

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

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

ENNOSTAR Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ENNOSTAR Inc.

Representative: Shuang-Lang(Paul) Peng

February 23, 2024

## INDEPENDENT AUDITORS' REPORT

PWCR23000379

To the Board of Directors and Shareholders of ENNOSTAR Inc.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of ENNOSTAR Inc. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Auditing and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters in relation to the consolidated financial statements for the year ended December 31, 2023 are outlined as follows:

### ***Evaluation of Inventories***

#### Description

Please refer to Note 4(14) of the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for the accounting estimates and assumptions in relation to inventory valuation, Note 6(6) for the explanations regarding inventory valuation. As of December 31, 2023, the balances of inventories and the allowance for valuation loss were NT\$4,954,577 thousand and NT\$738,085 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of LED wafers, chips, packages and modules. Due to rapid technological developments, short product lifespans and frequent fluctuations of market prices, the risk of decline in market value and obsolescence for inventories is high. The Group evaluates net realized values for inventories which aged over a specific period of time and specific obsolete inventories in order to provide allowance for valuation loss. Since the identification of the above obsolete inventories and their respective net realizable values are subject to management's judgment, it was identified as one of the key audit matters.

#### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Group's operations and the nature of its industry and

interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.

2. Obtained and validated the accuracy of the detailed listings of inventories aged over a specific period of time and specific obsolete inventories. Validated information of historical sales and discounts for those obsolete inventories to assess the reasonableness of policies in providing allowance for inventory valuation loss.

### ***Impairment assessment of property, plant and equipment and goodwill***

#### **Description**

Please refer to Note 4(21) of the consolidated financial statements for the accounting policy on impairment of non-financial assets, Note 5(2) for the accounting estimates and assumptions in relation to non-financial assets valuation, Note 6(11) for the explanations regarding non-financial assets impairment. The subsidiary of the Company, Epistar Corporation, and its subsidiaries measure the recoverable amounts of idle property, plant, and equipment at fair value less disposal costs; while operating property, plant, and equipment, as well as goodwill, are assessed at their in-use values. Epistar Corporation and its subsidiaries evaluate impairment of property, plant, and equipment, as well as goodwill, based on the aforementioned recoverable amounts. The assessment of the in-use value of property, plant, and equipment, as well as goodwill, involves estimating future cash flows and determining discount rates. The assumptions used in forecasting future cash flows and their estimated results have a significant impact on the assessment of the in-use value of property, plant, and equipment, as well as goodwill. Therefore, we consider this a key audit matter.

#### **How our audit addressed the matter**

We obtained an external expert appraisal report provided by the subsidiary, Epistar Corporation, and its subsidiaries, for the idle property, plant, and equipment. We assessed the valuation method used by the expert and the reasonableness of the fair value. Additionally, for the recoverable amounts of operating property, plant, and equipment, as well as goodwill, the main procedures performed are outlined as follows:

1. Discussing with management to understand the subsidiary, Epistar Corporation, and its subsidiaries' process for estimating future cash flows, and comparing future cash flows with the operational plan approved by the board of directors for consistency.
2. Discussing the operational plan with management to understand its product strategy and execution status.
3. Assessing the reasonableness of the assumptions used by management to estimate future cash flows, including expected growth rates and gross profit margins. Also, evaluating the reasonableness of discount rate parameters, including the risk-free rate of return used in calculating the cost of equity capital, industry risk coefficients, and long-term market returns.

***Other matter – Audit by Other Independent Auditors***

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries disclosed in Note 13 was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT\$258,619 thousand and NT\$268,634 thousand, constituting 0.40% and 0.37% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues were both NT\$0 thousand for the years then ended, constituting 0% of the consolidated total operating revenues as at December 31, 2023 and 2022, respectively. Furthermore, we did not audit the 2023 and 2022 financial statements of certain equity investments accounted for using equity method. Those financial statements were audited by other independent auditors whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and certain information disclosed in Note 13 relative to these investments, is based solely on the reports of the other independent auditors. These equity investments amounted to NT\$2,372,148 thousand and NT\$1,781,200 thousand, representing 3.70% and 2.44% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and their comprehensive loss (including share of loss of associates and joint ventures

accounted for using equity method and share of other comprehensive (loss)/income of associates and joint ventures accounted for using equity method) amounted to NT\$280,066 thousand and NT\$144,437 thousand, representing 3.69% and 40.08% of the consolidated comprehensive income (loss) for the years then ended.

***Other matter – Parent company only financial reports***

We have also expressed an unmodified opinion on the parent company only financial statements of ENNOSTAR Inc. as at and for the years ended December 31, 2023 and 2022.

***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditor's responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the



consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Li, Tien-Yi

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' 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  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1)	\$ 15,563,488	24	\$ 16,127,132	22
1110	Financial assets at fair value through profit or loss - current	6(2)	202,446	-	164,066	-
1136	Current financial assets at amortised cost	6(4) and 8	914,438	2	647,408	1
1150	Notes receivable, net	6(5) and 8	758,666	1	1,872,810	3
1160	Notes receivable due from related parties, net	7	-	-	10,285	-
1170	Accounts receivable, net	6(5)	7,672,028	12	7,544,597	10
1180	Accounts receivable - related parties, net	7	468,607	1	425,969	1
1200	Other receivables		145,536	-	127,695	-
1210	Other receivables - related parties	7	26,399	-	135,418	-
130X	Inventories	6(6)	4,216,492	7	4,825,045	7
1410	Prepayments		564,590	1	761,976	1
1460	Non-current assets held for sale - net	6(12)	94,800	-	-	-
1470	Other current assets		49,026	-	20,627	-
11XX	<b>Current Assets</b>		<u>30,676,516</u>	<u>48</u>	<u>32,663,028</u>	<u>45</u>
	<b>Non-current assets</b>					
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	90,007	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	4,198,539	6	4,445,317	6
1535	Non-current financial assets at amortised cost	6(4) and 8	241,961	-	180,137	-
1550	Investments accounted for using equity method	6(7)	3,300,127	5	3,608,999	5
1600	Property, plant and equipment	6(8) and 8	19,464,972	30	22,037,075	30
1755	Right-of-use assets	6(9)	1,671,302	3	1,905,157	3
1760	Investment property, net		646,803	1	692,498	1
1780	Intangible assets	6(10)	1,640,602	3	4,907,583	7
1840	Deferred income tax assets	6(34)	1,827,341	3	1,717,418	2
1900	Other non-current assets		434,299	1	796,251	1
15XX	<b>Non-current assets</b>		<u>33,425,946</u>	<u>52</u>	<u>40,380,442</u>	<u>55</u>
1XXX	<b>Total assets</b>		<u>\$ 64,102,462</u>	<u>100</u>	<u>\$ 73,043,470</u>	<u>100</u>

(Continued)

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 747,136	1	\$ 1,203,495	2
2110	Short-term notes and bills payable	6(15) and 8	1,295,140	2	775,294	1
2120	Financial liabilities at fair value through profit or loss - current	6(14)	2,284	-	2,214	-
2150	Notes payable		1,805	-	243,332	-
2170	Accounts payable		2,692,899	4	2,195,394	3
2180	Accounts payable - related parties	7	162,909	-	266,478	-
2200	Other payables	6(16) and 7	3,810,923	6	4,619,754	6
2230	Current tax liabilities		27,561	-	30,804	-
2280	Current lease liabilities		93,481	-	108,817	-
2320	Long-term liabilities, current portion	6(17) and 8	1,789,423	3	426,518	1
2399	Other current liabilities - others		298,972	1	440,276	1
21XX	Current Liabilities		10,922,533	17	10,312,376	14
Non-current liabilities						
2540	Long-term borrowings	6(17) and 8	1,934,187	3	3,691,498	5
2570	Deferred tax liabilities	6(34)	462,941	1	421,272	-
2580	Non-current lease liabilities		1,409,803	2	1,476,370	2
2600	Other non-current liabilities	6(20)	228,262	-	480,958	1
25XX	Non-current liabilities		4,035,193	6	6,070,098	8
2XXX	Total Liabilities		14,957,726	23	16,382,474	22
Equity attributable to owners of parent company						
Share capital						
3110	Share capital - common stock	6(21)	7,529,405	12	7,547,840	11
Capital surplus						
3200	Capital surplus	6(22)	46,447,060	73	46,421,664	64
Retained earnings						
3310	Legal reserve	6(23)	216,945	-	216,945	-
3320	Special reserve		154,927	-	290,598	-
3350	Unappropriated retained earnings (Accumulated deficit)		( 6,814,704)	( 11)	147,022	-
Other equity interest						
3400	Other equity interest	6(24)	( 24,296)	-	75,010	-
3500	Treasury shares	6(21)	( 135,163)	-	( 294,810)	-
31XX	Equity attributable to owners of the parent		47,374,174	74	54,404,269	75
36XX	Non-controlling interest		1,770,562	3	2,256,727	3
3XXX	Total equity		49,144,736	77	56,660,996	78
Significant contingent liabilities and unrecognized contract commitments						
3X2X	Total liabilities and equity	9	\$ 64,102,462	100	\$ 73,043,470	100

