

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2022 AND 2021

INDEPENDENT AUDITORS' REVIEW REPORT

PWCR22000174

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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods 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\$6,521,392 thousand and NT\$7,685,038 thousand, constituting 8.68% and 9.84% of the consolidated total assets as at September 30, 2022 and 2021, respectively, total liabilities amounted to NT\$795,141 thousand and NT\$2,322,565 thousand, constituting 4.54% and 9.64% of the consolidated total liabilities as at September 30, 2022 and 2021 respectively, and the total comprehensive (loss) income amounted to NT\$(173,310) thousand, NT\$(274,651) thousand, NT\$1,660 thousand and NT\$(750,198) thousand, constituting (169.12%), (23.88%), 0.24% and (47.49%) of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. The balance of these investments accounted for under the equity method amounting to NT\$2,606,929 thousand and NT\$1,498,926 thousand, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounting to NT\$310,882 thousand, NT\$36,029 thousand, NT\$407,498 thousand and NT\$84,732 thousand 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 September 30, 2022 and 2021, and its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods 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.

Li, Tien-Yi

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 3, 2022

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Assets		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 15,106,205	20	\$ 12,336,039	16	\$ 11,332,333	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		160,449	-	225,284	-	209,169	-
1136	Current financial assets at	6(4)						
	amortised cost		580,684	1	150,756	-	352,782	1
1150	Notes receivable, net	6(5)	1,706,639	2	1,622,419	2	1,303,301	2
1170	Accounts receivable, net	6(5)	9,162,480	12	11,653,001	15	11,956,070	15
1180	Accounts receivable - related	7						
	parties, net		401,119	1	1,075,710	2	824,622	1
1200	Other receivables		261,814	1	162,252	-	244,534	-
1210	Other receivables - related	7						
	parties		55,002	-	15,821	-	29,896	-
130X	Inventories	6(6)	5,471,678	7	5,688,379	8	5,807,885	7
1410	Prepayments		934,591	1	1,637,188	2	1,419,486	2
1470	Other current assets		13,628	-	36,680	-	166,383	-
11XX	Current Assets		<u>33,854,289</u>	<u>45</u>	<u>34,603,529</u>	<u>45</u>	<u>33,646,461</u>	<u>43</u>
Non-current assets								
1510	Non-current financial assets at	6(2)						
	fair value through profit or loss		85,619	-	112,284	-	65,371	-
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		4,248,055	6	4,686,605	6	4,902,464	6
1535	Non-current financial assets at	6(4)						
	amortised cost		178,994	-	243,662	-	165,290	-
1550	Investments accounted for	6(7)						
	under equity method		3,838,533	5	3,272,047	4	2,662,877	4
1600	Property, plant and equipment	6(8)	22,710,531	30	24,299,352	32	24,462,416	31
1755	Right-of-use assets	6(9)	2,081,234	3	1,915,756	3	1,952,370	3
1760	Investment property, net		710,174	1	685,575	1	693,616	1
1780	Intangible assets	6(10)	4,953,476	7	4,941,663	6	4,848,465	6
1840	Deferred income tax assets	6(33)	1,698,904	2	1,785,253	2	4,080,082	5
1900	Other non-current assets		750,465	1	343,456	1	640,963	1
15XX	Non-current assets		<u>41,255,985</u>	<u>55</u>	<u>42,285,653</u>	<u>55</u>	<u>44,473,914</u>	<u>57</u>
1XXX	Total assets		<u>\$ 75,110,274</u>	<u>100</u>	<u>\$ 76,889,182</u>	<u>100</u>	<u>\$ 78,120,375</u>	<u>100</u>

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ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2022, DECEMBER 31, 2021 AND SEPTEMBER 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2022		December 31, 2021		September 30, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 667,343	1	\$ 3,479,177	5	\$ 4,722,870	6
2110	Short-term notes and bills payable	6(15) and 8	953,905	1	877,011	1	796,300	1
2120	Financial liabilities at fair value through profit or loss - current	6(14)	88,963	-	12	-	951	-
2150	Notes payable		210,329	-	45,455	-	10,246	-
2170	Accounts payable		2,628,494	4	4,396,401	6	4,058,201	5
2180	Accounts payable - related parties	7	288,830	-	319,572	-	448,782	1
2200	Other payables	6(16) and 7	5,188,669	7	5,843,445	8	5,266,917	7
2230	Current income tax liabilities		22,282	-	30,370	-	72,835	-
2280	Current lease liabilities		107,863	-	107,868	-	112,666	-
2320	Long-term liabilities, current portion	6(17) and 8	101,767	-	131,683	-	131,684	-
2399	Other current liabilities - others		446,364	1	533,353	1	504,260	1
21XX	Current Liabilities		<u>10,704,809</u>	<u>14</u>	<u>15,764,347</u>	<u>21</u>	<u>16,125,712</u>	<u>21</u>
Non-current liabilities								
2540	Long-term borrowings	6(17) and 8	4,076,300	5	4,007,482	5	3,977,350	5
2570	Deferred income tax liabilities	6(33)	402,773	1	429,338	-	1,867,426	2
2580	Non-current lease liabilities		1,639,279	2	1,449,261	2	1,470,937	2
2600	Other non-current liabilities	6(20)	701,460	1	633,711	1	642,750	1
25XX	Non-current liabilities		<u>6,819,812</u>	<u>9</u>	<u>6,519,792</u>	<u>8</u>	<u>7,958,463</u>	<u>10</u>
2XXX	Total Liabilities		<u>17,524,621</u>	<u>23</u>	<u>22,284,139</u>	<u>29</u>	<u>24,084,175</u>	<u>31</u>
Equity attributable to owners of parent company								
Share capital								
3110	Share capital - common stock	6(21)	7,547,840	10	6,852,514	9	6,852,514	9
Capital surplus								
3200	Capital surplus	6(22)	46,611,989	62	43,830,638	57	43,237,747	55
Retained earnings								
3310	Legal reserve	6(23)	216,945	-	-	-	-	-
3320	Special reserve		290,598	-	-	-	-	-
3350	Unappropriated retained earnings		1,084,623	2	2,169,446	3	1,727,013	2
Other equity interest								
3400	Other equity interest	6(24)	11,308	-	(235,543)	-	89,629	-
3500	Treasury stocks	6(21)	(294,810)	-	(294,810)	(1)	(294,810)	-
31XX	Equity attributable to owners of the parent		<u>55,468,493</u>	<u>74</u>	<u>52,322,245</u>	<u>68</u>	<u>51,612,093</u>	<u>66</u>
36XX	Non-controlling interest		<u>2,117,160</u>	<u>3</u>	<u>2,282,798</u>	<u>3</u>	<u>2,424,107</u>	<u>3</u>
3XXX	Total equity		<u>57,585,653</u>	<u>77</u>	<u>54,605,043</u>	<u>71</u>	<u>54,036,200</u>	<u>69</u>
Significant events after the balance sheet date								
3X2X	Total liabilities and equity	11	<u>\$ 75,110,274</u>	<u>100</u>	<u>\$ 76,889,182</u>	<u>100</u>	<u>\$ 78,120,375</u>	<u>100</u>

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(25) and 7	\$ 6,684,302	100	\$ 10,328,714	100	\$ 23,011,170	100	\$ 26,572,474	100
5000 Operating costs	6(6) and 7	(5,806,361)	(87)	(7,765,096)	(75)	(18,497,390)	(80)	(20,942,672)	(79)
5900 Operating margin		877,941	13	2,563,618	25	4,513,780	20	5,629,802	21
5910 Unrealized profit from sales		(139)	-	(3,786)	-	(50)	-	(1,327)	-
5920 Realized profit (loss) from sales		1	-	-	-	(40)	-	1,590	-
5950 Net operating margin		877,803	13	2,559,832	25	4,513,690	20	5,630,065	21
Operating expenses	6(31)(32)								
6100 Selling expenses		(217,077)	(3)	(220,365)	(2)	(670,289)	(3)	(653,001)	(3)
6200 General and administrative expenses		(472,963)	(7)	(629,209)	(6)	(1,515,499)	(6)	(1,647,731)	(6)
6300 Research and development expenses		(695,211)	(11)	(648,950)	(6)	(1,998,532)	(9)	(1,970,698)	(7)
6450 Expected credit profit (loss)		48,674	1	(40,145)	(1)	14,701	-	(126,603)	(1)
6000 Total operating expenses		(1,336,577)	(20)	(1,538,669)	(15)	(4,199,021)	(18)	(4,398,033)	(17)
6500 Other income and expenses - net	6(26)	21,910	-	34,850	-	68,296	-	129,734	1
6900 Operating profit (loss)		(436,864)	(7)	1,056,013	10	382,965	2	1,361,766	5
Non-operating income and expenses									
7100 Interest income	6(27)	29,344	-	8,520	-	60,228	-	31,669	-
7010 Other income	6(28)	121,268	2	131,872	1	376,366	2	390,837	1
7020 Other gains and losses	6(29) and 7	141,569	2	202,114	2	337,698	1	186,847	1
7050 Finance costs	6(30)	(35,128)	-	(43,015)	-	(98,845)	(1)	(104,842)	-
7055 Expected credit losses		(1,299)	-	-	-	(7,881)	-	(57,835)	-
7060 Share of loss of associates and joint ventures accounted for under equity method		(362,085)	(5)	(121,531)	(1)	(542,270)	(2)	(198,870)	(1)
7000 Total non-operating income and expenses		(106,331)	(1)	177,960	2	125,296	-	247,806	1
7900 Profit (loss) before income tax		(543,195)	(8)	1,233,973	12	508,261	2	1,609,572	6
7950 Income tax (expense) benefit	6(33)	21,493	-	(49,349)	(1)	(130,976)	-	(121,273)	-
8200 Profit (loss) for the period		(\$ 521,702)	(8)	\$ 1,184,624	11	\$ 377,285	2	\$ 1,488,299	6

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ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amounts)
(UNAUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2022		2021		2022		2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8311	Loss on remeasurements of defined benefit plans	6(18)	\$ -	-	(\$ 1,351)	-	\$ -	-	(\$ 1,351)	-
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(3)	372,138	5	15,430	-	(448,914)	(2)	317,325	1
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss		(2,731)	-	1,351	-	(30,284)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(33)	(24,795)	-	(44,665)	-	15,886	-	(62,867)	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		344,612	5	(29,235)	-	(463,312)	(2)	253,107	1
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Cumulative translation differences of foreign operations		96,548	2	(3,397)	-	325,927	1	(188,109)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		183,030	3	-	-	441,741	2	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(33)	(8)	-	(1,667)	-	(557)	-	26,342	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		279,570	5	(5,064)	-	767,111	3	(161,767)	(1)
8300	Other comprehensive income (loss)		\$ 624,182	10	(\$ 34,299)	-	\$ 303,799	1	\$ 91,340	-
8500	Total comprehensive income		\$ 102,480	2	\$ 1,150,325	11	\$ 681,084	3	\$ 1,579,639	6
Profit (loss) attributable to:										
8610	Equity holders of the parent company		(\$ 357,722)	(5)	\$ 1,296,371	12	\$ 789,822	4	\$ 1,736,600	7
8620	Non-controlling interest		(\$ 163,980)	(3)	(\$ 111,747)	(1)	(\$ 412,537)	(2)	(\$ 248,301)	(1)
Comprehensive income (loss) attributable to:										
8710	Equity holders of the parent company		\$ 235,333	4	\$ 1,270,023	12	\$ 1,037,246	5	\$ 1,834,372	7
8720	Non-controlling interest		(\$ 132,853)	(2)	(\$ 119,698)	(1)	(\$ 356,162)	(2)	(\$ 254,733)	(1)
Earnings (loss) per share										
9750	Total basic earnings (loss) per share	6(34)	(\$ 0.48)		\$ 1.91		\$ 1.12		\$ 2.56	
9850	Total diluted earnings (loss) per share	6(34)	(\$ 0.48)		\$ 1.91		\$ 1.12		\$ 2.56	

