

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2023 AND 2022

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 23000019

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, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" 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\$6,074,363 thousand and NT\$7,570,800 thousand, constituting 8.62% and 9.96% of the consolidated total assets as at March 31, 2023 and 2022, respectively, total liabilities amounted to NT\$1,018,942 thousand and NT\$1,347,825 thousand, constituting 6.82% and 6.13% of the consolidated total liabilities as at March 31, 2023 and 2022 respectively, and the total comprehensive (loss) income amounted to NT\$(129,541) thousand and NT\$82,822 thousand, constituting 12.40% and

11.05% of the consolidated total comprehensive income for the three months then ended, respectively. The balance of these investments accounted for under the equity method amounting to NT\$2,385,171 thousand and NT\$2,861,737 thousand, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounting to NT\$148,400 thousand and NT\$11,039 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, 2023 and 2022, 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 4, 2023

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

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

	Assets	Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 16,169,461	23	\$ 16,127,132	22	\$ 12,733,214	17
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		156,079	-	164,066	-	223,753	-
1136	Current financial assets at	6(4)						
	amortised cost		586,746	1	647,408	1	286,561	-
1150	Notes receivable, net	6(5)	1,402,713	2	1,872,810	3	1,939,261	3
1160	Notes receivable due from	7						
	related parties, net		3,762	-	10,285	-	-	-
1170	Accounts receivable, net	6(5)	6,534,805	9	7,544,597	10	10,928,583	14
1180	Accounts receivable - related	7						
	parties, net		452,588	1	425,969	1	695,077	1
1200	Other receivables		160,286	-	127,695	-	314,051	-
1210	Other receivables - related	7						
	parties		44,389	-	135,418	-	59,691	-
130X	Inventories	6(6)	4,764,594	7	4,825,045	7	5,830,866	8
1410	Prepayments		748,050	1	761,976	1	1,503,191	2
1470	Other current assets		34,258	-	20,627	-	8,117	-
11XX	Current Assets		<u>31,057,731</u>	<u>44</u>	<u>32,663,028</u>	<u>45</u>	<u>34,522,365</u>	<u>45</u>
	Non-current assets							
1510	Non-current financial assets at	6(2)						
	fair value through profit or loss		95,973	-	90,007	-	111,539	-
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		4,671,124	7	4,445,317	6	4,194,017	5
1535	Non-current financial assets at	6(4)						
	amortised cost		178,846	-	180,137	-	142,714	-
1550	Investments accounted for	6(7)						
	under equity method		3,366,991	5	3,608,999	5	3,976,367	5
1600	Property, plant and equipment	6(8)	21,072,125	30	22,037,075	30	23,233,214	31
1755	Right-of-use assets	6(9)	1,916,587	3	1,905,157	3	1,919,078	3
1760	Investment property, net		683,626	1	692,498	1	686,217	1
1780	Intangible assets	6(10)	4,853,368	7	4,907,583	7	5,002,520	7
1840	Deferred income tax assets		1,706,898	2	1,717,418	2	1,742,440	2
1900	Other non-current assets		896,519	1	796,251	1	492,477	1
15XX	Non-current assets		<u>39,442,057</u>	<u>56</u>	<u>40,380,442</u>	<u>55</u>	<u>41,500,583</u>	<u>55</u>
1XXX	Total assets		<u>\$ 70,499,788</u>	<u>100</u>	<u>\$ 73,043,470</u>	<u>100</u>	<u>\$ 76,022,948</u>	<u>100</u>

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2023, DECEMBER 31, 2022 AND MARCH 31, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2023		December 31, 2022		March 31, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11) and 8	\$ 1,278,090	2	\$ 1,203,495	2	\$ 2,748,546	4
2110	Short-term notes and bills payable	6(13) and 8	627,165	1	775,294	1	880,930	1
2120	Financial liabilities at fair value through profit or loss - current	6(12)	9,624	-	2,214	-	25,442	-
2150	Notes payable		285,019	-	243,332	-	159,388	-
2170	Accounts payable		2,158,369	3	2,195,394	3	3,928,003	5
2180	Accounts payable - related parties	7	212,331	-	266,478	-	254,412	-
2200	Other payables	6(14) and 7	3,585,151	5	4,619,754	6	6,801,566	9
2230	Current income tax liabilities		32,926	-	30,804	-	9,421	-
2280	Current lease liabilities		111,815	-	108,817	-	106,673	-
2320	Long-term liabilities, current portion	6(15) and 8	809,481	1	426,518	1	123,579	-
2399	Other current liabilities - others		411,681	1	440,276	1	473,009	1
21XX	Current Liabilities		9,521,652	13	10,312,376	14	15,510,969	20
Non-current liabilities								
2540	Long-term borrowings	6(15) and 8	3,108,535	4	3,691,498	5	3,915,373	5
2570	Deferred income tax liabilities		437,310	1	421,272	-	364,311	1
2580	Non-current lease liabilities		1,499,996	2	1,476,370	2	1,451,331	2
2600	Other non-current liabilities	6(18)	373,538	1	480,958	1	747,297	1
25XX	Non-current liabilities		5,419,379	8	6,070,098	8	6,478,312	9
2XXX	Total Liabilities		14,941,031	21	16,382,474	22	21,989,281	29
Equity attributable to owners of parent company								
	Share capital	6(19)						
3110	Share capital - common stock		7,547,840	11	7,547,840	11	6,847,840	9
	Capital surplus	6(20)						
3200	Capital surplus		46,441,078	65	46,421,664	64	43,714,691	58
	Retained earnings	6(21)						
3310	Legal reserve		216,945	-	216,945	-	-	-
3320	Special reserve		290,598	-	290,598	-	-	-
3350	(Accumulated deficit)Unappropriated retained earnings		(1,086,237)	(1)	147,022	-	1,547,600	2
	Other equity interest	6(22)						
3400	Other equity interest		406,670	1	75,010	-	(170,071)	-
3500	Treasury stocks	6(19)	(294,810)	-	(294,810)	-	(294,810)	(1)
31XX	Equity attributable to owners of the parent		53,522,084	76	54,404,269	75	51,645,250	68
36XX	Non-controlling interest		2,036,673	3	2,256,727	3	2,388,417	3
3XXX	Total equity		55,558,757	79	56,660,996	78	54,033,667	71
	Significant contingent liabilities and unrecognized contract	9						
3X2X	Total liabilities and equity		\$ 70,499,788	100	\$ 73,043,470	100	\$ 76,022,948	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)
(UNAUDITED)

			Three months ended March 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(23) and 7		\$ 4,727,918	100	\$ 8,546,142	100
5000 Operating costs	6(6) and 7		(4,827,295)	(102)	(6,694,143)	(78)
5900 Operating margin			(99,377)	(2)	1,851,999	22
5910 Unrealized loss from sales			23	-	9,127	-
5920 Realized loss from sales			(26)	-	(41)	-
5950 Net operating (loss) margin			(99,380)	(2)	1,861,085	22
Operating expenses	6(29)(30)					
6100 Selling expenses			(206,340)	(4)	(221,656)	(3)
6200 General and administrative expenses			(426,645)	(9)	(497,794)	(6)
6300 Research and development expenses			(653,397)	(14)	(619,442)	(7)
6450 Expected credit profit (loss)			4,886	-	(19,605)	-
6000 Total operating expenses			(1,281,496)	(27)	(1,358,497)	(16)
6500 Other income and expenses - net	6(24)		13,606	-	27,511	-
6900 Operating (loss) profit			(1,367,270)	(29)	530,099	6
Non-operating income and expenses						
7100 Interest income	6(25)		55,961	1	12,005	-
7010 Other income	6(26)		120,722	2	126,419	2
7020 Other gains and losses	6(27) and 7		122,347	3	126,281	1
7050 Finance costs	6(28)		(39,299)	(1)	(28,309)	-
7055 Expected credit losses			(10,736)	-	(5,160)	-
7060 Share of loss of associates and joint ventures accounted for under equity method	6(7)		(251,225)	(5)	(57,716)	(1)
7000 Total non-operating income and expenses			(2,230)	-	173,520	2
7900 (Loss) profit before income tax			(1,369,500)	(29)	703,619	8
7950 Income tax expense	6(31)		(24,749)	-	(59,843)	-
8200 (Loss) profit for the period			(\$ 1,394,249)	(29)	\$ 643,776	8

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ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)
(UNAUDITED)