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

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(25) and 7		\$ 22,305,680	100	\$ 28,878,250	100
5000 Operating costs	6(6) and 7		( 21,137,938)	( 95)	( 23,896,688)	( 83)
5900 Operating margin			1,167,742	5	4,981,562	17
5910 Unrealized loss from sales			13	-	26	-
5920 Realized profit from sales			( 26)	-	( 41)	-
5950 Net operating margin			1,167,729	5	4,981,547	17
Operating expenses	6(31)(32)					
6100 Selling expenses			( 903,897)	( 4)	( 883,849)	( 3)
6200 General and administrative expenses			( 1,733,109)	( 8)	( 1,985,724)	( 7)
6300 Research and development expenses			( 2,587,406)	( 11)	( 2,723,055)	( 9)
6450 Expected credit profit			25,099	-	58,783	-
6000 Total operating expenses			( 5,199,313)	( 23)	( 5,533,845)	( 19)
6500 Other income and expenses - net	6(26)		30,306	-	86,700	-
6900 Operating loss			( 4,001,278)	( 18)	( 465,598)	( 2)
Non-operating income and expenses						
7100 Interest income	6(27)		239,579	1	104,600	-
7010 Other income	6(28)		527,160	2	515,509	2
7020 Other gains and losses	6(29) and 7		( 3,404,294)	( 15)	217,015	1
7050 Finance costs	6(30)		( 191,944)	( 1)	( 131,602)	-
7055 Expected credit losses			( 6,308)	-	( 9,807)	-
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)		( 547,914)	( 2)	( 713,585)	( 3)
7000 Total non-operating income and expenses			( 3,383,721)	( 15)	( 17,870)	-
7900 Loss before income tax			( 7,384,999)	( 33)	( 483,468)	( 2)
7950 Income tax benefit (expense)	6(33)		62,267	-	( 82,915)	-
8200 Loss for the year			( \$ 7,322,732)	( 33)	( \$ 566,383)	( 2)

(Continued)

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

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Gain on remeasurements of defined benefit plans	\$ 8,810	-	\$ 19,277	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	18,530	-	( 244,257)	( 1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	6,998	-	( 6,876)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	( 42,586)	-	( 39,989)	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss	( 8,248)	-	( 271,845)	( 1)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Cumulative translation differences of foreign operations	( 324,342)	( 1)	175,385	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	56,558	-	302,943	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6,262	-	( 428)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss	( 261,522)	( 1)	477,900	2
8300	<b>Other comprehensive (loss) income</b>	<u>(\$ 269,770)</u>	<u>( 1)</u>	<u>\$ 206,055</u>	<u>1</u>
8500	<b>Total comprehensive loss</b>	<u>(\$ 7,592,502)</u>	<u>( 34)</u>	<u>(\$ 360,328)</u>	<u>( 1)</u>
Profit (loss) attributable to:					
8610	Equity holders of the parent company	<u>(\$ 6,782,678)</u>	<u>( 31)</u>	<u>\$ 38,024</u>	<u>-</u>
8620	Non-controlling interest	<u>(\$ 540,054)</u>	<u>( 2)</u>	<u>(\$ 604,407)</u>	<u>( 2)</u>
Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company	<u>(\$ 7,036,568)</u>	<u>( 32)</u>	<u>\$ 207,398</u>	<u>1</u>
8720	Non-controlling interest	<u>(\$ 555,934)</u>	<u>( 2)</u>	<u>(\$ 567,726)</u>	<u>( 2)</u>
(Loss) earnings per share (NT\$)					
9750	Total basic (loss) earnings per share	<u>(\$ 9.02)</u>		<u>\$ 0.05</u>	
9850	Total diluted (loss) earnings per share	<u>(\$ 9.02)</u>		<u>\$ 0.05</u>	

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

ENNOSTAR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
		Retained earnings					Other equity interest					
								Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Cumulative translation differences of foreign operations		Treasury shares	Total	Non-controlling interest	Total equity
2022												
Balance at January 1, 2022		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	(\$ 406,535 )	\$ 170,992	(\$ 294,810 )	\$ 52,322,245	\$ 2,282,798	\$ 54,605,043
Profit (loss) for the year		-	-	-	-	38,024	-	-	-	38,024	( 604,407 )	( 566,383 )
Other comprehensive income(loss) for the year		-	-	-	-	19,477	442,615	( 292,718 )	-	169,374	36,681	206,055
Total comprehensive income(loss)		-	-	-	-	57,501	442,615	( 292,718 )	-	207,398	( 567,726 )	( 360,328 )
Appropriation of 2021 earnings	6(23)											
Legal reserve		-	-	216,945	-	( 216,945 )	-	-	-	-	-	-
Special reserve		-	-	-	290,598	( 290,598 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 1,365,881 )	-	-	-	( 1,365,881 )	-	( 1,365,881 )
Proceeds from issuance of share capital		700,000	2,927,400	-	-	-	-	-	-	3,627,400	-	3,627,400
Changes in ownership interests in subsidiaries accounted for using equity method	6(22)	-	( 257,645 )	-	-	-	-	-	-	( 257,645 )	-	( 257,645 )
Net change in equity of associates and joint ventures	6(22)	-	104,634	-	-	-	-	-	-	104,634	-	104,634
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(24)	-	( 188,037 )	-	-	( 45,848 )	3	-	-	( 233,882 )	-	( 233,882 )
Non-controlling interests		-	-	-	-	-	-	-	-	-	541,655	541,655
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(24)	-	-	-	-	( 160,653 )	-	160,653	-	-	-	-
Expiration of restricted employee stock	6(22)	( 4,674 )	4,674	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022		\$ 7,547,840	\$ 46,421,664	\$ 216,945	\$ 290,598	\$ 147,022	\$ 36,083	\$ 38,927	(\$ 294,810 )	\$ 54,404,269	\$ 2,256,727	\$ 56,660,996
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 year		-	-	-	-	( 6,782,678 )	-	-	-	( 6,782,678 )	( 540,054 )	( 7,322,732 )
Other comprehensive income (loss) for the year		-	-	-	-	6,604	( 244,829 )	( 15,665 )	-	( 253,890 )	( 15,880 )	( 269,770 )
Total comprehensive loss		-	-	-	-	( 6,776,074 )	( 244,829 )	( 15,665 )	-	( 7,036,568 )	( 555,934 )	( 7,592,502 )
Appropriation of 2022 earnings	6(23)											
Reversal of special reserve		-	-	-	( 135,671 )	135,671	-	-	-	-	-	-
Decrease in treasury shares		( 18,435 )	( 141,212 )	-	-	-	-	-	159,647	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	6(22)	-	87,548	-	-	( 160,135 )	-	-	-	( 72,587 )	-	( 72,587 )
Net change in equity of associates and joint ventures	6(22)	-	59,445	-	-	-	-	-	-	59,445	-	59,445
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(22)	-	19,564	-	-	-	-	-	-	19,564	-	19,564
Employee stock ownership trust cancellation return	6(22)	-	51	-	-	-	-	-	-	51	-	51
Non-controlling interests		-	-	-	-	-	-	-	-	-	69,769	69,769
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(24)	-	-	-	-	( 161,188 )	-	161,188	-	-	-	-
Balance at December 31, 2023		\$ 7,529,405	\$ 46,447,060	\$ 216,945	\$ 154,927	(\$ 6,814,704 )	(\$ 208,746 )	\$ 184,450	(\$ 135,163 )	\$ 47,374,174	\$ 1,770,562	\$ 49,144,736