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												
		Retained earnings					Other equity interest					
						Unappropriated retained earnings(accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve							
<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
Profit (loss) for the period	6(23)	-	-	-	-	1,736,600	-	-	-	1,736,600	(248,301)	1,488,299
Other comprehensive income(loss) for the period	6(24)	-	-	-	-	(856)	(155,856)	254,484	-	97,772	(6,432)	91,340
Total comprehensive income(loss)		-	-	-	-	1,735,744	(155,856)	254,484	-	1,834,372	(254,733)	1,579,639
Issuance of ordinary shares under business combination		1,416,020	10,308,626	-	-	-	-	-	-	11,724,646	239,900	11,964,546
Changes in ownership interests in subsidiaries accounted for using equity method	6(22)	-	274,076	-	-	-	-	-	-	274,076	-	274,076
Difference between consideration and carrying amount of subsidiaries acquired and disposed		-	(7,754)	-	-	-	(6,697)	-	(14,451)	-	-	(14,451)
Proceeds from treasury shares transferred to employees		-	-	-	-	-	-	-	190,327	190,327	-	190,327
Non-controlling interests		-	-	-	-	-	-	-	-	-	335,025	335,025
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	-	-	-	(8,731)	-	(2,302)	-	(11,033)	-	(11,033)
Net change in equity of associates and joint ventures	6(22)	-	6,777	-	-	-	-	-	-	6,777	-	6,777
Expiration of restricted employee stock	6(22)	(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 September 30, 2021		\$ 6,852,514	\$ 43,237,747	\$ -	\$ -	\$ 1,727,013	(\$ 162,553)	\$ 252,182	(\$ 294,810)	\$ 51,612,093	\$ 2,424,107	\$ 54,036,200
<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(23)	-	-	-	-	789,822	-	-	-	789,822	(412,537)	377,285
Other comprehensive income(loss) for the period	6(24)	-	-	-	-	(14,930)	714,084	(451,730)	-	247,424	56,375	303,799
Total comprehensive income(loss)		-	-	-	-	774,892	714,084	(451,730)	-	1,037,246	(356,162)	681,084
Appropriation of 2021 earnings												
Legal reserve		-	-	216,945	-	(216,945)	-	-	-	-	-	-
Special reserve		-	-	-	290,598	(290,598)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,365,881)	-	-	-	(1,365,881)	-	(1,365,881)
Proceeds from issuance of share capital		700,000	2,927,400	-	-	-	-	-	-	3,627,400	-	3,627,400
Changes in ownership interests in subsidiaries accounted for using equity method	6(22)	-	(139,259)	-	-	-	-	-	-	(139,259)	-	(139,259)
Net change in equity of associates and joint ventures	6(24)	-	16,707	-	-	(1,797)	-	-	-	14,910	-	14,910
Difference between consideration and carrying amount of subsidiaries acquired and disposed		-	-	-	-	-	3	-	-	3	-	3
Proceeds from treasury shares transferred to employees	6(19)(20)	-	(971)	-	-	-	-	-	-	(971)	-	(971)
Non-controlling interests		-	-	-	-	-	-	-	-	-	190,524	190,524
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(24)	-	-	-	-	15,506	-	(15,506)	-	-	-	-
Expiration of restricted employee stock	6(22)	(4,674)	(22,526)	-	-	-	-	-	-	(27,200)	-	(27,200)
Balance at September 30, 2022		\$ 7,547,840	\$ 46,611,989	\$ 216,945	\$ 290,598	\$ 1,084,623	\$ 307,552	(\$ 296,244)	(\$ 294,810)	\$ 55,468,493	\$ 2,117,160	\$ 57,585,653

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Nine months ended September 30	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 508,261	\$ 1,609,572
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(31)	3,719,199	3,751,845
Amortization	6(10)(31)	193,663	175,728
Expected credit losses		22,582	184,438
Net loss on financial assets at fair value through profit or loss	6(29)	326,180	24,221
Interest expense	6(30)	98,845	104,842
Interest income	6(27)	(60,228)	(31,669)
Dividend income	6(28)	(44,296)	(103,090)
Share of loss of associates and joint ventures accounted for under the equity method	6(7)	542,270	198,870
(Gain) loss on disposal of property, plant and equipment	6(29)	(44,747)	17,895
Loss on disposal of intangible assets	6(29)	2,932	-
Gain on disposal of non-current assets held for sale		-	(179,204)
Gain on disposal of investments		(59,308)	(250,697)
Impairment loss on non-financial assets		-	35,178
Unrealized loss from sales		50	1,327
Realized loss (profit) from sales		40	(1,589)
Other income from recognition of long-term deferred revenues	6(20)	(60,700)	(101,212)
Property, plant and equipment transferred to expense		2,414	17,687
Expenses transferred to intangible assets		-	(6,519)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(148,504)	(28,198)
Notes receivable		(36,830)	(235,255)
Accounts receivable		3,250,989	(3,604,478)
Other receivables		(153,937)	(129,025)
Inventories		242,708	(1,580,112)
Prepayments		649,778	(273,978)
Other current assets		23,164	668,196
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		(204,674)	1,793
Notes payable		19,747	(727)
Accounts payable		(1,802,442)	368,683
Other payables		(853,142)	742,524
Other current liabilities		(249,501)	43,563
Other non-current liabilities		17,506	146,788
Cash inflow generated from operations		5,902,019	1,567,397
Interest received		52,302	35,152
Dividend received		54,842	104,055
Interest paid		(83,771)	(87,837)
Income tax paid		(49,342)	(148,394)
Net cash flows from operating activities		5,876,050	1,470,373

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Nine months ended September 30	
	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 189,028)	(\$ 765,140)
Proceeds from disposal of financial assets at fair value through other comprehensive income		178,787	342,501
Increase in current financial assets at amortised cost		(367,675)	(518,072)
Acquisition of investments accounted for under the equity method		(299,087)	(112,285)
Proceeds from disposal of investments accounted for under the equity method		-	7,306
Proceeds from disposal of non-current assets held for sale		-	430,000
Proceeds from disposal of subsidiaries		88,100	-
Decrease in changes of consolidated entities		(448,335)	-
Acquisition of property, plant and equipment	6(36)	(3,079,024)	(3,715,607)
Proceeds from disposal of property, plant and equipment	6(36)	214,334	160,115
Acquisition of intangible assets	6(36)	(102,317)	(24,197)
Proceeds from disposal of intangible assets		4,503	12,310
Increase in refundable deposits		(21,393)	(626)
Decrease in other non-current assets		41,978	284,258
Effect on initial consolidation of subsidiaries		-	3,763,629
Cash refund from financial assets capital reduction		-	66,929
Decrease in other financial assets		-	195,000
Net cash flows (used in) from investing activities		(3,979,157)	126,121
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(2,847,525)	3,194,389
Increase (decrease) in short-term notes and bill payable		55,307	(74,910)
Proceeds from long-term loans		411,850	1,764,223
Repayment of long-term loans		(372,948)	(993,333)
Increase in guarantee deposits received		11,721	33,462
Repayment of principal portion of lease liabilities		(93,794)	(114,750)
Proceeds from issuance of share capital		3,627,400	-
Cash dividends paid		(1,365,881)	-
Proceeds from treasury shares transferred to employees		-	190,327
Increase in cash paid for acquisition of non-controlling interests		600,000	625,645
Net cash flows from financing activities		26,130	4,625,053
Effects of foreign currency exchange		847,143	(117,225)
Net increase in cash and cash equivalents		2,770,166	6,104,322
Cash and cash equivalents at beginning of period		12,336,039	5,228,011
Cash and cash equivalents at end of period		\$ 15,106,205	\$ 11,332,333

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

ENNOSTAR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

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 November 3, 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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 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:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 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%	100%	Note 5 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	75.96%	58.59%	58.59%	Note 5 Note 6 Note 11
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	17.62%	-	-	Note 2
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	19.09%	-	-	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
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	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	49.00%	Note 1 Note 5 Note 6
Epistar Corporation	Full Star Enterprises Limited	Professional investment	100%	100%	100%	Note 5 Note 6
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	14.69%	53.29%	53.29%	Note 2 Note 5
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%	85.26%	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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	93.38%	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	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	9.70%	12.12%	12.12%	Note 5 Note 8 Note 12
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	83.39%	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%	30.85%	Note 5 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
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 5 Note 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
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	40.30%	37.88%	37.88%	Note 5 Note 8 Note 12
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
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	90.50%	90.50%	90.50%	Note 5 Note 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.69%	31.69%	Note 5 Note 6
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	100%	Note 5 Note 6 Note 12
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.55%	-	-	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.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.09%	9.09%	9.09%	Note 5 Note 6 Note 12
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50.00%	50.00%	50.00%	Note 5 Note 6
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	29.84%	24.70%	8.54%	Note 5 Note 6 Note 12
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.68%	31.68%	Note 5 Note 6
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	86.96%	90.91%	90.91%	Note 5 Note 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
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	49.00%	100%	100%	Note 3 Note 5 Note 7

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

Note 2: Unikorn Semiconductor Corporation increased its capital in the third quarter of 2021. Epistar did not participate in the capital increases, therefore, Epistar's shareholding ratio was decreased to 53.29% on September 30, 2021. ENNOSTAR Inc. and Harvestar Investment Corp. had participated in the capital increase of Unikorn in the first quarter of 2022, and acquired part of shares of Unikorn from Epistar due to the reorganization in the second quarter of 2022, therefore, ENNOSTAR, Harvestar and Epistar's shareholding ratios were 17.62%, 19.09% and 14.69% on September 30, 2022, respectively.

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

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

Note 5: The financial statements of the entity as of and for the nine months ended September 30, 2021 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 6: The financial statements of the entity as of and for the nine months ended September 30, 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 7: Newly invested or established companies in 2021.

Note 8: Because of the changes of control power, it was not consolidated in the entity since January 2022.

Note 9: The liquidation was completed on January, 2022, as the company will not continue its operation.

Note 10: On January 6, 2021, Epistar and Lextar became subsidiaries through a share exchange transaction with the parent company. Epistar, Lextar and their subsidiaries were consolidated in the financial statements thereafter.

Note 11: Amengine Corporation was originally held by Yenrich Technology Corporation and subsequently held by ENNOSTAR Inc. in the third quarter of 2021 as a result of reorganization.

Note 12: Yenrich Technology Corporation and ProLight Opto Technology Corporation were originally held by Epistar and subsequently held by Lextar in the third quarter of 2021 as a result of reorganization. Also, investees of Yenrich Technology Corporation and ProLight Opto Technology Corporation were held by Lextar.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) 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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand and petty cash	\$ 1,002	\$ 918	\$ 1,213
Checking accounts and demand deposits	3,280,965	3,816,612	4,214,550
Time deposits	10,860,238	7,289,316	5,642,364
Bonds sold under repurchase agreement	964,000	1,229,193	1,474,206
	<u>\$ 15,106,205</u>	<u>\$ 12,336,039</u>	<u>\$ 11,332,333</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

<u>Items</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 57,160	\$ 69,150	\$ 87,150
Listed stocks	193,439	193,439	193,439
Derivatives	770	17,814	1,566
	<u>251,369</u>	<u>280,403</u>	<u>282,155</u>
Valuation adjustment	(90,920)	(55,119)	(72,986)
	<u>160,449</u>	<u>225,284</u>	<u>209,169</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	298,307	321,358	275,248
Valuation adjustments	(212,688)	(209,074)	(209,877)
	<u>85,619</u>	<u>112,284</u>	<u>65,371</u>
	<u>\$ 246,068</u>	<u>\$ 337,568</u>	<u>\$ 274,540</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:

<u>September 30, 2022</u>			
<u>Financial instruments</u>	<u>Notional principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward foreign exchange contract - sell	USD 43,180	USD to NTD	2022.10.03~2022.12.05
Forward foreign exchange contract - sell	USD 47	USD to JPY	2022.10.24~2022.12.23
Forward foreign exchange contract - sell	USD 18,000	USD to RMB	2022.10.25~2022.11.24
<u>December 31, 2021</u>			
<u>Financial instruments</u>	<u>Notional principal (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
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

September 30, 2021

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 26,500	USD to NTD	2021.10.12~2022.02.10
Forward foreign exchange contract - sell	USD 73	USD to JPY	2021.10.22~2021.12.24
Forward foreign exchange contract - sell	USD 22,000	USD to RMB	2021.10.26~2022.03.24

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export and import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

B. The net gain (loss) recognized by the Group amounted to (\$111,517), \$33,231, (\$326,180) and (\$24,221) for the three months and the nine months ended September 30, 2022 and 2021, respectively.

C. Information on credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,177,133	\$ 714,661	\$ 910,454
Unlisted stocks	3,697,008	4,121,556	3,990,744
	4,874,141	4,836,217	4,901,198
Valuation adjustment	(626,086)	(149,612)	1,266
	\$ 4,248,055	\$ 4,686,605	\$ 4,902,464

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 \$4,248,055, \$4,686,605 and \$4,902,464 as at September 30, 2022, December 31, 2021 and September 30, 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 September 30, 2022	Three months ended September 30, 2021
Fair value change recognised in other comprehensive income	\$ 372,138	\$ 15,430
Dividend income recognized in profit or loss held at end of period	\$ 9,579	\$ 37,554
Equity instruments at fair value through other comprehensive income	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Fair value change recognised in other comprehensive income (loss)	(\$ 448,914)	\$ 317,325
Dividend income recognized in profit or loss held at end of period	\$ 44,296	\$ 103,090

C. As of September 30, 2022, December 31, 2021 and September 30, 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 \$4,248,055, \$4,686,605 and \$4,902,464, 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	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Others	\$ 580,684	\$ 150,756	\$ 352,782
Non-current items:			
Others	\$ 178,994	\$ 243,662	\$ 165,290

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

	Three months ended September 30, 2022	Three months ended September 30, 2021
Interest income	\$ 2,419	\$ 1,122
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Interest income	\$ 3,816	\$ 3,074

B. As of September 30, 2022, December 31, 2021 and September 30, 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 \$759,678, \$394,418 and \$518,072, 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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 2,590,627	\$ 2,506,407	\$ 2,187,289
Less: Allowance for uncollectible accounts	(883,988)	(883,988)	(883,988)
	\$ 1,706,639	\$ 1,622,419	\$ 1,303,301
Accounts receivable	\$ 9,193,932	\$ 11,695,601	\$ 11,989,356
Less: Allowance for uncollectible accounts	(31,452)	(42,600)	(33,286)
	\$ 9,162,480	\$ 11,653,001	\$ 11,956,070

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

	September 30, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 8,493,233	\$ 1,706,639	\$ 11,217,706	\$ 1,622,419
Up to 30 days	451,497	-	239,277	-
31 to 90 days	128,351	-	83,745	-
91 to 180 days	12,430	-	22,863	-
Over 180 days	108,421	883,988	132,010	883,988
	<u>\$ 9,193,932</u>	<u>\$ 2,590,627</u>	<u>\$ 11,695,601</u>	<u>\$ 2,506,407</u>

	September 30, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 11,637,321	\$ 1,303,301
Up to 30 days	167,550	-
31 to 90 days	34,538	-
91 to 180 days	93,582	-
Over 180 days	56,365	883,988
	<u>\$ 11,989,356</u>	<u>\$ 2,187,289</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had outstanding discounted notes receivable amounting to \$682,605, \$209,538 and \$495,300, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. However, the credit rating of the aforesaid acceptance bank is extremely high, and the Group judges that the discounted notes receivable meets the requirements for delisting financial assets and will be deducted from notes receivable directly.