		Three months ended March 31			
		2023		2022	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans	\$ 1,625	-	\$ -	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	299,287	6	(519,747)	(7)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	5,030	-	(23,250)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,621)	-	75,287	1
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	301,321	6	(467,710)	(7)
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations	45,181	1	360,358	4
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	3,771	-	213,949	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(344)	-	(532)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	48,608	1	573,775	7
8300	Other comprehensive income	\$ 349,929	7	\$ 106,065	-
8500	Total comprehensive (loss) income	(\$ 1,044,320)	(22)	\$ 749,841	8
Profit (loss) attributable to:					
8610	Equity holders of the parent company	(\$ 1,242,872)	(26)	\$ 758,795	9
8620	Non-controlling interest	(\$ 151,377)	(3)	(\$ 115,019)	(1)
Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company	(\$ 901,436)	(19)	\$ 809,551	9
8720	Non-controlling interest	(\$ 142,884)	(3)	(\$ 59,710)	(1)
(Loss)earnings per share (NT\$)					
9750	Total basic (loss)earnings per share	6(32)	(\$ 1.65)	\$ 1.11	
9850	Total diluted (loss)earnings per share	6(32)	(\$ 1.65)	\$ 1.11	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total Equity
		Retained Earnings					Other equity interest			Treasury stocks	Total		
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income					
2022													
Balance at January 1, 2022		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	(\$ 406,535)	\$ 170,992	(\$ 294,810)	\$ 52,322,245	\$ 2,282,798	\$ 54,605,043	
Profit (loss) for the period		-	-	-	-	758,795	-	-	-	758,795	(115,019)	643,776	
Other comprehensive income(loss) for the period		-	-	-	-	(14,930)	522,554	(456,868)	-	50,756	55,309	106,065	
Total comprehensive income(loss)		-	-	-	-	743,865	522,554	(456,868)	-	809,551	(59,710)	749,841	
Appropriation of 2021 earnings													
Cash dividends		-	-	-	-	(1,365,881)	-	-	-	(1,365,881)	-	(1,365,881)	
Changes in ownership interests in subsidiaries accounted for6(20) using equity method		-	(130,723)	-	-	-	-	-	-	(130,723)	-	(130,723)	
Change in equity of associates and joint ventures accounted 6(20) for under equity method		-	10,102	-	-	-	-	-	-	10,102	-	10,102	
Difference between consideration and carrying amount of subsidiaries acquired and disposed 6(22)		-	-	-	-	-	3	-	-	3	-	3	
Non-controlling interests		-	-	-	-	-	-	-	-	-	165,329	165,329	
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	-	-	-	170	-	(217)	-	(47)	-	(47)	
Expiration of restricted employee stock 6(20)		(4,674)	4,674	-	-	-	-	-	-	-	-	-	
Balance at March 31, 2022		\$ 6,847,840	\$ 43,714,691	\$ -	\$ -	\$ 1,547,600	\$ 116,022	(\$ 286,093)	(\$ 294,810)	\$ 51,645,250	\$ 2,388,417	\$ 54,033,667	
2023													
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(loss) 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 for6(20) using equity method		-	(4,597)	-	-	(163)	-	-	-	(4,760)	-	(4,760)	
Change in equity of associates and joint ventures accounted 6(20) for under equity method		-	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		\$ 7,547,840	\$ 46,441,078	\$ 216,945	\$ 290,598	(\$ 1,086,237)	\$ 77,898	\$ 328,772	(\$ 294,810)	\$ 53,522,084	\$ 2,036,673	\$ 55,558,757	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31 2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax		(\$ 1,369,500)	\$ 703,619
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(29)	1,169,446	1,247,723
Amortization	6(10)(29)	61,432	65,211
Expected credit losses	12(2)	5,850	24,765
Loss (gain) on disposal of investments	6(27)	13	(34,927)
Net (gain) loss on financial assets at fair value through profit or loss	6(27)	(48,055)	23,167
Interest expense	6(28)	39,299	28,309
Interest income	6(25)	(55,961)	(12,005)
Dividend revenue	6(26)	-	(395)
Share of loss of associates and joint ventures accounted for under the equity method	6(7)	251,225	57,716
Gain on disposal of property, plant and equipment	6(27)	(130,221)	(7,740)
Unrealized loss from sales		(23)	(9,127)
Realized loss from sales		26	41
Other income from recognition of long-term deferred revenues	6(18)	(13,284)	(16,424)
Property, plant and equipment transferred to expense		-	1,943
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		52,382	(211,508)
Notes receivable		476,620	(252,056)
Accounts receivable		1,012,621	1,155,524
Other receivables		(24,402)	(171,018)
Inventories		60,451	(97,028)
Prepayments		13,926	145,275
Other current assets		(13,631)	29,845
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		5,104	(38,329)
Notes payable		41,687	110,040
Accounts payable		(91,172)	(547,830)
Other payables		(740,054)	(463,575)
Other current liabilities		(28,596)	(58,509)
Other non-current liabilities		(34,981)	26,281
Cash inflow generated from operations		640,202	1,698,988
Interest received		47,565	11,833
Dividend received		-	16,752
Interest paid		(31,452)	(22,238)
Income tax refunded (paid)		(98)	26,596
Net cash flows from operating activities		656,217	1,731,931

(Continued)

ENNOSTAR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Three months ended March 31	
	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 22,050)
Proceeds from disposal of financial assets at fair value through other comprehensive income		68,859	793
Acquisition of current financial assets at amortised cost		-	(34,857)
Proceeds from disposal of current financial assets at amortised cost		61,801	-
Acquisition of investments accounted for under the equity method		(47,328)	(7,211)
Proceeds from disposal of investments accounted for under the equity method	6(33)	89,432	88,100
Decrease in changes of consolidated entities		-	(448,335)
Acquisition of property, plant and equipment	6(33)	(592,360)	(933,161)
Proceeds from disposal of property, plant and equipment	6(33)	38,807	18,674
Acquisition of intangible assets	6(33)	(16,764)	(6,269)
Proceeds from disposal of intangible assets		-	1,472
Decrease in refundable deposits		26,011	589
Other non-current assets		(4,472)	18,370
Net cash flows used in investing activities		(376,014)	(1,323,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(34)	78,282	(737,951)
Decrease in short-term notes and bill payable	6(34)	(151,473)	(22,174)
Proceeds from long-term loans	6(34)	-	154,740
Repayment of long-term loans	6(34)	(200,000)	(11,254)
Increase in guarantee deposits received	6(34)	57,455	7,990
Repayment of principal portion of lease liabilities	6(34)	(30,161)	(29,740)
Change in non-controlling interests		-	600,000
Net cash flows used in financing activities		(245,897)	(38,389)
Effects of foreign currency exchange		8,023	27,518
Net increase in cash and cash equivalents		42,329	397,175
Cash and cash equivalents at beginning of period		16,127,132	12,336,039
Cash and cash equivalents at end of period		\$ 16,169,461	\$ 12,733,214

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

ENNOSTAR Inc. (the “Company”) was incorporated on January 6, 2021. The Company’s 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 4, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, others are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022. 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 2022 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, 2022.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	75.96%	75.96%	58.59%	Note 3 Note 4
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	17.99%	17.99%	5.63%	Note 2
ENNOSTAR Inc.	Precistar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5
ENNOSTAR Inc.	Praistar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5
ENNOSTAR Inc.	Manastar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	16.65%	16.65%	5.63%	Note 2
Precistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	4.29%	4.29%	-	Note 2
Praistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	4.29%	4.29%	-	Note 2
Epistar Corporation	Lighting Investment Corporation	Professional investment	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	100%	
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	49.00%	Note 1 Note 3 Note 4
Epistar Corporation	Full Star Enterprises Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	12.80%	12.80%	41.29%	Note 2
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	64.32%	Note 3 Note 4
Epistar Corporation	Can Yang Investments Limited	Professional investment	3.53%	3.53%	3.53%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	Professional investment	82.41%	82.41%	82.41%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	Professional investment	74.86%	74.86%	74.86%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Professional investment	85.25%	85.26%	85.26%	Note 3 Note 4
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	Professional 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, 2023	December 31, 2022	March 31, 2022	
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.	Professional investment	100%	100%	100%	Note 3 Note 4
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting products	89.39%	83.39%	83.93%	Note 3 Note 4
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	100%	100%	100%	Note 3 Note 4
Lighting Investment Corporation	Can Yang Investments Limited	Professional investment	6.87%	6.87%	6.87%	Note 3 Note 4
Lighting Investment Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	-	14.69%	Note 3
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
Lighting Investment Ltd.	Luxlite (Hong Kong) Corporation Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 3 Note 4
Luxlite (Hong Kong) Corporation Limited	Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	-	-	100%	Note 3 Note 6
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	2.68%	2.68%	2.68%	Note 3 Note 4
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional 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.	Professional investment	100%	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellypower Optronics Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Apower Optronics Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	90.50%	90.50%	90.50%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.81%	31.69%	Note 3 Note 4
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.55%	9.55%	-	Note 4
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED lighting and modules	-	100%	100%	Note 3 Note 7
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	9.09%	9.09%	9.09%	Note 3 Note 4
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50.00%	50.00%	50.00%	Note 3 Note 4
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	29.84%	29.84%	24.70%	Note 3 Note 4
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.81%	31.81%	31.68%	Note 3 Note 4
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	84.03%	86.96%	90.91%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	

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

Note 2: ENNOSTAR Inc. and Harvestar Investment Corp. had participated in the capital increase of Unikorn in the first quarter of 2022, and acquired part of shares of Unikorn from Epistar due to the reorganization in the second quarter of 2022. ENNOSTAR Inc., Harvestar Investment Corp., Precistar Investment Corp., and Praistar Investment Corp. had participated in the capital increase of Unikorn in the fourth quarter of 2022, therefore, ENNOSTAR, Harvestar, Precistar, Praistar and Epistar's shareholding ratios were 17.99%, 16.65%, 4.29%, 4.29% and 12.80% on March 31, 2023, respectively.

Note 3: The financial statements of the entity as of and for the three months ended March 31, 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 4: 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 5: Newly invested or established companies in 2022.

Note 6: Luxlite (Shenzhen) Corporation Limited has applied for liquidation in 2022.

Note 7: Lextar Electronics (Xiamen) Co., Ltd. has applied for dissolution in January, 2023.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income tax

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

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

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2022.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	\$ 1,570	\$ 1,451	\$ 1,285
Checking accounts and demand deposits	2,216,187	2,838,714	3,293,544
Time deposits	13,381,704	12,415,967	8,157,853
Bonds sold under repurchase agreement	570,000	871,000	1,280,532
	<u>\$ 16,169,461</u>	<u>\$ 16,127,132</u>	<u>\$ 12,733,214</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 15,336	\$ 45,180	\$ 100,711
Listed stocks	193,439	193,439	193,439
Derivatives	1,266	22,415	7,269
	<u>210,041</u>	<u>261,034</u>	<u>301,419</u>
Valuation adjustment	(53,962)	(96,968)	(77,666)
	<u>156,079</u>	<u>164,066</u>	<u>223,753</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	298,308	298,308	321,359
Valuation adjustments	(202,335)	(208,301)	(209,820)
	<u>95,973</u>	<u>90,007</u>	<u>111,539</u>
	<u>\$ 252,052</u>	<u>\$ 254,073</u>	<u>\$ 335,292</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, 2023			
Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Currency exchange	USD 1,000	USD to NTD	2023.04.28
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

December 31, 2022

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 68,000	USD to NTD	2023.01.05~2023.04.20
Forward foreign exchange contract - sell	USD 81	USD to JPY	2023.01.04~2023.03.24
Forward foreign exchange contract - sell	USD 8,000	USD to RMB	2023.02.24~2023.04.25
March 31, 2022			

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 56,400	USD to NTD	2022.04.07~2022.05.31
Forward foreign exchange contract - sell	USD 64	USD to JPY	2022.04.22~2022.06.24
Forward foreign exchange contract - sell	USD 36,000	USD to RMB	2022.04.26~2022.08.26

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

B. The net gain (loss) recognized by the Group amounted to \$48,055 and (\$23,167) for the three months ended March 31, 2023 and 2022, 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, 2023	December 31, 2022	March 31, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 1,101,053	\$ 1,170,038	\$ 714,032
Unlisted stocks	3,563,272	3,564,502	4,130,845
	4,664,325	4,734,540	4,844,877
Valuation adjustment	6,799	(289,223)	(650,860)
	<u>\$ 4,671,124</u>	<u>\$ 4,445,317</u>	<u>\$ 4,194,017</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$4,671,124, \$4,445,317 and \$4,194,017 as at March 31, 2023, December 31, 2022 and March 31, 2022, 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, 2023	Three months ended March 31, 2022
Fair value change recognised in other comprehensive income	\$ 299,287	(\$ 519,747)
Dividend income recognized in profit or loss held at end of period	\$ -	\$ 395

C. As of March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$4,671,124, \$4,445,317 and \$4,194,017, 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, 2023	December 31, 2022	March 31, 2022
Current items:			
Others	\$ 586,746	\$ 647,408	\$ 286,561
Non-current items:			
Others	\$ 178,846	\$ 180,137	\$ 142,714

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest income	\$ 954	\$ 160

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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 \$765,592, \$827,545 and \$429,275, respectively.

