

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2024 AND 2023

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

INDEPENDENT AUDITORS' REVIEW REPORT

PWCR 24000024

To the Board of Directors and Shareholders of ENNOSTAR Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of ENNOSTAR Inc. and subsidiaries (the “Group”) as at March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of material 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” that came into effect 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 on Review Engagements 2410, “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\$6,822,933 thousand and NT\$6,074,363 thousand, constituting 10.88% and 8.62% of the consolidated total assets as at March 31, 2024 and 2023, respectively, total liabilities amounted to NT\$2,184,068 thousand and NT\$1,018,942 thousand, constituting 15.13% and 6.82% of the consolidated total liabilities as at March 31, 2024 and 2023 respectively, and the total comprehensive loss amounted to NT\$727,100 thousand and NT\$129,541 thousand, constituting 86.30% and 12.40% of the consolidated total comprehensive income for the three months then ended, respectively. The balance of these investments accounted for using equity method amounting to NT\$2,353,602 thousand and NT\$2,385,171 thousand, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounting to NT\$74,919 thousand and NT\$148,400 thousand, respectively, were included.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the basis for qualified conclusion section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and

International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 3, 2024

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
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2024 and 2023 are reviewed, not audited)

Assets			March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 15,272,097	24	\$ 15,563,488	24	\$ 16,169,461	23
1110	Financial assets at fair value through profit or loss - current	6(2)	148,821	-	202,446	-	156,079	-
1136	Current financial assets at amortised cost	6(4) and 8	1,046,284	2	914,438	2	586,746	1
1150	Notes receivable, net	6(5) and 8	809,379	1	758,666	1	1,402,713	2
1160	Notes receivable due from related parties, net	7	-	-	-	-	3,762	-
1170	Accounts receivable, net	6(5)	7,406,203	12	7,672,028	12	6,534,805	9
1180	Accounts receivable - related parties, net	7	487,840	1	468,607	1	452,588	1
1200	Other receivables		187,468	-	145,536	-	160,286	-
1210	Other receivables - related parties	7	37,093	-	26,399	-	44,389	-
130X	Inventories	6(6)	4,724,355	8	4,216,492	7	4,764,594	7
1410	Prepayments		572,838	1	564,590	1	748,050	1
1460	Non-current assets held for sale - net	6(11)	96,981	-	94,800	-	-	-
1470	Other current assets		44,770	-	49,026	-	34,258	-
11XX	Current Assets		30,834,129	49	30,676,516	48	31,057,731	44
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	-	-	95,973	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	3,479,901	6	4,198,539	6	4,671,124	7
1535	Non-current financial assets at amortised cost	6(4) and 8	242,954	-	241,961	-	178,846	-
1550	Investments accounted for using equity method	6(7)	3,167,573	5	3,300,127	5	3,366,991	5
1600	Property, plant and equipment	6(8) and 8	18,910,741	30	19,464,972	30	21,072,125	30
1755	Right-of-use assets	6(9)	1,696,681	3	1,671,302	3	1,916,587	3
1760	Investment property, net		646,267	1	646,803	1	683,626	1
1780	Intangible assets	6(10)	1,583,844	2	1,640,602	3	4,853,368	7
1840	Deferred income tax assets	6(32)	1,750,011	3	1,827,341	3	1,706,898	2
1900	Other non-current assets	8	401,169	1	434,299	1	896,519	1
15XX	Non-current assets		31,879,141	51	33,425,946	52	39,442,057	56
1XXX	Total assets		\$ 62,713,270	100	\$ 64,102,462	100	\$ 70,499,788	100

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2024, DECEMBER 31, 2023 AND MARCH 31, 2023

(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2024 and 2023 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2024		December 31, 2023		March 31, 2023	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 352,817	-	\$ 747,136	1	\$ 1,278,090	2
2110	Short-term notes and bills payable	6(14) and 8	1,281,205	2	1,295,140	2	627,165	1
2120	Financial liabilities at fair value through profit or loss - current	6(13)	61,690	-	2,284	-	9,624	-
2150	Notes payable		3,061	-	1,805	-	285,019	-
2170	Accounts payable		2,984,829	5	2,692,899	4	2,158,369	3
2180	Accounts payable - related parties	7	196,466	-	162,909	-	212,331	-
2200	Other payables	6(15) and 7	3,602,191	6	3,810,923	6	3,585,151	5
2230	Current tax liabilities		43,382	-	27,561	-	32,926	-
2280	Current lease liabilities		99,278	-	93,481	-	111,815	-
2320	Long-term liabilities, current portion	6(16) and 8	1,834,566	3	1,789,423	3	809,481	1
2399	Other current liabilities - others		491,899	1	298,972	1	411,681	1
21XX	Current Liabilities		10,951,384	17	10,922,533	17	9,521,652	13
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	1,475,546	2	1,934,187	3	3,108,535	4
2570	Deferred tax liabilities	6(32)	264,784	1	462,941	1	437,310	1
2580	Non-current lease liabilities		1,428,974	2	1,409,803	2	1,499,996	2
2600	Other non-current liabilities	6(19)	313,307	1	228,262	-	373,538	1
25XX	Non-current liabilities		3,482,611	6	4,035,193	6	5,419,379	8
2XXX	Total Liabilities		14,433,995	23	14,957,726	23	14,941,031	21
Equity attributable to owners of parent company								
Share capital								
3110	Share capital - common stock	6(20)	7,529,405	12	7,529,405	12	7,547,840	11
Capital surplus								
3200	Capital surplus	6(21)	46,436,066	75	46,447,060	73	46,441,078	65
Retained earnings								
3310	Legal reserve	6(22)	216,945	-	216,945	-	216,945	-
3320	Special reserve		154,927	-	154,927	-	290,598	-
3350	Accumulated deficit		(7,281,856)	(12)	(6,814,704)	(11)	(1,086,237)	(1)
Other equity interest								
3400	Other equity interest	6(23)	(290,814)	(1)	(24,296)	-	406,670	1
3500	Treasury shares	6(20)	(135,163)	-	(135,163)	-	(294,810)	-
31XX	Equity attributable to owners of the parent		46,629,510	74	47,374,174	74	53,522,084	76
36XX	Non-controlling interest		1,649,765	3	1,770,562	3	2,036,673	3
3XXX	Total equity		48,279,275	77	49,144,736	77	55,558,757	79
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total liabilities and equity	9	\$ 62,713,270	100	\$ 64,102,462	100	\$ 70,499,788	100

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)
(Unaudited)

Items		Notes	Three months ended March 31			
			2024		2023	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 5,582,952	100	\$ 4,727,918	100
5000	Operating costs	6(6) and 7	(4,899,158)	(87)	(4,827,295)	(102)
5900	Operating margin		683,794	13	(99,377)	(2)
5910	Unrealized loss from sales		-	-	23	-
5920	Realized profit from sales		(13)	-	(26)	-
5950	Net operating margin		683,781	13	(99,380)	(2)
	Operating expenses	6(30)(31)				
6100	Selling expenses		(220,332)	(4)	(206,340)	(4)
6200	General and administrative expenses		(420,665)	(8)	(426,645)	(9)
6300	Research and development expenses		(573,847)	(10)	(653,397)	(14)
6450	Expected credit (loss) profit		(267)	-	4,886	-
6000	Total operating expenses		(1,215,111)	(22)	(1,281,496)	(27)
6500	Other income and expenses - net	6(25)	9,617	-	13,606	-
6900	Operating loss		(521,713)	(9)	(1,367,270)	(29)
	Non-operating income and expenses					
7100	Interest income	6(26)	60,025	1	55,961	1
7010	Other income	6(27)	114,317	2	120,722	2
7020	Other gains and losses	6(28) and 7	16,217	-	122,347	3
7050	Finance costs	6(29)	(44,250)	(1)	(39,299)	(1)
7055	Expected credit losses		(24)	-	(10,736)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(138,217)	(2)	(251,225)	(5)
7000	Total non-operating income and expenses		8,068	-	(2,230)	-
7900	Loss before income tax		(513,645)	(9)	(1,369,500)	(29)
7950	Income tax expense	6(32)	(82,381)	(2)	(24,749)	-
8200	Loss for the period		(\$ 596,026)	(11)	(\$ 1,394,249)	(29)

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ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)
(Unaudited)

		Three months ended March 31								
		2024		2023						
Items	Notes	AMOUNT	%	AMOUNT	%					
Other comprehensive income (loss)										
Components of other comprehensive income that will not be reclassified to profit or loss										
8311	Gain on remeasurements of defined benefit plans	\$	22	-	\$	1,625	-			
8316	Unrealised (loss) gain from investments in equity instruments measured at fair value through other comprehensive income	6(3)	(795,653)	(14)	299,287	6		
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(7)		896	-	5,030	-			
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(7)(32)		178,814	3	(4,621)	-		
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(615,921)	(11)	301,321	6		
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Cumulative translation differences of foreign operations			321,023	6	45,181	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	6(7)		48,361	1	3,771	-			
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(7)(32)		74	-	(344)	-		
8360	Components of other comprehensive income that will be reclassified to profit or loss			369,458	7	48,608	1			
8300	Other comprehensive (loss) income		(\$ 246,463)	(4)	\$ 349,929	7		
8500	Total comprehensive loss		(\$ 842,489)	(15)	(\$ 1,044,320)	(22)
Loss attributable to:										
8610	Equity holders of the parent company		(\$ 467,176)	(9)	(\$ 1,242,872)	(26)
8620	Non-controlling interest		(\$ 128,850)	(2)	(\$ 151,377)	(3)
Comprehensive loss attributable to:										
8710	Equity holders of the parent company		(\$ 733,670)	(13)	(\$ 901,436)	(19)
8720	Non-controlling interest		(\$ 108,819)	(2)	(\$ 142,884)	(3)
Loss per share (NT\$)										
9750	Total basic loss per share	6(33)	(\$ 0.62)	(\$ 1.65)				
9850	Total diluted loss per share	6(33)	(\$ 0.62)	(\$ 1.65)				

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Other equity interest		Treasury shares	Total	Non-controlling interest	Total equity
						Cumulative translation differences of foreign operations	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income				
<u>2023</u>											
Balance at January 1, 2023	\$ 7,547,840	\$ 46,421,664	\$ 216,945	\$ 290,598	\$ 147,022	\$ 36,083	\$ 38,927	(\$ 294,810)	\$ 54,404,269	\$ 2,256,727	\$ 56,660,996
Loss for the period	-	-	-	-	(1,242,872)	-	-	-	(1,242,872)	(151,377)	(1,394,249)
Other comprehensive income for the period	-	-	-	-	642	41,815	298,979	-	341,436	8,493	349,929
Total comprehensive income(loss)	-	-	-	-	(1,242,230)	41,815	298,979	-	(901,436)	(142,884)	(1,044,320)
Changes in ownership interests in subsidiaries accounted for using equity method	6(21)	-	(4,597)	-	-	(163)	-	-	(4,760)	-	(4,760)
Change in equity of associates and joint ventures accounted for using equity method	6(21)	-	24,011	-	-	-	-	-	24,011	-	24,011
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(22)	-	-	-	9,134	-	(9,134)	-	-	-	-
Non-controlling interests		-	-	-	-	-	-	-	-	(77,170)	(77,170)
Balance at March 31, 2023	<u>\$ 7,547,840</u>	<u>\$ 46,441,078</u>	<u>\$ 216,945</u>	<u>\$ 290,598</u>	<u>(\$ 1,086,237)</u>	<u>\$ 77,898</u>	<u>\$ 328,772</u>	<u>(\$ 294,810)</u>	<u>\$ 53,522,084</u>	<u>\$ 2,036,673</u>	<u>\$ 55,558,757</u>
<u>2024</u>											
Balance at January 1, 2024	\$ 7,529,405	\$ 46,447,060	\$ 216,945	\$ 154,927	(\$ 6,814,704)	(\$ 208,746)	\$ 184,450	(\$ 135,163)	\$ 47,374,174	\$ 1,770,562	\$ 49,144,736
Loss for the period	-	-	-	-	(467,176)	-	-	-	(467,176)	(128,850)	(596,026)
Other comprehensive income (loss) for the period	-	-	-	-	24	349,427	(615,945)	-	(266,494)	20,031	(246,463)
Total comprehensive income (loss)	-	-	-	-	(467,152)	349,427	(615,945)	-	(733,670)	(108,819)	(842,489)
Changes in ownership interests in subsidiaries accounted for using equity method	6(21)	-	(2,575)	-	-	-	-	-	(2,575)	-	(2,575)
Change in equity of associates and joint ventures accounted for using equity method	6(21)	-	(10,770)	-	-	-	-	-	(10,770)	-	(10,770)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(21)	-	2,351	-	-	-	-	-	2,351	-	2,351
Non-controlling interests		-	-	-	-	-	-	-	-	(11,978)	(11,978)
Balance at March 31, 2024	<u>\$ 7,529,405</u>	<u>\$ 46,436,066</u>	<u>\$ 216,945</u>	<u>\$ 154,927</u>	<u>(\$ 7,281,856)</u>	<u>\$ 140,681</u>	<u>(\$ 431,495)</u>	<u>(\$ 135,163)</u>	<u>\$ 46,629,510</u>	<u>\$ 1,649,765</u>	<u>\$ 48,279,275</u>