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

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

E. As of September 30, 2022, December 31, 2021 and September 30, 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 \$1,706,639, \$1,622,419 and \$1,303,301; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$9,162,480, \$11,653,001 and \$11,956,070, respectively.

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

(6) Inventories

	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,412,480	(\$ 108,887)	\$ 1,303,593
Work in progress	1,992,026	(242,418)	1,749,608
Finished goods	2,810,480	(392,003)	2,418,477
	<u>\$ 6,214,986</u>	<u>(\$ 743,308)</u>	<u>\$ 5,471,678</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>
	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,703,396	(\$ 114,202)	\$ 1,589,194
Work in progress	2,625,147	(275,876)	2,349,271
Finished goods	2,151,048	(281,628)	1,869,420
	<u>\$ 6,479,591</u>	<u>(\$ 671,706)</u>	<u>\$ 5,807,885</u>

The cost of inventories recognised as expense for the three months and the nine months ended September 30, 2022 and 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Cost of goods sold	\$ 4,868,527	\$ 7,610,217
Scrap loss	3,788	14,961
Loss on market price decline (recovery benefits in market value)	139,193 (	17,047)
Loss on idle capacity	857,673	158,271
Other	(62,820)	(1,306)
	<u>\$ 5,806,361</u>	<u>\$ 7,765,096</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cost of goods sold	\$ 16,839,440	\$ 20,828,300
Scrap loss	10,681	75,662
Loss on market price decline (recovery benefits in market value)	208,540 (	424,041)
Loss on idle capacity	1,514,309	485,839
Other	(75,580)	(23,088)
	<u>\$ 18,497,390</u>	<u>\$ 20,942,672</u>

In the third quarter of 2021 and the nine months ended September 30, 2021, the gain on reversal of decline in market value was caused by the decrease in the cost of inventories arising from the increase in the utilization rate of the Group.

(7) Investments accounted for using the equity method

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Associates:			
Aurora International Lighting Corporation Limited	\$ -	\$ 180,789	\$ 182,938
Country Lighting (BVI) Co., Ltd.	-	-	85,077
LEDAZ Co., Ltd.	-	(9,292)	34,133
LEDOLUX Sp. Zo.O.	10,505	11,453	11,728
Interelight Optotech (HK) Co., Limited	11,371	11,663	11,655
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	596,182	-	-
GCS Holdings, Inc.	1,193,839	1,199,915	866,140
Changzhou Chemsemi Co., Ltd.	847,702	853,118	508,979
Joint Power Exponent, Ltd.	57,820	31,076	33,505
best Epitaxy Manufacturing Company Ltd.	-	-	32,257
iReach Corporation	50,948	40,881	30,139
Chuzhou Bwin Technology Corp.	84,751	115,080	117,311
Tyntek Corporation	880,860	793,756	705,172
WellyWave Semiconductors Inc.	61,274	-	-
TE Opto Corporation	42,912	43,223	43,431
Domi-Star Optoelectronics Corporation	369	385	412
	<u>\$ 3,838,533</u>	<u>\$ 3,272,047</u>	<u>\$ 2,662,877</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 September 30, 2022, December 31, 2021 and September 30, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$3,838,533, \$3,272,047 and \$2,662,877, respectively.

	Three months ended September 30, 2022	Three months ended September 30, 2021
Loss for the period from continuing operations	(\$ 362,085)	(\$ 121,531)
Other comprehensive income	180,299	-
Total comprehensive loss	(\$ 181,786)	(\$ 121,531)
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Loss for the period from continuing operations	(\$ 542,270)	(\$ 198,870)
Other comprehensive income	411,457	-
Total comprehensive loss	(\$ 130,813)	(\$ 198,870)

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

	September 30, 2022	December 31, 2021	September 30, 2021
GCS Holdings, Inc.	\$ 908,757	\$ 1,205,945	\$ 864,219
Tyntek Corporation	552,056	806,407	657,301
	<u>\$ 1,460,813</u>	<u>\$ 2,012,352</u>	<u>\$ 1,521,520</u>

- C. On July 2, 2021, the Group obtained significant influence over Tyntek Corporation as the Group owned three board seats through the re-election of the regular shareholders' meeting. Therefore, the Group reclassified it from financial asset at fair value through other comprehensive income into investment in associate in accordance with IFRSs.
- D. In the second quarter of 2021, the Group disposed part of its share of best Epitaxy Manufacturing Company Ltd. and lost control over the entities. Therefore, the Group reclassified it into investments accounted for using the equity method at the same period. However, in the fourth quarter of 2021, the Group continually disposed part of its shares, and lost influence over the entities. Therefore, the Group reclassified it into financial assets at fair value through profit or loss at the same period.
- E. In the first quarter of 2022, due to changes in control of LEADSTAR micro-crystal display corporation (JiangSu) Ltd., the Group lost control over the company and therefore reclassified it into investments accounted for using the equity method at the same period.
- F. In the first quarter of 2022, the Group disposed part of its shares of WellyWave Semiconductors Inc. and lost control over the entities. Therefore, the Group reclassified it into investments accounted for using the equity method at the same period.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2022								
Cost	\$ 1,558,195	\$ 17,347,652	\$ 47,907,326	\$ 516,930	\$ 365,056	\$ 1,700,988	\$ 1,288,661	\$ 70,684,808
Accumulated depreciation and impairment	- (9,156,255)	(35,274,900)	(409,162)	(259,314)	(1,285,825)	- (46,385,456)		
	<u>\$ 1,558,195</u>	<u>\$ 8,191,397</u>	<u>\$ 12,632,426</u>	<u>\$ 107,768</u>	<u>\$ 105,742</u>	<u>\$ 415,163</u>	<u>\$ 1,288,661</u>	<u>\$ 24,299,352</u>
<u>2022</u>								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,191,397	\$ 12,632,426	\$ 107,768	\$ 105,742	\$ 415,163	\$ 1,288,661	\$ 24,299,352
Additions	-	6,917	178,213	12,648	99	20,740	2,441,747	2,660,364
Transfer	-	1,062,465	1,135,540	17,565	7,413	91,241	(2,314,224)	-
Disposals	- (2,609)	(164,903)	(43)	(165)	(2,335)	-	(170,055)	
Reclassifications	- (18,765)	(17,411)	-	178	-	7,348	(28,650)	
Reclassified to investment property	-	1,856	-	-	-	-	-	1,856
Depreciation charge	- (658,775)	(2,756,008)	(50,691)	(22,038)	(100,276)	- (3,587,788)		
Disposals of subsidiary	-	- (545,435)	(7,092)	(412)	(29,692)	(173,884)	(756,515)	
Net exchange differences	-	136,854	135,996	1,351	457	11,209	6,100	291,967
Closing net book amount at September 30	<u>\$ 1,558,195</u>	<u>\$ 8,719,340</u>	<u>\$ 10,598,418</u>	<u>\$ 81,506</u>	<u>\$ 91,274</u>	<u>\$ 406,050</u>	<u>\$ 1,255,748</u>	<u>\$ 22,710,531</u>
At September 30, 2022								
Cost	\$ 1,558,195	\$ 18,369,922	\$ 46,063,140	\$ 528,416	\$ 373,907	\$ 1,800,314	\$ 1,255,748	\$ 69,949,642
Accumulated depreciation and impairment	- (9,650,582)	(35,464,722)	(446,910)	(282,633)	(1,394,264)	- (47,239,111)		
	<u>\$ 1,558,195</u>	<u>\$ 8,719,340</u>	<u>\$ 10,598,418</u>	<u>\$ 81,506</u>	<u>\$ 91,274</u>	<u>\$ 406,050</u>	<u>\$ 1,255,748</u>	<u>\$ 22,710,531</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2021								
Cost	\$ 511,997	\$ 15,382,224	\$ 41,914,660	\$ 415,371	\$ 175,629	\$ 620,231	\$ 3,716,424	\$ 62,736,536
Accumulated depreciation and impairment	- (8,580,667)	(32,186,143)	(315,015)	(90,976)	(478,260)	- (41,651,061)		
	<u>\$ 511,997</u>	<u>\$ 6,801,557</u>	<u>\$ 9,728,517</u>	<u>\$ 100,356</u>	<u>\$ 84,653</u>	<u>\$ 141,971</u>	<u>\$ 3,716,424</u>	<u>\$ 21,085,475</u>
2021								
Opening net book amount at January 1	\$ 511,997	\$ 6,801,557	\$ 9,728,517	\$ 100,356	\$ 84,653	\$ 141,971	\$ 3,716,424	\$ 21,085,475
Additions	-	1,659	391,482	5,789	294	39,493	2,386,386	2,825,103
Transfer	-	723,917	4,436,652	46,760	41,044	61,537	(5,309,910)	-
Acquired from business combinations	1,170,859	1,732,781	1,372,887	9,941	1,513	392,619	205,059	4,885,659
Disposals	- (30,018)	(128,232)	(167)	-	(3,370)	-	(161,787)	
Reclassified to non- current assets held for sale	(124,661)	(124,885)	(541)	(709)	-	-	-	(250,796)
Reclassifications	-	759	(92,021)	1,139	-	-	(19,921)	(110,044)
Reclassified to investment property	-	(33,279)	-	-	-	-	-	(33,279)
Depreciation charge	-	(672,010)	(2,757,704)	(50,049)	(15,098)	(125,217)	-	(3,620,078)
Impairment loss	-	-	(23,585)	-	-	-	-	(23,585)
Disposals of subsidiary	-	(4,929)	(98,778)	(673)	(8,849)	(24,647)	(758)	(138,634)
Net exchange differences	-	(7,461)	(278,265)	(1,012)	(325)	(73,253)	364,698	4,382
Closing net book amount at September 30	<u>\$ 1,558,195</u>	<u>\$ 8,388,091</u>	<u>\$ 12,550,412</u>	<u>\$ 111,375</u>	<u>\$ 103,232</u>	<u>\$ 409,133</u>	<u>\$ 1,341,978</u>	<u>\$ 24,462,416</u>
At September 30, 2021								
Cost	\$ 1,558,195	\$ 17,307,859	\$ 47,887,439	\$ 516,980	\$ 378,473	\$ 1,854,322	\$ 1,341,978	\$ 70,845,246
Accumulated depreciation and impairment	- (8,919,768)	(35,337,027)	(405,605)	(275,241)	(1,445,189)	- (46,382,830)		
	<u>\$ 1,558,195</u>	<u>\$ 8,388,091</u>	<u>\$ 12,550,412</u>	<u>\$ 111,375</u>	<u>\$ 103,232</u>	<u>\$ 409,133</u>	<u>\$ 1,341,978</u>	<u>\$ 24,462,416</u>

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

(9) Leasing arrangements — lessee

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 1,714,092	\$ 1,504,759	\$ 1,522,517
Buildings	164,196	186,835	189,004
Machinery	140,879	174,428	187,819
Transportation equipment	18,583	9,478	10,678
Office equipment	43,484	40,256	42,352
	<u>\$ 2,081,234</u>	<u>\$ 1,915,756</u>	<u>\$ 1,952,370</u>
	<u>Three months ended</u>	<u>Three months ended</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 16,477	\$ 13,902	
Buildings	8,465	9,067	
Machinery	14,415	14,614	
Transportation equipment	1,991	1,234	
Office equipment	4,527	3,613	
	<u>\$ 45,875</u>	<u>\$ 42,430</u>	
	<u>Nine months ended</u>	<u>Nine months ended</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
Land	\$ 46,655	\$ 41,756	
Buildings	25,398	30,891	
Machinery	42,756	44,060	
Transportation equipment	5,735	4,162	
Other equipment	10,867	10,898	
	<u>\$ 131,411</u>	<u>\$ 131,767</u>	

D. For the three months and the nine months ended September 30, 2022 and 2021, the additions to right-of-use assets were \$138,405, \$6,560, \$175,927 and \$39,266, respectively.

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

	<u>Three months ended</u>	<u>Three months ended</u>
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,363	\$ 7,187
Expense on short-term lease contracts	3,272	8,282
Expense on leases of low-value assets	1,416	1,217
	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>September 30, 2022</u>	<u>September 30, 2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 16,161	\$ 21,631
Expense on short-term lease contracts	17,758	39,343
Expense on leases of low-value assets	5,457	3,358

F. For the three months and the nine months ended September 30, 2022 and 2021, the Group's total cash outflow for leases were \$36,659, \$37,052, \$130,293 and \$144,400, respectively.

