471</u>	BANK OF COMMUNICATIONS BANK OF CHINA BANK OF NINGBO	Note 8

(13) Other payables

Items	March 31, 2022	December 31, 2021	March 31, 2021
Payables on wages, salaries and bonus	\$ 1,026,920	\$ 1,274,884	\$ 779,228
Compensation due to employees, directors and supervisors	641,939	480,086	70,835
Payables on personnel expense	286,095	309,406	359,221
Payables on machinery and equipment	1,143,371	1,210,113	1,416,033
Payables on consumable goods and equipment repair expense	518,314	682,452	411,992
Payables on processing fees	917,394	1,060,702	569,837
Payables on reticle expense	20,435	23,542	19,248
Payables on gas expense	78,135	82,339	77,950
Payables on dividend	1,365,881	4,359	-
Payables on insurance expense	5,834	28,995	10,419
Payables on intangible assets	42,388	4,898	85,055
Others	754,860	681,669	863,364
	<u>\$ 6,801,566</u>	<u>\$ 5,843,445</u>	<u>\$ 4,663,182</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	March 31, 2022
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 April 26, 2027	99,890
Unsecured borrowings	Before February 15, 2026	46,100
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before October 30, 2025	71,562
		<u>4,038,952</u>
Less: Current portion of long-term borrowings		( <u>123,579</u> )
		<u>\$ 3,915,373</u>
Interest rate range		<u>0.30%~1.69%</u>

Type of borrowings	Borrowing period and repayment term	December 31, 2021
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 666,000
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	260,000
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before February 15, 2026	46,100
Unsecured borrowings	Before April 26, 2027	3,100
Secured borrowings	Before June 15, 2026	92,050
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before April 12, 2026	243,698
Secured borrowings	Before December 13, 2024	82,817
		<u>4,139,165</u>
Less: Current portion of long-term borrowings		( <u>131,683</u> )
		<u>\$ 4,007,482</u>
Interest rate range		<u>0.05%~4.99%</u>

Type of borrowings	Borrowing period and repayment term	March 31, 2021
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 609,700
Unsecured borrowings	February 17, 2022 Repay fully at maturity	500,000
Unsecured borrowings	Before September 15, 2025	529,300
Unsecured borrowings	Before November 15, 2025	366,900
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	496,300
Unsecured borrowings	July 21, 2022 Repay fully at maturity	450,000
Unsecured borrowings	Before November 5, 2024	346,666
Unsecured borrowings	Before February 15, 2026	310,400
Secured borrowings	Before October 30, 2025	149,490
Unsecured borrowings	Before February 15, 2026	10,800
Secured borrowings	Before March 15, 2028	100,000
		<u>4,269,556</u>
Less: Current portion of long-term borrowings		( 640,569)
		<u>\$ 3,628,987</u>
Interest rate range		<u>0.50%~1.43%</u>

Pursuant to the bank loans agreements with Taipei Fubon Bank, CTBC Bank, KGI Bank and Mega Bank, the Company and its subsidiaries should meet certain financial covenants which are calculated based on each of their annual audited consolidated financial statements or semi-annual reviewed consolidated financial statements. The Company and its subsidiaries agreed to maintain the current ratio, debt ratio, debt service coverage ratio and tangible net worth (shareholders' equity - intangible assets) as defined in financial covenants.

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plans in accordance with the Labor Standards Law, covering all regular employees for services provided prior to July 1, 2005, and employees who choose to remain in the defined benefit pension plan subsequent to the enforcement of the Labor Pension Act on July 1, 2005. Under the defined benefit pension plan, employees are entitled to two base points for every year of service for the first 15 years and one base point for each additional year thereafter, up to a maximum of 45 base points. The pension payment to employees is computed based on years of service and average salaries or wages of the last nine months prior to approved retirement. The Company contributes an amount equal to 2% of salaries and wages paid each month to a pension fund. The pension fund is administered by a pension fund monitoring committee and deposited under the Committee's name in the Bank of Taiwan.

Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of \$ 267 and \$399 for the three months ended March 31, 2022 and 2021 respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending March 31, 2021 amount to \$ 10,028.



- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group do not have further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021 were \$90,045 and \$71,258, respectively.

(16) Share-based payment

A. Restricted stocks to employees.

- (a) For the three months ended March 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 transferred to the shares of the Company in accordance the exchange rate on the reference date of the merger.

Note 2: The employees could vest 30%, 30% and 40% of the restricted stock, respectively, if they continue to provide service to Lextar for the first year, second year and third year. However, the actual granted units should consider the situation of Lextar’s operating results and employees’ performance.

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 March 31	-	3,400
Exercisable at March 31 (Note)	-	3,400

Note: Transferred into 935 thousand shares of the Company using the exchange ratio of 0.275.

- (c) The fair value of stock options relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Fair value per unit
Restricted stocks to employees	2019.3.20	\$ 18	\$ -	\$ 18

B. Employee stock options:

(a) For the three months ended March 31, 2022 and 2021, the share-based payment arrangements of the Company's subsidiary, United LED Corporation (Hong Kong) Limited, are as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Employee stock option- United LED Corporation (Hong Kong) Limited	2010.08.01	1,500,000	Note 1

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

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

	2022		2021	
	No. of shares	Weighted-average exercise price (in US dollars)	No. of shares	Weighted-average exercise price (in US dollars)
Options outstanding from beginning to the end of the period	1,048,700	\$ 0.0001	1,048,700	\$ 0.0001
Options exercisable at end of the period	1,048,700		1,048,700	

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Equity-settled	(\$ 26,597)	(\$ 36,296)

(17) Long-term deferred revenue (shown under "Other non-current liabilities")

	March 31, 2022	December 31, 2021	March 31, 2021
Deferred government grants revenue	\$ 215,969	\$ 223,716	\$ 313,243
Deferred technical services revenue	8,955	9,959	10,410
	<u>\$ 224,924</u>	<u>\$ 233,675</u>	<u>\$ 323,653</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 three months ended March 31, 2022 and 2021 were \$58,107 and \$51,451 (shown under "Other revenue"), respectively.

(18) Share capital

A. As of March 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 \$ 6,847,840 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	2021
At January 1	682,125	1,074,649
Issuance of ordinary shares under business combination	-	141,602
Effect of the joint share exchange	- (	537,325)
Expiration of restricted employee stock	( 467)	( 701)
At March 31	<u>681,658</u>	<u>678,225</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(Unit: share in thousands/ dollars in thousands)

	2022				
Reason for reacquisition	At January 1	Increase	Decrease	At March 31	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption shares held by objecting shareholders	1,844	-	-	1,844	159,647

Note : Effect of conversion under joint share conversion agreement.

	2021				
Reason for reacquisition	At January 1	Issuance of ordinary shares under	Increase	Decrease	At March 31
Held by subsidiaries	-	10,365	701	( 5,183)	5,883
Redemption shares held by objecting shareholders	-	3,687	-	( 1,843)	1,844
					Book value
					\$ 332,503
					159,647

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the rules governing share repurchase by the Group, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Lighting Investment Corporation	<u>1,282 thousand shares</u>	<u>1,282 thousand shares</u>	<u>1,282 thousand shares</u>
Book value	\$ 135,163	\$ 135,163	\$ 135,163
Fair value	\$ 91,690	\$ 98,358	\$ 105,283
Epistar Corporation	<u>1,844 thousand shares</u>	<u>1,844 thousand shares</u>	<u>5,744 thousand shares</u>
Book value	\$ 159,647	\$ 159,647	\$ 349,974
Fair value	\$ 131,810	\$ 141,396	\$ 471,541

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Retirements of restricted employee stock			<u>701 thousand shares</u>
Book value			\$ 7,013
Fair value			\$ 57,573