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 2,286,701	\$ 2,756,798	\$ 2,823,249
Less: Allowance for uncollectible accounts	(883,988)	(883,988)	(883,988)
	\$ 1,402,713	\$ 1,872,810	\$ 1,939,261
Accounts receivable	\$ 6,582,668	\$ 7,597,170	\$ 10,965,394
Less: Allowance for uncollectible accounts	(47,863)	(52,573)	(36,811)
	\$ 6,534,805	\$ 7,544,597	\$ 10,928,583

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

	March 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 5,733,267	\$ 1,402,713	\$ 7,168,484	\$ 1,872,810
Up to 30 days	410,251	-	255,017	-
31 to 90 days	317,219	-	45,268	-
91 to 180 days	24,372	-	26,347	-
Over 180 days	97,559	883,988	102,054	883,988
	\$ 6,582,668	\$ 2,286,701	\$ 7,597,170	\$ 2,756,798

	March 31, 2022	
	Accounts receivable	Notes receivable
Not past due	\$ 10,530,611	\$ 1,939,261
Up to 30 days	227,611	-
31 to 90 days	73,871	-
91 to 180 days	32,900	-
Over 180 days	100,401	883,988
	<u>\$ 10,965,394</u>	<u>\$ 2,823,249</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had outstanding discounted notes receivable amounting to \$422,809, \$193,017 and \$426,348, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. However, the credit rating of the aforesaid acceptance bank is extremely high, and the Group judges that the discounted notes receivable meets the requirements for delisting financial assets and will be deducted from notes receivable directly.
- C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.
- D. The Group holds collateral including commercial papers, financial assets, patents as well as machinery and equipment as security for accounts receivable.
- E. As of March 31, 2023, December 31, 2022 and March 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable held by the Group was \$1,402,713, \$1,872,810 and \$1,939,261; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$6,534,805, \$7,544,597 and \$10,928,583, respectively.
- F. Information on credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

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

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,723,168	(\$ 118,783)	\$ 1,604,385
Work in progress	2,273,006	(269,111)	2,003,895
Finished goods	2,566,497	(343,911)	2,222,586
	<u>\$ 6,562,671</u>	<u>(\$ 731,805)</u>	<u>\$ 5,830,866</u>

The cost of inventories recognised as expense for the three months ended March 31, 2023 and 2022:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Cost of goods sold	\$ 3,761,185	\$ 6,399,538
Scrap loss	2,477	1,847
Loss on market price decline	98,640	98,303
Loss on idle capacity	958,623	194,520
Other	6,370	(65)
	<u>\$ 4,827,295</u>	<u>\$ 6,694,143</u>

(7) Investments accounted for using the equity method

	March 31, 2023	December 31, 2022	March 31, 2022
Associates:			
Aurora International Lighting Corporation Limited	\$ -	\$ -	\$ 185,116
LEDAZ Co., Ltd.	-	42,912	3,120
LEDOLUX Sp. Zo.O.	11,334	11,310	11,454
Interelight Optotech (HK) Co., Limited	10,763	10,941	11,937
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	403,609	441,348	571,267
GCS Holdings, Inc.	944,056	1,090,517	1,225,949
Changzhou Chemsemi Co., Ltd.	757,129	791,206	892,622
Joint Power Exponent, Ltd.	47,662	54,095	27,351
iReach Corporation	47,027	50,413	45,087
Chuzhou Bwin Technology Corp.	65,754	76,339	109,073
Tyntek Corporation	983,499	939,581	776,655
WellyWave Semiconductors Inc.	51,581	55,925	72,122
TE Opto Corporation	44,244	44,069	44,241
Domi-Star Optoelectronics Corporation	333	343	373
	<u>\$ 3,366,991</u>	<u>\$ 3,608,999</u>	<u>\$ 3,976,367</u>

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$3,366,991, \$3,608,999 and \$3,976,367, respectively.

Attribute to the Group:	Three months ended March 31, 2023	Three months ended March 31, 2022
Loss for the period from continuing operations	(\$ 251,225)	(\$ 57,716)
Other comprehensive income	8,753	205,629
Total comprehensive (loss) income	(\$ 242,472)	\$ 147,913

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

	March 31, 2023	December 31, 2022	March 31, 2022
GCS Holdings, Inc.	\$ 875,600	\$ 957,879	\$ 1,004,545
Tyntek Corporation	783,990	653,891	751,311
	<u>\$ 1,659,590</u>	<u>\$ 1,611,770</u>	<u>\$ 1,755,856</u>

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

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 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>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2022								
Cost	\$ 1,558,195	\$ 17,347,652	\$ 47,907,326	\$ 516,930	\$ 365,056	\$ 1,700,988	\$ 1,288,661	\$ 70,684,808
Accumulated depreciation and impairment	- (9,156,255)	(35,274,900)	(409,162)	(259,314)	(1,285,825)	- (46,385,456)		
	<u>\$ 1,558,195</u>	<u>\$ 8,191,397</u>	<u>\$ 12,632,426</u>	<u>\$ 107,768</u>	<u>\$ 105,742</u>	<u>\$ 415,163</u>	<u>\$ 1,288,661</u>	<u>\$ 24,299,352</u>
2022								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,191,397	\$ 12,632,426	\$ 107,768	\$ 105,742	\$ 415,163	\$ 1,288,661	\$ 24,299,352
Additions	-	816	23,504	1,550	99	5,889	669,038	700,896
Transfer	-	326,122	281,138	6,671	1,353	15,630	(630,914)	-
Disposals	- (1,973)	(2,834)	-	-	-	-	- (4,807)	
Reclassifications	- (774)	(8,480)	-	178	-	5,550	(3,526)	
Reclassified to investment property	-	7,673	-	-	-	-	-	7,673
Depreciation charge	- (219,620)	(928,972)	(17,492)	(8,052)	(32,038)	- (1,206,174)		
Disposals of subsidiary	-	- (545,435)	(7,092)	(412)	(29,692)	(173,884)	(756,515)	
Net exchange differences	-	67,200	114,571	1,363	601	5,254	7,326	196,315
Closing net book amount at March 31	<u>\$ 1,558,195</u>	<u>\$ 8,370,841</u>	<u>\$ 11,565,918</u>	<u>\$ 92,768</u>	<u>\$ 99,509</u>	<u>\$ 380,206</u>	<u>\$ 1,165,777</u>	<u>\$ 23,233,214</u>
At March 31, 2022								
Cost	\$ 1,558,195	\$ 17,748,558	\$ 46,552,018	\$ 527,326	\$ 369,119	\$ 1,710,544	\$ 1,165,777	\$ 69,631,537
Accumulated depreciation and impairment	- (9,377,717)	(34,986,100)	(434,558)	(269,610)	(1,330,338)	- (46,398,323)		
	<u>\$ 1,558,195</u>	<u>\$ 8,370,841</u>	<u>\$ 11,565,918</u>	<u>\$ 92,768</u>	<u>\$ 99,509</u>	<u>\$ 380,206</u>	<u>\$ 1,165,777</u>	<u>\$ 23,233,214</u>

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

(9) Leasing arrangements – lessee

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

	March 31, 2023	December 31, 2022	March 31, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 1,654,892	\$ 1,670,856	\$ 1,539,892
Buildings	64,642	54,399	157,167
Machinery	145,917	126,084	170,005
Transportation equipment	14,802	16,610	15,081
Office equipment	36,334	37,208	36,933
	<u>\$ 1,916,587</u>	<u>\$ 1,905,157</u>	<u>\$ 1,919,078</u>

	Three months ended March 31, 2023	Three months ended March 31, 2022
	Depreciation charge	Depreciation charge
Land	\$ 16,523	\$ 14,302
Buildings	5,175	8,489
Machinery	15,294	13,921
Transportation equipment	1,809	1,514
Office equipment	2,916	3,323
	<u>\$ 41,717</u>	<u>\$ 41,549</u>

D. For the three months ended March 31, 2023 and 2022, the additions to right-of-use assets were \$50,342 and \$28,414, respectively.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,448	\$ 6,448
Expense on short-term lease contracts	4,356	4,481
Expense on leases of low-value assets	1,346	2,777

F. For the three months ended March 31, 2023 and 2022, the Group's total cash outflow for leases were \$34,979 and \$50,034, respectively.