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

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

		Year ended December 31	
	Notes	2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		( \$ 7,384,999 )	( \$ 483,468 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(31)	4,594,692	4,952,508
Amortization	6(10)(31)	245,742	257,757
Reversal of expected credit profit		( 18,791 )	( 48,976 )
Gain on disposal of investments	6(29)	( 31,717 )	( 72,090 )
Net (gain) loss on financial assets at fair value through profit or loss	6(29)	( 16,196 )	285,929
Interest expense	6(30)	191,944	131,602
Interest income	6(27)	( 239,579 )	( 104,600 )
Dividend revenue	6(28)	( 43,497 )	( 44,296 )
Compensation cost of share-based payment		3,003	-
Share of loss of associates and joint ventures accounted for using equity method	6(7)	547,914	713,585
Gain on disposal of property, plant and equipment	6(29)	( 164,017 )	( 42,014 )
Impairment loss of financial assets		2,500	-
Impairment loss on non-financial assets	6(11)(29)	3,475,708	13,312
Gain from lease modification		( 915 )	-
Expenses transferred to intangible assets		( 3,755 )	-
Property, plant and equipment transferred to expense		( 30,273 )	2,827
(Gain) loss on disposal of intangible assets	6(29)	( 74,594 )	2,932
Unrealized profit from sales		( 13 )	( 26 )
Realized loss from sales		26	41
Other income from recognition of long-term deferred revenues	6(20)	( 45,825 )	( 77,630 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		26,660	( 146,522 )
Notes receivable		1,237,087	( 273,957 )
Accounts receivable		( 91,011 )	4,888,612
Other receivables		166,428	( 4,911 )
Inventories		661,953	867,140
Prepayments		66,118	809,993
Other current assets		( 27,808 )	16,145
Other non-current assets		-	43,498
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		( 55,707 )	( 131,956 )
Accounts payable		90,475	( 2,253,017 )
Notes payable		( 1,127 )	55,616
Other payables		( 575,309 )	( 1,180,492 )
Other current liabilities		( 127,044 )	( 257,961 )
Other non-current liabilities		( 28,110 )	( 30,366 )
Cash inflow generated from operations		2,349,963	7,889,215
Interest received		218,663	86,565
Dividend received		38,497	78,641
Interest paid		( 168,683 )	( 41,226 )
Income tax paid		( 58,885 )	( 54,153 )
Net cash flows from operating activities		2,379,555	7,959,042

(Continued)



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

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	( \$ 188,173 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		269,948	186,823
Increase in current financial assets at amortised cost		( 343,498 )	( 433,127 )
Proceeds from disposal of financial assets at fair value through profit or loss		128,383	-
Acquisition of investments accounted for using equity method		( 297,778 )	( 365,338 )
Proceeds from disposal of investments accounted for using equity method	6(35)	90,387	88,100
Acquisition of property, plant and equipment	6(35)	( 2,033,835 )	( 4,320,230 )
Proceeds from disposal of property, plant and equipment	6(35)	182,775	389,592
Decrease (increase) in refundable deposits		23,410	( 49,462 )
Acquisition of intangible assets	6(35)	( 174,161 )	( 130,200 )
Proceeds from disposal of intangible assets		-	6,089
Decrease in other financial assets		17	391,869
Increase in other non-current assets		( 5,912 )	-
Increase (decrease) in changes of consolidated entities		26,247	( 275,343 )
Net cash flows used in investing activities		( 2,134,017 )	( 4,699,400 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(36)	( 527,091 )	( 2,295,709 )
Increase (decrease) in short-term notes and bill payable	6(36)	296,208	( 112,938 )
Proceeds from long-term loans	6(36)	593,000	12,760
Repayment of long-term loans	6(36)	( 987,406 )	( 33,909 )
Decrease in guarantee deposits received	6(36)	( 24,676 )	( 108,264 )
Repayment of principal portion of lease liabilities	6(36)	( 117,879 )	( 127,584 )
Cash dividends paid	6(24)	-	( 1,365,881 )
Proceeds from issuance of share capital		-	3,627,400
Employee Stock Ownership Trust cancellation return		985	-
Change in non-controlling interests		1,700	700,000
Net cash flows (used in) from financing activities		( 765,159 )	295,875
Effects of foreign currency exchange		( 44,023 )	235,576
Net (decrease) increase in cash and cash equivalents		( 563,644 )	3,791,093
Cash and cash equivalents at beginning of year		16,127,132	12,336,039
Cash and cash equivalents at end of year		\$ 15,563,488	\$ 16,127,132

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

ENNOSTAR INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

**1. HISTORY AND ORGANIZATION**

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

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 23, 2024.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

New Standards, Interpretations and Amendments	Effective date Announced by International Accounting Standards Board (IASB)
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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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 IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

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

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

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

New Standards, Interpretations and Amendments	Effective date Announced by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025
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 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC<sup>®</sup> Interpretations, and SIC<sup>®</sup> Interpretations came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2023	December 31, 2022	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	100%	
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	100%	
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	75.96%	75.96%	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	19.53%	17.99%	Note 2
ENNOSTAR Inc.	Precistar Investment Corp.	Professional investment	100%	100%	
ENNOSTAR Inc.	Praistar Investment Corp.	Professional investment	100%	100%	
ENNOSTAR Inc.	Manastar Investment Corp.	Professional investment	100%	100%	
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	15.45%	16.65%	Note 2
Precistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	7.08%	4.29%	Note 2
Praistar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	3.98%	4.29%	Note 2
Epistar Corporation	Lighting Investment Corporation	Professional investment	100%	100%	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2023	December 31, 2022	
Epistar Corporation	Full Star Enterprises Limited	Professional investment	-	100%	Note 5
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	11.89%	12.80%	Note 2
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	
Epistar Corporation	Can Yang Investments Limited	Professional investment	3.53%	3.53%	
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	Professional investment	82.41%	82.41%	
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	Professional investment	74.86%	74.86%	
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Professional investment	100%	100%	
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	Professional investment	100%	100%	
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Professional investment	87.41%	85.26%	
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	Professional investment	100%	100%	
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	
Episky (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2023	December 31, 2022	
Episky Corporation (Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	3.31%	3.31%	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Sales of LED chips	100%	100%	
Lighting Investment Corporation	Lighting Investment Ltd.	Professional investment	100%	100%	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting products	-	83.39%	Note 9
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	-	100%	Note 6
Lighting Investment Corporation	Can Yang Investments Limited	Professional investment	6.87%	6.87%	
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	35.68%	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Professional investment	100%	100%	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	Note 7
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	2.68%	Note 8
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2023	December 31, 2022	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional investment	100%	100%	
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Professional investment	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellypower Optronics Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Apower Optronics Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellybond Corporation	Professional investment	100%	100%	
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	Professional investment	100%	100%	Note 7
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	100%	90.50%	
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.81%	
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.55%	Note 8
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED lighting and modules	-	100%	Note 3



Name of Investor	Name of Subsidiary	Main Business Activities	Ownership		Note
			December 31, 2023	December 31, 2022	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Sale of LED and after-sales service	100%	100%	
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.09%	Note 8
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50.00%	50.00%	
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	31.47%	29.84%	Note 8
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.81%	
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	87.46%	86.96%	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	29.00%	48.33%	Note 4
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	66.40%	-	Note 4

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

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

Note 3: Lextar Electronics (Xiamen) Co., Ltd. has applied for dissolution in January, 2023

Note 4: Due to changes in equity, it has been included in the consolidated entity since April, 2023.