(19) 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
Change in equity of associates and joint ventures accounted for under equity method	-	-	-	10,102
Changes in ownership interests in subsidiaries accounted for using equity method	50,602 (	971) (	176,649) (	3,705)
Expiration of restricted employee stock	<u>4,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
At March 31, 2022	<u>\$ 42,949,891</u>	<u>\$ 114,852</u>	<u>\$ 593,888</u>	<u>\$ 56,060</u>
	<u>Share premium</u>	<u>Changes in ownership interests in subsidiaries accounted for using equity method</u>	<u>Difference between consideration and carrying amount of subsidiaries acquired or disposed</u>	<u>Change in net equity of associates and joint ventures accounted for under equity method</u>
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	( 47,669)	-	-	-
Expiration of restricted employee stock	7,013	-	-	-
Effect of the joint share exchange	( 2,366,431)	( 978,202)	( 64,570)	( 57,244)
At March 31, 2021	<u>\$ 42,916,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(20) Retained earnings (Accumulated deficit)

	2022	2021
At January 1	\$ 2,169,446	(\$ 7,908,188)
Effect of the joint share exchange	-	7,908,188
Profit (loss) for the year	758,795	( 259,930)
Cash dividends	( 1,365,881)	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	170	-
Remeasurement of defined benefit obligations	( 14,930)	( 856)
At March 31	<u>\$ 1,547,600</u>	<u>(\$ 260,786)</u>

- A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be retained and appropriated in proportion to the number of shares held by each shareholder accordingly.
- B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.
- E. The appropriations of 2021 earnings had been resolved at the Board of Directors on February 24, 2022, and distributed a cash dividend of \$2 (in dollars) per share.

(21) Other equity items

	2022		
	Unrealized gain or loss	Currency translation	Total
At January 1	\$ 170,992	(\$ 406,535)	(\$ 235,543)
Revaluation - gross	( 528,444)	-	( 528,444)
Revaluation - tax	71,576	-	71,576
Difference on carrying amounts of subsidiaries disposed	-	3	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	( 217)	-	( 217)
Currency translation			
–Group	-	523,086	523,086
–Tax on Group	-	( 532)	( 532)
At March 31	<u>(\$ 286,093)</u>	<u>\$ 116,022</u>	<u>(\$ 170,071)</u>

	2021		
	Unrealized gain or loss	Currency translation	Total
At January 1	(\$ 271,742)	(\$ 730,022)	(\$ 1,001,764)
Effect of retrospective application and retrospective restatement	271,742	730,022	\$ 1,001,764
Revaluation - gross	150,652	-	150,652
Revaluation - tax	38,245	-	38,245
Currency translation			
–Group	- (	41,576) (	41,576)
–Tax on Group	-	11,265	11,265
At March 31	<u>\$ 188,897</u>	<u>(\$ 30,311)</u>	<u>\$ 158,586</u>

(22) Operating revenue

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenue from contracts with customers:		
Sales revenue	\$ 8,475,300	\$ 6,810,661
Services revenue	17,328	30,956
Other operating revenue	53,514	37,242
	<u>\$ 8,546,142</u>	<u>\$ 6,878,859</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:

Three months ended March 31, 2022		Packages/ Modules			Other	Total
Sales revenue	\$ 6,219,357	\$ 2,072,209	\$ 183,734	\$ 8,475,300		
Services revenue	-	-	17,328	17,328		
Other operating revenue	-	-	53,514	53,514		
				<u>\$ 8,546,142</u>		
Three months ended March 31, 2021		Packages/ Modules			Other	Total
Sales revenue	\$ 4,415,111	\$ 2,357,456	\$ 38,094	\$ 6,810,661		
Services revenue	-	-	30,956	30,956		
Other operating revenue	-	-	37,242	37,242		
				<u>\$ 6,878,859</u>		

(23) Other income and expenses— net

	Three months ended March 31, 2022	Three months ended March 31, 2021
Other income		
Royalty and technical income	\$ 4,167	\$ 2,984
Government grants revenue	23,344	51,451
Total	<u>\$ 27,511</u>	<u>\$ 54,435</u>

(24) Interest income

	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest income from bank deposits	\$ 11,692	\$ 11,158
Other interest income	313	1,684
	<u>\$ 12,005</u>	<u>\$ 12,842</u>

(25) Other income

	Three months ended March 31, 2022	Three months ended March 31, 2021
Rental revenue	\$ 39,646	\$ 36,596
Dividend income	395	38,246
Government grant revenues	34,763	-
Miscellaneous income	51,615	48,453
	<u>\$ 126,419</u>	<u>\$ 123,295</u>

(26) Other gains and losses

	Three months ended March 31, 2022	Three months ended March 31, 2021
Gain (losses) on disposal of property, plant and equipment	\$ 7,740	(\$ 3,462)
Gain (losses) on disposal of investments	34,926	( 4,058)
Net currency exchange gains (losses)	120,149	( 11,793)
Losses on financial assets at fair value through profit or loss	( 23,167)	( 34,238)
Miscellaneous losses	( 13,367)	( 39,512)
	<u>\$ 126,281</u>	<u>(\$ 93,063)</u>

(27) Finance costs

	Three months ended March 31, 2022	Three months ended March 31, 2021
Interest expense	\$ 14,769	\$ 24,500
Other interest expense	13,540	8,142
	<u>\$ 28,309</u>	<u>\$ 32,642</u>

(28) Expenses by nature

	Three months ended March 31, 2022	Three months ended March 31, 2021
Employee benefit expenses	\$ 2,152,010	\$ 1,944,256
Depreciation charges on property, plant and equipment (Note)	\$ 1,247,723	\$ 1,199,086
Amortisation charges on intangible assets	\$ 65,211	\$ 62,517

Note: Depreciation amounting to \$15,081 and \$39,555 were recognized as miscellaneous expenses for the three months ended March 31, 2022 and 2021, respectively.

(29) Employee benefit expenses

	Three months ended March 31, 2022	Three months ended March 31, 2021
Wages and salaries	\$ 1,854,014	\$ 1,660,784
Labor and health insurance expenses	123,934	117,918
Pension costs	90,312	71,657
Other personnel expenses	83,750	93,897
	<u>\$ 2,152,010</u>	<u>\$ 1,944,256</u>

- A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 10%~20% and 2% of the distributable profit of the current year, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the three months ended March 31, 2022, employees' compensation and directors' remuneration were accrued at \$40,361 and \$8,072, respectively. For the three months ended March 31, 2021, the Company incurred loss and thus did not accrue employees' compensation and directors' and supervisors' remuneration.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Three months ended March 31, 2022	Three months ended March 31, 2021
Current tax:		
Current tax on profits for the period	\$ 8,192	\$ 23,008
Prior year income tax overestimation	( 107)	( 1,273)
Total current tax	<u>8,085</u>	<u>21,735</u>
Deferred tax:		
Origination and reversal of temporary differences	( 6,963)	273
Origination and reversal of offsetting deficits	<u>58,721</u>	<u>-</u>
Total deferred tax	<u>51,758</u>	<u>273</u>
Income tax expense	<u>\$ 59,843</u>	<u>\$ 22,008</u>



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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Change in fair value of financial assets at fair value through other comprehensive income	(\$ 71,406)	(\$ 38,245)
Currency translation differences	430	( 10,595)
Share of other comprehensive income of associates	( 3,779)	( 670)
Total	(\$ 74,755)	(\$ 49,510)

B. As the Company was established on January 6, 2021, no income tax returns were filed before. Income tax returns of the Company's significant subsidiaries, Epistar and Lextar through 2020 have been assessed and approved by the Tax Authority, respectively.

(31) Earnings (losses) per share

	Three months ended March 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	\$ 758,795	681,658	\$ 1.11
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 758,795	681,658	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	564	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 758,795	682,222	\$ 1.11
	Three months ended March 31, 2021		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Losses attributable to ordinary shareholders of the parent	(\$ 259,930)	677,290	(\$ 0.38)

(32) Business combinations

A. The Company acquired 100% ordinary shares of Lextar, primarily involved in manufacturing LED wafers, chips, packages and modules, in the way of share exchange. The Company expects to strengthen the strategic cooperative relationship after the acquisition.