(10) Intangible assets

	Patents	Goodwill	Software	Others	Total
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	279	-	26	-	305
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>

	Patents	Goodwill	Software	Others	Total
At January 1, 2022					
Cost	\$ 2,750,991	\$ 7,087,692	\$ 513,660	\$ 128,843	\$ 10,481,186
Accumulated amortisation and impairment	(1,828,302)	(3,191,092)	(410,601)	(109,528)	(5,539,523)
	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>
2022					
Opening net book amount as at January 1	\$ 922,689	\$ 3,896,600	\$ 103,059	\$ 19,315	\$ 4,941,663
Additions — acquired separately	122,971	-	2,741	-	125,712
Reclassifications	1,462	-	(163)	-	1,299
Amortisation charge	(48,446)	-	(14,851)	(1,914)	(65,211)
Disposals of subsidiary	-	-	(3,291)	-	(3,291)
Net exchange differences	1,976	-	372	-	2,348
Closing net book amount as at March 31	<u>\$ 1,000,652</u>	<u>\$ 3,896,600</u>	<u>\$ 87,867</u>	<u>\$ 17,401</u>	<u>\$ 5,002,520</u>
At March 31, 2022					
Cost	\$ 2,882,334	\$ 7,087,692	\$ 519,004	\$ 128,843	\$ 10,617,873
Accumulated amortisation and impairment	(1,881,682)	(3,191,092)	(431,137)	(111,442)	(5,615,353)
	<u>\$ 1,000,652</u>	<u>\$ 3,896,600</u>	<u>\$ 87,867</u>	<u>\$ 17,401</u>	<u>\$ 5,002,520</u>

Details of amortisation on intangible assets are as follows:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Operating costs	\$ 22,194	\$ 23,879
Selling expenses	125	115
Administrative expenses	25,162	27,146
Research and development expenses	13,951	14,071
	<u>\$ 61,432</u>	<u>\$ 65,211</u>

(11) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Bank borrowings			
Unsecured borrowings	<u>\$ 1,278,090</u>	<u>\$ 1,203,495</u>	<u>\$ 2,748,546</u>
Interest rate range-NTD	<u>2.05%</u>	<u>1.86%</u>	<u>1.00%~1.30%</u>
Interest rate range-foreign currency	<u>2.6%~6.5%</u>	<u>1.80%~6.08%</u>	<u>0.82%~3.65%</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group has endorsements to Episky Corporation (Xiamen) Ltd. and Jiangsu Canyang Optoelectronics Ltd., Unicorn Semiconductor Corporation totalling \$3,250,000, \$3,981,520 and \$1,866,000, respectively.

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

Items	March 31, 2023	December 31, 2022	March 31, 2022
Current items:			
Derivative instruments	<u>\$ 9,624</u>	<u>\$ 2,214</u>	<u>\$ 25,442</u>

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

(13) Short-term notes and bills payable

March 31, 2023				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 627,165</u>	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS BANK OF CHINA	Note 8
December 31, 2022				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 775,294</u>	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8
March 31, 2022				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	<u>\$ 880,930</u>	BANK OF COMMUNICATIONS BANK OF JIANGSU BANK OF CHINA BANK OF NINGBO	Note 8

(14) Other payables

Items	March 31, 2023	December 31, 2022	March 31, 2022
Payables on wages, salaries and bonus	\$ 709,218	\$ 1,137,583	\$ 1,026,920
Compensation due to employees, directors and supervisors	230,744	210,682	641,939
Payables on personnel expense	276,034	275,106	286,095
Payables on machinery and equipment	661,437	948,327	1,143,371
Payables on consumable goods and equipment repair expense	416,146	440,272	518,314
Payables on processing fees	474,878	612,444	917,394
Payables on reticle expense	26,180	17,952	20,435
Payables on gas expense	62,910	63,484	78,135
Payables on dividend	-	-	1,365,881
Payables on insurance expense	5,418	3,537	5,834
Payables on intangible assets	40,969	51,133	42,388
Others	681,217	859,234	754,860
	<u>\$ 3,585,151</u>	<u>\$ 4,619,754</u>	<u>\$ 6,801,566</u>

(15) Long-term borrowings

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>

Type of borrowings	Borrowing period and repayment term	December 31, 2022
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 658,440
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	173,334
Unsecured borrowings	Before February 15, 2026	455,242
Unsecured borrowings	Before September 15, 2025	200,000
Unsecured borrowings	Before April 15, 2027	150,000
Unsecured borrowings	Before February 15, 2026	50,000
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
		4,118,016
Less: Current portion of long-term borrowings		(426,518)
		<u>\$ 3,691,498</u>
Interest rate range		<u>0.68%~1.91%</u>

Type of borrowings	Borrowing period and repayment term	March 31, 2022
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 666,000
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	260,000
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before April 26, 2027	99,890
Unsecured borrowings	Before February 15, 2026	46,100
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before October 30, 2025	71,562
		4,038,952
Less: Current portion of long-term borrowings		(123,579)
		\$ 3,915,373
Interest rate range		0.30%~1.69%

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 and debt service coverage ratio as defined in financial covenants.

(16) 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 \$136 and \$267 for the three months ended March 31, 2023 and 2022 respectively.

- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending March 31, 2024 amount to \$9,759.
- 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, 2023 and 2022 were \$91,902 and \$90,045, respectively.

(17) Share-based payment

A. Restricted stocks to employees.

- (a) For the three months ended March 31, 2023, the Group’s restricted stocks to employees arrangement was as follows:

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

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

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

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

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

	2022
Outstanding at January 1	3,400
Vested in the period	(1,700)
Expired	(1,700)
Outstanding at March 31	-
Exercisable at March 31 (Note)	-

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

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

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

B. Employee stock options:

(a) For the three months ended March 31, 2023 and 2022, the share-based payment arrangements are as follows:

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

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

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

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

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

	2023		2022	
	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>		<u>1,049</u>	

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

	2023	
	No. of shares (in thousands)	Weighted-average exercise price (in NTD)
Options outstanding from beginning of the period and end of the period - Hexawave, Inc.	3,000	\$ 10
Options exercisable at end of the period - Hexawave, Inc.	-	

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Equity-settled	\$ 648	(\$ 26,597)

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

	March 31, 2023	December 31, 2022	March 31, 2022
Deferred government grants revenue	\$ 157,715	\$ 167,229	\$ 215,969
Deferred technical services revenue	7,588	7,926	8,955
	<u>\$ 165,303</u>	<u>\$ 175,155</u>	<u>\$ 224,924</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, 2023 and 2022 were \$17,572 and \$58,107 (shown under “Other income and expenses – net” and “Other income”), respectively.

(19) Share capital

A. As of March 31, 2023, the Company’s authorized capital was \$15,000,000, consisting of 1,500,000 thousand shares of ordinary stock (including 50,000 thousand shares reserved for employee stock options), and the paid-in capital was \$7,547,840 with a par value of \$10 (in dollars) per share.

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

	2023	2022
At January 1	751,658	682,125
Expiration of restricted employee stock	-	(467)
At March 31	<u>751,658</u>	<u>681,658</u>

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

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

2022					
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:

	March 31, 2023	December 31, 2022	March 31, 2022
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	\$ 68,222	\$ 57,386	\$ 91,690
Epistar Corporation	<u>1,844 thousand shares</u>	<u>1,844 thousand shares</u>	<u>1,844 thousand shares</u>
Book value	\$ 159,647	\$ 159,647	\$ 159,647
Fair value	\$ 98,074	\$ 82,497	\$ 131,810

(20) Capital surplus

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

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for under 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 under 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>

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for under equity method
At January 1, 2022	\$ 42,894,615	\$ 115,823	\$ 770,537	\$ 49,663
Change in equity of associates and joint ventures accounted for under equity method	-	-	-	10,102
Changes in ownership interests in subsidiaries accounted for using equity method	50,602	(971)	(176,649)	(3,705)
Expiration of restricted employee stock	4,674	-	-	-
At March 31, 2022	<u>\$ 42,949,891</u>	<u>\$ 114,852</u>	<u>\$ 593,888</u>	<u>\$ 56,060</u>

(21) Retained earnings

A. In accordance with the Company's Articles of Incorporation, 10% of current year's earnings, after paying all taxes and dues and covering prior years' losses, shall be appropriated as legal reserve until the total equals the issued share capital. Special reserve shall be appropriated or reversed when needed. The remaining earnings along with the prior years' accumulated unappropriated earnings are considered as distributable earnings, and shall be distributed by the Board of Directors. When issuing new shares, the distribution shall be submitted to the resolution of the Shareholders' Meeting. If it is in cash, it shall be resolved by the Board of Directors. The

- distribution shall be based on the proportion of shares held by each shareholder.
- B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.
 - C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
 - D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.
 - E. The appropriations of 2022 earnings had been resolved at the Board of Directors on February 23, 2023, and decided not to distribute cash dividends.
 - F. The appropriations of 2021 earnings as resolved by the shareholders at the meeting on May 31, 2022 are as follows:

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

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

(22) Other equity items

	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	\$ 77,898	\$ 328,772	\$ 406,670

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

(23) Operating revenue

	Three months ended March 31, 2023	Three months ended March 31, 2022
Revenue from contracts with customers:		
Sales revenue	\$ 4,684,348	\$ 8,475,300
Services revenue	19,716	17,328
Other operating revenue	23,854	53,514
	<u>\$ 4,727,918</u>	<u>\$ 8,546,142</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, 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>
Three months ended March 31, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 6,219,357	\$ 2,072,209	\$ 183,734	\$ 8,475,300
Services revenue	-	-	17,328	17,328
Other operating revenue	-	-	53,514	53,514
				<u>\$ 8,546,142</u>

(24) Other income and expenses– net

	Three months ended March 31, 2023	Three months ended March 31, 2022
Other income		
Royalty and technical income	\$ 2,106	\$ 4,167
Government grants revenue	11,500	23,344
Total	<u>\$ 13,606</u>	<u>\$ 27,511</u>

(25) Interest income

	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest income from bank deposits	\$ 54,924	\$ 11,692
Other interest income	1,037	313
	<u>\$ 55,961</u>	<u>\$ 12,005</u>

(26) Other income

	Three months ended March 31, 2023	Three months ended March 31, 2022
Rental revenue	\$ 55,055	\$ 39,646
Dividend income	-	395
Government grant revenues	6,072	34,763
Other income-other	59,595	51,615
	<u>\$ 120,722</u>	<u>\$ 126,419</u>

(27) Other gains and losses

	Three months ended March 31, 2023	Three months ended March 31, 2022
Gain on disposal of property, plant and equipment	\$ 130,221	\$ 7,740
(Loss) gain on disposal of investments	(13)	34,926
Net currency exchange (loss) gain	(18,894)	120,149
Net gain (loss) on financial assets at fair value through profit or loss	48,055	(23,167)
Miscellaneous losses	(37,022)	(13,367)
	<u>\$ 122,347</u>	<u>\$ 126,281</u>

(28) Finance costs

	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest expense	\$ 23,498	\$ 14,769
Other interest expense	15,801	13,540
	<u>\$ 39,299</u>	<u>\$ 28,309</u>

(29) Expenses by nature

	Three months ended March 31, 2023	Three months ended March 31, 2022
Employee benefit expenses	\$ 1,868,862	\$ 2,152,010
Depreciation charges on property, plant and equipment (Note)	<u>\$ 1,169,446</u>	<u>\$ 1,247,723</u>
Amortisation charges on intangible assets	<u>\$ 61,432</u>	<u>\$ 65,211</u>

Note: Depreciation amounting to \$13,285 and \$15,081 were recognized as miscellaneous expenses for the three months ended March 31, 2023 and 2022, respectively.