(10) Intangible assets

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022					
Cost	\$ 2,750,991	\$ 7,087,692	\$ 513,660	\$ 128,843	\$ 10,481,186
Accumulated amortisation and impairment	(1,828,302)	(3,191,092)	(410,601)	(109,528)	(5,539,523)
	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 922,689	\$ 3,896,600	\$ 103,059	\$ 19,315	\$ 4,941,663
Additions – acquired separately	160,248	-	36,737	3,015	200,000
Disposals	(2,969)	-	(67)	-	(3,036)
Reclassifications	7,275	-	2,688	-	9,963
Amortisation charge	(143,805)	-	(43,816)	(6,042)	(193,663)
Disposals of subsidiary	-	-	(3,291)	-	(3,291)
Net exchange differences	<u>1,573</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>1,840</u>
Closing net book amount as at September 30	<u>\$ 945,011</u>	<u>\$ 3,896,600</u>	<u>\$ 95,577</u>	<u>\$ 16,288</u>	<u>\$ 4,953,476</u>
At September 30, 2022					
Cost	\$ 2,933,249	\$ 7,087,692	\$ 551,496	\$ 131,859	\$ 10,704,296
Accumulated amortisation and impairment	(1,988,238)	(3,191,092)	(455,919)	(115,571)	(5,750,820)
	<u>\$ 945,011</u>	<u>\$ 3,896,600</u>	<u>\$ 95,577</u>	<u>\$ 16,288</u>	<u>\$ 4,953,476</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	363	-	30,144	3,015	33,522
Additions — acquired through business combinations	340,215	540,778	3,598	83,604	968,195
Reclassifications	(35,426)	-	2,660	-	(32,766)
Amortisation charge	(117,947)	-	(43,811)	(13,970)	(175,728)
Impairment loss	(11,593)	-	-	-	(11,593)
Disposals of subsidiary	(202)	-	(3,776)	(59,407)	(63,385)
Net exchange differences	(2,779)	-	808	-	(1,971)
Closing net book amount as at September 30	<u>\$ 1,044,216</u>	<u>\$ 3,683,114</u>	<u>\$ 90,645</u>	<u>\$ 30,490</u>	<u>\$ 4,848,465</u>
At September 30, 2021					
Cost	\$ 2,799,107	\$ 6,874,206	\$ 485,962	\$ 138,844	\$ 10,298,119
Accumulated amortisation and impairment	(1,754,891)	(3,191,092)	(395,317)	(108,354)	(5,449,654)
	<u>\$ 1,044,216</u>	<u>\$ 3,683,114</u>	<u>\$ 90,645</u>	<u>\$ 30,490</u>	<u>\$ 4,848,465</u>

Details of amortisation on intangible assets are as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Operating costs	\$ 27,960	\$ 30,046
Selling expenses	141	184
Administrative expenses	22,500	11,151
Research and development expenses	14,408	14,425
	<u>\$ 65,009</u>	<u>\$ 55,806</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Operating costs	\$ 67,237	\$ 91,520
Selling expenses	334	731
Administrative expenses	83,330	39,657
Research and development expenses	42,762	43,820
	<u>\$ 193,663</u>	<u>\$ 175,728</u>

(11) Impairment of non-financial assets

A. The Group assessed that production line adjustments and configurations resulted in idling or impairment of certain property, plant and equipment. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised impairment losses of \$0, (\$29,824), \$0 and \$23,585 for the three months and the nine months ended September 30, 2022 and 2021, respectively. The recoverable amount is the assets' fair value less costs of disposal. The fair value is classified as a level 3 fair value. Details of impairment are as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Impairment loss — buildings and structure	\$ -	(\$ 26,488)
Impairment loss — machinery	-	(3,336)
	<u>\$ -</u>	<u>(\$ 29,824)</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Impairment loss — buildings and structure	\$ -	\$ -
Impairment loss — machinery	-	23,585
	<u>\$ -</u>	<u>\$ 23,585</u>

B. The carrying amount of patents had been adjusted based on the recoverable amount because certain patents will be sold under assessment. Accordingly, the Group recognised impairment loss amounting to \$0, \$11,593, \$0 and \$11,593 for the three months and nine months ended September 30, 2022 and 2021, respectively.

(12) Non-current assets held for sale

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

(13) Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Bank borrowings			
Unsecured borrowings	<u>\$ 667,343</u>	<u>\$ 3,479,177</u>	<u>\$ 4,722,870</u>
Interest rate range-NTD	N/A	<u>0.81%~1.25%</u>	<u>0.70%~1.34%</u>
Interest rate range-foreign currency	<u>3.70%~3.86%</u>	<u>0.69%~3.79%</u>	<u>0.62%~3.72%</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group has endorsements to Episky Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd., Unicorn Semiconductor Corporation and Yenrich Technology Corporation totalling \$981,000, \$2,035,760 and \$3,556,500, respectively.

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

Items	September 30, 2022	December 31, 2021	September 30, 2021
Current items:			
Derivative instruments	<u>\$ 88,963</u>	<u>\$ 12</u>	<u>\$ 951</u>

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

(15) Short-term notes and bills payable

September 30, 2022				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 953,905</u>	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8
December 31, 2021				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 877,011</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	Note 8
September 30, 2021				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 796,300</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	Note 8

(16) Other payables

Items	September 30, 2022	December 31, 2021	September 30, 2021
Payables on wages, salaries and bonus	\$ 1,031,444	\$ 1,274,884	\$ 777,310
Compensation due to employees, directors and supervisors	332,983	480,086	310,192
Payables on personnel expense	287,027	309,406	566,865
Payables on machinery and equipment	1,213,698	1,210,113	1,134,051
Payables on consumable goods and equipment repair expense	674,304	682,452	444,768
Payables on processing fees	824,184	1,060,702	939,110
Payables on reticle expense	21,494	23,542	20,240
Payables on gas expense	74,587	82,339	77,780
Payables on dividend	-	4,359	-
Payables on insurance expense	5,532	28,995	8,510
Payables on intangible assets	20,327	4,898	9,610
Others	703,089	681,669	978,481
	<u>\$ 5,188,669</u>	<u>\$ 5,843,445</u>	<u>\$ 5,266,917</u>

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	September 30, 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	216,667
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before April 15, 2027	150,000
Unsecured borrowings	Before February 15, 2026	50,000
Secured borrowings	Before June 30, 2029	200,000
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
		<u>4,178,067</u>
Less: Current portion of long-term borrowings		(101,767)
		<u>\$ 4,076,300</u>
Interest rate range		<u>0.55%~1.65%</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		(131,683)
		<u>\$ 4,007,482</u>
Interest rate range		<u>0.05%~4.99%</u>

Type of borrowings	Borrowing period and repayment term	September 30, 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	303,334
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before February 15, 2026	46,100
Unsecured borrowings	Before April 26, 2027	62,470
Secured borrowings	Before June 15, 2026	3,100
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before April 12, 2026	188,559
Secured borrowings	Before December 13, 2024	94,071
		4,109,034
Less: Current portion of long-term borrowings		(131,684)
		\$ 3,977,350
Interest rate range		0.05%~4.99%

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

(18) Pensions

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

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

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$281, \$378, \$828 and \$1,145 for the three months and the nine months ended September 30, 2022 and 2021 respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending September 30, 2022 amount to \$10,820.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group does not have further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months and the nine months ended September 30, 2022 and 2021 were \$92,871, \$89,592, \$274,073 and \$246,578, respectively.

(19) Share-based payment

A. Restricted stocks to employees.

- (a) For the nine months ended September 30, 2022, the Group’s restricted stocks to employees arrangement was as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting condition
Restricted stocks to employees (Note 1) (Note 3)	2019.3.20	8,500	3 years	Note 2

Note 1: The remaining shares of Lextar in the original plan were converted to the shares of the Company in accordance with the exchange rate on the reference date of the merger.

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

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

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

	2022	2021
Outstanding at January 1	3,400	5,950
Vested in the period	(1,700)	-
Expired	(1,700)	(2,550)
Outstanding at September 30	-	3,400
Exercisable at September 30 (Note)	-	3,400

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

(c) The fair value of stock options relevant information is as follows (expressed in NTD):

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

B. Employee stock options:

(a) For the ended September 30, 2022, the share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Employee stock option- United LED Corporation (Hong Kong) Limited	2010.08.01	1,500	Note 1
Employee stock option- Unikorn Semiconductor Corporation	2022.05.06	9,518	Note 2
Employee stock option- Hexawave, Inc.	2022.08.10	3,000	Note 3

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

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

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

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

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

	2022	
	No. of shares (in thousands)	Weighted-average exercise price (in NTD)
Options outstanding from beginning of the period - Unikorn Semiconductor Corporation	-	
Options granted - Unikorn Semiconductor Corporation	9,518	\$ 5
Options outstanding at end of the period - Unikorn Semiconductor Corporation	9,518	5
Options exercisable at end of the period	-	

	2022	
	No. of shares (in thousands)	Weighted-average exercise price (in NTD)
Options outstanding from beginning of the period - Hexawave, Inc.	-	
Options granted - Hexawave, Inc.	3,000	\$ 10
Options outstanding at end of the period - Hexawave, Inc.	3,000	10
Options exercisable at end of the period	-	

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

	Three months ended September 30, 2022	Three months ended September 30, 2021
Equity-settled	\$ 464	\$ 5,100
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Equity-settled	(\$ 24,911)	(\$ 26,096)

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

	September 30, 2022	December 31, 2021	September 30, 2021
Deferred government grants revenue	\$ 181,596	\$ 223,716	\$ 251,758
Deferred technical services revenue	8,263	9,959	9,683
	<u>\$ 189,859</u>	<u>\$ 233,675</u>	<u>\$ 261,441</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 and the nine months ended September 30, 2022 and 2021 were \$42,712, \$33,484, \$123,324 and \$120,598 (shown under “Other revenue”), respectively.

(21) Share capital

A. As of September 30, 2022, the Company’s authorized capital was \$15,000,000, consisting of 1,500,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee stock options), and the paid-in capital was \$7,547,840 with a par value of \$10 (in dollars) per share. In accordance with Article 31 of Business Mergers and Acquisitions Act, the

Company issued new shares in exchange for the stocks of Epistar and Lextrar. The procedure of share exchange was completed on January 6, 2021.

Movements of the Company's outstanding ordinary shares are as follows (expressed in thousands of shares):

	2022	2021
At January 1	682,125	1,074,649
Issuance of ordinary shares	-	141,602
Issuance of ordinary shares - private placement	70,000	-
Effect of the joint share exchange	-	(537,325)
Expiration of restricted employee stock	(467)	(701)
At September 30	751,658	678,225

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

2022					
Reason for reacquisition	At January 1	Increase	Decrease	At September 30	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844	159,647
2021					
Reason for reacquisition	At January 1	Issuance of ordinary shares under business combination	Increase	Decrease (Note)	At September 30
Held by subsidiaries	-	10,365	701	(9,784)	1,282
Redemption of shares held by objecting shareholders	-	3,687	-	(1,843)	1,844
					159,647

Note : Effect of conversion under joint share conversion agreement.

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

- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the rules governing share repurchase by the Group, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Lighting Investment Corporation	1,282 thousand shares	1,282 thousand shares	1,282 thousand shares
Book value	\$ 135,163	\$ 135,163	\$ 135,163
Fair value	\$ 53,155	\$ 98,358	\$ 91,049
Epistar Corporation	1,844 thousand shares	1,844 thousand shares	1,844 thousand shares
Book value	\$ 159,647	\$ 159,647	\$ 159,647
Fair value	\$ 76,413	\$ 141,396	\$ 130,888

(22) Capital surplus

Pursuant to the Company Act, capital surplus, including additional paid-in capital in excess of par and donation, shall be exclusively used to cover accumulated deficit or to issue new stock or cash to shareholders in proportion to their ownership when the Company has no accumulated deficit. However, pursuant to the R.O.C. Securities and Exchange Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stock and donations can be capitalized once a year, provided that the Company has no accumulated deficit and the amount to be capitalized does not exceed 10% of the paid-in capital.

	<u>Share premium</u>	<u>Treasury share transactions</u>	<u>Changes in ownership interests in subsidiaries accounted for using equity method</u>	<u>Change in net equity of associates and joint ventures accounted for under equity method</u>
At January 1, 2022	\$ 42,894,615	\$ 115,823	\$ 770,537	\$ 49,663
Issuance of new shares	2,927,400	-	-	-
Change in equity of associates and joint ventures accounted for under equity method	-	-	-	16,707
Changes in ownership interests in subsidiaries accounted for using equity method	50,602	- (	189,861)	-
Expiration of restricted employee stock	4,674	- (	27,200)	-
Proceeds from treasury shares transferred to employees	- (	971)	-	-
At September 30, 2022	<u>\$ 45,877,291</u>	<u>\$ 114,852</u>	<u>\$ 553,476</u>	<u>\$ 66,370</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	6,777	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired and disposed	(7,754)	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	274,076	-	-
Expiration of restricted employee stock	7,013	-	-	-
Effect of the joint share exchange	(2,366,431)	(978,202)	(64,570)	(57,244)
At September 30, 2021	<u>\$ 42,963,671</u>	<u>\$ 274,076</u>	<u>\$ -</u>	<u>\$ -</u>

(23) Retained earnings

	<u>2022</u>	<u>2021</u>
At January 1	\$ 2,169,446	(\$ 7,908,188)
Effect of the joint share exchange	-	7,908,188
Profit for the period	789,822	1,736,600
Cash dividends	(1,365,881)	-
Financial assets at fair value through other comprehensive income transferred to investments accounted for using equity method	-	(8,731)
Change in equity of associates and joint ventures accounted for under equity method	(1,797)	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	15,506	-
Remeasurement of defined benefit obligations	(14,930)	(856)
At September 30	<u>\$ 1,592,166</u>	<u>\$ 1,727,013</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 as resolved by the shareholders at their meeting on May 31, 2022 are as follows:

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

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

(24) Other equity items

	2022		
	Unrealized gain or loss	Currency translation	Total
At January 1	\$ 170,992	(\$ 406,535)	(\$ 235,543)
Revaluation - gross	(463,893)	-	(463,893)
Revaluation - tax	12,163	-	12,163
Difference on carrying amounts of subsidiaries acquired and disposed	-	3	3
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(15,506)	-	(15,506)
Currency translation			
–Group	-	714,641	714,641
–Tax on Group	-	(557)	(557)
At September 30	(\$ 296,244)	\$ 307,552	\$ 11,308