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	(Unaudited)	Three months ended March 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 513,645)	(\$ 1,369,500)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(30)	1,097,384	1,169,446
Amortization	6(10)(30)	62,931	61,432
Expected credit loss	12(2)	291	5,850
(Gain) loss on disposal of investments	6(28)	(14,364)	13
Net loss (gain) on financial assets at fair value through profit or loss	6(28)	99,284	(48,055)
Interest expense	6(29)	44,250	39,299
Interest income	6(26)	(60,025)	(55,961)
Compensation cost of share-based payment		418	-
Share of loss of associates and joint ventures accounted for using equity method	6(7)	138,217	251,225
Gain on disposal of property, plant and equipment	6(28)	(2,959)	(130,221)
Gain from lease modification	6(28)	(5)	-
Unrealized profit from sales		-	(23)
Realized loss from sales		13	26
Other income from recognition of long-term deferred revenues	6(19)	(13,369)	(13,284)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		58,754	52,382
Notes receivable	(	50,713)	476,620
Accounts receivable		436,993	1,012,621
Other receivables	(	52,586)	(24,402)
Inventories	(	507,863)	60,451
Prepayments	(	8,248)	13,926
Other current assets		4,256	(13,631)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current	(	45,007)	5,104
Notes payable		1,256	41,687
Accounts payable		325,487	(91,172)
Other payables	(	250,458)	(740,054)
Other current liabilities	(	4,183)	(28,596)
Other non-current liabilities		2,890	(34,981)
Cash inflow generated from operations		748,999	640,202
Interest received		64,224	47,565
Interest paid	(	39,465)	(31,452)
Income tax paid	(12,573)	(98)
Net cash flows from operating activities		761,185	656,217

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ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)
(Unaudited)

	Notes	Three months ended March 31	
		2024	2023
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through other comprehensive income		\$ -	\$ 68,859
Acquisition of current financial assets at amortised cost		(112,313)	-
Proceeds from disposal of current financial assets at amortised cost		-	61,801
Acquisition of investments accounted for using equity method		-	(47,328)
Proceeds from disposal of investments accounted for using equity method	6(34)	51,000	89,432
Acquisition of property, plant and equipment	6(34)	(316,714)	(592,360)
Proceeds from disposal of property, plant and equipment	6(34)	202,446	38,807
Decrease in refundable deposits		4,293	26,011
Acquisition of intangible assets	6(34)	(15,113)	(16,764)
Increase in other non-current assets		(14,787)	(4,472)
Net cash flows used in investing activities		(201,188)	(376,014)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(35)	(409,873)	78,282
Decrease in short-term notes and bill payable	6(35)	(30,149)	(151,473)
Repayment of long-term loans	6(35)	(413,498)	(200,000)
Increase in guarantee deposits received	6(35)	93,737	57,455
Repayment of principal portion of lease liabilities	6(35)	(31,473)	(30,161)
Acquisition of ownership interests in subsidiaries	6(34)	(18,887)	-
Net cash flows used in financing activities		(810,143)	(245,897)
Effects of foreign currency exchange		(41,245)	8,023
Net (decrease) increase in cash and cash equivalents		(291,391)	42,329
Cash and cash equivalents at beginning of period		15,563,488	16,127,132
Cash and cash equivalents at end of period		\$ 15,272,097	\$ 16,169,461

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

ENNOSTAR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

ENNOSTAR Inc. (the “Company”) was incorporated on January 6, 2021. The Company’s shares have been traded on the Taiwan Stock Exchange in the Republic of China since the date of its incorporation. The share exchange transaction, wherein the Company was established by Epistar Corporation (“Epistar”) and acquired all issued and outstanding ordinary shares of Epistar and Lextar Electronics Corporation (“Lextar”) by way of share exchange, has been approved both at Epistar’s board meeting on June 18, 2020 and special shareholders’ meeting on August 7, 2020. The share exchange was conducted at an exchange ratio of 1 ordinary share of Epistar and Lextar for 0.5 and 0.275 ordinary share of the Company, respectively. As a result, Epistar and Lextar became wholly-owned subsidiaries of the Company on January 6, 2021, and both of Epistar’s and Lextar’s ordinary shares have been delisted while the ordinary shares of the Company were listed starting from the same date under the symbol “3714”.

The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and light-emitting diode packages and modules.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 3, 2024.

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[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date Announced by International Accounting Standards Board (IASB)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

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

None.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date Announced by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.	
IFRS 18, 'Presentation and disclosure in financial statements'	
IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.	

4. SUMMARY OF MATERIAL 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, 2023. 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' that came into effect as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the 2023 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, 2023.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
ENNOSTAR Inc.	Epistar Corporation	Researching, developing, manufacturing and sales of LED wafers and chips	100%	100%	100%	
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, packages and modules	100%	100%	100%	
ENNOSTAR Inc.	Harvestar Investment Corp.	General investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Calystar Investment Corp.	General investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Amengine Corporation	Developing, manufacturing and sales of optical sensing modules	75.96%	75.96%	75.96%	Note 3 Note 4
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	19.53%	19.53%	17.99%	Note 2 Note 4
ENNOSTAR Inc.	Precistar Investment Corp.	General investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Praistar Investment Corp.	General investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Manastar Investment Corp.	General investment	100%	100%	100%	Note 3 Note 4
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	15.45%	15.45%	16.65%	Note 2 Note 4
Precistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	7.08%	7.08%	4.29%	Note 2 Note 4
Praistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	3.98%	3.98%	4.29%	Note 2 Note 4
Epistar Corporation	Lighting Investment Corporation	General investment	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	General investment	100%	100%	100%	
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	49.00%	Note 1 Note 3 Note 4
Epistar Corporation	Full Star Enterprises Limited	General investment	-	-	100%	Note 3 Note 6
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	11.89%	11.89%	12.80%	Note 2 Note 4
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	64.32%	Note 3 Note 4 Note 8
Epistar Corporation	Can Yang Investments Limited	General investment	3.53%	3.53%	3.53%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	General investment	82.41%	82.41%	82.41%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	General investment	74.86%	74.86%	74.86%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	General investment	100%	100%	100%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	General investment	100%	100%	100%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	General investment	88.21%	87.41%	85.25%	Note 3 Note 4
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	General investment	100%	100%	100%	Note 3 Note 4
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	93.38%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 3 Note 4
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.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Sales of LED chips	100%	100%	100%	
Lighting Investment Corporation	Lighting Investment Ltd.	General investment	100%	100%	100%	Note 3 Note 4
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design of power components and module for gallium nitride silicon	-	-	89.39%	Note 3 Note 10
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	-	-	100%	Note 3 Note 7
Lighting Investment Corporation	Can Yang Investments Limited	General investment	6.87%	6.87%	6.87%	Note 3 Note 4
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	35.68%	35.68%	Note 3 Note 4 Note 8
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	General investment	100%	100%	100%	Note 3 Note 4 Note 11
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	General investment	100%	100%	100%	Note 3 Note 4 Note 8
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	-	2.68%	Note 3 Note 9
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	General investment	100%	100%	100%	Note 3 Note 4
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	General investment	100%	100%	100%	Note 3 Note 4
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	General investment	100%	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	General investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellypower Optronics Corporation	General investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Apower Optronics Corporation	General investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Corporation	General investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	General investment	100%	100%	100%	Note 3 Note 4 Note 8
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	100%	100%	90.50%	Note 3 Note 4
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.52%	31.81%	Note 3 Note 4
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of electronic component	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.84%	9.55%	Note 3 Note 4 Note 9

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED and modules	100%	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Sale of LED and after-sales service	100%	100%	100%	Note 3 Note 4
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.84%	9.09%	Note 3 Note 4 Note 9
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design,developing, reasearching and sales of health care products	50.00%	50.00%	50.00%	Note 3 Note 4
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	31.47%	31.47%	29.84%	Note 3 Note 4 Note 9
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.52%	31.81%	Note 3 Note 4
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing of electronic component	87.46%	87.46%	84.03%	Note 3 Note 4
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED and modules	100%	100%	100%	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	30.50%	29.00%	-	Note 5 Note 4
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	66.40%	66.40%	-	Note 5 Note 4

Note 1: Due to the control over the entity's financial and operational policies, this company is included in the consolidated financial statements. Liquidation has been completed in April, 2024.

Note 2: ENNOSTAR Inc. and Harvestar Investment Corp. had participated in the capital increase of Unikorn in the first quarter of 2022, and acquired part of shares of Unikorn from Epistar due to the reorganization in the second quarter of 2022. ENNOSTAR Inc., Harvestar Investment Corp., Precistar Investment Corp., and Praistar Investment Corp. had participated in the capital increase of Unikorn in the fourth quarter of 2022 and second quarter of 2023, therefore, ENNOSTAR, Harvestar, Precistar, Praistar and Epistar's shareholding ratios were 19.53%, 15.45%, 7.08%, 3.98% and 11.89% on March 31, 2024, respectively.

Note 3: The financial statements of the entity as of and for the three months ended March 31, 2023 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 4: The financial statements of the entity as of and for the three months ended March 31, 2024 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 5: Due to changes in equity, it has been included in the consolidated entity since April, 2023.

Note 6: Dissolved in May, 2023 because of discontinuance of operations.

Note 7: Dissolved in July, 2023 because of discontinuance of operations.

Note 8: Epistar (Hong Kong) Corporation Limited, GaN Force Corporation and Wellybond Optronic (H.K) Limited have applied for liquidation in 2023.

Note 9: Due to the reorganization, the shares of ProLight Opto Technology Corporation originally held by Yenrich Technology Corporation are held by Epistar, Liang Li Venture Corp. and Wellybond Corporation.

Note 10: Due to the disposal of GaNrich Semiconductor Corporation's shares, it has been excluded from the consolidated entity since December, 2023.

Note 11: Luxlite (HK) Corporation Limited has applied for liquidation in 2024.

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

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.

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, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and petty cash	\$ 1,623	\$ 1,303	\$ 1,570
Checking accounts and demand deposits	3,490,024	4,620,140	2,216,187
Time deposits	11,699,450	10,579,045	13,381,704
Bonds sold under repurchase agreement	81,000	363,000	570,000
	<u>\$ 15,272,097</u>	<u>\$ 15,563,488</u>	<u>\$ 16,169,461</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ -	\$ 15,336
Listed stocks	185,580	193,439	193,439
Derivatives	55	52,303	1,266
	<u>185,635</u>	<u>245,742</u>	<u>210,041</u>
Valuation adjustment	(36,814)	(43,296)	(53,962)
	<u>148,821</u>	<u>202,446</u>	<u>156,079</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	216,286	212,005	298,308
Valuation adjustments	(216,286)	(212,005)	(202,335)
	<u>-</u>	<u>-</u>	<u>95,973</u>
	<u>\$ 148,821</u>	<u>\$ 202,446</u>	<u>\$ 252,052</u>

A. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

March 31, 2024

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 60,000	USD to NTD	2024.04.01~2024.08.19
Forward foreign exchange contract - sell	USD 8,500	USD to NTD	2024.04.03~2024.07.05
Forward foreign exchange contract - sell	USD 38	USD to JPY	2024.04.24~2024.05.24
Forward foreign exchange contract - sell	USD 23,000	USD to RMB	2024.04.19~2024.09.20
December 31, 2023			

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 60,100	USD to NTD	2024.01.02~2024.05.17
Forward foreign exchange contract - sell	USD 42	USD to JPY	2024.01.24~2024.02.22
Forward foreign exchange contract - sell	USD 19,000	USD to RMB	2024.01.30~2024.05.17
Forward foreign exchange contract - sell	USD 15,000	RMB to NTD	2024.01.02~2024.02.01
March 31, 2023			

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Currency exchange	USD 1,000	USD to NTD	2023.4.28
Forward foreign exchange contract - sell	USD 36,890	USD to NTD	2023.04.07~2023.07.18
Forward foreign exchange contract - sell	USD 54	USD to JPY	2023.04.24~2023.05.24
Forward foreign exchange contract - sell	USD 15,000	USD to RMB	2023.04.25~2023.07.25

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

B. The net (loss) income recognized by the Group amounted to (\$99,284) and \$48,055 for the three months ended March 31, 2024 and 2023, 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	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items:			
Equity instruments			
Listed stocks	\$ 766,781	\$ 760,319	\$ 1,101,053
Unlisted stocks	3,673,673	3,525,330	3,563,272
	4,440,454	4,285,649	4,664,325
Valuation adjustment	(960,553)	(87,110)	6,799
	\$ 3,479,901	\$ 4,198,539	\$ 4,671,124

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 \$3,479,901, \$4,198,539 and \$4,671,124 as at March 31, 2024, December

31, 2023 and March 31, 2023, respectively.

- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	Three months ended March 31, 2024	Three months ended March 31, 2023
Fair value change recognized in other comprehensive (loss) income	(\$ 795,653)	\$ 299,287
Dividend income recognized in profit or loss held at end of period	\$ -	\$ -

- C. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$3,479,901, \$4,198,539 and \$4,671,124, respectively.

- D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Others	\$ 1,046,284	\$ 914,438	\$ 586,746
Non-current items:			
Others	\$ 242,954	\$ 241,961	\$ 178,846

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest income	\$ 1,369	\$ 954

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$1,289,238, \$1,156,399 and \$765,592, 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 deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Notes receivable	\$ 809,379	\$ 758,666	\$ 2,286,701
Less: Allowance for uncollectible accounts	-	-	(883,988)
	<u>\$ 809,379</u>	<u>\$ 758,666</u>	<u>\$ 1,402,713</u>
Accounts receivable	\$ 7,418,803	\$ 7,684,183	\$ 6,582,668
Less: Allowance for uncollectible accounts	(12,600)	(12,155)	(47,863)
	<u>\$ 7,406,203</u>	<u>\$ 7,672,028</u>	<u>\$ 6,534,805</u>

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

	<u>March 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 7,303,393	\$ 809,379	\$ 7,292,122	\$ 758,666
Up to 30 days	75,984	-	339,486	-
31 to 90 days	16,383	-	28,106	-
91 to 180 days	12,008	-	12,417	-
Over 180 days	11,035	-	12,052	-
	<u>\$ 7,418,803</u>	<u>\$ 809,379</u>	<u>\$ 7,684,183</u>	<u>\$ 758,666</u>

	<u>March 31, 2023</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 5,733,267	\$ 1,402,713
Up to 30 days	410,251	-
31 to 90 days	317,219	-
91 to 180 days	24,372	-
Over 180 days	97,559	883,988
	<u>\$ 6,582,668</u>	<u>\$ 2,286,701</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had outstanding discounted notes receivable amounting to \$227,346, \$369,426 and \$422,809, 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. The liabilities arising on discounted notes receivable are recognized in short-term borrowings, please refer to Note 6(12) for details.
- C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.
- D. The Group holds collateral including commercial papers, financial assets, patents as well as machinery and equipment as security for accounts receivable.
- E. As of March 31, 2024, December 31, 2023 and March 31, 2023, 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 \$809,379, \$758,666 and \$1,402,713, respectively; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$7,406,203, \$7,672,028 and \$6,534,805, respectively.

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

(6) Inventories

March 31, 2024			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,723,481	(\$ 164,517)	\$ 1,558,964
Work in progress	1,334,304	(234,964)	1,099,340
Finished goods	2,328,845	(262,794)	2,066,051
	<u>\$ 5,386,630</u>	<u>(\$ 662,275)</u>	<u>\$ 4,724,355</u>
December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,490,128	(\$ 152,258)	\$ 1,337,870
Work in progress	1,195,739	(245,530)	950,209
Finished goods	2,268,710	(340,297)	1,928,413
	<u>\$ 4,954,577</u>	<u>(\$ 738,085)</u>	<u>\$ 4,216,492</u>
March 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,207,289	(\$ 113,348)	\$ 1,093,941
Work in progress	1,752,413	(384,784)	1,367,629
Finished goods	2,745,336	(442,312)	2,303,024
	<u>\$ 5,705,038</u>	<u>(\$ 940,444)</u>	<u>\$ 4,764,594</u>

The cost of inventories recognised as expense for the three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cost of goods sold	\$ 4,240,653	\$ 3,761,185
Scrap loss	8,367	2,477
(Recovery benefits in market value) loss on market price decline	(76,528)	98,640
Loss on idle capacity	717,422	958,623
Other	9,244	6,370
	<u>\$ 4,899,158</u>	<u>\$ 4,827,295</u>

In the three months ended March 31, 2024, the gain on reversal of decline in market value was caused by the decrease in the cost of inventories arising from activation of the Group.

(7) Investments accounted for using equity method

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Associates:			
LEDAZ Co., Ltd.	\$ 6,397	\$ -	\$ -
LEDOLUX Sp. Zo.O.	12,107	11,933	11,334
Interelight Optotech (HK) Co., Limited	7,776	7,475	10,763
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	643,254	628,802	403,609
GCS Holdings, Inc.	813,970	864,280	944,056
Changzhou Chemsemi Co., Ltd.	530,112	583,853	757,129
Joint Power Exponent, Ltd.	-	36,541	47,662
iReach Corporation	50,846	53,262	47,027
Chuzhou Bwin Technology Corp.	-	-	65,754
Tyntek Corporation	1,019,901	1,027,919	983,499
WellyWave Semiconductors Inc.	37,712	41,771	51,581
TE Opto Corporation	45,190	43,980	44,244
Domi-Star Optoelectronics Corporation	308	311	333
	<u>\$ 3,167,573</u>	<u>\$ 3,300,127</u>	<u>\$ 3,366,991</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 summarized below:

As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the Group's individually immaterial associates amounted to \$3,167,573, \$3,300,127 and \$3,366,991, respectively.

	<u>Three months ended March 31, 2024</u>	<u>Three months ended March 31, 2023</u>
Attributable to the Group:		
Loss for the period from continuing operations	(\$ 138,217)	(\$ 251,225)
Other comprehensive income	49,235	8,753
Total comprehensive loss	(\$ 88,982)	(\$ 242,472)

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
GCS Holdings, Inc.	\$ 744,819	\$ 785,312	\$ 875,600
Tyntek Corporation	811,476	838,525	783,990
	<u>\$ 1,556,295</u>	<u>\$ 1,623,837</u>	<u>\$ 1,659,590</u>

C. In the second quarter of 2023, the Group acquired 92.33% shares of Chuzhou Bwin Technology Corp.. Therefore the Group has control over it and merged it into the consolidated entity in this quarter. Please Note 4(3) for details.

(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, 2024								
Cost	\$ 1,558,195	\$ 17,837,732	\$ 44,842,113	\$ 400,288	\$ 346,879	\$ 1,885,365	\$ 1,924,246	\$ 68,794,818
Accumulated depreciation and impairment	-	(10,156,640)	(37,040,262)	(321,220)	(276,822)	(1,534,902)	-	(49,329,846)
	<u>\$ 1,558,195</u>	<u>\$ 7,681,092</u>	<u>\$ 7,801,851</u>	<u>\$ 79,068</u>	<u>\$ 70,057</u>	<u>\$ 350,463</u>	<u>\$ 1,924,246</u>	<u>\$ 19,464,972</u>
2024								
Opening net book amount at January 1	\$ 1,558,195	\$ 7,681,092	\$ 7,801,851	\$ 79,068	\$ 70,057	\$ 350,463	\$ 1,924,246	\$ 19,464,972
Additions	-	1,190	2,032	118	813	3,920	395,053	403,126
Transfer	-	35,028	467,652	7,486	800	20,932	(531,898)	-
Disposals	-	(354)	(3,431)	-	-	(217)	-	(4,002)
Reclassified to non-current assets held for sale	-	-	(399)	-	-	-	-	(399)
Reclassifications	-	-	80,669	-	-	(80,669)	10,419	10,419
Reclassified to investment property	-	2,921	-	-	-	-	-	2,921
Depreciation charge	-	(221,603)	(802,942)	(8,376)	(4,346)	(27,580)	-	(1,064,847)
Net exchange differences	-	31,267	42,204	392	188	2,414	22,086	98,551
Closing net book amount at March 31	<u>\$ 1,558,195</u>	<u>\$ 7,529,541</u>	<u>\$ 7,587,636</u>	<u>\$ 78,688</u>	<u>\$ 67,512</u>	<u>\$ 269,263</u>	<u>\$ 1,819,906</u>	<u>\$ 18,910,741</u>
At March 31, 2024								
Cost	\$ 1,558,195	\$ 17,933,147	\$ 44,763,915	\$ 409,947	\$ 350,057	\$ 1,585,988	\$ 1,819,906	\$ 68,421,155
Accumulated depreciation and impairment	-	(10,403,606)	(37,176,279)	(331,259)	(282,545)	(1,316,725)	-	(49,510,414)
	<u>\$ 1,558,195</u>	<u>\$ 7,529,541</u>	<u>\$ 7,587,636</u>	<u>\$ 78,688</u>	<u>\$ 67,512</u>	<u>\$ 269,263</u>	<u>\$ 1,819,906</u>	<u>\$ 18,910,741</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2023								
Cost	\$ 1,558,195	\$ 18,091,812	\$ 45,433,185	\$ 542,033	\$ 346,373	\$ 1,734,085	\$ 1,383,127	\$ 69,088,810
Accumulated depreciation and impairment	-	(9,539,687)	(35,440,955)	(450,609)	(258,630)	(1,361,854)	-	(47,051,735)
	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>
2023								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,552,125	\$ 9,992,230	\$ 91,424	\$ 87,743	\$ 372,231	\$ 1,383,127	\$ 22,037,075
Additions	-	4,544	5,836	480	1,202	6,540	165,061	183,663
Transfer	-	26,928	144,813	6,495	12,505	45,523	(236,264)	-
Disposals	-	-	(15,673)	(88)	-	(10,359)	-	(26,120)
Reclassifications	-	1,076	(6,840)	(2,074)	-	2,074	(1,044)	(6,808)
Reclassified to investment property	-	1,427	-	-	-	-	-	1,427
Depreciation charge	-	(221,957)	(854,472)	(8,881)	(6,911)	(35,508)	-	(1,127,729)
Net exchange differences	-	(512)	10,675	77	(6,333)	(39)	6,749	10,617
Closing net book amount at March 31	<u>\$ 1,558,195</u>	<u>\$ 8,363,631</u>	<u>\$ 9,276,569</u>	<u>\$ 87,433</u>	<u>\$ 88,206</u>	<u>\$ 380,462</u>	<u>\$ 1,317,629</u>	<u>\$ 21,072,125</u>
At March 31, 2023								
Cost	\$ 1,558,195	\$ 18,110,457	\$ 44,404,021	\$ 406,717	\$ 354,107	\$ 1,786,314	\$ 1,317,629	\$ 67,937,440
Accumulated depreciation and impairment	-	(9,746,826)	(35,127,452)	(319,284)	(265,901)	(1,405,852)	-	(46,865,315)
	<u>\$ 1,558,195</u>	<u>\$ 8,363,631</u>	<u>\$ 9,276,569</u>	<u>\$ 87,433</u>	<u>\$ 88,206</u>	<u>\$ 380,462</u>	<u>\$ 1,317,629</u>	<u>\$ 21,072,125</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:

	March 31, 2024	December 31, 2023	March 31, 2023
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 1,526,718	\$ 1,518,217	\$ 1,654,892
Buildings	80,561	58,593	64,642
Machinery	50,543	51,458	145,917
Transportation equipment	9,103	10,413	14,802
Office equipment	29,756	32,621	36,334
	<u>\$ 1,696,681</u>	<u>\$ 1,671,302</u>	<u>\$ 1,916,587</u>

	Three months ended March 31, 2024	Three months ended March 31, 2023
	Depreciation charge	Depreciation charge
Land	\$ 16,045	\$ 16,523
Buildings	5,888	5,175
Machinery	1,862	15,294
Transportation equipment	1,310	1,809
Office equipment	2,865	2,916
	<u>\$ 27,970</u>	<u>\$ 41,717</u>

D. For the three months ended March 31, 2024 and 2023, the additions to right-of-use assets were \$57,040 and \$50,342, respectively.

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 6,245	\$ 5,448
Expense on short-term lease contracts	5,245	4,356
Expense on leases of low-value assets	814	1,346

F. For the three months ended March 31, 2024 and 2023, the Group's total cash outflow for leases were \$33,979 and \$34,979, respectively.