(30) Employee benefit expenses

	Three months ended March 31, 2023	Three months ended March 31, 2022
Wages and salaries	\$ 1,553,223	\$ 1,854,014
Labor and health insurance expenses	125,280	123,934
Pension costs	92,038	90,312
Other personnel expenses	98,321	83,750
	<u>\$ 1,868,862</u>	<u>\$ 2,152,010</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, 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period. For the three months ended March 31, 2022, the employees' compensation was accrued at \$40,361 and the directors' remuneration was accrued at \$8,072.
- C. On February 23, 2023, the Board of Directors of the Company approved the distribution of directors' remuneration of \$0 in 2022, and the difference of \$790 between the directors' remuneration account and the proposed distribution will be listed as profit and loss in 2023.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Three months ended March 31, 2023	Three months ended March 31, 2022
Current tax:		
Current tax on profits for the period	\$ 4,172	\$ 8,192
Prior year income tax underestimation	(260)	(107)
Total current tax	<u>3,912</u>	<u>8,085</u>
Deferred tax:		
Origination and reversal of temporary differences	20,837	(6,963)
Origination and reversal of offsetting deficits	-	58,721
Total deferred tax	<u>20,837</u>	<u>51,758</u>
Income tax expense	<u>\$ 24,749</u>	<u>\$ 59,843</u>

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Change in fair value of financial assets at fair value through other comprehensive income	\$ 4,473	(\$ 71,406)
Currency translation differences	445	430
Share of other comprehensive income of associates	47	(3,779)
Total	<u>\$ 4,965</u>	<u>(\$ 74,755)</u>

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

(32) (Loss) earnings per share

Three months ended March 31, 2023			
		Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
	Amount after tax		
<u>Basic loss and diluted loss per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>(\$ 1,242,872)</u>	<u>751,658</u>	<u>(\$ 1.65)</u>
Three months ended March 31, 2022			
		Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 758,795</u>	<u>681,658</u>	<u>\$ 1.11</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 758,795	681,658	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	564	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 758,795</u>	<u>682,222</u>	<u>\$ 1.11</u>

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31, 2023	Three months ended March 31, 2022
Purchase of property, plant and equipment	\$ 183,663	\$ 700,896
Add: Opening balance of payable on equipment	948,327	1,210,113
Add: Ending balance of prepayment for equipment	752,238	354,943
Less: Ending balance of payable on equipment	(661,437)	(1,143,371)
Less: Opening balance of prepayment for equipment	(630,431)	(189,420)
Cash paid during the period	<u>\$ 592,360</u>	<u>\$ 933,161</u>

	Three months ended March 31, 2023	Three months ended March 31, 2022
Purchase of intangible assets	\$ 6,600	\$ 125,712
Add: Opening balance of payables (including non-current portion)	92,418	4,898
Less: Ending balance of payables (including non-current portion)	(82,254)	(124,341)
Cash paid during the period	<u>\$ 16,764</u>	<u>\$ 6,269</u>

B. Investing activities with partial cash received

	Three months ended March 31, 2023	Three months ended March 31, 2022
Sale of property, plant and equipment	\$ 41,292	\$ 19,393
Add: Opening balance of receivables	48	2,013
Less: Ending balance of receivables	(2,533)	(2,732)
Cash collected during the period	<u>\$ 38,807</u>	<u>\$ 18,674</u>

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Disposal proceeds	\$ -	\$ 88,100
Add: Opening balance of receivables	89,432	-
Less: Ending balance of receivables	-	-
Net cash provided by disposal of subsidiaries and associates	<u>\$ 89,432</u>	<u>\$ 88,100</u>

(34) Changes in liabilities from financing activities

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2023	\$ 1,203,495	\$ 4,118,016	\$ 775,294	\$ 1,585,187	\$ 51,217	\$ 7,733,209
Changes in cash flow from financing activities	78,282	(200,000)	(151,473)	(30,161)	57,455	(245,897)
Effect of interest	-	-	-	5,448	-	5,448
Cash 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>\$ 3,918,016</u>	<u>\$ 627,165</u>	<u>\$ 1,611,811</u>	<u>\$ 108,736</u>	<u>\$ 7,543,818</u>
	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2022	\$ 3,479,177	\$ 4,139,165	\$ 877,011	\$ 1,557,129	\$ 157,282	\$ 10,209,764
Changes in cash flow from financing activities	(737,951)	143,486	(22,174)	(29,740)	7,990	(638,389)
Effect of interest	-	-	-	6,448	-	6,448
Effects of losing control over a subsidiary	-	(243,698)	-	-	-	(243,698)
Cash in other non-cash items	-	-	-	28,414	-	28,414
Impact of changes in foreign exchange rate	7,320	(1)	26,093	(4,247)	4,939	34,104
At March 31, 2022	<u>\$ 2,748,546</u>	<u>\$ 4,038,952</u>	<u>\$ 880,930</u>	<u>\$ 1,558,004</u>	<u>\$ 170,211</u>	<u>\$ 9,396,643</u>

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
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates
Chuzhou Bwin Technology Corp.	Associates
Tyntek Corporation	Associates
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
Intermate Co., Ltd. (Suzhou)	Other related parties
PlayNitride Inc.	Other related parties
D-TECH OPTOELECTRONICS (TAIWAN) CORPORATION	Other related parties
KAISTAR Lighting (Xiamen) Co., Ltd.	Other related parties
FormoLight Technologies, Inc.	Other related parties
Darwin Precisions Corporation	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Other related parties	\$ 161,752	\$ 206,376
Associates	<u>149,234</u>	<u>242,823</u>
Total	<u>\$ 310,986</u>	<u>\$ 449,199</u>

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

B. Purchases:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Other related parties	\$ 1,240	\$ 1,271
Associates	65,682	97,190
Total	<u>\$ 66,922</u>	<u>\$ 98,461</u>

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$ 231,164	\$ 199,761	\$ 350,191
Associates	225,186	236,493	344,886
Total	<u>\$ 456,350</u>	<u>\$ 436,254</u>	<u>\$ 695,077</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, 2023	December 31, 2022	March 31, 2022
Other related parties	\$ 20,898	\$ 24,012	\$ 9,593
Associates	23,491	111,406	50,098
Total	<u>\$ 44,389</u>	<u>\$ 135,418</u>	<u>\$ 59,691</u>

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

E. Payables from related parties:

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$ 1,291	\$ 1,242	\$ 1,301
Associates	211,040	265,236	253,111
Total	<u>\$ 212,331</u>	<u>\$ 266,478</u>	<u>\$ 254,412</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, 2023		Three months ended March 31, 2022	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,200</u>	<u>\$ -</u>

(b) Disposal of property, plant and equipment:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
	Acquisition proceeds	Gain (loss) on disposal	Acquisition proceeds	Gain (loss) on disposal
Associates	<u>\$ 2,000</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Key management compensation

	Three months ended March 31, 2023	Three months ended March 31, 2022
Salaries and other short-term employee benefits	\$ 48,336	\$ 48,128
Post-employment benefits	649	831
Share-based payment	-	(13,768)
Total	<u>\$ 48,985</u>	<u>\$ 35,191</u>

8. PLEGDED ASSETS

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

Pledgred assets	Book value			Purpose
	March 31, 2023	December 31, 2022	March 31, 2022	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 495,878	\$ 478,405	\$ 75,111	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")	252,589	331,816	360,148	Lease deposit, performance bond, security for provisional attachment, customer deposit, collateral deposits for provisional seizure
Notes receivable	454,756	270,620	624,791	Short-term borrowings
Land, building and structures	548,862	549,585	551,754	Long-term borrowings
Machinery and office equipment	168,365	286,775	215,944	Long-term borrowings and short-term borrowings
	<u>\$ 1,920,450</u>	<u>\$ 1,917,201</u>	<u>\$ 1,827,748</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, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment	<u>\$ 1,092,876</u>	<u>\$ 1,305,258</u>	<u>\$ 1,339,412</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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	\$ 252,052	\$ 254,073	\$ 335,292
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	4,671,124	4,445,317	4,194,017
Financial assets at amortised cost			
Cash and cash equivalents	16,169,461	16,127,132	12,733,214
Financial assets at amortised cost	765,592	827,545	429,275
Notes receivable	1,402,713	1,872,810	1,939,261
Notes receivable - due from related parties	3,762	10,285	-
Accounts receivable	6,534,805	7,544,597	10,928,583
Accounts receivable - due from related parties	452,588	425,969	695,077
Other receivables	160,286	127,695	314,051
Other receivables - due from related parties	44,389	135,418	59,691
Guarantee deposits paid	53,639	79,650	29,798
	<u>\$ 30,510,411</u>	<u>\$ 31,850,491</u>	<u>\$ 31,658,259</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities held for trading	\$ 9,624	\$ 2,214	\$ 25,442
Financial liabilities at amortised cost			
Short-term borrowings	1,278,090	1,203,495	2,748,546
Short-term notes payable	627,165	775,294	880,930
Notes payable	285,019	243,332	159,388
Accounts payable	2,158,369	2,195,394	3,928,003
Accounts payable to related parties	212,331	266,478	254,412
Other payables	3,585,151	4,619,754	6,801,566
Long-term borrowings (including current portion)	3,918,016	4,118,016	4,038,952
Long-term accounts payable	41,285	41,285	82,254
Guarantee deposits received	108,736	51,217	170,211
	<u>\$ 12,223,786</u>	<u>\$ 13,516,479</u>	<u>\$ 19,089,704</u>
Lease liabilities (including current portion)	<u>\$ 1,611,811</u>	<u>\$ 1,585,187</u>	<u>\$ 1,558,004</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, 2023			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 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