- B. The following table summarises the consideration paid for Lextar and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>January 6, 2021</u>
Purchase consideration	
Equity instruments	\$ 11,724,646
Fair value of the non-controlling interest	<u>239,900</u>
	<u>11,964,546</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	3,763,629
Financial assets at fair value through profit or loss - current	20,629
Notes and accounts receivable (including related parties)	2,817,398
Other financial assets-current	456,787
Inventories	1,088,852
Other current assets	210,038
Financial assets at fair value through other comprehensive income-current	116,471
Non-current financial assets at amortised cost	39,340
Investments accounted for under equity method	270,320
Property, plant and equipment	4,885,659
Right-of-use assets	384,837
Investment property	463,943
Intangible assets	426,252
Deferred income tax asset	52,158
Other non-current asset	505,036
Financial liabilities at fair value through profit or loss - current	( 4,894)
Notes and accounts payables (including related parties)	( 2,284,242)
Payables on equipment	( 174,620)
Current lease liabilities	( 26,532)
Other current liabilities	( 1,176,593)
Non-current lease liabilities	( 387,498)
Other non-current liabilities	( 7,731)
Deferred income tax liabilities	( 228,957)
Total identifiable net assets	<u>11,210,282</u>
Goodwill	<u>\$ 754,264</u>

- C. The 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.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31, 2022	Three months ended March 31, 2021
Purchase of property, plant and equipment	\$ 700,896	\$ 1,092,325
Add: Opening balance of payable on equipment	1,210,113	2,068,474
Add: Ending balance of prepayment for equipment	354,943	281,286
Less: Ending balance of payable on equipment	( 1,143,371)	( 1,416,033)
Less: Opening balance of prepayment for equipment	( 189,420)	( 265,386)
Less: Acquired from business combinations	-	( 24,999)
Cash paid during the period	<u>\$ 933,161</u>	<u>\$ 1,735,667</u>

	Three months ended March 31, 2022	Three months ended March 31, 2021
Purchase of intangible assets	\$ 125,712	\$ 239
Add: Opening balance of payables (including non-current portion)	4,898	46,122
Less: Ending balance of payables (including non-current portion)	( 124,341)	( 33,977)
Cash paid during the period	<u>\$ 6,269</u>	<u>\$ 12,384</u>

B. Investing activities with partial cash received

	Three months ended March 31, 2022	Three months ended March 31, 2021
Sale of property, plant and equipment	\$ 19,393	\$ 16,167
Add: Opening balance of receivables	2,013	2,000
Less: Ending balance of receivables	( 2,732)	( 2,000)
Cash collected during the period	<u>\$ 18,674</u>	<u>\$ 16,167</u>

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Disposal proceeds	\$ 88,100	\$ -
Add: Opening balance of receivables	-	17,093
Less: Ending balance of receivables	-	( 17,093)
Net cash provided by disposal of subsidiaries and associates	<u>\$ 88,100</u>	<u>\$ -</u>

(34) 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	( 737,951)	143,486	( 22,174)	( 29,740)	7,990	( 638,389)
Effect of interest	-	-	-	6,448	-	6,448
Effects of losing control over a subsidiary	-	( 243,698)	-	-	-	( 243,698)
Impact of changes in foreign exchange rate	7,320	( 1)	26,093	24,167	4,939	62,518
At March 31, 2022	<u>\$ 2,748,546</u>	<u>\$ 4,038,952</u>	<u>\$ 880,930</u>	<u>\$ 1,558,004</u>	<u>\$ 170,211</u>	<u>\$ 9,396,643</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	-	-	-	414,030	2,894	416,924
Changes in cash flow from financing activities	25,131	931,412	( 25,327)	( 35,904)	( 521)	894,791
Effect of interest	-	-	-	5,697	-	5,697
Additions	-	-	352,387	-	-	352,387
Impact of changes in foreign exchange rate	( 3,370)	-	( 4,108)	2,239	( 766)	( 6,005)
At March 31, 2021	<u>\$ 1,559,335</u>	<u>\$ 4,269,556</u>	<u>\$ 891,471</u>	<u>\$ 1,672,368</u>	<u>\$ 117,015</u>	<u>\$ 8,509,745</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Country Lighting (BVI) Co., Ltd.	Associates
LEDAS Co., Ltd.	Associates
LEDOLUX Sp. Zo. O.	Associates
best Epitaxy Manufacturing Company Ltd.	Associates (Note 4)
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	Associates (Note 5)
Interlight Optotech (HK) Co., Limited	Associates
GCS Holdings, Inc.	Associates
Tekcore Co., Ltd.	Associates (Note 2)
Changzhou Chemsemi Co., Ltd.	Associates
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates (Note 3)
Chuzhou Bwin Technology Corp.	Associates
Tyntek Corporation	Associates
TE Opto Corporation	Associates
Cree International S.à.r.l	Other related parties (Note 1)
CreeLED Hong Kong LTD	Other related parties (Note 1)
CreeLED, Inc.	Other related parties (Note 1)
D-Tech Optoelectronics, Inc.	Other related parties
LEYARD EUROPE s.r.o.	Other related parties
Seoul Semiconductor Co., Ltd.	Other related parties

Names of related parties	Relationship with the Group
Seoul Viosys Co. ,Ltd.	Other related parties
AU Optronics (Kunshan) Co., Ltd.	Other related parties
AU Optronics (Xiamen) Corp.	Other related parties
AU Optronics (Suzhou) Corp Ltd.	Other related parties
AU Optronics Corp.	Other related parties
AUO Envirotech Inc.	Other related parties
Beijing Leyard Equipment Technology Co., Ltd.	Other related parties
Leyard Optoelectronic Co., Ltd.	Other related parties
Leyard TV Technology Co., Ltd.	Other related parties
LEADSTAR Micro-Crystal Display Corporation Ltd.	Other related parties
Shenzhen Leyard Opto-Electronic Co.,	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
Darwin Precisions Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Kunshan) Co., Ltd.	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties

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

Note 2: It is no longer the Company's other related party beginning on May, 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 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 5: 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:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Other related parties	\$ 206,376	\$ 592,622
Associates	242,823	180,385
Total	<u>\$ 449,199</u>	<u>\$ 773,007</u>

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

B. Purchases:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Other related parties	\$ 1,271	\$ 76,908
Associates	97,190	-
Total	<u>\$ 98,461</u>	<u>\$ 76,908</u>

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

C. Receivables from related parties:

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	\$ 350,191	\$ 749,273	\$ 446,542
Associates	344,886	326,437	216,016
Total	<u>\$ 695,077</u>	<u>\$ 1,075,710</u>	<u>\$ 662,558</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:

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	\$ 9,593	\$ 3,869	\$ 31,181
Associates	50,098	11,952	2,441
Total	<u>\$ 59,691</u>	<u>\$ 15,821</u>	<u>\$ 33,622</u>

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

E. Payables from related parties:

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	\$ 1,301	\$ 32,681	\$ 96,905
Associates	253,111	286,891	162,145
Total	<u>\$ 254,412</u>	<u>\$ 319,572</u>	<u>\$ 259,050</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:

	Three months ended March 31, 2022		Three months ended March 31, 2021	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	<u>\$ 7,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Key management compensation

	Three months ended March 31, 2022	Three months ended March 31, 2021
Salaries and other short-term employee benefits	\$ 48,128	\$ 54,305
Post-employment benefits	831	940
Share-based payment	( 13,768)	-
Total	<u>\$ 35,191</u>	<u>\$ 55,245</u>

## 8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	March 31, 2022	December 31, 2021	March 31, 2021	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 75,111	\$ 81,085	\$ 279,997	Payables for bankers' acceptance
Time deposits (Shown in "non-current financial assets at amortised cost and other non-current assets")	360,148	281,558	499,252	Lease deposit, performance bond, security for provisional attachment, customer deposit, collateral deposits for provisional seizure
Notes receivable	624,791	588,105	207,373	Short-term borrowings
Land, building and structures	551,754	332,163	554,646	Long-term borrowings
Machinery and office equipment	215,944	95,663	169,269	Long-term borrowings
	<u>\$ 1,827,748</u>	<u>\$ 1,378,574</u>	<u>\$ 1,710,537</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:

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	<u>\$ 1,339,412</u>	<u>\$ 1,219,671</u>	<u>\$ 1,688,961</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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 335,292	\$ 337,568	\$ 287,542
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	4,194,017	4,686,605	5,253,464
Financial assets at amortised cost			
Cash and cash equivalents	12,733,214	12,336,039	7,100,070
Financial assets at amortised cost	429,275	394,418	813,584
Notes receivable	1,939,261	1,622,419	1,218,813
Accounts receivable	10,928,583	11,653,001	8,702,804
Accounts receivable due from related parties	695,077	1,075,710	662,558
Other receivables	314,051	162,252	286,736
Other receivables due from related parties	59,691	15,821	33,622
Guarantee deposits paid	29,798	30,844	41,720
	<u>\$ 31,658,259</u>	<u>\$ 32,314,677</u>	<u>\$ 24,400,913</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities held for trading	\$ 25,442	\$ 12	\$ 8,811
Financial liabilities at amortised cost			
Short-term borrowings	2,748,546	3,479,177	1,559,335
Short-term notes payable	880,930	877,011	891,471
Notes payable	159,388	45,455	9,618
Accounts payable	3,928,003	4,396,401	4,177,024
Accounts payable to related parties	254,412	319,572	259,050
Other payables	6,801,566	5,843,445	4,663,182
Long-term borrowings (including current portion)	4,038,952	4,139,165	4,269,556
Long-term accounts payable	82,254	-	-
Guarantee deposits received	170,211	157,282	117,014
	<u>\$ 19,089,704</u>	<u>\$ 19,257,520</u>	<u>\$ 15,955,061</u>
Lease liabilities (including current portion)	<u>\$ 1,558,004</u>	<u>\$ 1,557,129</u>	<u>\$ 1,672,368</u>

### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The purpose of risk management is to minimise potential adverse effects arising from uncertainty on the Group's financial performance.
- (b) Risk management is carried out by treasury and finance departments of the Group under policies approved by the Board of Directors. Treasury and finance departments of the Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.



C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2022			
	Foreign currency amount <u>(in thousands)</u>			Book value <u>(in thousands of NTD)</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	347,690	28.6250	\$ 9,952,626
RMB:NTD		392,110	4.5060	1,766,848
<u>Non-monetary items</u>				
USD:NTD		103,972	28.6250	2,976,199
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		189,700	28.6250	5,430,163
RMB:NTD		178,854	4.5060	805,916
JPY:NTD		467,564	0.2353	110,018

	December 31, 2021			
	Foreign currency amount		Book value	
(Foreign currency: functional currency)	(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
	March 31, 2021			
	Foreign currency amount		Book value	
(Foreign currency: functional currency)	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 347,837	28.535	\$	9,925,529
RMB:NTD	486,016	4.344		2,111,254
<u>Non-monetary items</u>				
USD:NTD	100,494	28.535		2,867,596
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	113,087	28.535		3,226,938
RMB:NTD	232,053	4.344		1,008,038

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.

Three months ended March 31, 2022				
Unrealized exchange gain (loss)				
	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	28.6250	\$ 173,976
RMB:NTD		-	4.5060	52,187
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	28.6250	( 90,064)
RMB:NTD		-	4.5060	( 21,786)
JPY:NTD		-	0.2353	5,150
Three months ended March 31, 2021				
Unrealized exchange gain (loss)				
	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	28.535	(\$ 3,760)
RMB:NTD		-	4.344	( 10,865)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	28.535	( 959)
RMB:NTD		-	4.344	5,282

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

Three months ended March 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%	\$ 99,526	\$	-
RMB:NTD	1%	17,668		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	( 54,302)		-
RMB:NTD	1%	( 8,059)		-
JPY:NTD	1%	( 1,100)		-
Three months ended March 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%	\$ 99,255	\$	-
RMB:NTD	1%	21,113		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	( 32,269)		-
RMB:NTD	1%	( 10,080)		-

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the three months ended March 31, 2022 and 2021 would have increased/decreased by \$33,529 and \$33,757, 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 \$419,402 and \$468,661, respectively, as a result of other comprehensive income

classified as equity investment at fair value through other comprehensive income.

Interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
- ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$ 411 and \$ 1,271 for the three months ended March 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 March 31,2022, December 31,2021 and March 31,2021, the Group's written-off financial assets that are still under recourse procedures all amounted to \$18,628, \$18,628 and \$ 16,753, 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 March 31, 2022, December 31, 2021 and March 31, 2021, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>March 31, 2022</u>						
Expected loss rate	0~5%	0~6%	0~56%	0~100%	0~100%	
Total book value	\$ 13,471,631	\$ 281,672	\$ 128,980	\$ 69,985	\$ 1,105,298	\$ 15,057,566
Loss allowance	\$ 324	\$ 36,484	\$ 52,305	\$ 24,538	\$ 1,007,252	\$ 1,120,903
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2021</u>						
Expected loss rate	0%~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
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>March 31, 2021</u>						
Expected loss rate	0%~5%	0~5%	0~86%	0~100%	0~100%	
Total book value	\$ 10,103,117	\$ 439,655	\$ 309,772	\$ 120,212	\$ 871,309	\$ 11,844,065
Loss allowance	\$ 1,219	\$ 1,312	\$ 12,056	\$ 99,262	\$ 825,683	\$ 939,532
		Individual provision		Group provision	Total	
<u>March 31, 2022</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 1,093,142		\$ 13,964,424	\$ 15,057,566	
Loss allowance		\$ 1,087,580		\$ 33,323	\$ 1,120,903	
<u>December 31, 2021</u>						
Expected loss rate		45.4%~100%		0%~100%		
Total book value		\$ 1,079,258		\$ 14,545,537	\$ 15,624,795	
Loss allowance		\$ 1,067,601		\$ 27,991	\$ 1,095,592	
<u>March 31, 2021</u>						
Expected loss rate		86.45%~100%		0%~100%		
Total book value		\$ 883,753		\$ 10,960,312	\$ 11,844,065	
Loss allowance		\$ 883,753		\$ 55,779	\$ 939,532	

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

	2022	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 995,276	\$ 100,316
Provision for impairment	51,397	5,160
Reversal of impairment	( 31,792)	-
Effect of exchange rate changes	546	-
At March 31	<u>\$ 1,015,427</u>	<u>\$ 105,476</u>
	2021	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 858,748	\$ 42,481
Acquired from business combination	13,071	-
Provision for impairment	31,720	-
Reversal of impairment	( 6,384)	-
Effect of exchange rate changes	( 104)	-
At March 31	<u>\$ 897,051</u>	<u>\$ 42,481</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group held money market position of 12,956,967, \$12,561,323 and \$ 7,303,625, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	March 31, 2022	December 31, 2021	March 31, 2021
Floating rate:			
Expiring within one year	\$ 6,695,494	\$ 6,342,480	\$ 7,841,118
Expiring beyond one year	2,090,269	1,112,992	2,499,259
	<u>\$ 8,785,763</u>	<u>\$ 7,455,472</u>	<u>\$ 10,340,377</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:

March 31, 2022	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 2,748,546	\$ -	\$ -	\$ -
Short-term notes and bills payable	880,930	-	-	-
Financial liabilities at fair value through profit or loss	25,442	-	-	-
Notes payable	159,388	-	-	-
Accounts payable (including related parties)	4,182,415	-	-	-
Other payables	6,801,566	-	-	-
Lease liabilities	122,746	406,319	316,578	1,032,352
Long-term borrowings (including current portion)	123,892	3,976,597	28,153	-
Guarantee deposits received	167,164	3,047	-	-

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 3,479,177	\$ -	\$ -	\$ -
Short-term notes and bills payable	877,011	-	-	-
Financial liabilities at fair value through profit or loss	12	-	-	-
Notes payable	45,455	-	-	-
Accounts payable (including related parties)	4,715,973	-	-	-
Other payables	5,843,445	-	-	-
Lease liabilities	129,599	422,762	335,550	1,031,016
Long-term borrowings (including current portion)	132,337	4,049,438	41,315	-
Guarantee deposits received	154,232	3,050	-	-

Non-derivative financial liabilities:

March 31, 2021	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 1,559,335	\$ -	\$ -	\$ -
Short-term notes and bills payable	891,471	-	-	-
Financial liabilities at fair value through profit or loss	8,811	-	-	-
Notes payable	9,618	-	-	-
Accounts payable (including related parties)	4,436,074	-	-	-
Other payables	4,663,182	-	-	-
Lease liabilities	109,138	447,195	1,116,035	-
Long-term accounts payable (including current portion)	640,569	3,628,987	-	-
Guarantee deposits received	117,014	-	-	-

- 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.