(10) Intangible assets

	Patents	Goodwill	Software	Others	Total
At January 1, 2024					
Cost	\$ 2,920,200	\$ 763,034	\$ 633,286	\$ 187,087	\$ 4,503,607
Accumulated amortisation and impairment	(2,206,784)	(8,768)	(518,340)	(129,113)	(2,863,005)
	<u>\$ 713,416</u>	<u>\$ 754,266</u>	<u>\$ 114,946</u>	<u>\$ 57,974</u>	<u>\$ 1,640,602</u>
<u>2024</u>					
Opening net book amount as at January 1	\$ 713,416	\$ 754,266	\$ 114,946	\$ 57,974	\$ 1,640,602
Additions	1,446	-	3,646	-	5,092
Amortisation charge	(45,438)	-	(13,092)	(4,401)	(62,931)
Net exchange differences	1,129	-	(916)	868	1,081
Closing net book amount as at March 31	<u>\$ 670,553</u>	<u>\$ 754,266</u>	<u>\$ 104,584</u>	<u>\$ 54,441</u>	<u>\$ 1,583,844</u>
At March 31, 2024					
Cost	\$ 2,933,870	\$ 763,034	\$ 637,450	\$ 187,956	\$ 4,522,310
Accumulated amortisation and impairment	(2,263,317)	(8,768)	(532,866)	(133,515)	(2,938,466)
	<u>\$ 670,553</u>	<u>\$ 754,266</u>	<u>\$ 104,584</u>	<u>\$ 54,441</u>	<u>\$ 1,583,844</u>

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2023					
Cost	\$ 2,935,957	\$ 7,087,692	\$ 560,309	\$ 131,859	\$ 10,715,817
Accumulated amortisation and impairment	(2,030,294)	(3,191,092)	(469,307)	(117,541)	(5,808,234)
	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>
<u>2023</u>					
Opening net book amount as at January 1	\$ 905,663	\$ 3,896,600	\$ 91,002	\$ 14,318	\$ 4,907,583
Additions — acquired separately	-	-	6,600	-	6,600
Reclassifications	312	-	-	-	312
Amortisation charge	(47,242)	-	(12,267)	(1,923)	(61,432)
Net exchange differences	<u>279</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>305</u>
Closing net book amount as at March 31	<u>\$ 859,012</u>	<u>\$ 3,896,600</u>	<u>\$ 85,361</u>	<u>\$ 12,395</u>	<u>\$ 4,853,368</u>
At March 31, 2023					
Cost	\$ 2,936,795	\$ 7,087,692	\$ 567,321	\$ 131,859	\$ 10,723,667
Accumulated amortisation and impairment	(2,077,783)	(3,191,092)	(481,960)	(119,464)	(5,870,299)
	<u>\$ 859,012</u>	<u>\$ 3,896,600</u>	<u>\$ 85,361</u>	<u>\$ 12,395</u>	<u>\$ 4,853,368</u>

Details of amortisation on intangible assets are as follows:

	<u>Three months ended March 31, 2024</u>	<u>Three months ended March 31, 2023</u>
Operating costs	\$ 22,021	\$ 22,194
Selling expenses	162	125
Administrative expenses	28,423	25,162
Research and development expenses	<u>12,325</u>	<u>13,951</u>
	<u>\$ 62,931</u>	<u>\$ 61,432</u>

(11) Non-current assets held for sale and discontinued operations

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ 96,981	\$ 94,800	\$ -

The Group signed a contract for selling the Shandong factory and land use rights on March 5, 2024, so the amount of property, plant and equipment were recognized as non-current assets held for sale.

(12) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Bank borrowings			
Unsecured borrowings	\$ 203,315	\$ 565,319	\$ 1,278,090
Liabilities on discounted notes receivable	\$ 149,502	\$ 181,817	\$ -
Interest rate range-NTD	0%	0%	2.05%
Interest rate range-foreign currency	3.2%~3.7%	3.6%~6.13%	2.6%~6.5%
Interest rate range - discounted notes	1.55%~1.56%	1.24%~1.56%	NA

As of March 31, 2024, December 31, 2023 and March 31, 2023, Epistar Corporation has endorsements to Ennostar Inc. totalling \$3,250,000, \$3,250,000 and \$3,250,000, respectively.

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Current items:			
Derivatives	\$ 61,690	\$ 2,284	\$ 9,624

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.

(14) Short-term notes and bills payable

March 31, 2024				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	\$ 1,281,205	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS BANK OF CHINA HUISHANG BANK BANK OF CTBC	Note 8
December 31, 2023				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	\$ 1,295,140	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS	Note 8
March 31, 2023				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	\$ 627,165	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS BANK OF CHINA	Note 8

(15) Other payables

Items	March 31, 2024	December 31, 2023	March 31, 2023
Payables on wages, salaries and bonus	\$ 860,421	\$ 1,238,554	\$ 709,218
Payables on machinery and equipment	736,982	683,775	661,437
Payables on processing fees	402,639	386,885	474,878
Payables on consumable goods and equipment repair expense	322,426	354,704	416,146
Payables on personnel expense	268,857	251,108	276,034
Compensation due to employees, directors and supervisors	88,840	88,537	230,744
Payables on gas expense	69,612	71,682	62,910
Payables on intangible assets	41,506	51,527	40,969
Payables on reticle expense	21,166	23,614	26,180
Payables on insurance expense	12,297	2,231	5,418
Others	777,445	658,306	681,217
	<u>\$ 3,602,191</u>	<u>\$ 3,810,923</u>	<u>\$ 3,585,151</u>

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	March 31, 2024
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 456,965
Unsecured borrowings	Before May 15, 2026	179,544
Unsecured borrowings	Before September 15, 2025	523,050
Unsecured borrowings	Before November 15, 2025	435,840
Unsecured borrowings	Before September 15, 2025	300,000
Unsecured borrowings	Before September 15, 2025	401,139
Unsecured borrowings	Before February 15, 2026	499,824
Unsecured borrowings	Before June 30, 2029	200,000
Unsecured borrowings	Before April 15, 2027	150,000
Secured borrowings	Before June 12, 2028	63,750
Secured borrowings	Before March 15, 2028	100,000
		<u>3,310,112</u>
Less: Current portion of long-term borrowings		(<u>1,834,566</u>)
		<u>\$ 1,475,546</u>
Interest rate range		<u>0.925%~1.905%</u>

Type of borrowings	Borrowing period and repayment term	December 31, 2023
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 533,126
Unsecured borrowings	Before May 15, 2026	200,261
Unsecured borrowings	Before September 15, 2025	610,225
Unsecured borrowings	Before November 15, 2025	501,216
Unsecured borrowings	Before September 15, 2025	350,000
Unsecured borrowings	Before September 15, 2025	467,996
Unsecured borrowings	Before February 15, 2026	543,286
Unsecured borrowings	Before April 15, 2027	150,000
Secured borrowings	Before June 30, 2029	200,000
Secured borrowings	Before June 12, 2028	67,500
Secured borrowings	Before March 15, 2028	100,000
		3,723,610
Less: Current portion of long-term borrowings		(1,789,423)
		<u>\$ 1,934,187</u>
Interest rate range		<u>0.8%~1.78%</u>

Type of borrowings	Borrowing period and repayment term	March 31, 2023
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 658,440
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	173,334
Unsecured borrowings	Before February 15, 2026	455,242
Unsecured borrowings	Before April 15, 2027	150,000
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before June 30, 2029	200,000
		3,918,016
Less: Current portion of long-term borrowings		(809,481)
		<u>\$ 3,108,535</u>
Interest rate range		<u>0.8%~1.91%</u>

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 net tangible assets as defined in financial covenants.

(17) 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 \$234 and \$136 for the three months ended March 31, 2024 and 2023 respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending March 31, 2025 amount to \$9,074.

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 ended March 31, 2024 and 2023 were \$61,096 and \$52,442, respectively.

(18) Share-based payment

A. Employee stock options:

(a) For the three months ended March 31, 2024, 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- Unikorn Semiconductor Corporation	2023.04.27	1,482	Note 2
Employee stock option- Hexawave, Inc.	2022.08.10	3,000	Note 3
Employee stock option- Hexawave, Inc.	2023.04.25	500	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:

	2024		2023	
	No.of shares (in thousands)	Weighted-average exercise price (in US dollars)	No.of shares (in thousands)	Weighted-average exercise price (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>	0.0001	<u>1,049</u>	0.0001

	2024		2023	
	No. of shares (in thousands)	Weighted-average exercise price (in NTD)	No. of shares (in thousands)	Weighted-average exercise price (in NTD)
Options outstanding from beginning of the period - Unikorn Semiconductor Corporation	5,688	\$ 5	9,136	\$ 5
Options forfeited - Unikorn Semiconductor Corporation	(176)	5	(106)	5
Options outstanding at end of the period - Unikorn Semiconductor Corporation	<u>5,512</u>	5	<u>9,030</u>	5
Options exercisable at end of the period - Unikorn Semiconductor Corporation	<u>358</u>	5	<u>-</u>	
	2024		2023	

	No. of shares (in thousands)	Weighted-average exercise price (in NTD)	No. of shares (in thousands)	Weighted-average exercise price (in NTD)
Options outstanding from beginning to the end of the period - Hexawave, Inc.	<u>3,134</u>	\$ 10	<u>3,000</u>	\$ 10
Options exercisable at end of the period - Hexawave, Inc.	<u>534</u>	10	<u>-</u>	

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

	Three months ended March 31, 2024		Three months ended March 31, 2023	
Equity-settled	\$ 418		\$ 648	
(19) Long-term deferred revenue (shown under “Other non-current liabilities”)	March 31, 2024	December 31, 2023	March 31, 2023	
Deferred government grants revenue	\$ 158,131	\$ 162,246	\$ 157,715	
Deferred technical services revenue	6,246	6,576	7,588	
	<u>\$ 164,377</u>	<u>\$ 168,822</u>	<u>\$ 165,303</u>	

The Company and subsidiaries obtained government grants for acquisitions of equipment, technology investments and research projects and recognized such grants as revenue over the economic lives of those assets. Government grants revenue recognized for the three months ended March 31, 2024 and 2023 were \$ 25,318 and \$17,572 (shown under “Other income and expenses-net” and “Other revenue”), respectively.

(20) Share capital

A. As of March 31, 2024, 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 \$7,529,405 with a par value of \$10 (in dollars) per share.

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

	2024	2023
At January 1 (March 31)	751,658	751,658
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 led to the issuance of 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)

	2024				
Reason for reacquisition	At January 1	Increase	Decrease	At March 31	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163

	2023				
Reason for reacquisition	At January 1	Increase	Decrease	At March 31	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844	159,647

- (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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lighting Investment Corporation	<u>1,282 thousand shares</u>	<u>1,282 thousand shares</u>	<u>1,282 thousand shares</u>
Book value	\$ 135,163	\$ 135,163	\$ 135,163
Fair value	\$ 49,115	\$ 59,374	\$ 68,222
Epistar Corporation	<u>-</u>	<u>-</u>	<u>1,844 thousand shares</u>
Book value	\$ -	\$ -	\$ 159,647
Fair value	\$ -	\$ -	\$ 98,074

(21) 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 using equity method</u>
At January 1, 2024	\$ 45,765,290	\$ 86,753	\$ 381,275	\$ 213,742
Change in equity of associates and joint ventures accounted for using equity method	-	-	-	(10,770)
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	-	2,351	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	950	(3,525)	-
At March 31, 2024	<u>\$ 45,765,290</u>	<u>\$ 87,703</u>	<u>\$ 380,101</u>	<u>\$ 202,972</u>

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for using equity method
At January 1, 2023	\$ 45,877,291	\$ 114,876	\$ 275,200	\$ 154,297
Change in equity of associates and joint ventures accounted for using equity method	-	-	-	24,011
Changes in ownership interests in subsidiaries accounted for using equity method	-	115	(4,712)	-
At March 31, 2023	<u>\$ 45,877,291</u>	<u>\$ 114,991</u>	<u>\$ 270,488</u>	<u>\$ 178,308</u>

(22) Retained earnings

- A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be distributed by the Board of Directors. When issuing new shares, the distribution shall be submitted through a resolution at the shareholders' meeting. If the distribution is in cash, it shall be resolved by the Board of Directors. The distribution shall be based on the proportion of shares held by each shareholder.
- B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.
- E. The appropriations of 2023 loss and dividends had been proposed by the Board of Directors on February 23, 2024. It was decided to offset the loss with capital surplus and distribute cash dividends of \$677,646 (0.9 dollar per share).
- F. The appropriations of 2022 earnings had been approved in the shareholders' meeting on May 31, 2023, and decided not to distribute cash dividends.