December 31, 2022			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 226,968	30.7100	\$ 6,970,187
RMB:NTD	380,410	4.4080	1,676,847
<u>Non-monetary items</u>			
USD:NTD	105,940	30.7100	3,253,417
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	97,279	30.7100	2,987,438
RMB:NTD	184,438	4.4080	813,003
March 31, 2022			
	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 347,690	28.6250	\$ 9,952,626
RMB:NTD	392,110	4.5060	1,766,848
<u>Non-monetary items</u>			
USD:NTD	103,972	28.6250	2,976,199
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	189,700	28.6250	5,430,163
RMB:NTD	178,854	4.5060	805,916
JPY:NTD	467,564	0.2353	110,018

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, 2023				
Unrealized exchange gain (loss)				
(Foreign currency: functional currency)	Foreign currency		Book value	
	amount (in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ -	30.4500	\$	9,722
RMB:NTD	-	4.4310	(	685)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	-	30.4500	(	3,808)
Three months ended March 31, 2022				
Unrealized exchange gain (loss)				
(Foreign currency: functional currency)	Foreign currency		Book value	
	amount (in thousands)	Exchange rate	(in thousands of NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ -	28.6250	\$	173,976
RMB:NTD	-	4.5060		52,187
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	-	28.6250	(	90,064)
RMB:NTD	-	4.5060	(	21,786)
JPY:NTD	-	0.2353		5,150

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

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>Non-monetary items</u>				
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(26,849)		-
RMB:NTD	1%	(9,611)		-
Three months ended March 31, 2022				
Sensitivity analysis				
		Effect on profit	Effect on other	
	Degree of variation	or loss	comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 99,526	\$	-
RMB:NTD	1%	17,668		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(54,302)		-
RMB:NTD	1%	(8,059)		-
JPY:NTD	1%	(1,100)		-

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, 2023 and 2022 would have increased/decreased by \$24,243 and \$30,988, 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 \$467,112 and \$419,402, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
- ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$10,973 and \$5,946 for the three months ended March 31, 2023 and 2022, respectively. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group adopts the assumptions that the default occurs when the contract payments are past due over a certain number of days.
- iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over a certain number of days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's written-off financial assets that are still under recourse procedures all amounted to \$18,623, \$18,623 and \$18,628, respectively.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of March 31, 2023, December 31, 2022 and March 31, 2022, 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, 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
	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, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	\$ 9,653,353	\$ 281,782	\$ 71,497	\$ 36,458	\$ 1,120,368	\$ 11,163,458
Loss allowance	\$ 280	\$ 254	\$ 2,909	\$ 6,131	\$ 1,037,110	\$ 1,046,684
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>March 31, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~56%	0%~100%	0%~100%	
Total book value	\$ 13,471,631	\$ 281,672	\$ 128,980	\$ 69,985	\$ 1,105,298	\$ 15,057,566
Loss allowance	\$ 324	\$ 36,484	\$ 52,305	\$ 24,538	\$ 1,007,252	\$ 1,120,903
		Individual provision		Group provision	Total	
<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	
<u>December 31, 2022</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 991,358		\$ 10,172,100	\$ 11,163,458	
Loss allowance		\$ 991,294		\$ 55,390	\$ 1,046,684	
<u>March 31, 2022</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 1,093,142		\$ 13,964,424	\$ 15,057,566	
Loss allowance		\$ 1,087,580		\$ 33,323	\$ 1,120,903	

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

	2023	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 936,561	\$ 110,123
Provision for impairment	2,907	6,485
Reversal of impairment	(3,171)	(371)
Write-offs	(4,622)	-
Effect of exchange rate changes	177	-
At March 31	<u>\$ 931,852</u>	<u>\$ 116,237</u>
	2022	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 995,276	\$ 100,316
Provision for impairment	51,397	5,160
Reversal of impairment	(31,792)	-
Effect of exchange rate changes	546	-
At March 31	<u>\$ 1,015,427</u>	<u>\$ 105,476</u>

(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, 2023, December 31, 2022 and March 31, 2022, the Group held money market position of \$16,325,540, \$16,291,198 and \$12,956,967, 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, 2023	December 31, 2022	March 31, 2022
Floating rate:			
Expiring within one year	\$ 10,681,783	\$ 11,487,018	\$ 6,695,494
Expiring beyond one year	<u>14,711,259</u>	<u>15,426,259</u>	<u>2,090,269</u>
	<u>\$ 25,393,042</u>	<u>\$ 26,913,277</u>	<u>\$ 8,785,763</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, 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	-	-

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	\$ 1,203,495	\$ -	\$ -	\$ -
Short-term notes and bills payable	775,294	-	-	-
Notes payable	243,332	-	-	-
Accounts payable (including related parties)	2,461,872	-	-	-
Other payables	4,619,754	-	-	-
Lease liabilities	127,845	364,128	143,926	1,187,997
Long-term borrowings (including current portion)	431,263	3,778,482	6,466	-
Long-term payables (including current portion)	-	41,285	-	-
Guarantee deposits received	50,551	666	-	-

Non-derivative financial liabilities:

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

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

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

March 31, 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>
December 31, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,118,016</u>	<u>\$ -</u>	<u>\$ 4,117,506</u>	<u>\$ -</u>
March 31, 2022				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,038,952</u>	<u>\$ -</u>	<u>\$ 4,028,506</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, 2023, December 31, 2022 and March 31, 2022 is as follows:

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

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	\$ -	\$ 9,624	\$ -	\$ 9,624
December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 96,301	\$ -	\$ 90,007	\$ 186,308
Beneficiary certificates	45,350	-	-	45,350
Derivatives	-	22,415	-	22,415
Financial assets at fair value through other comprehensive income				
Equity securities	1,186,718	-	3,258,599	4,445,317
Total	<u>\$ 1,328,369</u>	<u>\$ 22,415</u>	<u>\$ 3,348,606</u>	<u>\$ 4,699,390</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 2,214	\$ -	\$ 2,214

March 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 115,561	\$ -	\$ 111,538	\$ 227,099
Beneficiary certificates	100,924	-	-	100,924
Derivatives	-	7,269	-	7,269
Financial assets at fair value through other comprehensive income				
Equity securities	457,814	-	3,736,203	4,194,017
Total	<u>\$ 674,299</u>	<u>\$ 7,269</u>	<u>\$ 3,847,741</u>	<u>\$ 4,529,309</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 25,442</u>	<u>\$ -</u>	<u>\$ 25,442</u>

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

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

- | | Listed shares | Closed-end fund | Open-end fund |
|---|---------------|-----------------|-----------------|
| Market quoted price | Closing price | Closing price | Net asset value |
| ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. | | | |
| iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. | | | |
| iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5. | | | |

- v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (c) The following chart is the movement of Level 3 for the three months ended March 31, 2023 and 2022:

	2023	2022
	Financial instruments	Financial instruments
At January 1	\$ 3,348,606	\$ 4,245,029
Gains (losses) recognised in profit or loss	5,967 (	746)
Gains (losses) recognised in other comprehensive income	174,956 (	424,905)
Additions	-	22,530
Effect of exchange rate changes	-	5,833
At March 31	\$ 3,529,529	\$ 3,847,741

- 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, 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
De-an Venture Capital Co., Ltd.	20,192	Net asset value	N/A	-	N/A

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,053,691	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	213,364	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	25.08%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	36,480	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2022	1.29	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	19,512	Net asset value	N/A	-	N/A
	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,269,993	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	6,240	Market comparable companies	Enterprise value to operating income ratio multiple	3.20	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	301,241	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	29.82%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	40,776	Market comparable companies	Equity value multiple (P/B ratio) on March 31, 2022	1.47	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on March 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	209,826	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	19,665	Net asset value	N/A	-	N/A

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, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	<u>\$ 960</u>	<u>(\$ 960)</u>	<u>\$ 34,336</u>	<u>(\$ 34,336)</u>
			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	<u>\$ 900</u>	<u>(\$ 900)</u>	<u>\$ 32,586</u>	<u>(\$ 32,586)</u>
			March 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	\$ 1,115	(\$ 1,115)	\$ 37,362	(\$ 37,362)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding NT \$300 million or 20% paid-in capital or more: Please refer to table 4.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- 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.
- Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2) and 12(3).
- 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, 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 income	(990,821)	(29,762)	(373,666)	(1,394,249)
Segment assets	52,413,431	12,907,683	5,178,674	70,499,788

Three months ended March 31, 2022

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

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2023

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-23	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-23								Item	Value			
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 350,000	1.70%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 500,000	\$ 5,352,208	\$ 16,056,625	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	355,600	354,480	-	3.65%	Short-term financing	-	Working capital	-	None	-	919,875	1,379,812	Note 2
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	69,342	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	3,890,469	3,890,469	Note 3
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	518,160	517,650	517,650	3.11%~3.93%	Short-term financing	-	Working capital	-	Promissory Note	517,650	3,890,469	3,890,469	Note 3
3	Lighting Investment Ltd.	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	198,120	197,925	182,700	3.59%	Short-term financing	-	Working capital	-	Promissory Note	197,925	295,722	295,722	Note 4

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended	Balance at 31-Mar-23	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-23								Item	Value			
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	\$ 137,160	\$ 137,025	\$ 137,025	3.93%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 137,025	\$ 277,766	\$ 277,766	Note 5
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	\$ 133,350	\$ 132,930	\$ 132,930	3.65%	Short-term financing	-	Working capital	-	Promissory Note	132,930	151,140	151,140	Note 6
6	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	-	976,828	3,907,310	Note 7
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	350,000	2.09%	Short-term financing	-	Working capital	-	Promissory Note	500,000	976,828	3,907,310	Note 7
6	Lextar Electronics Corporation	Trendylite Corporation	Other receivables-related parties	Y	25,000	25,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	976,828	3,907,310	Note 7

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

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

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

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

Note 5: As the borrower of the subsidiary of Epistar, Luxlite (HK), was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan,

its ceiling on total loans granted and limit on loans granted to a single party are the net asset of the company.