	2021		
	Unrealized gain or loss	Currency translation	Total
At January 1	(\$ 271,742)	(\$ 730,022)	(\$ 1,001,764)
Effect of the joint share exchange	271,742	730,022	1,001,764
Revaluation - gross	317,351	-	317,351
Revaluation - tax	(62,867)	-	(62,867)
Difference on carrying amounts of subsidiaries acquired and disposed	-	(6,697)	(6,697)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(2,302)	-	(2,302)
Currency translation			
–Group	-	(182,198)	(182,198)
–Tax on Group	-	26,342	26,342
At September 30	<u>\$ 252,182</u>	<u>(\$ 162,553)</u>	<u>\$ 89,629</u>

(25) Operating revenue

	Three months ended September 30, 2022	Three months ended September 30, 2021
Revenue from contracts with customers:		
Sales revenue	\$ 6,650,965	\$ 10,243,989
Services revenue	12,028	30,213
Other operating revenue	21,309	54,512
	<u>\$ 6,684,302</u>	<u>\$ 10,328,714</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue from contracts with customers:		
Sales revenue	\$ 22,857,111	\$ 26,342,069
Services revenue	54,325	92,372
Other operating revenue	99,734	138,033
	<u>\$ 23,011,170</u>	<u>\$ 26,572,474</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 September 30, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 4,882,541	\$ 1,597,120	\$ 171,304	\$ 6,650,965
Services revenue	-	-	12,028	12,028
Other operating revenue	-	-	21,309	21,309
				<u>\$ 6,684,302</u>

Three months ended September 30, 2021	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 7,076,253	\$ 2,930,881	\$ 236,855	\$ 10,243,989
Services revenue	-	-	30,213	30,213
Other operating revenue	-	-	54,512	54,512
				<u>\$ 10,328,714</u>

Nine months ended September 30, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 16,750,178	\$ 5,533,330	\$ 573,603	\$ 22,857,111
Services revenue	-	-	54,325	54,325
Other operating revenue	-	-	99,734	99,734
				<u>\$ 23,011,170</u>

Nine months ended September 30, 2021	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 17,986,717	\$ 8,041,425	\$ 313,927	\$ 26,342,069
Services revenue	-	-	92,372	92,372
Other operating revenue	-	-	138,033	138,033
				<u>\$ 26,572,474</u>

(26) Other income and expenses— net

	Three months ended September 30, 2022	Three months ended September 30, 2021
Other income		
Royalty and technical income	\$ 5,682	\$ 1,366
Government grants revenue	16,228	33,484
Total	<u>\$ 21,910</u>	<u>\$ 34,850</u>

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Other income		
Royalty and technical income	\$ 11,344	\$ 9,136
Government grants revenue	56,952	120,598
Total	<u>\$ 68,296</u>	<u>\$ 129,734</u>

(27) Interest income

	Three months ended September 30, 2022	Three months ended September 30, 2021
Interest income from bank deposits	\$ 24,490	\$ 7,894
Other interest income	4,854	626
	<u>\$ 29,344</u>	<u>\$ 8,520</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Interest income from bank deposits	\$ 54,384	\$ 28,746
Other interest income	5,844	2,923
	<u>\$ 60,228</u>	<u>\$ 31,669</u>

(28) Other income

	Three months ended September 30, 2022	Three months ended September 30, 2021
Rental revenue	\$ 49,487	\$ 37,759
Dividend income	9,579	37,554
Government grant revenues	26,484	-
Miscellaneous income	35,718	56,559
	<u>\$ 121,268</u>	<u>\$ 131,872</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Rental income	\$ 156,385	\$ 110,931
Dividend income	44,296	103,090
Government grant revenues	66,372	-
Miscellaneous income	109,313	176,816
	<u>\$ 376,366</u>	<u>\$ 390,837</u>

(29) Other gains and losses

	Three months ended September 30, 2022	Three months ended September 30, 2021
Gain (loss) on disposal of property, plant and equipment	\$ 19,874	(\$ 13,381)
Gain on disposal of intangible assets	37	-
(Loss) gain on disposal of investments	(2,034)	2,925
Gain on disposal of non-current assets held for sale	-	179,204
Net currency exchange gain	269,063	3,218
Net (loss) gain on financial assets at fair value through profit or loss	(111,517)	33,231
Reversal of impairment loss on non-financial assets	-	18,231
Miscellaneous losses	(33,854)	(21,314)
	<u>\$ 141,569</u>	<u>\$ 202,114</u>

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Gain (loss) on disposal of property, plant and equipment	\$ 44,747	(\$ 17,895)
Loss on disposal of intangible assets	(2,932)	-
Gain on disposal of investments	59,308	250,697
Gain on disposal of non-current assets held for sale	-	179,204
Net currency exchange gain (loss)	655,153	(97,959)
Net loss on financial assets at fair value through profit or loss	(326,180)	(24,221)
Impairment loss on non-financial assets	-	(35,178)
Miscellaneous losses	(92,398)	(67,801)
	<u>\$ 337,698</u>	<u>\$ 186,847</u>

(30) Finance costs

	Three months ended September 30, 2022	Three months ended September 30, 2021
Interest expense	\$ 15,946	\$ 34,628
Other interest expense	19,182	8,387
	<u>\$ 35,128</u>	<u>\$ 43,015</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Interest expense	\$ 48,120	\$ 81,223
Other interest expense	50,725	23,619
	<u>\$ 98,845</u>	<u>\$ 104,842</u>

(31) Expenses by nature

	Three months ended September 30, 2022	Three months ended September 30, 2021
Employee benefit expenses	\$ 1,858,197	\$ 2,243,001
Depreciation charges on property, plant and equipment (Note)	\$ 1,249,314	\$ 1,287,276
Amortisation charges on intangible assets	\$ 65,009	\$ 55,806
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Employee benefit expenses	\$ 6,106,368	\$ 6,517,904
Depreciation charges on property, plant and equipment (Note)	\$ 3,719,199	\$ 3,751,845
Amortisation charges on intangible assets	\$ 193,663	\$ 175,728

Note: Depreciation amounting to \$82,102, \$24,211, \$111,520 and \$45,558 were recognized as miscellaneous expenses for the three months and the nine months ended September 30, 2022 and 2021, respectively.

(32) Employee benefit expenses

	Three months ended September 30, 2022	Three months ended September 30, 2021
Wages and salaries	\$ 1,528,667	\$ 1,890,548
Labor and health insurance expenses	127,603	119,471
Pension costs	93,152	89,970
Other personnel expenses	108,775	143,012
	<u>\$ 1,858,197</u>	<u>\$ 2,243,001</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Wages and salaries	\$ 5,158,905	\$ 5,585,450
Labor and health insurance expenses	371,580	351,115
Pension costs	274,901	247,723
Other personnel expenses	300,982	333,616
	<u>\$ 6,106,368</u>	<u>\$ 6,517,904</u>

- A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 0.1%~15% and no higher than 2% of the distributable profit of the current year, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.
- B. For the three months and the nine months ended September 30, 2022 and 2021, employees' compensation remuneration was accrued (reversal) at (\$18,674), \$116,512, \$43,517 and \$195,124, respectively. For the three months and the nine months ended September 30, 2022 and 2021, the directors' remuneration was accrued (reversal) at (\$3,735), \$14,271, \$8,703 and \$19,512, respectively.
- C. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(33) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Three months ended September 30, 2022	Three months ended September 30, 2021
Current tax:		
Current tax on profits for the period	(\$ 862)	\$ 12,421
Prior year income tax underestimation (overestimation)	(107)	(100)
Total current tax	(969)	12,321
Deferred tax:		
Origination and reversal of temporary differences	(22,556)	37,028
Origination and reversal of offsetting deficits	2,032	-
Total deferred tax	(20,524)	37,028
Income tax (benefit) expense	<u>(\$ 21,493)</u>	<u>\$ 49,349</u>

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Current tax:		
Current tax on profits for the period	\$ 37,424	\$ 79,828
Prior year income tax underestimation (overestimation)	<u>11,054</u>	<u>(1,246)</u>
Total current tax	<u>48,478</u>	<u>78,582</u>
Deferred tax:		
Origination and reversal of temporary differences	(987)	42,691
Origination and reversal of offsetting deficits	<u>83,485</u>	<u>-</u>
Total deferred tax	<u>82,498</u>	<u>42,691</u>
Income tax expense	<u>\$ 130,976</u>	<u>\$ 121,273</u>

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

	Three months ended September 30, 2022	Three months ended September 30, 2021
Change in fair value of financial assets at fair value through other comprehensive income	\$ 24,944	\$ 44,665
Currency translation differences	91	3,186
Share of other comprehensive income of associates	(232)	(1,519)
Total	<u>\$ 24,803</u>	<u>\$ 46,332</u>

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Change in fair value of financial assets at fair value through other comprehensive income	(\$ 11,622)	\$ 62,867
Currency translation differences	343	(24,723)
Share of other comprehensive income of associates	(4,050)	(1,619)
Total	<u>(\$ 15,329)</u>	<u>\$ 36,525</u>

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

(34) Earnings (loss) per share

Three months ended September 30, 2022			
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
<u>Basic loss and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 357,722)	746,332	(\$ 0.48)
Three months ended September 30, 2021			
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,296,371	677,291	\$ 1.91
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,296,371	677,291	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,748	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,296,371	680,039	\$ 1.91
Nine months ended September 30, 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	\$ 789,822	703,453	\$ 1.12
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 789,822	703,453	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,014	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 789,822	704,467	\$ 1.12

Nine months ended September 30, 2021			
		Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,736,600	677,291	\$ 2.56
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,736,600	677,291	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,832	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,736,600	679,123	\$ 2.56

The employees' compensation have anti-dilution effect and therefore are not include in the calculation for the three months ended September 30, 2022. Therefore, the losses per share are identical to the basic losses per share.

(35) Business combinations

- A. The Company acquired 100% ordinary shares of Lextar, primarily involved in manufacturing LED wafers, chips, packages and modules, in the way of share exchange. The Company expects to strengthen the strategic cooperative relationship after the acquisition.
- B. The following table summarises the consideration paid for Lextar and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

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

(36) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Purchase of property, plant and equipment	\$ 2,660,364	\$ 2,825,103
Add: Opening balance of payable on equipment	1,210,113	2,068,474
Add: Ending balance of prepayment for equipment	611,665	221,467
Less: Ending balance of payable on equipment	(1,213,698)	(1,134,051)
Less: Opening balance of prepayment for equipment	(189,420)	(265,386)
Cash paid during the period	<u>\$ 3,079,024</u>	<u>\$ 3,715,607</u>

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Purchase of intangible assets	\$ 200,000	\$ 33,522
Add: Opening balance of payables (including non-current portion)	4,898	46,122
Less: Ending balance of payables (including non-current portion)	(102,581)	(55,447)
Cash paid during the period	<u>\$ 102,317</u>	<u>\$ 24,197</u>

B. Investing activities with partial cash received

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Sale of property, plant and equipment	\$ 214,801	\$ 161,787
Add: Opening balance of receivables	2,013	2,000
Less: Ending balance of receivables	(2,480)	(3,672)
Cash collected during the period	<u>\$ 214,334</u>	<u>\$ 160,115</u>

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

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Disposal proceeds	\$ 88,100	\$ -
Add: Opening balance of receivables	-	-
Less: Ending balance of receivables	-	-
Net cash provided by disposal of subsidiaries and associates	<u>\$ 88,100</u>	<u>\$ -</u>

(37) Changes in liabilities from financing activities

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2022	\$ 3,479,177	\$ 4,139,165	\$ 877,011	\$ 1,557,129	\$ 157,282	\$ 10,209,764
Changes in cash flow from financing activities	(2,847,525)	38,902	55,307	(93,794)	11,721	(2,835,389)
Effect of interest	-	-	-	12,360	-	12,360
Cash in other non-cash items	-	-	-	269,402	-	269,402
Impact of changes in foreign exchange rate	35,691	-	21,587	2,045	3,913	63,236
At September 30, 2022	<u>\$ 667,343</u>	<u>\$ 4,178,067</u>	<u>\$ 953,905</u>	<u>\$ 1,747,142</u>	<u>\$ 172,916</u>	<u>\$ 7,719,373</u>

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2021	\$ 1,537,574	\$ 3,338,144	\$ 568,519	\$ 1,286,306	\$ 115,408	\$ 6,845,951
Acquired from business combinations	-	-	312,628	414,030	2,984	729,642
Changes in cash flow from financing activities	3,194,389	770,890	(74,910)	(114,750)	33,462	3,809,081
Effect of interest	-	-	-	21,631	-	21,631
Effect of exchange rate	(9,093)	-	(9,937)	(23,614)	(1,988)	(44,632)
At September 30, 2021	<u>\$ 4,722,870</u>	<u>\$ 4,109,034</u>	<u>\$ 796,300</u>	<u>\$ 1,583,603</u>	<u>\$ 149,866</u>	<u>\$ 11,361,673</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

Names of related parties	Relationship with the Group
Leyard Optoelectronic Co., Ltd.	Other related parties
Leyard TV Technology Co., Ltd.	Other related parties
D-TECH OPTOELECTRONICS (TAIWAN) CORPORATION	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
PlayNitride Inc.	Other related parties
KAISTAR Lighting (Xiamen) Co., Ltd.	Other related parties
FormoLight Technologies, Inc.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

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

Note 2: It is no longer the Company's subsidiary in June 2021, and thus transferred the entities from consolidated entities to related parties, and it is no longer the Company's other related party beginning on November, 2021.