	March 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>\$ 4,038,952</u>	<u>\$ -</u>	<u>\$ 4,028,506</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>

	March 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>\$ 4,269,556</u>	<u>\$ -</u>	<u>\$ 4,302,069</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 March 31, 2022, December 31, 2021 and March 31, 2021 is as follows:

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

March 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	\$ 115,561	\$ -	\$ 111,538	\$ 227,099
Beneficiary certificates	100,924	-	-	100,924
Derivatives	-	7,269	-	7,269
Financial assets at fair value through other comprehensive income				
Equity securities	457,814	-	3,736,203	4,194,017
Total	<u>\$ 674,299</u>	<u>\$ 7,269</u>	<u>\$ 3,847,741</u>	<u>\$ 4,529,309</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 25,442</u>	<u>\$ -</u>	<u>\$ 25,442</u>
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	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>

March 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	\$ 136,040	\$ -	\$ 83,987	\$ 220,027
Beneficiary certificates	54,271	-	-	54,271
Derivatives	-	-	13,244	13,244
Financial assets at fair value through other comprehensive income				
Equity securities	1,464,452	-	3,789,012	5,253,464
Total	<u>\$ 1,654,763</u>	<u>\$ -</u>	<u>\$ 3,886,243</u>	<u>\$ 5,541,006</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ -	\$ 8,811	\$ 8,811

(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 three months ended March 31, 2022 and 2021:

	2022	2021
	<u>Financial instruments</u>	<u>Financial instruments</u>
At January 1	\$ 4,245,029	\$ 4,102,935
Losses recognised in profit or loss	( 746)	( 30,291)
Losses recognised in other comprehensive income	( 424,905)	( 129,718)
Additions	22,530	-
Disposals	- (	43,525)
Acquired from business combination	-	8,811
Transfers into level 3	- (	21,084)
Effect of exchange rate changes	5,833	( 885)
At March 31	<u>\$ 3,847,741</u>	<u>\$ 3,886,243</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 March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,269,993	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	6,240	Market comparable companies	Enterprise value to operating income ratio multiple	3.2	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	301,241	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	29.82%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	40,776	Market comparable companies	Equity value multiple (P/B ratio) on March 31, 2022	1.47	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on March 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	209,826	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	19,665	Net asset value	N/A	-	N/A

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,728,982	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	5,258	Market comparable companies	Enterprise value to operating income ratio multiple	2.94	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	241,709	Market comparable companies	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

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 2,819,374	Market comparable companies	Price to book ratio multiple	1.10 ~ 6.95	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	8,510	Market comparable companies	Enterprise value to operating income ratio multiple	3.55	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	276,561	Market comparable companies	Price to earnings ratio multiple	15.68 ~ 22.52	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	762,594	Market comparable companies	Enterprise value to EBITDA ratio multiple	15.76 ~ 16.12	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.
De-an Venture Capital Co., Ltd.	19,204	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:

		March 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Multiple ±1%	\$ 1,115	(\$ 1,115)	\$ 37,362	(\$ 37,362)
		December 31, 2021			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change				
Financial assets					
Equity instrument	Multiple ±1%	\$ 1,123	(\$ 1,123)	\$ 41,327	(\$ 41,327)

			March 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%	\$ 840	(\$ 840)	\$ 37,890	(\$ 37,890)

(4) For the three months ended March 31, 2022, the impact of COVID-19 on the Group's business operations.

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. Although the outbreak of pandemic recurred during the first quarter in Mainland China, 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: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

#### (4) Major shareholders information

Major shareholders information: None.

### 14. SEGMENT INFORMATION

#### (1) General information:

The Group is engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and LED packages and modules. The Chief Operating Decision-Maker assesses performance by each operating result of each sub-group within the consolidated report.



(2) Segment information

The accounting policy of operating segments is provided in Note 4. The Chief Operating Decision-Maker assesses the performance of the operating segments based on the financial statements of operating segments. The measurement of profit is based on the income from continuing operations.

(3) Information about segment profit or loss, assets and liabilities:

The segment information provided to the Chief Operating Decision-Maker for the reportable segments and reconciliations is as follows:

Three months ended March 31, 2022

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 6,205,675	\$ 2,338,877	\$ 1,590	\$ 8,546,142
Segment income	594,681	121,990	( 72,895)	643,776
Segment assets	58,354,911	14,843,250	2,824,787	76,022,948

Three months ended March 31, 2021

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Adjustments and Elimination</u>	<u>Consolidated</u>
Revenues from external customers	\$ 4,563,295	\$ 2,315,564	\$ -	\$ -	\$ 6,878,859
Segment loss	( 361,806)	( 9,108)	4,558	-	( 366,356)
Segment assets	56,723,604	14,043,329	341,697	594,195	71,702,825

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Three months ended March 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 period from 1-Jan to 31-Mar-22	Balance at 31-Mar-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				
1	Epistar Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	\$ 300,000	\$ 300,000	\$ 150,000	1.56%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 300,000	\$ 3,859,288	\$ 11,577,863	Note 1
1	Epistar Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	1,000,000	1,000,000	-	1.70%	Short-term financing	-	Working capital	-	Promissory Note	1,000,000	3,859,288	11,577,863	Note 1
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	-	973,333	1,459,999	Note 2
2	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	360,480	360,480	90,120	4.35%	Short-term financing	-	Working capital	-	Promissory Note	360,480	973,333	1,459,999	Note 2
3	EPISTAR JV HOLDING(BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	70,294	70,294	70,294	3.18%	Short-term financing	-	Working capital	-	Promissory Note	70,294	4,013,378	4,013,378	Note 3
4	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	800,000	-	1.70%	Short-term financing	-	Working capital	-	None	-	1,007,862	4,031,446	Note 4
4	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	250,000	250,000	250,000	1.05%	Short-term financing	-	Working capital	-	Promissory Note	250,000	1,007,862	4,031,446	Note 4
5	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	540,720	540,720	180,420	1%~4.45%	Short-term financing	-	Working capital	-	None	-	1,007,862	2,952,635	Note 5

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period from	Balance at 31-Mar-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
					1-Jan to 31-Mar-22								Item	Value			
6	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	\$ 128,813	\$ 128,813	\$ -	2.25%	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 1,007,862	\$ 2,103,700	Note 6

Note 1: In accordance with Epistar Corporation's Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 2: In accordance with Epistar (Changzhou) Ltd. Procedures for Provision of Loans: the limit on loans granted to a single party is 20% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 3: 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 4: In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 40% of its net equity. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company will not be subject to the limit of 40% of the net worth of the lending subsidiary. However, these subsidiaries shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Note 5: In accordance with Lextar Electronics (Suzhou) Corp.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

Note 6: In accordance with Lextar (Singapore) Pte. Ltd.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation

ENNOSTAR INC. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Three months ended March 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2022	Outstanding endorsement/ guarantee amount at March 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
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	2	\$ 3,859,288	\$ 1,008,900	\$ 687,000	\$ 157,710	\$ -	1.78	\$ 7,718,576	N	N	Y	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd	2	3,859,288	229,000	229,000	-	-	0.59	7,718,576	N	N	Y	
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	3,859,288	1,150,000	950,000	807,369	-	2.46	7,718,576	N	N	N	
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	2	604,190	443,900	434,400	-	-	-	966,705	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)  
March 31, 2022