Note 5: Dissolved in May, 2023 because of discontinuance of operations.

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

Note 7: Epistar (Hong Kong) Corporation Limited and Wellybond Optronics (H.K) Limited have applied for liquidation in 2023.

Note 8: Due to the reorganization, the shares of ProLight Opto Technology Corporation originally held by Yenrich Technology Corporation are held by Epistar, Liang Li Venture Corp. and Wellybond Corporation.

Note 9: Due to the disposal of GaNrich Semiconductor Corporation's shares, it has been excluded from the consolidated entity since December, 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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rate of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or jointly controlled

entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, the derivative financial assets are recognised and derecognised using trade date accounting, the beneficiary certificates are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:  
The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets.
- C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(13) Leasing arrangements (lessor) — operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprise raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs the item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the

associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

- H. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 ~ 50 years
Plant and construction	2 ~ 15 years
Machinery	2 ~ 20 years
Office equipment	2 ~ 20 years
Leasehold improvements	3 ~ 15 years
Other equipment	2 ~ 20 years

(18) Leasing arrangements (lessee)—right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate; and
- (c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract

modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date;
  - (c) Any initial direct costs incurred by the lessee; and
  - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

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

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 ~ 50 years.

(20) Intangible assets

A. Patents

Patents are stated at cost and amortized on a straight-line basis over their legal terms or economic service lives, whichever is shorter.

B. Technology know-how

Technology know-how is stated at cost and amortized on a straight-line basis over their economic service lives.

C. Computer software

Computer software is stated at cost and amortized on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

D. Goodwill

Goodwill arising from a business combination is accounted for by applying the acquisition method.

E. Other intangible assets

Other intangible assets, mainly electricity facilities, are stated at cost and amortized using the straight-line method over 3 to 5 years.

(21) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of goodwill and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated

to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(22) Borrowings

- A. Borrowings comprise of long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(25) Derecognition of financial liabilities

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

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the



balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Treasury shares transferred to employees:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
- (b) For treasury shares where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must compensate the Group for the difference between the fair value of the equity instruments and their payments on the stocks.

C. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund

their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(29) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects,

is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's Board of Directors. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Sales of goods:

- (a) The Group is engaged in the research, development and sale of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and light-emitting diode packages and modules. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue is recognised on the net amount of contract price after deduction of sales discounts and allowances. The sales discounts and allowances were offered to customers based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term less than 1 year, which is consistent with market practice.
- (c) The Group's obligation to provide a repair refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from licencing intellectual property

- (a) The Group entered into a contract with a customer to grant a licence of patents and intellectual property to the customer. Given the licence is distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing when the licence transfer to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents and intellectual property to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore the revenue is recognised when transferring the licence to a customer at a point in time.
- (b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental

costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

1. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories or

inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$4,216,492.

## 2. Evaluation of impairment loss of goodwill

The evaluation of impairment loss of goodwill relies on the Group's subjective judgment, including identifying cash-generating units and allocating assets, liabilities and goodwill to relevant cash-generating units, and determining the recoverable amount of the relevant cash-generating units. For the assessment of goodwill impairment, please refer to Note 6(11).

As of December 31, 2023, the goodwill after the Group recognizes impairment losses is \$754,266.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 1,303	\$ 1,451
Checking accounts and demand deposits	4,620,140	2,838,714
Time deposits	10,579,045	12,415,967
Bonds sold under repurchase agreement	363,000	871,000
	<u>\$ 15,563,488</u>	<u>\$ 16,127,132</u>

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 45,180
Listed stocks	193,439	193,439
Derivatives	52,303	22,415
	<u>245,742</u>	<u>261,034</u>
Valuation adjustment	( 43,296)	( 96,968)
	<u>202,446</u>	<u>164,066</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	212,005	298,308
Valuation adjustments	( 212,005)	( 208,301)
	<u>-</u>	<u>90,007</u>
	<u>\$ 202,446</u>	<u>\$ 254,073</u>

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

December 31, 2023

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

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

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 income (loss) recognized by the Group amounted to \$16,196 and (\$285,929) for the years ended December 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	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 760,319	\$ 1,170,038
Unlisted stocks	3,525,330	3,564,502
	4,285,649	4,734,540
Valuation adjustment	( 87,110)	( 289,223)
	\$ 4,198,539	\$ 4,445,317

- 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 \$4,198,539 and \$4,445,317 as at December 31, 2023 and 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	Year ended December 31, 2023	Year ended December 31, 2022
Fair value change recognized in other comprehensive income (loss)	\$ 18,530	(\$ 244,257)
Dividend income recognized in profit or loss held at end of period	\$ 38,497	\$ 44,296

C. As of December 31, 2023 and 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 \$4,198,539 and \$4,445,317, respectively.

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

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Others	\$ 914,438	\$ 647,408
Non-current items:		
Others	\$ 241,961	\$ 180,137

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	\$ 3,970	\$ 4,860

B. As of December 31, 2023 and 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 \$1,156,399 and \$827,545, respectively.

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

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

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 758,666	\$ 2,756,798
Less: Allowance for uncollectible accounts	-	( 883,988)
	<u>\$ 758,666</u>	<u>\$ 1,872,810</u>
Accounts receivable	\$ 7,684,183	\$ 7,597,170
Less: Allowance for uncollectible accounts	( 12,155)	( 52,573)
	<u>\$ 7,672,028</u>	<u>\$ 7,544,597</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 7,292,122	\$ 758,666	\$ 7,168,484	\$ 1,872,810
Up to 30 days	339,486	-	255,017	-
31 to 90 days	28,106	-	45,268	-
91 to 180 days	12,417	-	26,347	-
Over 180 days	12,052	-	102,054	883,988
	<u>\$ 7,684,183</u>	<u>\$ 758,666</u>	<u>\$ 7,597,170</u>	<u>\$ 2,756,798</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, the Group had outstanding discounted notes receivable amounting to \$369,426 and \$193,017, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. However, the credit rating of the aforesaid acceptance bank is extremely high, and the Group judges that the discounted notes receivable meets the requirements for delisting financial assets and will be deducted from notes receivable directly. The liabilities arising on discounted notes receivable are recognized in short-term borrowings, please refer to Note 6(13) for details.

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

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

E. As of December 31, 2023 and 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 \$758,666 and \$1,872,810, respectively; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$7,672,028 and \$7,544,597, respectively.

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

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,490,128	(\$ 152,258)	\$ 1,337,870
Work in progress	1,195,739	( 245,530)	950,209
Finished goods	2,268,710	( 340,297)	1,928,413
	<u>\$ 4,954,577</u>	<u>(\$ 738,085)</u>	<u>\$ 4,216,492</u>
	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>



The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of goods sold	\$ 17,885,912	\$ 21,166,872
Scrap loss	41,842	39,617
(Recovery benefits in market value) loss on market price decline	( 6,339)	359,310
Loss on idle capacity	3,461,702	2,386,793
Other	( 245,179)	( 55,904)
	<u>\$ 21,137,938</u>	<u>\$ 23,896,688</u>

(7) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Associates:		
LEDAZ Co., Ltd.	\$ -	\$ 42,912
LEDOLUX Sp. Zo.O.	11,933	11,310
Interelight Optotech (HK) Co., Limited	7,475	10,941
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	628,802	441,348
GCS Holdings, Inc.	864,280	1,090,517
Changzhou Chemsemi Co., Ltd.	583,853	791,206
Joint Power Exponent, Ltd.	36,541	54,095
iReach Corporation	53,262	50,413
Chuzhou Bwin Technology Corp.	-	76,339
Tyntek Corporation	1,027,919	939,581
WellyWave Semiconductors Inc.	41,771	55,925
TE Opto Corporation	43,980	44,069
Domi-Star Optoelectronics Corporation	311	343
	<u>\$ 3,300,127</u>	<u>\$ 3,608,999</u>

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

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$3,300,127 and \$3,608,999, respectively.