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

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

(2) Significant related party transactions and balances

A. Operating revenue:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Other related parties	\$ 234,020	\$ 551,033
Associates	67,110	219,623
Total	<u>\$ 301,130</u>	<u>\$ 770,656</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Other related parties	\$ 602,095	\$ 1,560,030
Associates	443,369	608,930
Total	<u>\$ 1,045,464</u>	<u>\$ 2,168,960</u>

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

B. Purchases:

	Three months ended September 30, 2022	Three months ended September 30, 2021
Other related parties	\$ 1,116	\$ 55,048
Associates	93,438	121,597
Total	<u>\$ 94,554</u>	<u>\$ 176,645</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Other related parties	\$ 2,392	\$ 106,947
Associates	268,703	235,529
Total	<u>\$ 271,095</u>	<u>\$ 342,476</u>

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

C. Receivables from related parties:

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	\$ 216,089	\$ 749,273	\$ 479,418
Associates	185,030	326,437	345,204
Total	<u>\$ 401,119</u>	<u>\$ 1,075,710</u>	<u>\$ 824,622</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:

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	\$ 27,679	\$ 3,869	\$ 4,999
Associates	27,323	11,952	24,897
Total	<u>\$ 55,002</u>	<u>\$ 15,821</u>	<u>\$ 29,896</u>

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

E. Payables from related parties:

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	\$ 819	\$ 32,681	\$ 58,119
Associates	288,011	286,891	390,663
Total	<u>\$ 288,830</u>	<u>\$ 319,572</u>	<u>\$ 448,782</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 September 30, 2022		Three months ended September 30, 2021	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	\$ 65,330	\$ 33,504	\$ 2,599	\$ -
Associates	3,602	-	-	-
	<u>\$ 68,932</u>	<u>\$ 33,504</u>	<u>\$ 2,599</u>	<u>\$ -</u>

	Nine months ended September 30, 2022		Nine months ended September 30, 2021	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	\$ 99,723	\$ 38,304	\$ 2,688	\$ -
Associates	3,602	-	-	-
	<u>\$ 103,325</u>	<u>\$ 38,304</u>	<u>\$ 2,688</u>	<u>\$ -</u>

(3) Key management compensation

	Three months ended September 30, 2022	Three months ended September 30, 2021
Salaries and other short-term employee benefits	\$ 100,447	\$ 48,093
Post-employment benefits	(633)	779
Share-based payment	-	2,640
Total	<u>\$ 99,814</u>	<u>\$ 51,512</u>
	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Salaries and other short-term employee benefits	\$ 182,164	\$ 139,346
Post-employment benefits	667	2,443
Termination benefits	1,259	-
Share-based payment	(13,768)	(13,509)
Total	<u>\$ 170,322</u>	<u>\$ 128,280</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2022	December 31, 2021	September 30, 2021	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 454,551	\$ 81,085	\$ 193,355	Payables for bankers' acceptance
Time deposits (Shown in "Current financial assets at amortised cost, non-current financial assets at amortised cost and other non-current assets")	287,060	281,558	291,331	Lease deposit, performance bond, security for provisional attachment, customer deposit, collateral deposits for provisional seizure
Notes receivable	579,521	588,105	394,565	Short-term borrowings
Land, building and structures	550,308	332,163	269,489	Long-term borrowings
Machinery and office equipment	183,762	95,663	102,360	Long-term borrowings
	<u>\$ 2,055,202</u>	<u>\$ 1,378,574</u>	<u>\$ 1,251,100</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:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	<u>\$ 1,312,820</u>	<u>\$ 1,219,671</u>	<u>\$ 1,345,040</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's capital management policy is established taking into account the industry characteristics, the Group's future development and changes in external environments. The Group plans the working capital, capital expenditures, investments and dividends required for the future based on the capital management policy, makes financial analysis, and examines its capital structure periodically and makes appropriate adjustments to ensure that every company within the Group may grow and operate indefinitely.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 246,008	\$ 337,568	\$ 274,540
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	4,248,055	4,686,605	4,902,464
Financial assets at amortised cost			
Cash and cash equivalents	15,106,205	12,336,039	11,332,333
Financial assets at amortised cost	759,678	394,418	518,072
Notes receivable	1,706,639	1,622,419	1,303,301
Accounts receivable	9,162,480	11,653,001	11,956,070
Accounts receivable due from related parties	401,119	1,075,710	824,622
Other receivables	261,814	162,252	244,534
Other receivables due from related parties	55,002	15,821	29,896
Guarantee deposits paid	51,687	30,844	28,680
	<u>\$ 31,998,687</u>	<u>\$ 32,314,677</u>	<u>\$ 31,414,512</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities held for trading	\$ 88,963	\$ 12	\$ 951
Financial liabilities at amortised cost			
Short-term borrowings	667,343	3,479,177	4,722,870
Short-term notes payable	953,905	877,011	796,300
Notes payable	210,329	45,455	10,246
Accounts payable	2,628,494	4,396,401	4,058,201
Accounts payable to related parties	288,830	319,572	448,782
Other payables	5,188,669	5,843,445	5,266,917
Long-term borrowings (including current portion)	4,178,067	4,139,165	4,109,034
Long-term accounts payable	82,254	-	-
Guarantee deposits received	172,916	157,282	149,866
	<u>\$ 14,459,770</u>	<u>\$ 19,257,520</u>	<u>\$ 19,563,167</u>
Lease liabilities (including current portion)	<u>\$ 1,747,142</u>	<u>\$ 1,557,129</u>	<u>\$ 1,583,603</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD, RMB and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2022			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 268,143	31.7500	\$ 8,513,540
RMB:NTD	536,739	4.4730	2,400,834
<u>Non-monetary items</u>			
USD:NTD	105,905	31.7500	3,362,484
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	119,357	31.7500	3,789,585
RMB:NTD	120,782	4.4730	540,258
December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount	Exchange rate	Book value
	(in thousands)		(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

	September 30, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 390,183	27.850	\$ 10,866,597
RMB:NTD	437,022	4.305	1,881,380
<u>Non-monetary items</u>			
USD:NTD	97,599	27.850	2,718,132
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	259,339	27.850	7,222,591
RMB:NTD	268,959	4.305	1,157,868
JPY:NTD	543,061	0.249	135,222

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.

	Nine months ended September 30, 2022			
	Unrealized exchange gain (loss)			
	Foreign currency			Book value
	amount			
	(in thousands)		Exchange rate	(in thousands of NTD)
(Foreign currency:				
functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	31.7500	\$ 382,133
RMB:NTD		-	4.4730	10,985
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	31.7500	(202,332)
RMB:NTD		-	4.4730	(4,851)
JPY:NTD		-	0.2201	5,565

Nine months ended September 30, 2021				
Unrealized exchange gain (loss)				
(Foreign currency: functional currency)	Foreign currency		Book value (in thousands of NTD)	
	amount (in thousands)	Exchange rate		
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	27.850 (\$	16,453)
RMB:NTD		-	4.305 (14,433)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	27.850	266
RMB:NTD		-	4.305	3,535
JPY:NTD		-	0.249	6,678
v. Analysis of foreign currency market risk arising from significant foreign exchange variation:				

Nine months ended September 30, 2022				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit		Effect on other
		or loss		comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	85,135	\$ -
RMB:NTD	1%		24,008	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	33,625
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(	37,896)	-
RMB:NTD	1%	(	5,403)	-

Nine months ended September 30, 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%	\$ 108,666	\$	-
RMB:NTD	1%	18,814		-
<u>Non-monetary items</u>				
USD:NTD	1%	-		27,181
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(72,226)		-
RMB:NTD	1%	(11,579)		-
JPY:NTD	1%	(1,352)		-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$15,711 and \$27,359, 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 \$424,806 and \$490,246, 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 \$10,261 and \$3,390 for the nine months ended September 30, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the Group's written-off financial assets that are still under recourse procedures all amounted to \$18,623, \$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 September 30, 2022, December 31, 2021 and September 30, 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>September 30, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	\$10,826,615	\$ 483,177	\$ 171,521	\$ 77,480	\$ 1,146,851	\$ 12,705,644
Loss allowance	\$ 217	\$ 6,509	\$ 37,070	\$ 59,360	\$ 1,015,434	\$ 1,118,590
	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>September 30, 2021</u>						
Expected loss rate	0%~5%	0%~5%	0%~56%	0%~100%	0%~100%	
Total book value	\$14,006,386	\$ 199,479	\$ 106,632	\$ 98,964	\$ 1,035,252	\$ 15,446,713
Loss allowance	\$ 3,814	\$ 2,171	\$ 71,230	\$ 11,818	\$ 1,000,887	\$ 1,089,920
		<u>Individual provision</u>		<u>Group provision</u>		<u>Total</u>

September 30, 2022

Expected loss rate		83.49%~100%		0%~100%	
Total book value		\$ 1,081,958		\$ 11,623,686	\$ 12,705,644
Loss allowance		\$ 1,081,932		\$ 36,658	\$ 1,118,590

December 31, 2021

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

September 30, 2021

Expected loss rate		27.38%~100%		0%~100%	
Total book value		\$ 1,088,124		\$ 14,359,589	\$ 15,447,713
Loss allowance		\$ 1,074,411		\$ 14,879	\$ 1,089,290

- 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	145,189	9,403
Reversal of impairment	(130,488)	(1,522)
Write-offs	(207)	-
Effect of exchange rate changes	623	-
At September 30	\$ 1,010,393	\$ 108,197
	2021	
	Accounts receivable (including notes receivable)	
		Other receivables
At January 1	\$ 858,748	\$ 42,481
Acquired from business combination	13,071	-
Provision for impairment	171,499	57,835
Reversal of impairment	(44,896)	-
Write-offs	(6,519)	-
Disposal of subsidiaries	(2,704)	-
Effect of exchange rate changes	(225)	-
At September 30	\$ 988,974	\$ 100,316

(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 September 30, 2022, December 31, 2021 and September 30, 2021, the Group held money market position of \$15,266,654, \$12,561,323 and \$11,541,502, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Floating rate:			
Expiring within one year	\$ 12,072,357	\$ 6,342,480	\$ 4,029,405
Expiring beyond one year	<u>2,326,259</u>	<u>1,112,992</u>	<u>2,251,361</u>
	<u>\$ 14,398,616</u>	<u>\$ 7,455,472</u>	<u>\$ 6,280,766</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:

<u>September 30, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Between 5 and 7 years</u>	<u>Over 7 years</u>
Short-term borrowings	\$ 667,343	\$ -	\$ -	\$ -
Short-term notes and bills payable	953,905	-	-	-
Financial liabilities at fair value through profit or loss	88,963	-	-	-
Notes payable	210,329	-	-	-
Accounts payable (including related parties)	2,917,324	-	-	-
Other payables	5,188,669	-	-	-
Lease liabilities	136,539	453,769	313,187	1,090,839
Long-term borrowings (including current portion)	412,789	3,847,199	12,861	-
Guarantee deposits received	102,787	70,129	-	-

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:

September 30, 2021	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 4,722,870	\$ -	\$ -	\$ -
Short-term notes and bills payable	796,300	-	-	-
Financial liabilities at fair value through profit or loss	951	-	-	-
Notes payable	10,246	-	-	-
Accounts payable (including related parties)	4,506,983	-	-	-
Other payables	5,266,917	-	-	-
Lease liabilities	120,661	417,530	341,519	1,041,180
Long-term borrowings (including current portion)	131,991	4,060,981	49,458	-
Deposit received	146,816	3,050	-	-

- v. The Group does not expect the timing of the estimated cash outflows through the maturity date analysis will be significantly earlier, or expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in convertible bonds and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

- B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, other financial assets, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, lease liabilities, long-term accounts payable and guarantee deposits received are approximate to their fair values.

September 30, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,178,067</u>	<u>\$ -</u>	<u>\$ 4,129,273</u>	<u>\$ -</u>
December 31, 2021				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,139,165</u>	<u>\$ -</u>	<u>\$ 4,141,818</u>	<u>\$ -</u>
September 30, 2021				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,109,034</u>	<u>\$ -</u>	<u>\$ 4,143,941</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 September 30, 2022, December 31, 2021 and September 30, 2021 is as follows:

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

September 30, 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	\$ 102,455	\$ -	\$ 85,619	\$ 188,074
Beneficiary certificates	57,224	-	-	57,224
Derivatives	-	770	-	770
Financial assets at fair value through other comprehensive income				
Equity securities	<u>906,717</u>	<u>-</u>	<u>3,341,338</u>	<u>4,248,055</u>
Total	<u>\$ 1,066,396</u>	<u>\$ 770</u>	<u>\$ 3,426,957</u>	<u>\$ 4,494,123</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 88,963</u>	<u>\$ -</u>	<u>\$ 88,963</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	\$ -	\$ 12	\$ -	\$ 12
September 30, 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	\$ 120,241	\$ -	\$ 65,371	\$ 185,612
Beneficiary certificates	87,362	-	-	87,362
Derivatives	-	1,566	-	1,566
Financial assets at fair value through other comprehensive income				
Equity securities	583,682	-	4,318,782	4,902,464
Total	<u>\$ 791,285</u>	<u>\$ 1,566</u>	<u>\$ 4,384,153</u>	<u>\$ 5,177,004</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 951	\$ -	\$ 951

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- 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
 - Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (c) The following chart is the movement of Level 3 for the nine months ended September 30, 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	(3,614)	(46,975)
(Losses) gains recognised in other comprehensive income	(359,418)	322,061
Additions	189,022	155,124
Disposals	(184,079)	(144,804)
Acquired from business combination	-	17,040
Transfers into level 3	-	(21,084)
Transfers out to level 3	(464,627)	-
Effect of exchange rate changes	4,644	(144)
At September 30	<u>\$ 3,426,957</u>	<u>\$ 4,384,153</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 September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,126,559	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	219,877	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	18.25%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	35,976	Market comparable companies	Equity value multiple (P/B ratio) on September 30, 2022	1.30	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on September 30, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	18,986	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 September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 2,711,847	Market comparable companies	Price to book ratio multiple	1.26~11.53	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	30,647	Market comparable companies	Enterprise value to operating income ratio multiple	0.992~2.85	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	207,641	Market comparable companies	Price to earnings ratio multiple	13.21~15.69	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	1,259,542	Market comparable companies	Enterprise value to EBITDA ratio multiple	15.43~16.59	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	154,980	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	19,496	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:

		September 30, 2022					
		Recognised in profit or loss		Recognised in other comprehensive income			
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Multiple	±1%	\$ 856	(\$ 856)	\$ 33,413	(\$ 33,413)	
		December 31, 2021					
		Recognised in profit or loss		Recognised in other comprehensive income			
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Multiple	±1%	\$ 1,123	(\$ 1,123)	\$ 41,327	(\$ 41,327)	

			September 30, 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%	\$ 654	(\$ 654)	\$ 43,188	(\$ 43,188)

(4) Impact of COVID-19 on the Group's business operations for the nine months ended September 30, 2022.