(23) Other equity items

	2024		
	Currency translation	Unrealized gain or loss	Total
At January 1	(\$ 208,746)	\$ 184,450	(\$ 24,296)
Revaluation - gross	-	(794,764)	(794,764)
Revaluation - tax	-	178,819	178,819
Currency translation			
–Group	349,353	-	349,353
–Tax on Group	74	-	74
At March 31	<u>\$ 140,681</u>	<u>(\$ 431,495)</u>	<u>(\$ 290,814)</u>
	2023		
	Currency translation	Unrealized gain or loss	Total
At January 1	\$ 36,083	\$ 38,927	\$ 75,010
Revaluation - gross	-	303,600	303,600
Revaluation - tax	-	(4,621)	(4,621)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(9,134)	(9,134)
Currency translation			
–Group	41,777	-	41,777
–Tax on Group	38	-	38
At March 31	<u>\$ 77,898</u>	<u>\$ 328,772</u>	<u>\$ 406,670</u>

(24) Operating revenue

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue from contracts with customers:		
Sales revenue	\$ 5,523,289	\$ 4,684,348
Services revenue	28,638	19,716
Other operating revenue	31,025	23,854
	<u>\$ 5,582,952</u>	<u>\$ 4,727,918</u>

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

Three months ended March 31, 2024	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 3,664,451	\$ 1,665,313	\$ 193,525	\$ 5,523,289
Services revenue	-	-	28,638	28,638
Other operating revenue	-	-	31,025	31,025
				<u>\$ 5,582,952</u>

Three months ended March 31, 2023	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 3,100,703	\$ 1,447,338	\$ 136,307	\$ 4,684,348
Services revenue	-	-	19,716	19,716
Other operating revenue	-	-	23,854	23,854
				<u>\$ 4,727,918</u>

(25) Other income and expenses— net

	Three months ended March 31, 2024	Three months ended March 31, 2023
Other income		
Royalty income	\$ 922	\$ 2,106
Government grants revenue	8,695	11,500
Total	<u>\$ 9,617</u>	<u>\$ 13,606</u>

(26) Interest income

	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest income from bank deposits	\$ 57,148	\$ 54,924
Other interest income	2,877	1,037
	<u>\$ 60,025</u>	<u>\$ 55,961</u>

(27) Other income

	Three months ended March 31, 2024	Three months ended March 31, 2023
Rental income	\$ 49,426	\$ 55,055
Government grant revenues	16,623	6,072
Other income-other	48,268	59,595
	<u>\$ 114,317</u>	<u>\$ 120,722</u>

(28) Other gains and losses

	Three months ended March 31, 2024	Three months ended March 31, 2023
Gain on disposal of property, plant and equipment	\$ 2,959	\$ 130,221
Gain (loss) on disposal of investments	14,364	(13)
Profit from lease modification	5	-
Net currency exchange gain (loss)	131,853	(18,894)
Net (loss) income on financial assets at fair value through profit or loss	(99,284)	48,055
Miscellaneous losses	(33,680)	(37,022)
	<u>\$ 16,217</u>	<u>\$ 122,347</u>

(29) Finance costs

	Three months ended March 31, 2024	Three months ended March 31, 2023
Interest expense	\$ 17,551	\$ 23,498
Other interest expense	26,699	15,801
	<u>\$ 44,250</u>	<u>\$ 39,299</u>

(30) Expenses by nature

	Three months ended March 31, 2024	Three months ended March 31, 2023
Employee benefit expenses	\$ 1,939,742	\$ 1,868,862
Depreciation (Note)	\$ 1,097,384	\$ 1,169,446
Amortisation charges on intangible assets	\$ 62,931	\$ 61,432

Note: Depreciation amounting to \$22,792 and \$13,285 were recognized as miscellaneous expenses for the three months ended March 31, 2024 and 2023, respectively.

(31) Employee benefit expenses

	Three months ended March 31, 2024	Three months ended March 31, 2023
Wages and salaries	\$ 1,607,649	\$ 1,553,223
Labor and health insurance expenses	108,923	112,922
Pension costs	103,618	92,038
Other personnel expenses	119,552	110,679
	<u>\$ 1,939,742</u>	<u>\$ 1,868,862</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 ended March 31, 2024 and 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period.
- C. The Company had been approved by the Board of Directors on February 23, 2023, not to distribute directors' remuneration for 2022. The difference of \$790 between the director's remuneration account and the proposed distribution amount has been listed as profit and loss for 2023.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Three months ended March 31, 2024	Three months ended March 31, 2023
Current tax:		
Current tax on profits for the period	\$ 25,134	\$ 4,172
Prior year income tax overestimation	-	(260)
Total current tax	25,134	3,912
Deferred tax:		
Origination and reversal of temporary differences	57,247	20,837
Total deferred tax	57,247	20,837
Income tax expense	\$ 82,381	\$ 24,749

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Change in fair value of financial assets at fair value through other comprehensive income	(\$ 178,999)	\$ 4,473
Currency translation differences	84	445
Share of other comprehensive income of associates	22	47
Remeasurement of defined benefit obligations	5	-
Total	(\$ 178,888)	\$ 4,965

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority. Income tax returns of the Company's significant subsidiaries, Epistar and Lextar through 2022 and 2021 have been assessed and approved by the Tax Authority, respectively.

(33) Loss per share

	Three months ended March 31, 2024		
	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	(\$ 467,176)	751,658	(\$ 0.62)

	Three months ended March 31, 2023		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
<u>Basic loss and diluted loss</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 1,242,872)	751,658	(\$ 1.65)

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31, 2024	Three months ended March 31, 2023
Purchase of property, plant and equipment	\$ 403,126	\$ 183,663
Add: Opening balance of payable on equipment	683,775	948,327
Less: Ending balance of payable on equipment	(736,982)	(661,437)
Less: Net cash changes of prepayment for equipment	(33,205)	121,807
Cash paid during the period	<u>\$ 316,714</u>	<u>\$ 592,360</u>
	Three months ended March 31, 2024	Three months ended March 31, 2023
Purchase of intangible assets	\$ 5,092	\$ 6,600
Add: Opening balance of payables (including non-current portion)	51,527	92,418
Less: Ending balance of payables (including non-current portion)	(41,506)	(82,254)
Cash paid during the period	<u>\$ 15,113</u>	<u>\$ 16,764</u>

B. Investing activities with partial cash received

	Three months ended March 31, 2024	Three months ended March 31, 2023
Sale of property, plant and equipment	\$ 6,961	\$ 41,292
Add: Opening balance of receivables	32	48
Less: Ending balance of receivables	(39)	(2,533)
Add: Opening balance of advances	195,492	-
Cash collected during the period	<u>\$ 202,446</u>	<u>\$ 38,807</u>

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Disposal proceeds	\$ 51,000	\$ -
Add: Opening balance of receivables	-	89,432
Net cash provided by disposal of subsidiaries and associates	<u>\$ 51,000</u>	<u>\$ 89,432</u>

(35) Changes in liabilities from financing activities

	Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2024	\$ 747,136	\$ 1,295,140	\$ 3,723,610	\$ 1,503,284	\$ 26,403	\$ 7,295,573
Changes in cash flow from financing activities	(409,873)	(30,149)	(413,498)	(31,473)	93,737	(791,256)
Effect of interest	-	-	-	6,245	-	6,245
Changes in other non-cash items	-	-	-	49,107	-	49,107
Impact of changes in foreign exchange rate	15,554	16,214	-	1,089	979	33,836
At March 31, 2024	<u>\$ 352,817</u>	<u>\$ 1,281,205</u>	<u>\$ 3,310,112</u>	<u>\$ 1,528,252</u>	<u>\$ 121,119</u>	<u>\$ 6,593,505</u>
	Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2023	\$ 1,203,495	\$ 775,294	\$ 4,118,016	\$ 1,585,187	\$ 51,217	\$ 7,733,209
Changes in cash flow from financing activities	78,282	(151,473)	(200,000)	(30,161)	57,455	(245,897)
Effect of interest	-	-	-	5,448	-	5,448
Changes in other non-cash items	-	-	-	50,713	-	50,713
Impact of changes in foreign exchange rate	(3,687)	3,344	-	624	64	345
At March 31, 2023	<u>\$ 1,278,090</u>	<u>\$ 627,165</u>	<u>\$ 3,918,016</u>	<u>\$ 1,611,811</u>	<u>\$ 108,736</u>	<u>\$ 7,543,818</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
LEDAZ Co., Ltd.	Associates
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	Associates
Changzhou Chemsemi Co., Ltd.	Associates
iReach Corporation	Associates
Chuzhou Bwin Technology Corp.	Associates (Note 1)
Tyntek Corporation	Associates
AUO (Vietnam) Company Limited	Other related parties
D-Tech Optoelectronics, Inc.	Other related parties
Global Communication Semiconductors, LLC	Other related parties
Seoul Semiconductor Co., Ltd.	Other related parties
AUO (Kunshan) Co., Ltd.	Other related parties
AUO Corporation	Other related parties
AUO (Xiamen) Co., Ltd.	Other related parties
AUO (Suzhou) Co., Ltd.	Other related parties
AUO Megainsight Smart Manufacturing (Suzhou) Corp., Ltd	Other related parties
Anhui Intematix Lighting Co., Ltd.	Other related parties
Intermate Co., Ltd. (Suzhou)	Other related parties
Bridgelux Optoelectronics (Xiamen) Co., Ltd.	Other related parties (Note 2)
Darwin Precisions Corporation	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

Note 1: Since April, 2023, the relationship with this company changed from a related party to a consolidated company through the Company gaining control over it.

Note 2: Since December, 2023, KAISTAR Lighting (Xiamen) Co., Ltd. has been renamed Bridgelux Optoelectronics (Xiamen) Co., Ltd.

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three months ended March 31, 2024</u>	<u>Three months ended March 31, 2023</u>
Other related parties	\$ 227,251	\$ 161,752
Associates	121,769	149,234
Total	<u>\$ 349,020</u>	<u>\$ 310,986</u>

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

B. Purchases:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Other related parties	\$ 706	\$ 1,240
Associates	44,672	65,682
Total	<u>\$ 45,378</u>	<u>\$ 66,922</u>

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ 308,349	\$ 273,003	\$ 231,164
Associates	179,491	195,604	225,186
Total	<u>\$ 487,840</u>	<u>\$ 468,607</u>	<u>\$ 456,350</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Other receivables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ 24,851	\$ 22,789	\$ 20,898
Associates	12,242	3,610	23,491
Total	<u>\$ 37,093</u>	<u>\$ 26,399</u>	<u>\$ 44,389</u>

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

E. Payables from related parties:

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ 765	\$ 579	\$ 1,291
Associates	195,701	162,330	211,040
Total	<u>\$ 196,466</u>	<u>\$ 162,909</u>	<u>\$ 212,331</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

F. Property transactions:

(a) Acquisition of property, plant and equipment:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	<u>\$ 3,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(b) Disposal of property, plant and equipment:

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Acquisition proceeds	Gain (loss) on disposal	Acquisition proceeds	Gain (loss) on disposal
Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 615</u>

(3) Key management compensation

	Three months ended March 31, 2024	Three months ended March 31, 2023
Salaries and other short-term employee benefits	\$ 43,693	\$ 48,336
Post-employment benefits	727	649
Total	<u>\$ 44,420</u>	<u>\$ 48,985</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	March 31, 2024	December 31, 2023	March 31, 2023	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 680,448	\$ 624,542	\$ 495,878	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")	500,171	435,686	252,589	Lease deposit, performance bond, security for provisional attachment, customer deposit, long-term borrowings, payables for bankers' acceptances
Notes receivable	369,774	526,390	454,756	Payables for bankers'
Land, building and structures	482,574	546,693	548,862	Long-term borrowings
Machinery and office equipment	99,530	116,739	168,365	Long-term borrowings and short-term borrowings
	<u>\$ 2,132,497</u>	<u>\$ 2,250,050</u>	<u>\$ 1,920,450</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment	<u>\$ 451,893</u>	<u>\$ 539,403</u>	<u>\$ 1,092,876</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) The subsidiary of the Company, Unikorn Semiconductor Corporation ("Unikorn"), approved a resolution by the Board of Directors on April 26, 2024, to enhance the specialization and the operational performance and to focus on the development of the optoelectronics business. Unikorn plans to sell microelectronic equipment amounting to \$435,000 to Global Communication Semiconductors, LLC, a wholly-owned subsidiary of the Group's equity-method investment, GCS Holdings, Inc. However, this transaction is subject to the approval of all necessary procedures by the counterparty.
- (2) The subsidiary of the Company, EPISTAR Corporation ("EPISTAR"), approved a resolution by the Board of Directors on April 26, 2024, to strengthen control over the equity of Unikorn and to accelerate internal integration within the Group by concentrating the optoelectronics business under EPISTAR. EPISTAR plans to acquire all 131,400 thousand shares of Unikorn from GCS Holdings, Inc., the Group's equity-method investment, for \$450,000. After this transaction is completed, the Group's total holdings in Unikorn will be 326,315,020 shares with the holding ratio increasing from 57.93% to 96.98%. However, this transaction is subject to the approval of all necessary procedures by the counterparty.