	Year ended December 31, 2023	Year ended December 31, 2022
Attributable to the Group:		
Loss for the period from continuing operations	(\$ 547,914)	(\$ 713,585)
Other comprehensive income	67,666	296,067
Total comprehensive loss	<u>(\$ 480,248)</u>	<u>(\$ 417,518)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GCS Holdings, Inc.	\$ 785,312	\$ 957,879
Tyntek Corporation	<u>838,525</u>	<u>653,891</u>
	<u>\$ 1,623,837</u>	<u>\$ 1,611,770</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 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 equity method at the same period.
- E. In the second quarter of 2023, the Group acquired 92.33% shares of Chuzhou Bwin Technology Corp.. Therefore the Group has control over it and merged it into the consolidated entity in this quarter. Please Note 4(3) for details.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 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	<u>-</u>	<u>( 9,539,687)</u>	<u>( 35,440,955)</u>	<u>( 450,609)</u>	<u>( 258,630)</u>	<u>( 1,361,854)</u>	<u>-</u>	<u>( 47,051,735)</u>
	<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>
<u>2023</u>								
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	-	8,446	60,242	3,740	1,833	47,130	2,071,849	2,193,240
Transfer	-	240,648	1,235,647	22,020	6,418	67,463	( 1,572,196)	-
Acquired from business combinations	-	63,797	83,012	-	-	18,124	3,717	168,650
Disposals	-	( 8,902)	( 120,534)	( 592)	-	( 3,763)	-	( 133,791)
Reclassified to non- current assets held for sale	-	( 62,539)	-	-	-	-	-	( 62,539)
Reclassifications	-	20,106	78,583	( 2,081)	-	1,824	57,774	156,206
Reclassified to investment property	-	10,513	-	-	-	-	-	10,513
Depreciation charge	-	( 899,986)	( 3,353,717)	( 34,458)	( 22,658)	( 145,249)	-	( 4,456,068)
Impairment loss	-	( 193,665)	( 135,231)	( 709)	( 3,080)	( 689)	-	( 333,374)
Disposals of subsidiary	-	-	-	( 108)	-	-	-	( 108)
Net exchange differences	-	( 49,451)	( 38,381)	( 168)	( 199)	( 6,608)	( 20,025)	( 114,832)
Closing net book amount at December 31	<u>\$ 1,558,195</u>	<u>\$ 7,681,092</u>	<u>\$ 7,801,851</u>	<u>\$ 79,068</u>	<u>\$ 70,057</u>	<u>\$ 350,463</u>	<u>\$ 1,924,246</u>	<u>\$ 19,464,972</u>
At December 31, 2023								
Cost	\$ 1,558,195	\$ 17,837,732	\$ 44,842,113	\$ 400,288	\$ 346,879	\$ 1,885,365	\$ 1,924,246	\$ 68,794,818
Accumulated depreciation and impairment	<u>-</u>	<u>( 10,156,640)</u>	<u>( 37,040,262)</u>	<u>( 321,220)</u>	<u>( 276,822)</u>	<u>( 1,534,902)</u>	<u>-</u>	<u>( 49,329,846)</u>
	<u>\$ 1,558,195</u>	<u>\$ 7,681,092</u>	<u>\$ 7,801,851</u>	<u>\$ 79,068</u>	<u>\$ 70,057</u>	<u>\$ 350,463</u>	<u>\$ 1,924,246</u>	<u>\$ 19,464,972</u>

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2022								
Cost	\$ 1,558,195	\$ 17,347,652	\$ 47,907,326	\$ 516,930	\$ 365,056	\$ 1,700,988	\$ 1,288,661	\$ 70,684,808
Accumulated depreciation and impairment	-	( 9,156,255)	( 35,274,900)	( 409,162)	( 259,314)	( 1,285,825)	-	( 46,385,456)
	<u>\$ 1,558,195</u>	<u>\$ 8,191,397</u>	<u>\$ 12,632,426</u>	<u>\$ 107,768</u>	<u>\$ 105,742</u>	<u>\$ 415,163</u>	<u>\$ 1,288,661</u>	<u>\$ 24,299,352</u>
2022								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,191,397	\$ 12,632,426	\$ 107,768	\$ 105,742	\$ 415,163	\$ 1,288,661	\$ 24,299,352
Additions	-	8,280	251,877	13,748	4,005	44,009	3,295,514	3,617,433
Transfer	-	1,328,963	1,536,649	40,974	10,234	121,253	( 3,038,073)	-
Disposals	-	( 10,380)	( 323,756)	( 193)	( 5,999)	( 47,299)	-	( 387,627)
Reclassifications	-	( 20,362)	15,314	-	16	-	6,701	1,669
Reclassified to investment property	-	4,906	-	-	-	-	-	4,906
Depreciation charge	-	( 911,507)	( 3,655,684)	( 64,806)	( 26,117)	( 132,988)	-	( 4,791,102)
Impairment loss	-	( 9,118)	( 4,194)	-	-	-	-	( 13,312)
Disposals of subsidiary	-	-	( 545,435)	( 7,092)	( 412)	( 29,692)	( 173,884)	( 756,515)
Net exchange differences	-	( 30,054)	85,033	1,025	274	1,785	4,208	62,271
Closing net book amount at December 31	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>
At December 31, 2022								
Cost	\$ 1,558,195	\$ 18,091,812	\$ 45,433,185	\$ 542,033	\$ 346,373	\$ 1,734,085	\$ 1,383,127	\$ 69,088,810
Accumulated depreciation and impairment	-	( 9,539,687)	( 35,440,955)	( 450,609)	( 258,630)	( 1,361,854)	-	( 47,051,735)
	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>

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

(9) Leasing arrangements – lessee

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 1,518,217	\$ 1,670,856
Buildings	58,593	54,399
Machinery	51,458	126,084
Transportation equipment	10,413	16,610
Office equipment	32,621	37,208
	<u>\$ 1,671,302</u>	<u>\$ 1,905,157</u>

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation charge	Depreciation charge
Land	\$ 65,521	\$ 63,166
Buildings	23,296	19,477
Machinery	31,736	57,165
Transportation equipment	6,198	7,707
Office equipment	11,873	13,891
	<u>\$ 138,624</u>	<u>\$ 161,406</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$66,156 and \$338,279, respectively.

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

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 21,156	\$ 21,409
Expense on short-term lease contracts	41,061	21,235
Expense on leases of low-value assets	5,466	6,668

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$164,731 and \$172,782, respectively.

(10) Intangible assets

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2023					
Cost	\$ 2,935,957	\$ 7,087,692	\$ 560,309	\$ 131,859	\$ 10,715,817
Accumulated amortisation and impairment	( 2,030,294)	( 3,191,092)	( 469,307)	( 117,541)	( 5,808,234)
	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>
<u>2023</u>					
Opening net book amount as at January 1	\$ 905,663	\$ 3,896,600	\$ 91,002	\$ 14,318	\$ 4,907,583
Additions — acquired separately	3,055	-	74,183	-	77,238
Additions — acquired through business combinations	-	-	-	56,160	56,160
Disposals	( 14,061)	-	-	-	( 14,061)
Reclassifications	3,755	-	268	-	4,023
Amortisation charge	( 183,723)	-	( 50,447)	( 11,572)	( 245,742)
Impairment loss	-	( 3,142,334)	-	-	( 3,142,334)
Disposals of subsidiary	( 299)	-	-	-	( 299)
Net exchange differences	( 974)	-	( 60)	( 932)	( 1,966)
Closing net book amount as at December 31	<u>\$ 713,416</u>	<u>\$ 754,266</u>	<u>\$ 114,946</u>	<u>\$ 57,974</u>	<u>\$ 1,640,602</u>
At December 31, 2023					
Cost	\$ 2,920,200	\$ 763,034	\$ 633,286	\$ 187,087	\$ 4,503,607
Accumulated amortisation and impairment	( 2,206,784)	( 8,768)	( 518,340)	( 129,113)	( 2,863,005)
	<u>\$ 713,416</u>	<u>\$ 754,266</u>	<u>\$ 114,946</u>	<u>\$ 57,974</u>	<u>\$ 1,640,602</u>