Except for actively following the pandemic prevention policies of each local government, the Group protected employees with high standard prevention measures and encouraged employees to get vaccinated. However, the pandemic recurred this year in Mainland China and spread in Taiwan starting from the second quarter of 2022. The Group enhanced the manpower and the material management in response to this situation, and it did not significantly affect the Group's product sales. The Group will continuously monitor the development of the pandemic and timely adjust response strategies and coordinate with other resources to ensure that the daily operation will not be affected.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT \$300 million or 20% paid-in capital or more: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

14. SEGMENT INFORMATION

(1) General information:

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

(2) Segment information

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

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

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

Nine months ended September 30, 2022

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 16,528,941	\$ 6,299,053	\$ 183,176	\$ 23,011,170
Segment income	1,142,716	(193,111)	(572,320)	377,285
Segment assets	54,995,781	14,321,220	5,793,273	75,110,274

Nine months ended September 30, 2021

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 18,582,992	\$ 7,989,482	\$ -	\$ 26,572,474
Segment income loss	1,415,707	251,856	(179,264)	1,488,299
Segment assets	59,970,125	16,313,985	1,836,265	78,120,375

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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 nine months ended	Balance at 30-Sep-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
					30-Sep-22								Item	Value			
1	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 150,000	1.70%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 500,000	\$ 5,546,849	\$ 16,640,548	Note 1
2	Epistar Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	300,000	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	4,012,668	12,038,004	Note 2
2	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	4,012,668	12,038,004	Note 2
3	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	-	951,714	1,427,571	Note 3
3	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	360,480	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	951,714	1,427,571	Note 3
4	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	70,294	69,779	69,779	2.86%	Short-term financing	-	Working capital	-	Promissory Note	69,779	4,038,790	4,038,790	Note 4
4	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	539,750	539,750	539,750	3.11%~3.93%	Short-term financing	-	Working capital	-	Promissory Note	539,750	4,038,790	4,038,790	Note 4
5	Lighting Investment Ltd.	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	206,375	206,375	190,500	3.59%	Short-term financing	-	Working capital	-	Promissory Note	206,375	223,935	223,935	Note 5

Table 1-1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended	Balance at 30-Sep-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
					30-Sep-22								Item	Value			
6	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	\$ 142,875	\$ 142,875	\$ 142,875	3.93%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 142,875	\$ 304,675	\$ 304,675	Note 6
7	Lextar Electronics Corporation	ENNOSTAR Inc.	Other receivables-related parties	Y	800,000	800,000	-	1.70%	Short-term financing	-	Working capital	-	None	-	997,848	3,991,392	Note 7
7	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	500,000	250,000	-	1.41%	Short-term financing	-	Working capital	-	None	-	997,848	3,991,392	Note 7
7	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	350,000	1.41%	Short-term financing	-	Working capital	-	Promissory Note	500,000	997,848	3,991,392	Note 7
8	Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	540,720	-	-	1.00%	Short-term financing	-	Working capital	-	None	-	997,848	2,967,589	Note 8
9	Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Chuzhou) Corp.	Other receivables-related parties	Y	132,638	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	997,848	2,068,972	Note 9

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

Note 2: In accordance with Epistar Corporation's Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

Note 3: In accordance with Epicrystal (Changzhou) Ltd. Procedures for Provision of Loans: the limit on loans granted to a single party is 20% of its net equity, and the ceiling on total loans granted is 30% of its net equity.

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

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

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

Note 7: In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net equity, and the ceiling on total loans granted is 40% of its net equity. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company will not be subject to the limit of 40% of the net worth of the lending subsidiary. However, these subsidiaries shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.

Note 8: In accordance with Lextar Electronics (Suzhou) Corp.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation.

Note 9: In accordance with Lextar (Singapore) Pte. Ltd.'s Procedures for Provision of Loans: the ceiling on total loans granted is 80% of its net equity and 40% of the net equity of Lextar Electronics Corporation, and the limit on loans granted to a single party is 80% of its net equity and 10% of the net equity of Lextar Electronics Corporation.

Table 1-2

ENNOSTAR INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Nine months ended September 30, 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 September 30, 2022	Outstanding endorsement/ guarantee amount at September 30, 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	\$ 4,012,668	\$ 1,008,900	\$ 381,000	\$ -	\$ -	0.95	\$ 8,025,336	N	N	Y	
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	2	4,012,668	243,480	-	-	-	-	8,025,336	N	N	Y	
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	4,012,668	1,150,000	600,000	458,587	-	1.50	8,025,336	N	N	N	
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	2	592,071	443,900	-	-	-	-	947,314	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)
September 30, 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 September 30, 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	500,000	\$ 2,500	-	\$ 2,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	3,139	7.39	3,139	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	203,451	13.68	203,451	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	62,560	12.57	62,560	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	35,000,000	535,195	10.00	535,195	

				As of September 30, 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	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,330,951	\$ 18,633	3.03	\$ 18,633	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,042,808	100,613	4.47	100,613	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	396,286	8.53	396,286	
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	219,877	19.90	219,877	
Epistar Corporation	Tekcore co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,627,183	84,165	12.84	84,165	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	76,413	0.24	76,413	Note1

Table 3-2

				As of September 30, 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.	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.	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.68	-	
Epistar Corporation	Nanocrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar JV Holding (BVI) Co.,Ltd.	KAISTAR Lighting (Xiamen) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash USD51,060,000	2,091,341	18.77	2,091,341	
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	15,663	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	40,387	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	1,165	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	-	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	

Table 3-3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	8,816	10.00	8,816	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	85,379	5.74	85,379	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	187,445	8.32	187,445	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	10,365	2.17	10,365	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	7,857	16.92	7,857	
Lighting Investment Corporation	LEDLITEK Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	50,000	-	6.20	-	
Lighting Investment Corporation	De-an Venture Capoitai Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	18,986	10.77	18,986	

Table 3-4

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
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	6,153,424	102,455	4.55	102,455	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	53,155	0.17	53,155	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	57,224	None	57,224	
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	119,575	2.57	119,575	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	30,383	2.04	30,383	
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	2,563	8.97	2,563	

Table 3-5

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	\$ -	8.93	\$ -	
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	22,365	5.00	Not listed. No market value available.	
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)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	35,976	5.38	35,976	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current financial assets at fair value through profit or loss	3,135,000	23,059	6.30	23,059	

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

Note 2: The company registrations had been canceled.

ENNOSTAR INC. AND SUBSIDIARIES

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

Nine months ended September 30, 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 September 30, 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.	Epistar Corporation	Investments accounted for under equity method	Subsidiary	Related	1,088,701,410	\$39,027,656	27,777,778	\$1,000,000	-	\$-	\$-	\$-	1,116,479,188	\$ 39,971,295
ENNOSTAR Inc.	Harvestar Investment Corp.	Investments accounted for under equity method	Subsidiary	Related	65,000,000	676,611	50,000,000	500,000	-	-	-	-	115,000,000	817,225
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Subsidiary	Related	-	-	48,000,000	411,168	-	-	-	-	48,000,000	83,575
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Investments accounted for under equity method	Controlled by the same entity	Related	-	-	52,000,000	424,656	-	-	-	-	52,000,000	89,883
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	4,559,731	62,151	25,162,587	345,000	25,553,534	350,500	349,990	510	4,157,835	57,224
Epistar Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	-	57,217,026	784,000	57,217,026	784,318	784,000	318	-	-

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

Nine months ended September 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the seller	If the counterparty is a related party, information as to the last transfer of data				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Owner	Relationship between the issuer	Date of the transfer	Amount			
Epistar Corporation	Plant of SAVIOR 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	Controlled by the same entity	AUO Corporation	Related parties	2010/5/21	883,810	Experts' appraisal report and market price of nearby trading target	In response to the specialisation and 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

Nine months ended September 30, 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	Controlled by the same entity	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

Nine months ended September 30, 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	(\$ 188,388) (	5)	90 days after month-end closing	N/A	Normal	\$ 34,873	2	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(1,150,701) (	32)	90 days after month-end closing	N/A	Normal	560,179	24	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	(209,063) (	6)	180 days after month-end closing	N/A	Normal	40,506	2	
Epistar Corporation	LEDAZ Co., Ltd.	Note 1	Sales	(146,260) (	1)	90 days after month-end closing and 20 days after next monthly billings	N/A	Normal	127,439	2	
Epistar Corporation	Yenrich Technology Corporation	Note 1	Sales	(125,132) (	1)	90 days after month-end closing	N/A	Normal	26,109	-	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(418,228) (	3)	180 days after month-end closing	N/A	Normal	253,538	3	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(1,036,947) (	7)	150 days after next month-end closing	N/A	Normal	731,654	10	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(211,603) (	1)	90 days after month-end closing	N/A	Normal	10,608	-	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	(180,702) (	10)	90 days after month-end closing	N/A	Normal	57,690	2	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(799,448) (	44)	90 days after month-end closing	N/A	Normal	449,295	19	
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(956,582) (	53)	90 days after month-end closing	N/A	Normal	877,032	36	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	(284,573) (	28)	90 days after month-end closing	N/A	Normal	26,427	4	

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
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(\$ 601,701) (	59)	90 days after month-end closing	N/A	Normal	\$ 426,427	59	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(165,283) (	16)	90 days after month-end closing	N/A	Normal	38,105	5	
Lextar Electronics Corporation	AUO (Suzhou) Corp Ltd.	Other related parties	Sales	(138,781) (	4)	120 days after month-end closing	N/A	Normal	76,400	6	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	(197,134) (	5)	120 days after month-end closing	N/A	Normal	54,925	4	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(2,228,427) (	54)	OA 90 days~OA 120 days	N/A	Normal	792,067	49	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(719,195) (	17)	OA 90 days~OA 120 days	N/A	Normal	386,280	24	
Yenrich Technology Corporation	LEDAB Co., Ltd.	Note 1	Sales	(118,750) (	38)	90 days after month-end closing and 20 days after next monthly billings	N/A	Normal	39,527	40	
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 1	Sales	(114,061) (	23)	120 days after month-end closing	N/A	Normal	92,848	39	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	601,701	19	90 days after month-end closing	N/A	Normal	(426,427) (	19)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	1,036,947	33	150 days after next month-end closing	N/A	Normal	(731,654) (	32)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	956,582	30	90 days after month-end closing	N/A	Normal	(877,032) (	38)	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	284,573	4	90 days after month-end closing	N/A	Normal	(26,427) (	1)	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	209,063	3	60 days after month-end closing	N/A	Normal	(40,506) (	2)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	799,448	12	90 days after month-end closing	N/A	Normal	(449,295) (	22)	
Epicrystal (Changzhou) Co., Ltd	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	165,283	14	90 days after month-end closing	N/A	Normal	(38,105) (	20)	

Table 7-2

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)	
Epicrystal (Changzhou) Co., Ltd	Epistar Corporation	Note 1	Purchases	\$ 211,603	18	90 days after month-end closing	N/A	Normal	(\$ 10,608) (	5)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	418,228	27	90 days after month-end closing	N/A	Normal	(253,538) (	31)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,150,701	73	90 days after month-end closing	N/A	Normal	(560,179) (	69)	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd	Note 1	Purchases	180,702	21	90 days after month-end closing	N/A	Normal	(57,690) (	31)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	2,228,427	81	OA 90 days~OA 120 days	N/A	Normal	(792,067) (	78)	
Lextar Electronics Corporation	Tyntek Corporation	Note 1	Purchases	110,691	4	OA 120 days	N/A	Normal	(60,284) (	6)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	719,195	92	OA 90 days~OA 120 days	N/A	Normal	(386,280) (	93)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Other related parties	Purchases	144,361	5	OA 60 days~OA 120 days	N/A	Normal	(28,874) (	3)	
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	188,388	7	OA 90 days	N/A	Normal	(34,873) (	3)	
Yenrich Technology Corporation	Epistar Corporation	Note 1	Purchases	125,132	64	OA 90 days	N/A	Normal	(26,109) (	68)	
Shanghai Welight Electronic Co., LTD.	ProLight Opto Technology Corporation	Note 1	Purchases	114,061	23	120 days after month-end closing	N/A	Normal	(92,848) (	22)	

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

Table 7-3

ENNOSTAR INC. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	\$ -	\$ 152,449	\$ 152,449	-	\$ -		\$ -	\$ -
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	514,275	514,275	-	-		-	-
Epistar JV Holding (BVI)Co.,Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	-	100,024	100,024	-	-		-	-
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	560,179	-	560,179	2.94	26,593		153,526	-
Epistar Corporation	LEDAZ Co., Ltd.	Note 2	127,439	7,340	134,779	0.91	107,356		-	94,953
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	253,538	917	254,455	1.65	-		27,979	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	731,654	10,219	741,873	1.65	114,610		132,180	-
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	29,381	316,437	345,818	0.58	408		105,861	-
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	449,295	1,698	450,993	1.36	-		-	-
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	877,032	459	877,491	1.60	433,051		-	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	426,427	-	426,427	2.27	-		-	-
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	191,754	191,754	-	-		-	-
Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	143,281	143,281	-	-		-	-
Lextar Electronics Corporation	Epistar Corporation	Note 2	-	158,149	158,149	-	-		-	-
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	350,000	350,000	-	-		-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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		
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	\$ 792,067	\$ 2,052	\$ 794,119	3.02	\$ 146,412		\$ 192,689	\$ -
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2	386,280	-	386,280	2.35	58,358		58,354	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$114,610 and \$408 from Episky Corporation (Xiamen) and Unicorn.