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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ 148,821	\$ 202,446	\$ 252,052
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	3,479,901	4,198,539	4,671,124
Financial assets at amortised cost			
Cash and cash equivalents	15,272,097	15,563,488	16,169,461
Financial assets at amortised cost	1,289,238	1,156,399	765,592
Notes receivable	809,379	758,666	1,402,713
Notes receivable - due from related parties	-	-	3,762
Accounts receivable	7,406,203	7,672,028	6,534,805
Accounts receivable - due from related parties	487,840	468,607	452,588
Other receivables	187,468	145,536	160,286
Other receivables - due from related parties	37,093	26,399	44,389
Guarantee deposits paid	49,438	53,731	53,639
	<u>\$ 29,167,478</u>	<u>\$ 30,245,839</u>	<u>\$ 30,510,411</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities held for trading	\$ 61,690	\$ 2,284	\$ 9,624
Financial liabilities at amortised cost			
Short-term borrowings	352,817	747,136	1,278,090
Short-term notes and bills payable	1,281,205	1,295,140	627,165
Notes payable	3,061	1,805	285,019
Accounts payable	2,984,829	2,692,899	2,158,369
Accounts payable to related parties	196,466	162,909	212,331
Other payables	3,602,191	3,810,923	3,585,151
Long-term borrowings (including current portion)	3,310,112	3,723,610	3,918,016
Long-term accounts payable	-	-	41,285
Guarantee deposits received	121,119	26,403	108,736
	<u>\$ 11,913,490</u>	<u>\$ 12,463,109</u>	<u>\$ 12,223,786</u>
Lease liabilities (including current portion)	<u>\$ 1,528,252</u>	<u>\$ 1,503,284</u>	<u>\$ 1,611,811</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. The Group hedges foreign exchange rate by undertaking forward exchange contracts and exchange rate options; it also undertakes interest rate exchange contracts to convert future variable cash flows into fixed ones. The derivatives undertaken by the Group are used exclusively for hedging purposes and not as trading or speculative instruments.
- (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, RMB and JPY. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

- ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2024			
	Foreign currency	Exchange rate	Book value
	amount (in thousands)		(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 184,129	32.0000	\$ 5,892,128
RMB:NTD	149,014	4.4080	656,854
<u>Non-monetary items</u>			
USD:NTD	57,823	32.0000	1,850,336
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	62,046	32.0000	1,985,472
RMB:NTD	136,819	4.4080	603,098
<u>Non-monetary items</u>			
USD:NTD	31,547	32.0000	1,009,504
December 31, 2023			
	Foreign currency	Exchange rate	Book value
	amount (in thousands)		(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 222,823	30.7050	\$ 6,841,780
RMB:NTD	264,844	4.3270	1,145,980
<u>Non-monetary items</u>			
USD:NTD	140,991	30.7050	4,329,129
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	65,689	30.7050	2,016,981
RMB:NTD	146,380	4.3270	633,386

March 31, 2023				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	186,627	30.4500	\$ 5,682,792
RMB:NTD		376,105	4.4310	1,666,521
<u>Non-monetary items</u>				
USD:NTD		101,864	30.4500	3,101,759
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		88,173	30.4500	2,684,868
RMB:NTD		216,896	4.4310	961,066
iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.				
Three months ended March 31, 2024				
<u>Unrealized exchange gain (loss)</u>				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	32.0000	\$ 104,446
RMB:NTD		-	4.4080	3,858
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	32.0000	(50,806)
RMB:NTD		-	4.4080	(4,819)

Three months ended March 31, 2023				
Unrealized exchange gain (loss)				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	-	30.4500	\$ 9,722
RMB:NTD		-	4.4310	(685)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		-	30.4500	(3,808)

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

Three months ended March 31, 2024				
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%	\$	58,921	\$ -
RMB:NTD	1%		6,569	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(	19,855)	-
RMB:NTD	1%	(	6,031)	-
Three months ended March 31, 2023				
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%	\$	56,828	\$ -
RMB:NTD	1%		16,665	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(	26,849)	-
RMB:NTD	1%	(	9,611)	-

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 three months ended March 31, 2024 and 2023 would have increased/decreased by \$8,713 and \$24,243, 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 \$347,990 and \$467,112, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
- ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$11,609 and \$10,973 for the three months ended March 31, 2024 and 2023, 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 overdue for 90 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 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group's written-off financial assets that are still under recourse procedures all amounted to \$949,854, \$949,859 and \$18,623, respectively.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of March 31, 2024, December 31, 2023 and March 31, 2023, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>March 31, 2024</u>						
Expected loss rate	0~1%	0~15.6%	0~33%	0~94%	0~100%	
Total book value	\$ 8,798,623	\$ 96,867	\$ 16,512	\$ 12,008	\$ 92,683	\$ 9,016,693
Loss allowance	\$ 65	\$ 395	\$ 1,268	\$ 2,182	\$ 84,800	\$ 88,710
	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, 2023</u>						
Expected loss rate	0~5%	0~5%	0~56%	0~100%	0~100%	
Total book value	\$ 8,676,416	\$ 350,446	\$ 28,390	\$ 13,568	\$ 89,653	\$ 9,158,473
Loss allowance	\$ 55	\$ 189	\$ 830	\$ 2,338	\$ 83,825	\$ 87,237
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>March 31, 2023</u>						
Expected loss rate	0%~5%	0%~9%	0%~60%	0%~100%	0%~100%	
Total book value	\$ 7,754,188	\$ 424,523	\$ 329,453	\$ 27,341	\$ 1,111,127	\$ 9,646,632
Loss allowance	\$ 18	\$ 95	\$ 6,239	\$ 6,826	\$ 1,034,911	\$ 1,048,089
		Individual provision		Group provision	Total	
<u>March 31, 2024</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 68,981		\$ 8,947,712		\$ 9,016,693
Loss allowance		\$ 68,981		\$ 19,729		\$ 88,710
<u>December 31, 2023</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 68,089		\$ 9,090,384		\$ 9,158,473
Loss allowance		\$ 67,978		\$ 19,259		\$ 87,237
<u>March 31, 2023</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 992,955		\$ 8,653,677		\$ 9,646,632
Loss allowance		\$ 991,294		\$ 56,795		\$ 1,048,089

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

	2024	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 12,155	\$ 75,082
Provision for impairment	267	24
Effect of exchange rate changes	178	1,004
At March 31	<u>\$ 12,600</u>	<u>\$ 76,110</u>
	2023	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 936,561	\$ 110,123
(Reversal of) provision for impairment	(264)	6,114
Write-offs	(4,622)	-
Effect of exchange rate changes	177	-
At March 31	<u>\$ 931,852</u>	<u>\$ 116,237</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group held money market position of \$15,420,918, \$15,765,934 and \$16,325,540, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	March 31, 2024	December 31, 2023	March 31, 2023
Floating rate:			
Expiring within one year	\$ 12,730,728	\$ 12,950,154	\$ 10,681,783
Expiring beyond one year	<u>14,064,160</u>	<u>14,098,784</u>	<u>14,711,259</u>
	<u>\$ 26,794,888</u>	<u>\$ 27,048,938</u>	<u>\$ 25,393,042</u>

iv. The table below shows analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

March 31, 2024	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 352,817	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,281,205	-	-	-
Notes payable	3,061	-	-	-
Accounts payable				
(including related parties)	3,181,295	-	-	-
Other payables	3,602,191	-	-	-
Lease liabilities	123,077	399,527	156,878	1,143,534
Long-term borrowings				
(including current portion)	1,848,954	1,409,053	108,067	-
Guarantee deposits received	114,592	1,926	-	4,601

Non-derivative financial liabilities:

December 31, 2023	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 747,136	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,295,140	-	-	-
Notes payable	1,805	-	-	-
Accounts payable				
(including related parties)	2,855,808	-	-	-
Other payables	3,810,923	-	-	-
Lease liabilities	111,084	382,126	152,899	1,124,076
Long-term borrowings				
(including current portion)	1,802,648	1,869,490	109,473	-
Guarantee deposits received	19,876	1,926	-	4,601

Non-derivative financial liabilities:

March 31, 2023	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 1,278,090	\$ -	\$ -	\$ -
Short-term notes and bills payable	627,165	-	-	-
Notes payable	285,019	-	-	-
Accounts payable				
(including related parties)	2,370,700	-	-	-
Other payables	3,585,151	-	-	-
Lease liabilities	168,937	360,582	150,364	1,178,226
Long-term borrowings				
(including current portion)	817,839	3,188,117	-	-
Long-term payables				
(including current portion)	10,401	31,202	-	-
Guarantee deposits received	108,070	666	-	-

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

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

March 31, 2024				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 3,310,112</u>	<u>\$ -</u>	<u>\$ 3,324,522</u>	<u>\$ -</u>
December 31, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 3,723,610</u>	<u>\$ -</u>	<u>\$ 3,736,188</u>	<u>\$ -</u>
March 31, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 3,918,016</u>	<u>\$ -</u>	<u>\$ 3,933,527</u>	<u>\$ -</u>

(b) The methods and assumptions of fair value estimate are as follows:

Long-term borrowings: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2024, December 31, 2023 and March 31, 2023 is as follows:

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

March 31, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 148,766	\$ -	\$ -	\$ 148,766
Derivatives	-	55	-	55
Financial assets at fair value through other comprehensive income				
Equity securities	<u>935,634</u>	<u>-</u>	<u>2,544,267</u>	<u>3,479,901</u>
Total	<u>\$ 1,084,400</u>	<u>\$ 55</u>	<u>\$ 2,544,267</u>	<u>\$ 3,628,722</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 61,690</u>	<u>\$ -</u>	<u>\$ 61,690</u>
December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 150,143	\$ -	\$ -	\$ 150,143
Derivatives	-	52,303	-	52,303
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,097,312</u>	<u>-</u>	<u>3,101,227</u>	<u>4,198,539</u>
Total	<u>\$ 1,247,455</u>	<u>\$ 52,303</u>	<u>\$ 3,101,227</u>	<u>\$ 4,400,985</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 2,284</u>	<u>\$ -</u>	<u>\$ 2,284</u>

March 31, 2023	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	\$ 139,374	\$ -	\$ 95,974	\$ 235,348
Beneficiary certificates	15,438	-	-	15,438
Derivatives	-	1,266	-	1,266
Financial assets at fair value through other comprehensive income				
Equity securities	1,237,569	-	3,433,555	4,671,124
Total	<u>\$ 1,392,381</u>	<u>\$ 1,266</u>	<u>\$ 3,529,529</u>	<u>\$ 4,923,176</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 9,624</u>	<u>\$ -</u>	<u>\$ 9,624</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

- | | <u>Listed stocks</u> | <u>Closed-end fund</u> | <u>Open-end fund</u> |
|---------------------|----------------------|------------------------|----------------------|
| Market quoted price | Closing price | Closing price | Net asset value |
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5.
 - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment

to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (c) The following chart is the movement of Level 3 for the three months ended March 31, 2024 and 2023:

	2024	2023
	Financial instruments	Financial instruments
At January 1	\$ 3,101,227	\$ 3,348,606
Gains recognised in profit or loss	-	5,967
(Losses) gains recognised in other comprehensive income	(705,303)	174,956
Effect of exchange rate changes	148,343	-
At March 31	<u>\$ 2,544,267</u>	<u>\$ 3,529,529</u>

- D. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 2,495,735	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 stocks	46,032	Market comparable companies	Equity value multiple (P/B ratio) on March 31, 2024	1.40	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on March 31, 2024	26.69%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted stocks	2,500	Net asset value	N/A	-	N/A

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 3,057,591	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 stocks	41,136	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2023	1.40	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2023	26.69%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted stocks	2,500	Net asset value	N/A	-	N/A

	Fair value at March 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,443,050	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	40,728	Market comparable companies	Equity value multiple (P/B ratio) on March 31, 2023	1.44	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on March 31, 2023	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
Shares of Venture Capital Co.	20,192	Net asset value	N/A	-	N/A

F. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

		March 31, 2024			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change			
Financial assets					
Equity instrument	Multiple	±1%	\$ -	\$ -	\$ 25,443 (\$ 25,443)

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Multiple	±1%	\$ -	\$ -	\$ 31,012	(\$ 31,012)
			March 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Multiple	±1%	\$ 960	(\$ 960)	\$ 34,336	(\$ 34,336)

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: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- 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 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- 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 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information:

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

(2) Segment information

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

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

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

Three months ended March 31, 2024

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 3,554,610	\$ 1,906,366	\$ 121,976	\$ 5,582,952
Segment loss	(322,447)	(18,974)	(254,605)	(596,026)