	<u>Patents</u>	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
At January 1, 2022					
Cost	\$ 2,750,991	\$ 7,087,692	\$ 513,660	\$ 128,843	\$ 10,481,186
Accumulated amortisation and impairment	( 1,828,302)	( 3,191,092)	( 410,601)	( 109,528)	( 5,539,523)
	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 922,689	\$ 3,896,600	\$ 103,059	\$ 19,315	\$ 4,941,663
Additions — acquired separately	167,091	-	47,614	3,015	217,720
Disposals	( 2,969)	-	( 67)	-	( 3,036)
Reclassifications	8,456	-	2,849	-	11,305
Amortisation charge	( 190,387)	-	( 59,358)	( 8,012)	( 257,757)
Disposals of subsidiary	-	-	( 3,291)	-	( 3,291)
Net exchange differences	<u>783</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>979</u>
Closing net book amount as at December 31	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>
At December 31, 2022					
Cost	\$ 2,935,957	\$ 7,087,692	\$ 560,309	\$ 131,859	\$ 10,715,817
Accumulated amortisation and impairment	( 2,030,294)	( 3,191,092)	( 469,307)	( 117,541)	( 5,808,234)
	<u>\$ 905,663</u>	<u>\$ 3,896,600</u>	<u>\$ 91,002</u>	<u>\$ 14,318</u>	<u>\$ 4,907,583</u>

Details of amortisation on intangible assets are as follows:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Operating costs	\$ 88,620	\$ 88,857
Selling expenses	612	463
Administrative expenses	104,344	111,290
Research and development expenses	<u>52,165</u>	<u>57,147</u>
	<u>\$ 245,741</u>	<u>\$ 257,757</u>

(11) Impairment of non-financial assets

The Group assessed that production line adjustments and configurations resulted in idling or impairment of certain property, plant and equipment. The Group wrote down the carrying amount of the assets based on the recoverable amount and recognised impairment losses of \$ 3,475,707 and \$13,312 for the years ended December 31, 2023 and 2022, respectively. The recoverable amount is the assets' fair value less costs of disposal. The fair value is classified as a level 3 fair value. Details of impairment are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
	Recognised in profit or loss	
Impairment loss — buildings and structure	\$ 193,665	\$ 9,118
Impairment loss — machinery	135,231	4,194
Impairment loss — office equipment	709	-
Impairment loss — leasehold improvements	3,080	-
Impairment loss — others	689	-
Impairment loss — goodwill	3,142,334	-
	<u>\$ 3,475,708</u>	<u>\$ 13,312</u>

2. Goodwill is allocated to the Company's cash-generating units identified by operating segments, and the recoverable amount is assessed based on value in use, which is calculated based on pre-tax cash flow forecasts based on financial budgets approved by management.

The Company's recoverable amount calculated based on value in use exceeds the book amount, so goodwill is impaired. The main assumptions used to calculate value in use are as follows:

- (1) Revenue growth rate: Estimated with reference to relevant market information and planned operating sales plan.
- (2) Gross margin: Estimated based on historical values and taking into account planned operating sales plan.
- (3) Discount rate: It is a pre-tax ratio and reflects the specific risks of the relevant operating departments. It was 8.97% and 10.64% in 2023 and 2022, respectively.

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 94,800</u>	<u>\$ -</u>

The Group plans to sell the Shandong factory and land use rights in 2024, so the amounts of property, plant and equipment were recognized as non-current assets held for sale. The Group expects to sign a contract of the sale and purchases in February, 2024.

(13) Short-term borrowings

	December 31, 2023	December 31, 2022
Bank borrowings		
Unsecured borrowings	<u>\$ 565,319</u>	<u>\$ 1,203,495</u>
Secured borrowings	<u>\$ -</u>	<u>\$ -</u>
Liabilities on discounted notes receivable	<u>\$ 181,817</u>	<u>\$ -</u>
Interest rate range-NTD	<u>0%</u>	<u>1.86%</u>
Interest rate range-foreign currency	<u>3.6%~6.13%</u>	<u>1.80%~6.08%</u>
Interest rate range - discounted notes	<u>3.4%</u>	<u>NA</u>

As of December 31, 2023 and 2022, Epistar Corporation has endorsements to Ennostar Inc., Episky

Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd. and Unicorn Semiconductor Corporation totalling \$3,250,000 and \$3,918,520, respectively.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Derivatives	\$ 2,284	\$ 2,214

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

(15) Short-term notes and bills payable

December 31, 2023				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	\$ 1,295,140	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS	Note 8
December 31, 2022				
	Rate (%)	Amount	Name of bank	Collaterals
Payables for bankers' acceptance	-	\$ 775,294	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8

(16) Other payables

Items	December 31, 2023	December 31, 2022
Payables on wages, salaries and bonus	\$ 1,238,554	\$ 1,137,583
Payables on insurance expense	2,231	3,537
Payables on personnel expense	251,108	275,106
Compensation due to employees, directors and supervisors	88,537	210,682
Payables on machinery and equipment	683,775	948,327
Payables on processing fees	386,885	612,444
Payables on consumable goods and equipment repair expense	354,704	440,272
Payables on gas expense	71,682	63,484
Payables on intangible assets	51,527	51,133
Payables on reticle expense	23,614	17,952
Others	658,306	859,234
	<u>\$ 3,810,923</u>	<u>\$ 4,619,754</u>



(17) Long-term borrowings

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

Type of borrowings	Borrowing period and repayment term	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>

Pursuant to the bank loan agreements with KGI Bank and Mega Bank, the Company and its subsidiaries should meet certain financial covenants which are calculated based on each of their annual audited consolidated financial statements or semi-annual reviewed consolidated financial statements. The Company and its subsidiaries agreed to maintain the current ratio, debt ratio, debt

service coverage ratio and net tangible assets as defined in financial covenants.

(18) Pensions

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

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

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 372,280)	(\$ 380,754)
Fair value of plan assets	<u>412,521</u>	<u>401,674</u>
Net defined benefit liability	<u>\$ 40,241</u>	<u>\$ 20,920</u>

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 380,754)	\$ 401,674	\$ 20,920
Current service cost	( 997)	-	( 997)
Interest (expense) income	( 5,295)	5,637	342
Past service cost	2,033	-	2,033
Benefits payments	-	( 2,033)	( 2,033)
Settlements payments	-	( 6,143)	( 6,143)
	<u>( 385,013)</u>	<u>399,135</u>	<u>14,122</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,866	2,866
Change in demographic assumptions	( 73)	-	( 73)
Change in financial assumptions	( 2,237)	-	( 2,237)
Experience adjustments	6,903	-	6,903
Liquidation gain	8,140	( 469)	7,671
	<u>12,733</u>	<u>2,397</u>	<u>15,130</u>
Pension fund contribution	-	10,989	10,989
Paid pension	-	-	-
Settlement returns to the company	-	-	-
At December 31	<u>(\$ 372,280)</u>	<u>\$ 412,521</u>	<u>\$ 40,241</u>

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

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Discount rate	1.25%~1.35%	1.35%~1.40%
Future salary increases	2.00%~3.00%	2.00%~4.00%

The assumptions about future mortality experience in 2023 and 2022 are set based on actuarial advice in sixth empirical life tables of the life insurance industry in Taiwan, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 25%	Decrease 25%	Increase 25%	Decrease 25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 296)	\$ 307	\$ 304	(\$ 274)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 11,462)	\$ 11,946	\$ 11,730	(\$ 11,317)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$10,193.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group does not have further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$408,173 and \$367,051, respectively.