Episky Corporation (Xiamen) has received \$26,593 from Shenzhen Epikylin. Lextar Electronics (Chuzhou) has received \$146,378 and \$58,354 from Lextar and Lextar Electronics (Suzhou).

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
Nine months ended September 30, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	1	Other receivable	\$ 152,449	Based on contract terms	0.20
0	ENNOSTAR Inc.	Epistar Corporation	1	Other operating revenue	102,323	Based on contract terms	0.44
1	Epistar Corporation	Yenrich Technology Corporation	3	Sales	125,132	Conducted in the ordinary course of business with terms similar to those with third parties	0.54
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	418,228	Conducted in the ordinary course of business with terms similar to those with third parties	1.82
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	1,036,947	Conducted in the ordinary course of business with terms similar to those with third parties	4.51
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Sales	211,603	Conducted in the ordinary course of business with terms similar to those with third parties	0.92
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Cost of goods sold	284,573	Conducted in the ordinary course of business with terms similar to those with third parties	1.24
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	209,063	Conducted in the ordinary course of business with terms similar to those with third parties	0.91

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	Epicrystal (Changzhou) Co., Ltd.	3	Cost of goods sold	\$ 799,448	Conducted in the ordinary course of business with terms similar to those with third parties	3.47
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	253,538	Conducted in the ordinary course of business with terms similar to those with third parties	0.34
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	731,654	Conducted in the ordinary course of business with terms similar to those with third parties	0.97
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	316,437	Loans granted	0.42
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Sales	188,388	Conducted in the ordinary course of business with terms similar to those with third parties	0.82
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	1,150,701	Conducted in the ordinary course of business with terms similar to those with third parties	5.00
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	560,179	Conducted in the ordinary course of business with terms similar to those with third parties	0.75
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	180,702	Conducted in the ordinary course of business with terms similar to those with third parties	0.79
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	956,582	Conducted in the ordinary course of business with terms similar to those with third parties	4.16

Table 9-2

Number (Note 1)				Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
3	Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Accounts receivable	\$ 449,295	Conducted in the ordinary course of business with terms similar to those with third parties	0.60
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	877,032	Conducted in the ordinary course of business with terms similar to those with third parties	1.17
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	601,701	Conducted in the ordinary course of business with terms similar to those with third parties	2.61
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	165,283	Conducted in the ordinary course of business with terms similar to those with third parties	0.72
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	426,427	Conducted in the ordinary course of business with terms similar to those with third parties	0.57
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Processing fees	131,664	Conducted in the ordinary course of business with terms similar to those with third parties	0.57
5	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	514,275	Loans granted	0.68
5	Epistar JV Holding (BVI)Co.,Ltd.	Episky Corporation (Xiamen) Ltd.	3	Other receivable	100,024	Loans granted	0.13
6	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	191,754	Loans granted	0.26
7	Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	143,281	Loans granted	0.19
8	Lextar Electronics Corporation	Epistar Corporation	3	Other receivable	158,149	Conducted in the ordinary course of business with terms	0.21
8	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	350,000	Loans granted	0.47
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	2,228,427	Conducted in the ordinary course of business with terms similar to those with third parties	9.68

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	
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	\$ 792,067	Conducted in the ordinary course of business with terms similar to those with third parties	1.05
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	719,195	Conducted in the ordinary course of business with terms similar to those with third parties	3.13
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	386,280	Conducted in the ordinary course of business with terms similar to those with third parties	0.51
10	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	3	Sales	114,061	Conducted in the ordinary course of business with terms similar to those with third parties	0.50

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

Nine months ended September 30, 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 September 30, 2022				Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value				
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	\$ 38,607,380	\$ 37,607,380	1,116,479,188	100.00	\$ 39,971,295	\$ 1,285,226	\$ 1,332,881		
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	11,496,366	(156,395)	(189,632)		
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	650,000	115,000,000	100.00	817,225	(126,753)	(126,477)		
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	598,619	(115,458)	(10,561)	Note1	
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	10,210	6,922,000	75.96	28,564	(7,834)	(4,578)		
ENNOSTAR Inc.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.14	449,332	(547,201)	(47,270)	Note1	
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	440,000	290,000	44,000,000	100.00	437,101	(34,495)	(34,495)		

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022					Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 411,168	\$ -	48,000,000	17.62	\$ 83,576	(\$ 711,108)	(\$ 72,438)			
Harvestar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.13	479,714	(547,201)	(47,197)	Note1		
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	172,249	113,931	7,905,000	2.63	210,160	(115,458)	(2,717)	Note1		
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	424,656	-	52,000,000	19.09	89,883	(711,108)	(77,736)			
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	265,135	265,135	6,500,000	5.86	263,606	(547,201)	(33,350)	Note1		
Calystar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	68,839	-	3,498,000	1.16	65,352	(115,458)	(1,103)	Note1		

Table 10-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022					Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 1,051	\$ 1,051	20,000	0.02	\$ 1,188	(\$ 547,201)	(\$ 8)	Note1		
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	39.09	50,948	47,726	10,067			
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	10,052,792	(57,336)	(57,610)			
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	cash USD8,660,000	100.00	271,689	8,927	8,927			
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	2,161,814	191,478,518	100.00	1,391,390	(58,082)	(56,718)			
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	400,000	1,100,000	40,000,000	14.69	84,656	(711,108)	(223,322)			
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,225	(1,850)	(907)			
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	42,912	3,059	1,223			
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	277	(1,826)	(1,175)			
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	1,223	(115,458)	(18)	Note1		

Table 10-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022					Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	\$ 66,745	\$ 66,745	2,679,063	3.53	\$ 58,346	\$ 30,252	\$ 1,066	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	5,894	(26)	(26)	
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	3,662,687	(131,329)	(108,228)	
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	274,698	(10,333)	(7,735)	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash USD68,000,000	100.00	2,368,292	(1,777)	(1,777)	
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,370,156	4,291,894	64,793,559	85.26	1,411,189	30,252	25,793	
GaN Force Corporation	GV Semiconductor Inc.	USA	R&D and sales of electronic components	-	93,582	-	-	-	(557)	(1,831)	
Lighting Investment Ltd.	LEDAZ Co., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	87,340	-	
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	516	12,806	429,000	30.00	11,371	(4,076)	(1,223)	
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	279,251	2,147	2,147	
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	4,443,553	(131,360)	(131,360)	
Lighting Investment Corporation	LEDAZ Co., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	87,340	-	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,642	100.00	661,562	30,840	30,840	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	133,433	133,433	4,010,000	100.00	78,480	56	56	

Table 10-4

				Initial investment amount		Shares held as at September 30, 2022						
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote	
Lighting Investment Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	\$ -	\$ 56,322	-	-	\$ -	(\$ 29,734)	(\$ 4,365)		
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	113,709	30,252	2,078		
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	67,101	64,301	4,428,000	83.39	(22,927)	(18,236)	(15,117)		
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	10,505	(504)	(303)		
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	11,599	1,757,000	11.26	6,099	(22,907)	(2,953)	Note1	
Lighting Investment Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,276	258	50,000	0.02	817	(115,458)	(13)	Note1	
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	729	(1,826)	(235)		
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	369	(32)	(16)		
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD5,200,000	3.31	157,509	(140,673)	(4,656)		

Table 10-5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022					Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	\$ 469,590	\$ 469,590	cash RMB110,000,000	10.89	\$ 847,702	(\$ 585,221)	(\$ 64,435)	
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	122,036	122,036	cash RMB29,100,000	9.70	114,514	(213,551)	(23,926)	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	197,103	23,774	23,774	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	2,709,310	2,709,310	90,270,000	100.00	2,586,215	(126,219)	(126,219)	
Lextar Electronics Corporation	Wellybond Optronics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	12,205	76	76	
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	170,908	4,740	4,740	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,228,073	35,349	35,349	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	129,305	3,747	3,747	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	583,121	(37,105)	(37,105)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	36,771	1,214	1,098	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.81	84,976	(26,074)	(9,386)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	980,487	530,487	66,000,000	100.00	856,170	(82,507)	(82,507)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	97,031	-	6,500,000	9.55	90,871	(45,137)	(1,471)	

Table 10-6

				Initial investment amount		Shares held as at September 30, 2022					
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30,	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
									2022	2022	
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	\$ 1,173	(\$ 115,458)	(\$ 78)	Note1
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	3,025	3,025	22,000	100.00	4,130	286	286	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	(1,098,895)	(194,347)	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	2,637	2,468	1,234	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.81	84,969	(26,074)	(9,385)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	30,000	10,000	20,000,000	86.96	18,194	(7,482)	(6,630)	

Table 10-7

				Initial investment amount		Shares held as at September 30, 2022						
Investor	Investee	Location	Main business activities	Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Footnote	
									of the investee for the nine months ended September 30, 2022	income (loss) recognised by the Company for the nine months ended September 30, 2022		
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 68,250	\$ 33,000	4,550,000	29.17	\$ 51,721	(\$ 22,907)	(\$ 9,424)	Note1	
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	303,264	251,016	20,310,000	29.84	283,978	(45,137)	(11,940)		
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	1,162	(115,458)	(79)	Note1	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	91,763	91,763	6,185,000	9.09	86,482	(45,137)	(4,102)		
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	1,163	(115,458)	(77)	Note1	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	137,100	6,717,900	49.00	61,274	(36,263)	(23,931)		

Table 10-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2022					Net profit (loss) of the investee for the nine months ended September 30, 2022	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Footnote
				Balance as at September 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value					
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	\$ 27,366	\$ 27,366	1,822,000	2.68	\$ 25,430		(\$ 45,137)		(\$ 1,208)	
Yenrich Technology Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,324	-	50,000	0.02	1,191		(115,458)		(80)	Note1
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	1,002		1,860		1,860	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	1,029		1,860		1,860	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED wafers, chips, packages, lights, and modules.	3,094,825	3,094,825	cash RMB700,000,000	100.00	3,538,847		238,394		238,394	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	cash RMB29,000,000	48.33	84,751		(69,804)		(33,410)	

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
Nine months ended September 30, 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)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					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	(\$ 1,777)	100.00	(\$ 1,777)	\$ 2,368,292	\$ -	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	(11,796)	74.86	(8,830)	287,053	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	(140,673)	76.95	(108,254)	3,661,931	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	931	100.00	931	144,959	61,278	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	-	2,091,341	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,854,198	3	296,108	-	-	296,108	-	11.69	-	-	-	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	(48,535)	2,563	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to 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 September 30, 2022	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
					Amount remitted back to Taiwan for the nine months ended September 30, 2022								
					Remitted to Mainland China	Remitted back to Taiwan							
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	29,277	95.66	28,938	1,583,244	-	2(3)
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	-	3,585,860	110,208	100.00	110,208	3,778,157	-	2(2)

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 nine months ended September 30, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Net income of investee for the nine months ended September 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2022	Book value of investments in Mainland China as of September 30, 2022	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2022	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
				China	to Taiwan								
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	\$ 32,759	2	\$ 32,759	\$ -	\$ -	\$ 32,759	(\$ 3,177)	100.00	(\$ 3,177)	\$ 9,131	\$ -	2(3)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	1,341,900	1	391,909	138,441	-	530,350	(213,551)	40.30	(78,145)	481,668	-	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	1,860	51.16	1,860	1,002	-	2(3)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	\$ 13,112,261	\$ 14,284,523	\$ 24,759,447
Lextar Electronics Corporation	\$ 4,167,894	\$ 4,577,180	\$ 5,987,089

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

Nine months ended September 30, 2022

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2022	%	Balance at September 30, 2022	Purpose	Maximum balance during nine months ended September 30, 2022	Balance at September 30, 2022	Interest rate	Interest during nine months ended September 30, 2022	Others
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	\$ 34,372	0.20	\$ -	-	\$ 61,261	0.11	\$ -	-	\$ -	\$ -	-	\$ -	-
Lextar Electronics (Chuzhou) Corp.	44,338	0.26	-	-	19,539	0.04	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	82,047	0.48	1,558	0.09	47,810	0.09	-	-	-	-	-	-	-
Shenzhen Epikylin Optoelectronics Co.,Ltd	418,228	2.45	-	-	253,538	0.46	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	1,036,947	6.08	-	-	731,654	1.33	381,000	-	70,294	69,779	2.86%	1,403	-
Epicrystal (Changzhou) Co., Ltd.	211,603	1.24	-	-	10,608	0.02	-	-	-	-	-	-	-
Shanghai Welight Electronic Co., LTD	114,061	23.33	-	-	92,848	38.58	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd. (	284,573)	(1.67)	-	-	(26,427)	(0.05)	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(209,063)	(1.23)	-	-	(40,506)	(0.07)	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	(799,448)	(4.69)	-	-	(449,295)	(0.82)	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(2,228,427)	(80.97)	-	-	(792,067)	(77.64)	-	-	-	-	-	-	-

ENNOSTAR INC. AND SUBSIDIARIES

Major Shareholders Information

September 30, 2022

Table 13

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