March 31, 2024

Segment assets	43,611,905	12,491,473	6,609,942	62,713,320
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Three months ended March 31, 2023

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 3,031,875	\$ 1,629,454	\$ 66,589	\$ 4,727,918
Segment loss	(990,821)	(29,762)	(373,666)	(1,394,249)

March 31, 2023

Segment assets	52,413,431	12,907,683	5,178,674	70,499,788
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ENNOSTAR INC. AND SUBSIDIARIES
Loans to others
Three months ended March 31, 2024

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 three months ended	Balance at 31-Mar-24	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					31-Mar-24								Item	Value			
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 200,000	2.15%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 500,000	\$ 4,662,951	\$ 13,988,853	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	350,400	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	1,722,229	1,722,229	Note 2
1	Epicrystal (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	793,440	793,440	793,440	3.45%	Short-term financing	-	Working capital	-	Promissory Note	793,440	1,722,229	1,722,229	Note 2
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	848,000	848,000	755,200	5.77% ~5.95%	Short-term financing	-	Working capital	-	Promissory Note	848,000	3,400,717	8,501,792	Note 3
3	Lighting Investment Ltd.	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	496,000	496,000	496,000	5.73% ~5.95%	Short-term financing	-	Working capital	-	Promissory Note	496,000	726,518	726,518	Note 3
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	140,805	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	305,696	305,696	Note 3
5	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	250,000	250,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	878,589	2,635,767	Note 4
5	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	500,000	2.17%	Short-term financing	-	Working capital	-	Promissory Note	500,000	878,589	2,635,767	Note 4

Table 1-1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended	Balance at 31-Mar-24	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					31-Mar-24								Item	Value			
5	Lextar Electronics Corporation	Trendylite Corporation	Other receivables-related parties	Y	\$ 25,000	\$ -	\$ -	Markup on short-term cost of capital	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 878,589	\$ 2,635,767	Note 4
6	Lextar Electronics (Suzhou) Corp	Chuzhou Bwin Technology Corp.	Other receivables-related parties	Y	44,080	44,080	-	3.55%	Short-term financing	-	Working capital	-	None	-	1,561,530	3,903,826	Note 5
7	Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	881,600	881,600	-	3.45%	Short-term financing	-	Working capital	-	Promissory Note	881,600	3,789,126	3,789,126	Note 3

Note 1: Limit on loans granted by Ennostar Inc., the ceiling to total loans granted is 30% of its net asset and to a single party is 10% of its net asset.

Note 2: Limit on loans granted by the subsidiary of Epistar, Epicrystal (Changzhou), limit on total loans is 40% of the Epicrystal (Changzhou)'s net asset, and to a single party is 40% of the Epicrystal (Changzhou)'s net asset.

Note 3: Limit on loans granted by Epistar JV, Lighting,Luxlite (HK) and Lextar Electronics (Chuzhou) Corp. to parent company and a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, limit on total loans is net asset of the Company ,and to a single party is net asset of the Company.The maximum term of the financing is three years.

Note 4: Limit on loans granted by Lextar Electrouics Corporation, the ceiling to total loans granted is 30% of its net asset and to a siugle party is 10% of its net asset.

Note 5: Limit on loans granted by the subsidiary of Lextar Electronics Corporation, Lextar (Suzhou), limit on total loans is net asset of Lextar (Suzhou) and 30% of the net asset based on the latest financial statements of Ennostar Inc., and to a single party is 40% of its net net asset, and 10% of the net asset based on the latest financial statements of Ennostar Inc..

ENNOSTAR INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Three months ended March 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2024	Outstanding endorsement/ guarantee amount at March 31, 2024	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		
			Relationship with the endorser/ guarantor (Note 2)														
1	Epistar Corporation	ENNOSTAR Inc.	3	\$	9,574,377	\$	3,250,000	\$	-	\$	-	10.18	\$	9,574,377	N	Y	N

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: In accordance with the Epistar's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 30% of the Company's net asset, and the limit on endorsements/guarantees to a single party is 30% of its net asset.

ENNOSTAR INC. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	\$ 2,500	-	\$ 2,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	-	7.39	-	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	132,965	13.68	132,965	
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	669,251	10.00	669,251	
Epistar Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	\$ 500,817	8.53	\$ 500,817	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	0.04	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	236,847	19.90	236,847	
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	-	4.49	-	
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.	Bridgelux Optoelectronics (Xiamen) Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	56,316,532	1,289,299	18.77	1,289,299	
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	-	15.00	-	
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	34,851	0.94	34,851	

Table 3-2

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
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	\$ -	4.08	\$ -	
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO SYSTEMS, INC (Stock)	None	Non-current financial assets at fair value through profit or loss	16,463	-	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	10,382	10.00	10,382	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	55,799	5.74	55,799	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	283,701	7.84	283,701	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	10,584	2.17	10,584	

Table 3-3

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	\$ 7,930	16.92	\$ 7,930	
Lighting Investment Corporation	iReach Corporation (Preferred stock)	Investments accounted for using equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	-	1,891	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	5,903,424	148,766	4.11	148,766	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	49,115	0.17	49,115	Note1
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	151,116	2.57	151,116	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	19,857	2.04	19,857	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	-	8.97	-	

Table 3-4

				As of March 31, 2024				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash \$ RMB5,000,000	22,040	5.00	\$ 22,040	
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	46,032	5.22	46,032	

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

Table 3-5

ENNOSTAR INC. AND SUBSIDIARIES

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

Three months ended March 31, 2024

Table 4

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
Epistar Corporation	The building and its ancillary facilities located at No. 27 Keyan Road, Zhunan Township, Miaoli County	2024/1/19	2022/7/15	\$ 566,000	\$ 670,000	According to the agreement of both parties	\$ 104,000	Polaris Biopharmaceuticals, Inc.	Non-related party	After integrating the group's Taiwan factory space, it plans to replace the planned new factory in Zhunan with the existing Epistar's factory to revitalize assets and improve the group's asset utilization efficiency.	Based on a experts' appraisal reports and market conditions surrounding the transaction subject matter.	None

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

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

Three months ended March 31, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms	Notes/accounts receivable (payable)		Balance	Percentage of total notes/accounts receivable (payable)	Footnote
			Purchases (sales)	Amount		Credit term	Unit price	Credit term		
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(\$ 250,850) (	23)	100 days after monthend closing	Normal	Normal	\$ 368,091	16
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	(118,077) (	11)	60 days after monthend closing	Normal	Normal	79,475	3
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(151,284) (	5)	150 days after monthend closing	Normal	Normal	283,839	7
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(173,706) (	34)	180 days after monthend closing	Normal	Normal	323,287	24
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(282,286) (	55)	180 days after monthend closing	Normal	Normal	837,665	62
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(276,332) (	68)	120 days after monthend closing	Normal	Normal	476,306	54
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	(134,994) (	33)	90 days after monthend closing	Normal	Normal	252,189	28
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(134,020) (	24)	120 days after monthend closing	Normal	Normal	152,903	18
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(519,368) (	42)	120 days after monthend closing	Normal	Normal	727,720	47
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	276,332	24	120 days after monthend closing	Normal	Normal	(476,306) (	27)
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Purchases	134,020	12	120 days after monthend closing	Normal	Normal	(152,903) (	9)
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	151,284	13	150 days after monthend closing	Normal	Normal	(283,839) (	16)
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	282,286	25	180 days after monthend closing	Normal	Normal	(837,665) (	48)

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)	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	\$ 118,077	8	60 days after monthend closing	Normal	Normal	(\$ 79,475) (	5)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	173,706	12	180 days after monthend closing	Normal	Normal	(323,287) (	21)	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	134,994	37	90 days after monthend closing	Normal	Normal	(252,189) (	67)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	250,850	73	100 days after monthend closing	Normal	Normal	(368,091) (	58)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	519,368	16	120 days after monthend closing	Normal	Normal	(727,720) (	48)	

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

Table 5-2

ENNOSTAR INC. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
March 31, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024		Total	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable			Amount	Action taken		
ENNOSTAR Inc.	Unikom Semiconductor Corporation	Note 2	\$ -	\$ 203,331	\$ 203,331	-	\$ -	-	\$ 180	\$ -
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	368,091	-	368,091	2.58	-	-	42,462	-
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 2	79,475	53,296	132,771	3.77	-	-	-	-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	262,587	2,955	265,542	1.38	1	Note 1	51,494	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	283,839	28,488	312,327	1.65	192	Note 1	-	-
Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	133,239	1,448	134,687	1.18	-	-	-	-
Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	Note 2	323,287	530	323,817	2.17	-	-	-	-
Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	837,665	794,209	1,631,874	0.76	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	476,306	-	476,306	1.70	-	-	123,873	-
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Note 2	252,189	71	252,260	2.06	-	-	-	-
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 2	152,903	-	152,903	6.98	-	-	-	-
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	507,716	507,716	-	-	-	-	-
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	778,430	778,430	-	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2024			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 Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	\$ 103,670	\$ -	\$ 103,670	4.51	\$ -	-	\$ 103,670	\$ -
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	500,000	500,000	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	727,720.00	2,218	729,938	5.69	-	-	-	-

Note 1: All the overdue amounts are being actively collected.

Epistar corporation has recovered \$1 overdue from Shenzhen Epiky Optoelectronics Co, Ltd. after the balance sheet date.

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

Table 6-2

ENNOSTAR INC.AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2024

Table 7

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	\$ 203,331	Based on contract terms	0.32
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	1	Sales	151,284	Conducted in the ordinary course of business with terms similar to those with third parties	4.09
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	1	Accounts receivable	262,587	Conducted in the ordinary course of business with terms similar to those with third parties	0.60
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	1	Accounts receivable	283,839	Conducted in the ordinary course of business with terms similar to those with third parties	0.65
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	250,850	Conducted in the ordinary course of business with terms similar to those with third parties	6.78
2	Episky Corporation (Xiamen) Ltd.	Epistar Corporation	2	Sales	118,077	Conducted in the ordinary course of business with terms similar to those with third parties	3.19
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	368,091	Conducted in the ordinary course of business with terms similar to those with third parties	0.84
3	Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	2	Sales	173,706	Conducted in the ordinary course of business with terms similar to those with third parties	4.70

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	\$ 282,286	Conducted in the ordinary course of business with terms similar to those with third parties	7.63
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Notes receivable	163,669	Conducted in the ordinary course of business with terms similar to those with third parties	0.38
3	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	133,239	Conducted in the ordinary course of business with terms similar to those with third parties	0.31
3	Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	2	Accounts receivable	323,287	Conducted in the ordinary course of business with terms similar to those with third parties	0.74
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	673,996	Conducted in the ordinary course of business with terms similar to those with third parties	1.55
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Other receivable	794,209	Based on contract terms	1.82
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	276,332	Conducted in the ordinary course of business with terms similar to those with third parties	7.47
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Sales	134,994	Conducted in the ordinary course of business with terms similar to those with third parties	3.65
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	476,306	Conducted in the ordinary course of business with terms similar to those with third parties	1.09

Table 7-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Accounts receivable	169,862	Conducted in the ordinary course of business with terms similar to those with third parties	0.39
5	Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	3	Sales	\$ 134,020	Conducted in the ordinary course of business with terms similar to those with third parties	3.62
5	Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	152,903	Conducted in the ordinary course of business with terms similar to those with third parties	0.35
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	778,430	Based on contract terms	1.79
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	507,716	Based on contract terms	1.17
8	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	500,000	Based on contract terms	4.03
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	519,368	Conducted in the ordinary course of business with terms similar to those with third parties	27.24
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	727,720	Conducted in the ordinary course of business with terms similar to those with third parties	5.87

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.