(19) Share-based payment

A. Restricted stocks to employees.

- (a) For the year ended December 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 December 31	-
Exercisable at December 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 year ended December 31, 2023, the share-based payment arrangements are as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Vesting conditions
Employee stock option- United LED Corporation (Hong Kong) Limited	2010.08.01	1,500	Note 1
Employee stock option- Unikorn Semiconductor Corporation	2022.05.06	9,518	Note 2
Employee stock option- Unikorn Semiconductor Corporation	2023.04.27	1,482	Note 2
Employee stock option- Hexawave, Inc.	2022.08.10	3,000	Note 3
Employee stock option- Hexawave, Inc.	2023.04.25	500	Note 3

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

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

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

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

	2023		2022	
	No. of shares	Weighted-average exercise price	No. of shares	Weighted-average exercise price
	(in thousands)	(in US dollars)	(in thousands)	(in US dollars)
Options outstanding from beginning to the end of the period - United LED Corporation (Hong Kong) Limited	<u>1,049</u>	\$ 0.0001	<u>1,049</u>	\$ 0.0001
Options exercisable at end of the period - United LED Corporation (Hong Kong) Limited	<u>1,049</u>	0.0001	<u>1,049</u>	0.0001

	2023		2022	
	No. of shares	Weighted-average	No. of shares	Weighted-average
	(in thousands)	exercise price	(in thousands)	exercise price
		(in NTD )		(in NTD )
Options outstanding from beginning of the period - Unikorn Semiconductor Corporation	9,136	\$ 5	-	
Options granted - Unikorn Semiconductor Corporation	1,482	5	9,518	\$ 5
Options exercised - Unikorn Semiconductor Corporation	( 4,085)	5	-	
Options forfeited - Unikorn Semiconductor Corporation	( 845)	5	( 382)	5
Options outstanding at end of the period - Unikorn Semiconductor Corporation	<u>5,688</u>	5	<u>9,136</u>	5
Options exercisable at end of the period - Unikorn Semiconductor Corporation	<u>358</u>	5	<u>-</u>	

	2023		2022	
	No. of shares	Weighted-average	No. of shares	Weighted-average
	(in thousands)	exercise price	(in thousands)	exercise price
		(in NTD )		(in NTD )
Options outstanding from beginning of the period - Hexawave, Inc.	3,000	\$ 10	-	
Options granted - Hexawave, Inc.	500	10	3,000	\$ 10
Options exercised - Hexawave, Inc.	( 366)	10	-	
Options outstanding at end of the period - Hexawave, Inc.	<u>3,134</u>	10	<u>3,000</u>	10
Options exercisable at end of the period - Hexawave, Inc.	<u>534</u>	10	<u>-</u>	

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

	Year ended	Year ended
	December 31, 2023	December 31, 2022
Equity-settled	\$ 3,003	(\$ 24,091)
(20) Long-term deferred revenue (shown under "Other non-current liabilities")		
	December 31, 2023	December 31, 2022
Deferred government grants revenue	\$ 162,246	\$ 167,229
Deferred technical services revenue	6,576	7,926
	<u>\$ 168,822</u>	<u>\$ 175,155</u>

The Company and subsidiaries obtained government grants for acquisitions of equipment, technology investments and research projects and recognized such grants as revenue over the



economic lives of those assets. Government grants revenue recognized for the years ended December 31, 2023 and 2022 were \$90,690 and \$151,147 (shown under “Other income and expenses-net” and “Other revenue”), respectively.

(21) Share capital

- A. As of December 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
Issuance of ordinary shares - private placement	-	70,000
Expiration of restricted employee stock	-	( 467)
At December 31	751,658	751,658

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

	2023				
Reason for reacquisition	At January 1	Increase	Decrease	At December 31	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	( 1,844)	-	-
	2022				

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

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

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

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

	December 31, 2023	December 31, 2022
Lighting Investment Corporation	1,282 thousand shares	1,282 thousand shares
Book value	\$ 135,163	\$ 135,163
Fair value	\$ 59,374	\$ 57,386
Epistar Corporation	-	1,844 thousand shares
Book value	\$ -	\$ 159,647
Fair value	\$ -	\$ 82,497

(22) Capital surplus

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

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for using equity method
At January 1, 2023	\$ 45,877,291	\$ 114,876	\$ 275,200	\$ 154,297
Decrease in treasury shares	( 112,052)	( 29,160)	-	-
Change in equity of associates and joint ventures accounted for using equity method	-	-	-	59,445
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	-	19,564	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	1,037	86,511	-
Employee stock ownership trust cancellation return	-	51	-	-
At December 31, 2023	\$ 45,765,239	\$ 86,804	\$ 381,275	\$ 213,742

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

(23) Retained earnings

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

F. The appropriations of 2022 earnings had been approved in the shareholders' meeting on May 31, 2023, and decided not to distribute cash dividends.

G. The appropriations of 2021 earnings approved in the shareholders' meeting on May 31, 2022 are as follows:

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

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

(24) Other equity items

	2023		
	Currency translation	Unrealized gain or loss	Total
At January 1	\$ 36,083	\$ 38,927	\$ 75,010
Revaluation - gross	-	25,484	25,484
Revaluation - tax	- (	41,149) (	41,149)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	161,188	161,188
Currency translation			
–Group	( 251,091)	- (	251,091)
–Tax on Group	6,262	-	6,262
At December 31	(\$ 208,746)	\$ 184,450	(\$ 24,296)

  

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

(25) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers:		
Sales revenue	\$ 22,066,035	\$ 28,660,443
Services revenue	109,643	95,467
Other operating revenue	130,002	122,340
	<u>\$ 22,305,680</u>	<u>\$ 28,878,250</u>

Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2023	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 14,556,865	\$ 6,674,594	\$ 834,576	\$ 22,066,035
Services revenue	-	-	109,643	109,643
Other operating revenue	-	-	130,002	130,002
				<u>\$ 22,305,680</u>

Year ended December 31, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 20,965,987	\$ 6,977,759	\$ 716,697	\$ 28,660,443
Services revenue	-	-	95,467	95,467
Other operating revenue	-	-	122,340	122,340
				<u>\$ 28,878,250</u>

(26) Other income and expenses— net

	Year ended December 31, 2023	Year ended December 31, 2022
Other income		
Royalty income	(\$ 7,330)	\$ 13,977
Government grants revenue	37,636	72,723
Total	<u>\$ 30,306</u>	<u>\$ 86,700</u>

(27) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	\$ 233,729	\$ 97,173
Other interest income	5,850	7,427
	<u>\$ 239,579</u>	<u>\$ 104,600</u>

(28) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Rental income	\$ 206,339	\$ 212,932
Dividend income	43,497	44,296
Government grant revenues	53,054	78,424
Other income-other	224,270	179,857
	<u>\$ 527,160</u>	<u>\$ 515,509</u>

(29) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain on disposal of property, plant and equipment	\$ 164,017	\$ 42,014
Gain (loss) on disposal of intangible assets	74,594 (	2,932)
Gain on disposal of investments	31,717	72,090
Profit from lease modification	915	-
Net currency exchange (loss) gain	( 46,301)	526,415
Net income (loss) on financial assets at fair value through profit or loss	16,196 (	285,929)
Impairment loss on property, plant and equipment	( 333,374) (	13,312)
Impairment loss on intangible assets	( 3,142,334)	-
Impairment loss on financial assets	( 2,500)	-
Miscellaneous losses	( 167,224) (	121,331)
	<u>(\$ 3,404,294)</u>	<u>\$ 217,015</u>

(30) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense	\$ 116,700	\$ 67,037
Other interest expense	75,244	64,565
	<u>\$ 191,944</u>	<u>\$ 131,602</u>

(31) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expenses	\$ 7,764,975	\$ 7,808,368
Depreciation (Note)	\$ 4,594,692	\$ 4,952,508
Amortisation charges on intangible assets	\$ 245,742	\$ 257,757

Note: Depreciation amounting to \$57,403 and \$102,232 were recognized as miscellaneous expenses for the years ended December 31, 2023 and 2022, respectively.