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	300,000	\$ 1,500	-	\$ 1,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	20,135	7.39	20,135	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	272,133	13.68	272,133	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	65,429	12.57	65,428	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,000,000	\$ 498,958	10.00	\$ 498,958	
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,664,355	42,523	3.02	42,523	
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	5,746,000	113,484	4.46	113,484	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	165,304	9.06	165,304	
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	301,241	19.90	301,241	
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,760,183	90,384	13.29	90,384	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Subsidiary	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	131,810	0.27	131,810	Note1

Table 3-2

				As of March 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	\$ -	2.11	\$ -	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.68	-	
Epistar Corporation	Nanocrystal Technology Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar 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	1,901,945	18.77	1,901,945	
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	22,530	5.00	Not listed. No market value available.	
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	22,670	15.00	Not listed. No market value available.	
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	40,284	1.14	Not listed. No market value available.	
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	3,961	4.08	Not listed. No market value available.	
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	-	

Table 3-3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	\$ -	8.99	\$ -	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	12,900	10.00	12,900	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	114,202	5.74	114,202	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	10,705,000	211,424	8.31	211,424	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	13,989	2.17	13,989	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	10,391	16.92	10,391	
Lighting Investment Corporation	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	50,000	-	6.20	-	

Table 3-4



				As of March 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corporation	De-an Venture Capoitai Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	\$ 19,665	10.77	\$ 19,665	
Lighting Investment Corporation	iReach Corporation (Stock)	Associates	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	5,851,182	115,561	4.54	115,561	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Subsidiary	Current financial assets at fair value through profit or loss	1,282,377	91,690	0.19	91,690	Note1
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	4,157,835	56,911	N/A	56,911	
Lighting Investment Ltd.	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	41,500	-	5.15	-	
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	49,878	2.73	49,878	

Table 3-5

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	\$ 40,640	2.04	\$ 40,640	
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	8,714	8.97	8,714	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	6,240	8.93	6,240	
Unikorn Semiconductor Corporation	Taishin 1699 Money Market Fund	None	Current financial assets at fair value through profit or loss	2,922,481	40,003	None	40,003	
GaNrich Semiconductor Corporation	Franklin Templeton Sinoam Money Market Fund (beneficiary certificates)	None	Current financial assets at fair value through profit or loss	383,255	4,009	N/A	4,009	
Lextar Electronics Corporation	Jhong Wei Corporation(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	106,000	-	-	-	Note 2
Wellybond Corporation	Wellysun Inc.(Stock)	Wellybond is a director of Wellysun Inc.	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	40,776	5.61	40,776	
Lextar Electronics (Suzhou) Corp.	Suzhou Hanhua Semiconductor Co., Ltd(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	-	162,216	3.58	162,216	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current investments in equity instruments at fair value through profit or loss	5,319,000	39,123	10.68	39,123	

Table 3-6

				As of March 31, 2022				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Liang Li Venture Corp.	best Epitaxy Manufacturing Company Ltd.	None	Non-current investments in equity instruments at fair value through profit or loss	950,000	\$ 6,987	1.91	\$ 6,987	

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

Note 2: The company registrations had been canceled.

ENNOSTAR INC. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Three months ended March 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 )				Balance as at March 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ENNOSTAR Inc.	Harvestar Investment Corp.	Investments accounted for under equity method	Subsidiary	Related	65,000,000	\$ 676,611	35,000,000	\$ 350,000	-	\$ -	\$ -	\$ -	100,000,000	\$ 1,032,357
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Subsidiary	Related	-	-	15,000,000	300,000	-	-	-	-	15,000,000	296,071
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Controlled by the same entity	Related	-	-	15,000,000	300,000	-	-	-	-	15,000,000	296,071

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

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

Three months ended March 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

		Transaction		Status of		If the counterparty is a related party,					Basis or		
Real estate		date or date	Transaction	collection		Relationship	information as to the last transfer of data			reference used in	Reason for acquisition of	Other	
disposed by	Real estate	of the event	amount	of proceeds	Counterparty	with the seller	Owner	Relationship between the issuer	Date of the transfer	Amount	setting the price	real estate and status of the real estate	commitments
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 development	None
Epistar Corporation	Lextar Electronics Corporation of Hsinchu Science Park Plant	2022/3/24	710,802	Installment based on agreement	Lextar Electronics Corporation	Epistar and Lextar were wholly owned by ENNOSTAR Inc.	AU Optronics Corp.	Related parties of Epistar and Lextar	2010/5/21	\$ 883,810	Experts' appraisal report and market price of nearby trading target	In response to the specialisation and strategical 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 aquisition 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

Three months ended March 31, 2022

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Lextar Electronics Corporation	Plant of Hsinchu Science Park	2022/3/24	2010/5/21	\$ 600,842	\$ 710,802	Installment based on agreement	\$ 109,960	Epistar Corporation	Wholly owned by ENNOSTAR Inc.	In response to the specialisation and strategical layout requirements of sub- group of ENNOSTAR Inc.	Appraisal report	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ENNOSTAR INC. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Three months ended March 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)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 1	Sales	(\$ 126,922)	( 28)	90 days after month-end closing	N/A	Normal	\$ 153,643	8	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 345,124)	( 77)	90 days after month-end closing	N/A	Normal	402,042	21	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 166,459)	( 9)	180 days after month-end closing	N/A	Normal	395,697	4	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 313,039)	( 16)	180 days after next month-end closing	N/A	Normal	670,515	7	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	( 156,524)	( 8)	90 days after month-end closing	N/A	Normal	180,877	2	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	( 352,772)	( 130)	150 days after month-end closing	N/A	Normal	682,880	26	
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 336,207)	( 124)	90 days after month-end closing	N/A	Normal	722,224	27	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	( 114,543)	( 92)	90 days after month-end closing	N/A	Normal	32,748	4	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 181,443)	( 145)	90 days after month-end closing	N/A	Normal	300,727	35	
Epistar Corporation	LEDAZ Co., Ltd	Note 1	Sales	( 92,595)	( 5)	90 days after month-end closing	N/A	Normal	240,837	3	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	( 287,082)	( 18)	OA 90 days~OA 120 days	N/A	Normal	495,329	22	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	( 896,288)	( 56)	OA 90 days~OA 120 days	N/A	Normal	1,239,811	54	

Transaction						Differences in transaction terms		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	Percentage of total notes/accounts receivable (payable)	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	\$ 181,443	18	90 days after month-end closing	N/A	Normal	(\$ 300,727) (	16)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	313,039	31	180 days after next month-end closing	N/A	Normal	( 670,515) (	35)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	336,207	33	90 days after month-end closing	N/A	Normal	( 722,224) (	38)	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	114,543	4	90 days after month-end closing	N/A	Normal	( 32,748) (	1)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	352,772	13	150 days after month-end closing	N/A	Normal	( 682,880) (	22)	
Epicrystal (Changzhou) Co., Ltd	Epistar Corporation	Note 1	Purchases	156,524	30	150 days after month-end closing	N/A	Normal	( 180,877) (	39)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	166,459	32	180 days after month-end closing	N/A	Normal	( 395,697) (	44)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	345,124	67	90 days after month-end closing	N/A	Normal	( 402,042) (	45)	
Epistar Corporation	LEDAZ Co., Ltd	Note 1	Purchases	-	-	90 days after month-end closing	N/A	Normal	( 155,470) (	5)	
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.		Purchases	126,922	10	90 days after month-end closing	N/A	Normal	( 153,643) (	9)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	896,288	82	OA 90 days~OA 120 days	N/A	Normal	( 1,239,811) (	81)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	287,082	96	OA 90 days~OA 120 days	N/A	Normal	( 495,329) (	99)	