Table 7-3

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2024

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024					Footnote
				Balance as at March 31, 2024	Balance as at Dececember 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Researching, developing, manufacturing and sales of LED wafers and chips	\$ 42,234,780	\$ 38,607,380	1,207,079,188	100.00	\$ 31,825,588	(\$ 309,176)	(\$ 295,086)	
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, packages and modules	11,724,646	11,724,646	514,916,380	100.00	10,083,367	(253)	(13,436)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	General investment	1,150,000	1,150,000	115,000,000	100.00	655,207	(58,048)	(58,048)	
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	617,918	(16,054)	521	Note1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing, manufacturing and sales of optical sensing modules	40,212	40,212	6,922,000	75.96	10,521	(5,230)	(3,973)	
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	8.07	287,322	(210,409)	(23,243)	Note1
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	General investment	\$ 440,000	\$ 440,000	44,000,000	100.00	\$ 354,702	(\$ 16,515)	(\$ 16,515)	

Table 8-1

				Initial investment amount		Shares held as at March 31, 2024							
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at Dececmber 31, 2023	Number of shares	Ownership (%)	Book value	Investment income (loss)			Footnote	
									Net profit (loss) of the investee for the three months ended March 31, 2024	recognised by the Company for the three months ended March 31, 2024			
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	783,132	783,132	65,700,000	19.53	62,783	(	227,309)	(	44,393)	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	General investment	480,000	480,000	48,000,000	100.00	32,916	(	16,093)	(	16,093)	
ENNOSTAR Inc.	Praistar Investment Corp	Taiwan	General investment	270,000	270,000	27,000,000	100.00	18,449	(	9,049)	(	9,049)	
ENNOSTAR Inc.	Manastar Investment Corp	Taiwan	General investment	1,000	1,000	100,000	100.00	969	(	5)	(	5)	
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	8.06	341,141	(	210,409)	(	23,231)	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	263,864	263,864	13,089,000	4.35	254,854	(	16,054)		286	Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	15.45	43,750	(	227,309)	(	35,119)	
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	23,815,020	7.08	29,273	(	227,309)	(	16,093)	
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	5.81	\$ 184,667	(\$	210,409)	(\$	16,748)	Note1

Table 8-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024			Investment income (loss)		Footnote
				Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	recognised by the Company for the three months ended March 31, 2024	
									2024	31, 2024	
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	151,238	151,238	8,094,000	2.69	142,357	(16,054)	177	Note1
Praistar Investment Corp	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	3.98	16,456	(227,309)	(9,047)	
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	840	(210,409)	(76)	Note1
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	34.30	50,846	(8,277)	(2,539)	
Epistar Corporation	Epistar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	General investment	14,960,129	14,960,129	48,278	100.00	8,481,058	(102,740)	(98,827)	
Epistar Corporation	Lighting Investment Corporation	Taiwan	General investment	1,561,814	1,561,814	191,478,518	100.00	1,564,028	9,552	10,260	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	826,083	826,083	40,000,000	11.89	48,528	(227,309)	(26,702)	

Table 8-3

				Initial investment amount		Shares held as at March 31, 2024					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at Dececember 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Footnote
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	\$ 31,792	\$ 31,792	3,179,176	49.00	\$ 2,363	\$ -	\$ -	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	45,190	3,026	1,210	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	77,700	77,700	1,118,600	64.32	704	40	26	
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	1,243	50,000	0.02	1,168	(16,054)	4	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	General investment	66,745	66,745	2,679,063	3.53	57,013	(2,447)	(86)	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	Samoa	General investment	334,967	334,967	12,551,035	100.00	3,495	36	36	
Epistar JV Holding (BVI) Co.,Ltd.	LiteStar JV Holding (BVI) CO., Ltd.	British Virgin Islands	General investment	3,408,835	3,408,835	10,882	82.41	3,313,861	(64,502)	(53,156)	
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	General investment	2,029,760	2,029,760	67,000,165	74.86	263,364	1,037	776	
Epistar JV Holding (BVI) Co.,Ltd.	Episky (Hong Kong) Limited	Hong Kong	General investment	2,124,096	2,124,096	cash USD68,000,000	100.00	1,929,008	(51,263)	(51,263)	
Epistar JV Holding (BVI) Co.,Ltd.	Can Yang Investments Limited	Hong Kong	General investment	4,391,621	4,385,900	67,045,899	88.21	1,424,688	(2,447)	(2,146)	
Lighting Investment Ltd.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	4,270	(5,093)	(9,648)	

Table 8-4

				Initial investment amount		Shares held as at March 31, 2024					
										Investment income (loss)	
									Net profit (loss) of the investee for the three months ended March 31, 2024	recognised by the Company for the three months ended March 31, 2024	
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			Footnote
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	\$ 12,806	\$ 12,806	429,000	30.00	\$ 7,776	(\$ 47)	(\$ 14)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	General investment	2,556	2,556	82,850	100.00	16	-	-	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	General investment	133,979	133,979	3,800,000	100.00	308,689	2,929	2,929	
LiteStar JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	General investment	4,403,034	4,403,034	146,600,000	100.00	4,020,544	(60,373)	(60,373)	
Lighting Investment Corporation	LEDАЗ CO., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	2,127	(5,093)	176	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	General investment	152,701	152,701	45,643	100.00	715,439	3,007	3,007	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	General investment	72,436	72,436	5,218,605	6.87	110,958	(2,447)	(168)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	12,107	(210)	(126)	

Table 8-5

				Initial investment amount		Shares held as at March 31, 2024					
									Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at Dececember 31, 2023	Number of shares	Ownership (%)	Book value			Footnote
Lighting Investment Corporation	Tytek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	\$ 1,276	\$ 1,276	50,000	0.02	\$ 760	(\$ 16,054)	\$ 4	Note1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	711	40	14	
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	308	(7)	(3)	
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	142,514	(64,653)	(2,140)	
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB110,000,000	10.44	530,112	(613,297)	(64,053)	
Episky Corporation (Xiamen) Ltd	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	164,862	164,862	cash RMB38,800,000	9.70	137,149	13,729	1,116	
Episky Corporation (Xiamen) Ltd	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	226,483	2,470	2,470	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	General investment	2,709,310	2,709,310	90,270,000	100.00	2,680,476	15,615	15,615	
Lextar Electronics Corporation	Wellybond Optronics (H.K) Limited	Hong Kong	General investment	17,888	17,888	63,000,000	100.00	12,364	-	-	
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	General investment	\$ 44,898	\$ 44,898	5,153,061	100.00	\$ 176,708	\$ 923	\$ 923	

Table 8-6

				Initial investment amount		Shares held as at March 31, 2024					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at Dececmbcr 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Footnote
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	General investment	381,638	381,638	31,600,000	100.00	1,269,478	6,814	6,814	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	General investment	175,374	175,374	18,000,000	100.00	112,908	(1,634)	(1,634)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	General investment	746,484	746,484	75,000,000	100.00	457,801	(12,472)	(12,472)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	20,874	20,874	3,150,000	100.00	43,864	(595)	(595)	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.52	37,361	(22,745)	(7,538)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of electronic component	580,487	580,487	26,000,000	100.00	135,920	(14,465)	(41,453)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	99,081	99,081	6,700,000	9.84	74,785	(17,268)	(1,695)	
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	1,304	50,000	0.02	955	(16,054)	(25)	Note1

Table 8-7

				Initial investment amount		Shares held as at March 31, 2024					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2024	Balance as at Dececmbcr 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Footnote
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	\$ 3,025	\$ 3,025	22,000	100.00	\$ 5,116	\$ 143	\$ 143	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	(7,191)	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design, developing, researching and sales of health care products	1,000	1,000	100,000	50.00	3,091	(125)	(63)	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.52	37,358	(22,745)	(7,538)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing of electronic products	51,400	51,400	30,700,000	87.46	19,352	(3,244)	(2,837)	
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	313,670	313,670	21,417,000	31.47	239,055	(17,268)	(5,418)	
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	1,288	50,000	0.02	941	(16,054)	(26)	Note1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	96,604	96,604	6,700,000	9.84	74,785	(17,268)	(1,695)	

Table 8-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2024				Investment income (loss)		Footnote
				Balance as at March 31, 2024	Balance as at Dececmbcr 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2024	recognised by the Company for the three months ended March 31, 2024		
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	\$ 1,293	50,000	0.02	\$ 948	(\$ 16,054)	(\$ 24)	Note1	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	4,363,065	29.27	37,712	(11,945)	(4,102)		
ProLight Opto Technology Corporation	Prolight Opto Holding Corporation	Seychelles	General investment	4,402	4,402	150,000	100.00	(3,999)	(1,725)	(1,725)		
Prolight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	General investment	4,403	4,403	150,000	100.00	(3,972)	(1,725)	(1,725)		
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED and modules	3,094,825	3,094,825	cash RMB700,000,000	100.00	3,789,128	28,754	28,754		
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	137,296	130,726	cash RMB30,500,000	30.50	61,603	(20,967)	(6,163)		
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	244,748	244,748	cash RMB66,400,000	66.40	181,165	(20,967)	(16,511)		

Note1: The group holds two seats on the Board of Directors, which indicates that the Group has significant influence over the investee. Accordingly, the Group listed the investee as an associate.

ENNOSTAR INC. AND SUBSIDIARIES
Information on investments in Mainland China
Three months ended March 31, 2024

Table 9

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, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for three months ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	\$ 1,763,200	1	\$ 583,428	\$ -	\$ -	\$ 583,428	\$ 13,729	33.63	\$ 2,147	\$ 506,106	\$ -	2(3) 、6
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	2,124,096	2	2,124,096	-	-	2,124,096	(51,263)	100.00	(51,263)	1,929,000	-	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,688,000	2	1,824,844	-	-	1,824,844	1,070	74.86	801	277,135	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	5,024,000	2	3,423,550	-	-	3,423,550	(64,653)	76.95	(49,753)	3,313,329	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	-	-	-	-	57,480	2(1)
Bridgelux Optoelectronic (Xiamen) Co.,Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	1,322,400	2	1,461,593	-	-	1,461,593	-	18.77	-	1,289,299	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to				Accumulated amount of remittance from Taiwan to	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
				Mainland China/ Amount remitted back to Taiwan for three months ended March 31, 2024										
				Accumulated amount of remittance from Taiwan to	Remitted to Mainland China	Remitted back to Taiwan								
				Mainland China as of January 1, 2024	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of March 31, 2024							
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	\$ 2,197,148	3	\$ 296,108	\$ -	\$ -	\$ 296,108	\$ -	9.65	\$ -	\$ -	\$ -	2(3)	
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	871,750	2	96,084	-	-	96,084	-	8.97	-	-	-	2(3)	
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	80,000	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	440,800	2	215,687	-	-	215,687	-	-	-	-	-	2(3)	
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,400	2	56,843	-	-	56,843	-	-	-	-	-	2(3)	
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,592,697	5,721	-	2,598,418	(22,617)	98.61	(22,303)	1,649,675	-	2(3)	

Table 9-2

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, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for three months ended March 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	Net income of investee for the three months ended March 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2024	Book value of investments in Mainland China as of March 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED and modules	\$ 3,722,205	2	\$ 3,585,860	\$ -	\$ -	\$ 3,585,860	\$ 20,796	100.00	\$ 20,796	\$ 3,903,827	\$ -	2(2)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	(1,725)	51.15	(1,725)	(3,999)	-	2(3)

Table 9-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2024	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
ENNOSTAR Inc.	\$ 436,383	\$ 306,962	\$ 46,629,510
Epistar Corporation	\$ 13,229,477	\$ 13,355,731	\$ 31,914,591
Lextar Electronics Corporation	\$ 3,737,600	\$ 4,198,743	\$ 8,785,889

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.

Note 6: In September 2023, Yenrich Technology Corporation transferred all the equity interests in LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. to ENNOSTAR Inc. Pursuant to the Jing-Shen-II-Zi Letter No.11200120910 on September 11, 2023, the original approval of the investment of Yenrich Technology Corporation was cancelled as the transfer of LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. was implemented and approved by the Investment Commission. ENNOSTAR Inc. acquired the equity interests in EADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. in the amount of NT\$ 306,962 thousand, which was the investment amount of Yenrich Technology Corporation as originally approved by the Investment Commission.

ENNOSTAR INC. AND SUBSIDIARIES

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

Three months ended March 31, 2024

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

	Provision of													
	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing					
Investee in Mainland China	Amount	%	Amount	%	Balance at March 31, 2024	%	Balance at March 31, 2024	Purpose	Maximum balance during the three months ended March 31, 2024	Balance at March 31, 2024	Interest rate	Interest during the three months ended March 31, 2024	Others	
Episky Corporation (Xiamen) Ltd.	\$ 151,284	4.09	\$ 18,128	0.76	\$ 283,839	0.65	\$ -	-	\$ -	\$ -	-	\$ -	-	
Episky Corporation (Xiamen) Ltd.	(118,077)	(3.19)	-	-	(79,475)	(0.18)	-	-	-	-	-	-	-	
Epicrystal (Changzhou) Co., Ltd.	(173,706)	(4.70)	-	-	(323,287)	(0.74)	-	-	-	-	-	-	-	
Lextar Electronics (Chuzhou) Corp.	(519,368)	(27.24)	-	-	(727,720)	(5.83)	-	-	-	-	-	-	-	

Note 1: Disclosure of the transactions over 100 million New Taiwan dollars only

ENNOSTAR INC. AND SUBSIDIARIES

Major Shareholders Information

March 31, 2024

Table 11

Major Shareholders	Shareholding	
	Number of Shares Held	Shareholding Ratio
AUO Corporation	93,568,898	12.42