Note 6: Limit on loans granted by the subsidiary of Epistar, United LED Shan Dong, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the United LED Shan Dong's net asset.

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

ENNOSTAR INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Three months ended March 31, 2023

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, 2023	Outstanding endorsement/ guarantee amount at March 31, 2023	Actual amount drawn down	Amount of endorsements 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	Unikorn Semiconductor Corporation	2	\$	3,856,566	\$ 300,000	\$ -	\$ -	\$ -	-	\$ 7,713,132	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3		3,856,566	3,250,000	3,250,000	-	-	8.43	7,713,132	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: (1) In accordance with the Epistar's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 20% of the Company's net assets, and the limit on endorsements/guarantees to a single party is 10% of its net assets.

ENNOSTAR INC. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of March 31, 2023				
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	209,623	13.68	209,623	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	72,914	12.57	72,914	
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	666,506	10.00	666,506	

				As of March 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,330,951	\$ 13,097	3.03	\$ 13,097	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	
Epistar Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	6,042,808	136,870	4.47	136,870	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	639,614	8.53	639,614	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	4.50	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	234,003	19.90	234,003	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	98,074	0.24	98,074	Note
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD.	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	

Table 3-2

				As of March 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	\$ -	4.68	\$ -	
Epistar Corporation	Nanocrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar JV Holding (BVI) Co.,Ltd.	KAISTAR Lighting (Xiamen) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash USD51,060,000	2,028,543	18.77	2,028,543	
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	14,725	15.00	14,725	
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	49,958	1.14	49,958	
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	-	

Table 3-3

				As of March 31, 2023				
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	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	\$ -	0.13	\$ -	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	8,182	10.00	8,182	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	87,969	5.74	87,969	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	254,993	8.32	254,993	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	4,145	2.17	4,145	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	7,091	16.92	7,091	
Lighting Investment Corporation	De-an Venture Capoitai Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,000,000	20,191	10.77	20,191	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for under equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	1.70	1,891	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	139,375	4.55	139,375	

Table 3-4

				As of March 31, 2023				
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	ENNOSTAR Inc. (Stock)	Parent company of Epistar Corporation	Current financial assets at fair value through profit or loss	1,282,377	\$ 68,222	0.17	\$ 68,222	Note
Lighting Investment Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	None	Current financial assets at fair value through profit or loss	1,117,885	15,437	None	15,437	
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	192,996	2.57	192,996	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	31,305	2.04	31,305	
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	-	
HUGA Holding (SAMOA) Ltd.	OEPIC SEMICONDUCTORS,INC.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	377,358	-	8.93	-	
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	22,155	5.00	22,155	

Table 3-5

				As of March 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	\$ 40,728	5.29	\$ 40,728	
Lextar Electronics Corporation	best Epitaxy Manufacturing Company Ltd.	None	Non-current financial assets at fair value through profit or loss	3,135,000	23,059	6.30	23,059	

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

Table 3-6

ENNOSTAR INC. AND SUBSIDIARIES

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

Three months ended March 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Number of shares	Disposal (Note 3)			Balance as at March 31, 2023	
					Number of shares	Amount	Number of shares	Amount		Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Epistar Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	None	None	-	\$ -	38,347,315	\$ 529,000	38,347,315	\$ 529,520	\$ 529,000	\$ 520	-	\$ -
Epistar Corporation	Taishin Ta Chong Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	None	None	-	-	94,839,103	1,372,000	94,839,103	1,372,713	1,372,000	713	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

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, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

						Differences in transaction terms		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(\$ 317,234) (	33)	90 days after month-end closing	Normal	Normal	\$ 511,408	32	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(311,856) (	12)	150 days after next month-end closing	Normal	Normal	562,571	13	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	(245,406) (	51)	180 days after month-end closing	Normal	Normal	423,547	56	
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(212,913) (	45)	90 days after month-end closing and 20 days after next monthly	Normal	Normal	860,438	114	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	(99,543) (	4)	90 days after month-end closing	Normal	Normal	231,231	5	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(199,639) (	58)	90 days after month-end closing	Normal	Normal	573,041	289	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	(457,704) (	45)	OA 90 days~OA 120 days	Normal	Normal	484,461	37	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	(151,101) (	15)	OA 90 days~OA 120 days	Normal	Normal	231,815	18	
Yenrich Technology Corporation	Lextar Electronics Corporation	Note 1	Sales	(103,015) (	90)	OA 120 days	Normal	Normal	113,474	81	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	199,639	23	90 days after month-end closing	Normal	Normal	(573,041) (	183)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	311,856	37	150 days after next month-end closing	Normal	Normal	(562,571) (	179)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	212,913	25	90 days after month-end closing and 20 days after next monthly	Normal	Normal	(860,438) (	274)	

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	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	\$ 245,406	15	180 days after month-end closing	Normal	Normal	(\$ 423,547) (	28)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	317,234	76	90 days after month-end closing	Normal	Normal	(511,408) (	69)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	99,543	24	90 days after month-end closing	Normal	Normal	(231,231) (	31)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	457,704	60	OA 90 days~OA 120 days	Normal	Normal	(484,461) (	59)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 1	Purchases	103,015	14	OA 120 days	Normal	Normal	(113,474) (	14)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	151,101	100	OA 90 days~OA 120 days	Normal	Normal	(231,815) (	18)	

Note 1: Investee company accounted for under the 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, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2023			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable	Total		Amount	Action taken		
ENNOSTAR Inc.	Epistar Corporation	Note 2	\$ -	\$ 731,003	\$ 731,003	-	\$ -	-	\$ -	-
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	-	351,659	\$ 351,659	-	-	-	-	-
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	530,016	530,016	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	511,408	-	511,408	2.52	-	-	80,771	-
Epistar Corporation	LEDAZ Co., Ltd.	Note 2	93,932	7,040	100,972	3.87	7,040	-	-	-
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 2	25,581	250,965	276,546	0.12	96,150	-	49,913	-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	231,231	2,180	233,411	1.65	-	-	42,792	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	562,571	54,787	617,358	1.82	32,748	-	143,969	-
Epistar Corporation	Unikorn Semiconductor Corporation	Note 2	24,302	201,658	225,960	-	68,538	-	32,074	-
United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	-	133,348	133,348	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	423,547	106	423,653	2.67	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	860,438	-	860,438	1.07	369,883	-	126,284	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	573,041	-	573,041	1.72	170,862	-	88,863	-
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	187,218	187,218	-	-	-	-	-
Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	140,136	140,136	-	-	-	-	-

Table 6-1

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2023			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	\$ 137,665	\$ -	\$ 137,665	3.55	\$ -	-	\$ 24,528	\$ -
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	350,000	350,000	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	484,461	1,642	486,103	3.86	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2	231,815	-	231,815	2.18	52,165	-	42,133	-
Yenrich Technology Corporation	Lextar Electronics Corporation	Note 2	113,474	-	113,474	6.96	-	-	-	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$1,424 and \$17,543 from Jiangsu Canyang and Unikorn.

Jiangsu Canyang has received \$88,863 from Episky Corporation (Xiamen). Epicrystal (Changzhou) has received \$126,284 from Episky Corporation (Xiamen).

Lextar Electronics (Chuzhou) has received \$42,133 from Lextar Electronics (Suzhou).

Note 2: Investee company accounted for under the 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, 2023

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	\$ 351,659	Based on contract terms	0.50
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	311,856	Conducted in the ordinary course of business with terms similar to those with third parties	6.60
1	Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	3	Cost of goods sold	245,406	Conducted in the ordinary course of business with terms similar to those with third parties	5.19
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	231,231	Conducted in the ordinary course of business with terms similar to those with third parties	0.33
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	562,571	Conducted in the ordinary course of business with terms similar to those with third parties	0.80
1	Epistar Corporation	Unikorn Semiconductor Corporation	3	Other receivable	201,658	Conducted in the ordinary course of business with terms similar to those with third parties	0.29
1	Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	3	Other receivable	250,965	Conducted in the ordinary course of business with terms similar to those with third parties	0.36

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	
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	\$ 317,234	Conducted in the ordinary course of business with terms similar to those with third parties	6.71
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	511,408	Conducted in the ordinary course of business with terms similar to those with third parties	0.73
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	212,913	Conducted in the ordinary course of business with terms similar to those with third parties	4.50
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Notes receivable	126,284	Conducted in the ordinary course of business with terms similar to those with third parties	0.18
3	Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Accounts receivable	423,547	Conducted in the ordinary course of business with terms similar to those with third parties	0.60
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	734,154	Conducted in the ordinary course of business with terms similar to those with third parties	1.04
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	199,639	Conducted in the ordinary course of business with terms similar to those with third parties	4.22
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	573,041	Conducted in the ordinary course of business with terms similar to those with third parties	0.81

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	
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	3	Other receivable	\$ 133,348	Based on contract terms	0.19
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	530,016	Based on contract terms	0.75
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	187,218	Based on contract terms	0.27
8	Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	140,136	Based on contract terms	0.20
9	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	350,000	Based on contract terms	0.50
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	457,704	Conducted in the ordinary course of business with terms similar to those with third parties	9.68
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	484,461	Conducted in the ordinary course of business with terms similar to those with third parties	0.69
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	151,101	Conducted in the ordinary course of business with terms similar to those with third parties	3.20
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	231,815	Conducted in the ordinary course of business with terms similar to those with third parties	0.33

Table 7-3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
11	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Sales	\$ 103,015	Conducted in the ordinary course of business with terms similar to those with third parties	2.18
11	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Accounts receivable	113,474	Conducted in the ordinary course of business with terms similar to those with third parties	0.16

Note 1: Parent company is '0'.The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Disclosure of the transactions over 100 million New Taiwan dollars only and the related party transactions for counterparty are not disclosed.