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

Table 7-2



ENNOSTAR INC. AND SUBSIDIARIES

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

March 31, 2022

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable	Total		Amount	Action taken		
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 2	\$ 153,643	\$ -	\$ 153,643	5.85	\$ -	-	\$ -	\$ -
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	402,042	-	402,042	3.12	-	-	108,325	-
Epistar Corporation	LEDAZ Co., Ltd	Note 2	240,837	-	240,837	1.38	97,288	-	9,278	94,627
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2	167,237	21,277	188,514	1.29	3,338	-	28,933	-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	395,697	310	396,007	1.63	-	-	80,108	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	670,515	6,996	677,511	1.96	-	-	-	-
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 2	180,877	18,197	199,074	3.81	9,898	-	96,439	-
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	682,880	1,930	684,810	2.04	-	-	127,486	-
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	722,224	5,188	727,412	1.87	217,919	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	89,092	90,889	179,981	1.94	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable	Total		Amount	Action taken		
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	\$ 300,727	\$ -	\$ 300,727	2.48	\$ -	-	\$ -	-
Luxlite (Shenzhen) Corporation Limited	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	101,161	-	101,161	0.00	-	-	52,226	-
Epistar Corporation	Yenrich Technology Corporation	Note 2	78,557	112,684	191,241	2.31	4,162	-	7,597	-
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	7,851	479,199	487,050	0.25	644	-	88	-
ENNOSTAR Inc.	Epistar Corporation	Note 2	-	1,056,489	1,056,489	0.29	-	-	-	-
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 2	3,717	250,046	253,763	0.06	-	-	837	-
Lextar Electronics Corporation	Epistar Corporation	Note 2	328,353	41,512	369,865	0.00	-	-	-	-
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	145,802	-	145,802	2.72	-	-	28,171	-
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 2	1,225	180,240	181,465	0.02	15	-	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	1,239,811	-	1,239,811	2.97	263,738	-	189,777	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2	495,329	-	495,329	2.48	160,950	-	44,727	-
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Note 2	111,697	-	111,697	1.25	54,255	-	-	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$9,278 、\$3,291 、\$88 and \$9,898 from LEDAZ, Jiangsu Canyang, Episky(Xiamen), Unikorn and Epicrystal (Changzhou).

Note 2: Investee company accounted for under the equity method directly and indirectly.

Table 8-2

ENNOSTAR INC.AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Three months ended March 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.	Epistar Corporation	1	Other receivable	\$ 1,056,489	Based on contract terms	1.39
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	166,459	Conducted in the ordinary course of business with terms similar to those with third parties	1.95
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	313,039	Conducted in the ordinary course of business with terms similar to those with third parties	3.66
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	156,524	Conducted in the ordinary course of business with terms similar to those with third parties	1.83
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	114,543	Conducted in the ordinary course of business with terms similar to those with third parties	1.34
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Cost of goods sold	352,772	Conducted in the ordinary course of business with terms similar to those with third parties	4.13
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	167,237	Conducted in the ordinary course of business with terms similar to those with third parties	0.22
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	395,697	Conducted in the ordinary course of business with terms similar to those with third parties	0.52

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	\$ 670,515	Conducted in the ordinary course of business with terms similar to those with third parties	0.88
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	180,877	Conducted in the ordinary course of business with terms similar to those with third parties	0.24
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts payable	32,748	Conducted in the ordinary course of business with terms similar to those with third parties	0.04
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Accounts payable	682,880	Conducted in the ordinary course of business with terms similar to those with third parties	0.90
1	Epistar Corporation	Yenrich Technology Corporation	3	Other receivable	112,684	Based on contract terms	0.15
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	479,199	Conducted in the ordinary course of business with terms similar to those with third parties	0.63
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Sales	126,922	Conducted in the ordinary course of business with terms similar to those with third parties	1.49
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	345,124	Conducted in the ordinary course of business with terms similar to those with third parties	4.04
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	153,643	Conducted in the ordinary course of business with terms similar to those with third parties	0.20
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	402,042	Conducted in the ordinary course of business with terms similar to those with third parties	0.53

Table 9-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	\$ 336,207	Conducted in the ordinary course of business with terms similar to those with third parties	3.93
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	722,224	Conducted in the ordinary course of business with terms similar to those with third parties	0.95
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	181,443	Conducted in the ordinary course of business with terms similar to those with third parties	2.12
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	300,727	Conducted in the ordinary course of business with terms similar to those with third parties	0.40
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Other payable	160,414	Based on contract terms	0.21
5	Luxlite (Shenzhen) Corporation Limited	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	101,161	Conducted in the ordinary course of business with terms similar to those with third parties	0.13
6	Lextar Electronics Corporation	Epistar Corporation	3	Accounts receivable	328,353	Conducted in the ordinary course of business with terms similar to those with third parties	0.43
6	Lextar Electronics Corporation	Yenrich Technology Corporation	3	Other receivable	250,000	Loans granted	0.33
6	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts receivable	896,288	Conducted in the ordinary course of business with terms similar to those with third parties	10.49

Table 9-3

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	
6	Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	3	Accounts payable	\$ 1,239,811	Conducted in the ordinary course of business with terms similar to those with third parties	1.63
7	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	3	Other receivable	180,240	Loans granted	0.24
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	287,082	Conducted in the ordinary course of business with terms similar to those with third parties	3.36
8	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	495,329	Conducted in the ordinary course of business with terms similar to those with third parties	0.65
9	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Accounts receivable	111,697	Conducted in the ordinary course of business with terms similar to those with third parties	0.15

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

Three months ended March 31, 2022

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022				Net profit (loss) of the investee for the three months ended March 31, 2022	Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	\$ 10,210	\$ 10,210	3,100,000	58.59	\$ 6,666	(\$ 2,607)	(\$ 1,527)		
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	37,607,380	37,607,380	1,088,701,410	100.00	38,343,561	715,505	722,174		
ENNOSTAR Inc.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.12	461,959	( 170,662)	( 17,307)		
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,000,000	650,000	100,000,000	100.00	1,032,357	( 20,275)	( 20,275)		
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	11,625,492	124,305	124,306		
ENNOSTAR Inc.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	584,583	584,583	23,799,000	7.92	612,386	31,749	2,183	Note 1	
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	290,000	290,000	29,000,000	100.00	296,657	( 11,805)	( 11,805)		

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022					Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2022			
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 300,000	\$ -	15,000,000	5.63	\$ 296,071	(\$ 69,791)	(\$ 3,929)		
Calystar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	265,135	265,135	6,500,000	5.85	271,920	( 170,662)	( 11,811)		
Harvestar Investment Corp.	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.11	461,843	( 170,662)	( 17,270)		
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	113,931	113,931	4,777,000	1.59	119,213	31,749	438		
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	300,000	-	15,000,000	5.63	296,071	( 69,791)	( 3,929)		
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	45,087	18,298	4,206		
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,982,972	( 2,094)	( 1,745)		
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	現金 USD8,660,000	100.00	271,689	8,927	8,927		
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	2,161,814	2,161,814	251,478,518	100.00	2,015,282	( 18,397)	( 17,841)		

Table 10-2



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022					Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended	Investment income (loss) recognised by the Company for the three months ended March 31,	
									March 31, 2022	2022	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 1,100,000	\$ 1,106,350	110,000,000	41.29	\$ 428,152	(\$ 215,235)	(\$ 109,892)	
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,958	( 355)	( 174)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	44,241	2,546	1,019	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	385	( 1,658)	( 1,066)	
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	1,248	31,749	6	
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	58,071	10,135	357	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	17,976	( 6)	( 6)	
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	3,745,806	( 55,527)	( 45,760)	
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	288,419	4,862	3,640	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	現金 USD68,000,000	100.00	2,416,769	21,630	21,630	
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,370,156	4,291,894	現金 USD64,793,559	85.26	1,404,532	10,135	8,641	