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Three months ended March 31, 2023

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, 2023			Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	\$ 38,607,380	\$ 38,607,380	1,116,479,188	100.00	\$ 38,399,364	(\$ 979,839)	(\$ 990,675)	
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	11,724,646	514,916,380	100.00	11,118,483	(5,496)	(18,679)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	1,150,000	115,000,000	100.00	779,431	(82,407)	(82,407)	
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	629,934	(36,754)	(1,838)	Note 1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	40,212	6,922,000	75.96	22,968	(3,660)	(2,780)	
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	8.11	338,612	(293,481)	(37,996)	Note 1
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	440,000	440,000	44,000,000	100.00	389,719	(27,787)	(27,787)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023				Investment income		Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 593,132	\$ 593,132	56,200,000	17.99	\$ 131,943	(\$ 279,372)	(\$ 47,632)		
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	37,730	(11,985)	(11,985)		
ENNOSTAR Inc.	Praistar Investment Corp.	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	37,730	(11,985)	(11,985)		
ENNOSTAR Inc.	Manastar Investment Corp.	Taiwan	Professional investment	1,000	1,000	100,000	100.00	981	-	-		
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	8.10	386,754	(293,481)	(37,914)	Note 1	
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	227,452	209,551	11,120,000	3.70	224,892	(36,754)	(860)	Note 1	
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	16.65	118,613	(279,372)	(43,669)		
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	4.29	35,748	(279,372)	(11,985)		

Table 8-2

				Initial investment amount		Shares held as at March 31, 2023			Investment income		
									Net profit (loss) of the investee for the three months ended March 31, 2023	(loss) recognised by the Company for the three months ended March 31, 2023	Footnote
Investor	Investee	Location	Main business activities	Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 265,135	\$ 265,135	6,500,000	5.84	\$ 217,521	(\$ 293,481)	(\$ 27,365)	Note 1
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	127,214	97,787	6,818,000	2.27	122,327	(36,754)	(454)	Note 1
Praistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	4.29	35,748	(279,372)	(11,985)	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	1,169	(293,481)	12	Note 1
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	39.09	47,027	(2,844)	(3,386)	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,718,939	(160,580)	(168,521)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	166,785	166,785	Cash USD8,660,000	100.00	271,689	-	-	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	1,561,814	191,478,518	100.00	1,552,409	32,356	14,435	

Table 8-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023				Investment income		Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023		
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 400,000	\$ 400,000	40,000,000	12.80	\$ 106,780	(\$ 279,372)	(\$ 33,959)		
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,431	62	31		
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	44,244	438	175		
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	167	(99)	(63)		
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	1,196	(36,754)	(3)	Note 1	
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	58,510	4,399	155		
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	3,238	28	28		
Epistar JV Holding (BVI) Co.,Ltd.	LiteStar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,540,068	(55,201)	(45,491)		
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	272,121	2,700	2,021		
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	Cash USD68,000,000	100.00	2,191,046	(120,618)	(120,618)		
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,370,156	4,370,156	64,793,559	85.25	1,415,006	4,399	3,750		
Lighting Investment Ltd.	LEDAZ Co., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	133,318	(24,455)		

Table 8-4

				Initial investment amount		Shares held as at March 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income	Footnote
									of the investee for the three months ended March 31, 2023	(loss) recognised by the Company for the three months ended March 31, 2023	
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	\$ 516	\$ 516	429,000	30.00	\$ 10,763	(\$ 282)	(\$ 85)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	16	262	262	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,979	3,800,000	100.00	280,484	2,714	2,714	
Lite Star JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,294,895	(55,172)	(55,172)	
Lighting Investment Corporation	LEDAZ Co., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	133,318	(16,376)	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,643	100.00	719,431	(22,097)	(22,097)	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	133,403	133,403	4,010,000	100.00	75,267	-	-	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	114,030	4,399	302	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	97,101	67,101	7,428,000	89.39	(683)	(3,777)	(3,287)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,334	(260)	(156)	

Table 8-5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023				Investment income		Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	(loss) recognised by the Company for the three months ended March 31, 2023		
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 11,599	\$ 11,599	1,757,000	11.26	\$ 4,322	(\$ 10,491)	(\$ 1,265)	Note 1	
Lighting Investment Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,276	1,276	50,000	0.02	787	(36,754)	(3)	Note 1	
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	668	(99)	(35)		
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	333	(19)	(9)		
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	152,239	(59,083)	(1,956)		
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	757,129	(320,763)	(33,501)		
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	122,036	122,036	Cash RMB29,100,000	9.70	90,347	(92,602)	(8,982)		
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	Cash RMB10,000,000	100.00	197,979	3,516	3,516		

Table 8-6

				Initial investment amount		Shares held as at March 31, 2023			Investment income		
Investor	Investee	Location	Main business activities	Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	(loss) recognised by the Company for the three months ended March 31, 2023	Footnote
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	\$ 2,709,310	\$ 2,709,310	90,270,000	100.00	\$ 2,572,826	\$ 71,749	\$ 71,749	
Lextar Electronics Corporation	Wellybond Optronics HK Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,765	18	18	
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	169,983	4,751	4,751	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,222,590	35,267	35,267	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	122,087	(2,753)	(2,753)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	529,400	(26,669)	(26,669)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	18,100	18,100	2,850,750	90.50	37,502	(69)	(62)	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.81	65,907	(24,480)	(8,156)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	980,487	980,487	66,000,000	100.00	686,704	(67,056)	(67,056)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	97,031	97,031	6,500,000	9.55	83,283	(30,548)	(2,904)	
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	1,092	(36,754)	(35)	Note 1

Table 8-7

				Initial investment amount		Shares held as at March 31, 2023			Investment income		
Investor	Investee	Location	Main business activities	Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Footnote
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	\$ 3,025	\$ 3,025	22,000	100.00	\$ 4,572	\$ 122	\$ 122	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	29,567	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	3,119	1,364	682	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.81	65,901	(24,480)	(8,155)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	30,000	30,000	20,000,000	84.03	11,705	(4,724)	(3,970)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	68,250	4,550,000	29.17	43,340	(10,491)	(5,168)	Note 1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	303,264	303,264	20,310,000	29.84	260,269	(30,548)	(9,074)	
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	1,080	(36,754)	(36)	Note 1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	91,763	91,763	6,185,000	9.09	79,262	(30,548)	(2,763)	

Table 8-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023				Investment income		Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023		
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	\$ 1,083	(\$ 36,754)	(\$ 35)	Note 1	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	6,717,900	49.00	51,581	(8,865)	(4,344)		
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	27,366	27,366	1,822,000	2.68	23,303	(30,548)	(814)		
Yenrich Technology Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,324	1,324	50,000	0.02	1,108	(36,754)	(36)	Note 1	
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	1,824	1,457	1,457		
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	1,851	1,457	1,457		

Table 8-9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2023			Net profit (loss) of the investee for the three months ended March 31, 2023	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Footnote
				Balance as at March 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED wafers, chips, packages, lights, and modules.	\$ 3,094,825	\$ 3,094,825	Cash RMB700,000,000	100.00	\$ 3,167,454	\$ 47,379	\$ 47,379	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	Cash RMB29,000,000	48.33	65,754	(25,115)	(11,000)	

Note1: The group holds three 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, 2023

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee for the three months ended March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	\$ 2,124,096	2	\$ 2,124,096	\$ -	\$ -	\$ 2,124,096	(\$ 120,618)	100.00	(\$ 120,618)	\$ 2,191,039	\$ -	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,404,500	2	1,824,844	-	-	1,824,844	2,721	74.86	2,037	284,891	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	(59,083)	76.95	(45,467)	3,539,422	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	-	-	-	-	58,769	2(1)
KFESLighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	2,028,543	-	2(3)
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	1,854,198	3	296,108	-	-	296,108	-	11.69	-	-	-	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	1,178	-	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee for the three months ended March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	\$ 75,048	2	\$ 7,818	-	-	\$ 7,818	-	-	-	-	-	2(3)
Huarui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	479,839	2	215,687	-	-	215,687	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	-	56,843	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,578,552	-	-	2,578,552	4,428	95.65	4,207	1,713,591	-	2(3)
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	3,722,205	2	3,585,860	-	-	3,585,860	109,781	100.00	109,781	3,762,577	-	2(2)

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Net income of investee for the three months ended March 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2023	Book value of investments in Mainland China as of March 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	\$ 32,759	2	\$ 32,759	-	-	\$ 32,759	\$ 157	100.00	\$ 157	-	-	2(3)
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	1,329,300	1	525,815	-	89,904	435,911	(92,602)	33.63	(31,196)	313,262	-	2(3)
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	1,457	51.16	1,457	1,824	-	2(3)

Table 9-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Epistar Corporation	\$ 12,575,381	\$ 13,699,645	\$ 23,802,976
Lextar Electronics Corporation	\$ 4,167,894	\$ 4,488,471	\$ 5,860,966

Note 1: The investments are classified in three types; they are numbered as follows:

1. Direct investment in Mainland China companies;
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
3. Other ways.

Note 2: Investment income or loss in this period:

The bases for recognition of investment income or loss are classified into four types; they are numbered as follows:

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

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

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

Three months ended March 31, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at March 31, 2023	%	Balance at March 31, 2023	Purpose	Maximum balance during the three months ended March 31, 2023	Balance at March 31, 2023	Interest rate	Interest during the three months ended March 31, 2023	Others
Lextar Electronics (Chuzhou) Corp.	\$ 5,115	0.16	\$ -	-	\$ 6,654	0.01	\$ -	-	\$ -	\$ -	-	\$ -	-
Jiangsu Canyang Optoelectronics Ltd.	7,850	0.25	56	0.02	25,581	0.05	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	311,856	9.75	-	-	562,571	1.07	-	-	69,342	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	5,783	0.18	-	-	9,256	0.02	-	-	-	-	-	-	-
Jiangsu Canyang Optoelectronics	(70,067)	(2.19)	-	-	(423,547)	(0.81)	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	(71,933)	(2.25)	-	-	(55,937)	(0.11)	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	(245,406)	(7.67)	-	-	(423,547)	(0.81)	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	(457,704)	(28.08)	-	-	(484,461)	(3.75)	-	-	-	-	-	-	-

ENNOSTAR INC. AND SUBSIDIARIES

Major Shareholders Information

March 31, 2023

Table 11

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