Table 10-3

				Initial investment amount		Shares held as at March 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended	Investment income (loss) recognised by the Company for the three months ended March 31,	Footnote
									March 31, 2022	2022	
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	\$ -	\$ 93,582	-	-	\$ -	(\$ 611)	(\$ 1,778)	
Lighting Investment Ltd.	LEDAZ Co., Ltd	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	( 742)	( 14,167)	8,294	
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	516	12,806	429,000	30.00	11,937	( 403)	( 121)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	( 211)	-	-	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,145	3,800,000	100.00	275,340	207	207	
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	4,544,492	( 55,480)	( 55,480)	
Lighting Investment Corporation	LEDAZ Co., Ltd	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	3,862	( 14,167)	4,132	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	568,486	11,613	11,613	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	133,433	133,433	4,010,000	100.00	70,756	54	54	
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	56,322	56,322	10,000,000	14.69	149,084	( 10,745)	( 1,341)	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	113,173	10,135	696	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	67,101	64,301	4,428,000	83.39	( 13,966)	( 7,074)	( 5,809)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,454	( 140)	( 84)	

Table 10-4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022					Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2022			
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 11,599	\$ 11,599	1,757,000	13.52	\$ 4,034	(\$ 8,202)	(\$ 1,147)		
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	840	31,749	8	Note 1	
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	789	( 1,658)	( 175)		
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	373	( 25)	( 12)		
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	現金 USD5,200,000	3.31	161,087	( 59,413)	( 1,967)		
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	現金 RMB110,000,000	11.02	892,622	( 148,832)	( 16,738)		
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	現金 RMB29,100,000	12.13	138,575	5,586	678		
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	現金 RMB10,000,000	100.00	188,417	13,751	13,751		

Table 10-5

				Initial investment amount		Shares held as at March 31, 2022				Investment income (loss) recognised by the Company for the three months ended March 31, 2022		
Investor	Investee	Location	Main business activities	Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2022			Footnote
Unikorn Semiconductor Corporation	GCS Holding Inc.	USA	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 1,051	\$ 1,051	20,000	0.02	\$ 1,188	(\$ 170,662)	(\$ 8)		Note 1
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	2,709,310	2,709,310	90,270,000	100.00	2,629,625	46,936	46,936		
Lextar Electronics Corporation	Wellybond Optronics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	10,935	5	5		
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	161,603	3,443	3,443		
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,162,630	25,485	25,485		
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	3,000,000	100.00	124,674	( 883)	( 883)		
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	40,000,000	100.00	620,950	( 5,009)	( 5,009)		
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	40,126	( 1,937)	( 1,753)		
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.69	97,328	11,573	3,298		
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	1,304	31,749	-		

Table 10-6

				Initial investment amount		Shares held as at March 31, 2022					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income (loss)	Footnote
									of the investee for the three months ended March 31, 2022	recognised by the Company for the three months ended March 31, 2022	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	\$ 530,487	\$ 530,487	60,000,000	100.00	\$ 509,189	\$ 21,454	\$ 21,454	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	3,025	3,025	22,000	100.00	4,198	99	99	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	185,116	( 13,384)	( 2,638)	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	1,462	118	59	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.68	97,321	11,573	3,298	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	10,000	10,000	1,000,000	90.91	3,038	( 2,127)	( 1,934)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	33,000	33,000	2,200,000	16.92	23,317	( 8,202)	( 2,578)	Note 1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	250	250	16,810,000	24.70	250,652	( 10,745)	( 2,258)	
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	1,282	31,749	( 2)	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	89,270	89,270	6,185,000	9.09	92,224	( 10,745)	( 831)	

Table 10-7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022					Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2022	Investment income (loss) recognised by the Company for the three months ended March 31, 2022	
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	\$ 1,293	\$ 31,749	\$ -	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	137,100	6,717,900	49.00	72,122	( 14,124)	( 13,082)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	19,994	19,994	1,822,000	2.68	27,121	( 10,745)	( 245)	
Yenrich Technology Corporation	Tyntek Corporation	Taiwan	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,324	-	50,000	0.02	1,324	31,749	-	
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	( 1,568)	( 673)	( 673)	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	( 1,541)	( 673)	( 673)	

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. AND SUBSIDIARIES  
Information on investments in Mainland China  
Three months ended March 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 Mainland China/									Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted back to Taiwanfor the three months ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	
					Remitted to Mainland China	Remitted back to Taiwan							
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 1,946,500	2	\$ 1,946,500	\$ -	\$ -	\$ 1,946,500	\$ 21,630	100.00	\$ 21,630	\$ 2,323,886	\$ -	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	4,529	74.86	3,390	309,092	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	( 59,413)	76.95	( 45,721)	3,745,115	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	67	100.00	67	145,151	55,246	2(1)
KFESLighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	1,901,945	-	2(3)
Everlight Electronics (Fujian) Co., Ltd	Manufacturing and sales of LED backlight and related parts	715,625	2	-	-	-	-	-	-	-	-	-	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	-	11.80	-	-	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Amount remitted back to Taiwanfor the three months ended March 31, 2022								
					Accumulated amount of remittance from Taiwan to	Remitted to Mainland China							
					Remitted back to Taiwan	Remitted back to Taiwan							
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	(\$ 16,287)	\$ 8,714	\$ -	2(3)
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	9,939	95.66	9,695	1,575,776	-	2(3)

Table 11-2



Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2022			Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	\$ 3,722,205	2	\$ 3,585,860	\$ -	\$ -	\$ 3,585,860	\$ 79,532	100.00	\$ 79,532	\$ 3,579,441	-	2(2)
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	32,759	2	32,759	-	-	32,759	( 1,132)	100.00	( 1,132)	11,274	-	2(3)
Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	270,360	2	-	-	-	-	( 24,289)	48.33	( 10,079)	109,073	-	2(3)
Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,094,825	2	-	-	-	-	130,701	100.00	130,701	3,455,936	-	2(2)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	1,081,440	2	391,909	-	-	391,909	7,581	37.88	2,116	432,691	-	2(3)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	( 673)	36.47	( 673)	( 1,568)	-	2(3)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	\$ 11,821,685	\$ 12,878,566	\$ 24,239,017
Lextar Electronics Corporation	\$ 4,029,453	\$ 4,443,585	\$ 6,047,169

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 reviewed by the international accounting firm which has a cooperative relationship with the R.O.C. accounting firm;
2. The financial statements that are reviewed by the R.O.C. parent company's independent auditors;
3. The financial statements that are not reviewed by the independent auditors;
4. Others.

Note 3: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: The numbers in the table shall be expressed in NTD. Foreign currencies shall be translated into NTD at the exchange rate prevailing on the financial reporting date.

Note 5: The 'amounts' are expressed in thousands of New Taiwan dollars.

ENNOSTAR INC. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Three months ended March 31, 2022

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable		Provision of		Financing				
	Amount	%	Amount	%	Balance at March 31, 2022	%	Balance at March 31, 2022	Purpose	Maximum balance during three months ended March 31, 2022	Balance at March 31, 2022	Interest rate	Interest during the year ended March 31, 2022	Others
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	\$ 18,917	0.29	-	-	\$ 57,304	0.10	\$ -	-	\$ -	\$ -	-	\$ -	-
Lextar Electronics (Chuzhou) Corp.	11,306	0.18	-	-	11,686	0.02	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	60,152	0.93	1,557,532	143	167,237	0.29	229,000	-	-	-	-	-	-
Shenzhen Epikylin Optoelectronics Co.,Ltd	166,459	2.58	-	-	395,697	0.68	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	313,039	4.86	-	-	670,515	1.15	687,000	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	156,524	2.43	-	-	180,877	0.31	-	-	-	-	-	-	-
Fortech Electronics (Suzhou) Co., Ltd.	94,988	6.86	-	-	145,802	7.64	-	-	-	-	-	-	-
Shanghai Welight Electronic Co., LTD	36,997	23.36	-	-	111,697	50.59	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd. (	114,543) (	1.78)	-	-	( 32,748) (	0.06)	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	( 80,229) (	1.24)	-	-	( 50,656) (	0.09)	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	( 352,772) (	5.47)	-	-	395,697	0.68	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	( 896,288) (	82.27)	-	-	( 1,239,811) (	80.94)	-	-	-	-	-	-	-