(32) Employee benefit expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	\$ 6,464,440	\$ 6,540,144
Labor and health insurance expenses	489,357	489,163
Pension costs	407,979	376,519
Other personnel expenses	403,199	402,542
	<u>\$ 7,764,975</u>	<u>\$ 7,808,368</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 year ended December 31, 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period. For the year ended December 31, 2022, the employees' compensation was accrued at \$3,952 and the directors' remuneration was accrued at \$790, respectively.
- C. The company had been approved by the Board of Directors on February 23, 2023, not to distribute directors' remuneration for 2022. The difference of \$790 between the director's remuneration account and the proposed distribution amount has been listed as profit and loss for 2023.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(33) Income tax

A. Income tax expense

(a) Components of income tax (benefit) expense :

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the year	\$ 44,446	\$ 248,706
Tax withheld at source from foreign income	1,382	-
Prior year income tax (overestimation) underestimation	( 3,708)	17,514
Tax on undistributed surplus earnings	1,626	14,801
Total current tax	<u>43,746</u>	<u>281,021</u>
Deferred tax:		
Origination and reversal of temporary differences	( 106,013)	18,582
Origination and reversal of loss deductible income tax	-	( 216,688)
Total deferred tax	<u>( 106,013)</u>	<u>( 198,106)</u>
Income tax (benefit) expense	<u>(\$ 62,267)</u>	<u>\$ 82,915</u>

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

	Year ended December 31, 2023	Year ended December 31, 2022
Change in fair value of financial assets at fair value through other comprehensive income	\$ 40,722	\$ 36,629
Currency translation differences	( 1,725)	168
Share of other comprehensive income of associates	( 4,110)	( 235)
Remeasurement of defined benefit obligations	1,437	3,855
Total	<u>\$ 36,324</u>	<u>\$ 40,417</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	(\$ 2,916,475)	\$ 74,208
Tax withheld at source from foreign income	1,383	-
Expenses disallowed and tax exempt income by tax regulation	2,039,220	59,227
Temporary differences not recognised as deferred tax assets	300,627 (	19,509)
Change in assessment of realisation of deferred tax assets	( 99,988)	18,582
Effect from taxable loss	615,048 (	81,908)
Prior year income tax (overestimation) underestimation	( 3,708)	17,514
Tax on undistributed surplus earnings	1,626	14,801
Income tax expense	<u>(\$ 62,267)</u>	<u>\$ 82,915</u>



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

	2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Translation differences	December 31
Deferred tax assets:					
— Temporary differences:					
Unrealized loss on inventory	\$ 148,660	\$ 7,294	\$ -	(\$ 325)	\$ 155,629
Unrealized exchange loss	18,133	10,150	-	-	28,283
Unrealized sales returns and discounts	15,465	20,759	-	-	36,224
Allowance overrun	1,049	6	-	(19)	1,036
Unrealized loss of sales	2,391	13	-	-	2,404
Investment loss under equity method	22,894	13,600	-	-	36,494
Loss on valuation of financial assets	-	(124)	21,552	-	21,428
Impairment loss for financial assets	4,099	-	-	-	4,099
Deferred revenue	45,327	(1,924)	-	(613)	42,790
Currency translation differences	-	-	142	-	142
Unrealized pension	13,681	(1,732)	(1,437)	-	10,512
Others	79,933	43,709	-	(363)	123,279
Tax losses	<u>1,365,786</u>	<u>2</u>	<u>-</u>	<u>(767)</u>	<u>1,365,021</u>
Subtotal	<u>1,717,418</u>	<u>91,753</u>	<u>20,257</u>	<u>(2,087)</u>	<u>1,827,341</u>
Deferred tax liabilities:					
Property, plant and equipment	(183,329)	14,495	-	-	(168,834)
Unrealized exchange gain	(1,919)	(1,951)	-	-	(3,870)
Unrealized sales returns and discounts	(1,659)	(3,464)	-	-	(5,123)
Unrealized gross profit of sales	(8,343)	2,218	-	-	(6,125)
Investment gain under equity method	(1,781)	1,184	-	-	(597)
Gain on valuation of financial assets	(175,766)	352	(62,275)	-	(237,689)
Currency translation differences	(6,036)	-	6,036	-	-
Others	(42,439)	1,428	-	308	(40,703)
Subtotal	<u>(421,272)</u>	<u>14,262</u>	<u>(56,239)</u>	<u>308</u>	<u>(462,941)</u>
Total	<u>\$ 1,296,146</u>	<u>\$ 106,015</u>	<u>(\$ 35,982)</u>	<u>(\$ 1,779)</u>	<u>\$ 1,364,400</u>

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
— Temporary differences:				
Unrealized loss on inventory	\$ 111,708	\$ 36,952	\$ -	\$ 148,660
Unrealized exchange loss	( 204)	18,337	-	18,133
Unrealized sales returns and discounts	17,782	( 2,317)	-	15,465
Investment loss under equity method	784	22,110	-	22,894
Loss on valuation of financial assets	20,025	-	( 20,025)	-
Deferred revenue	43,221	2,106	-	45,327
Unrealized pension	19,575	( 2,039)	( 3,855)	13,681
Others	135,936	( 48,381)	( 83)	87,472
Tax losses	<u>1,436,426</u>	<u>( 70,640)</u>	<u>-</u>	<u>1,365,786</u>
Subtotal	<u>1,785,253</u>	<u>( 43,872)</u>	<u>( 23,963)</u>	<u>1,717,418</u>
Deferred tax liabilities:				
Property, plant and equipment	( 212,321)	28,992	-	( 183,329)
Gain on valuation of financial assets	( 159,054)	-	( 16,712)	( 175,766)
Others	<u>( 57,963)</u>	<u>( 2,195)</u>	<u>( 2,019)</u>	<u>( 62,177)</u>
Subtotal	<u>( 429,338)</u>	<u>26,797</u>	<u>( 18,731)</u>	<u>( 421,272)</u>
Total	<u>\$ 1,355,915</u>	<u>(\$ 17,075)</u>	<u>(\$ 42,694)</u>	<u>\$ 1,296,146</u>

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

Unutilized investment tax credit from the Subsidiary is as follows:

December 31, 2023			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment tax credits for industrial innovation (research and development)	\$ 727,388	\$ 727,388	2023
Investment tax credits for industrial innovation (research and development)	693,843	693,843	2024
Investment tax credits for industrial innovation (intelligent machinery and 5G)	726,601	726,601	2023
Investment tax credits for industrial innovation (intelligent machinery and 5G)	561,364	561,364	2024

December 31, 2022			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Investment tax credits for industrial innovation (research and development)	\$ 637,989	\$ 637,989	2022
Investment tax credits for industrial innovation (research and development)	607,539	607,539	2023
Investment tax credits for industrial innovation (intelligent machinery and 5G)	1,000,000	1,000,000	2022
Investment tax credits for industrial innovation (intelligent machinery and 5G)	727,411	727,411	2023

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

Unutilized tax loss from the Company is as follows : None.

Unutilized tax loss from the Subsidiary is as follows:

December 31, 2023

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Assessed	\$ 8,487	\$ 8,487	2023
2014	Assessed	1,878,146	1,878,146	2024
2015	Assessed	1,059,174	1,059,174	2025
2016	Assessed	3,560,309	3,560,309	2026
2017	Assessed	565,995	565,995	2027
2018	Assessed	558,245	558,245	2028
2019	Amount filed	406,796	406,796	2024
2019	Assessed	4,081,456	2,734,356	2029
2020	Amount filed	386,965	223,129	2025
2020	Assessed	4,986,666	1,877,602	2030
2021	Amount filed	53,146	53,146	2026
2022	Amount filed	1,227,120	1,227,120	2032
2021	Assessed	1,082,905	1,082,905	2031
2023	Amount filed	2,342,765	-	2033
2022	Assessed	42	42	2032
2022	Amount filed	101,579	101,579	2027
2023	Amount filed	866,954	866,954	2033

December 31, 2022

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

F. As of December 31, 2023 and 2022, the amounts of deductible temporary difference that are not recognised as deferred tax assets were (\$1,574,772) and \$97,543, respectively.

G. The Company's income tax returns through 2021 have 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.

(34) (Loss) earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
<u>Basic loss and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 6,782,678)	751,658	(\$ 9.02)
<u>Year ended December 31, 2022</u>			
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 38,024	715,603	\$ 0.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 38,024	715,603	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	496	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,024	716,099	\$ 0.05

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	\$ 2,193,240	\$ 3,617,433
Add: Opening balance of payable on equipment	948,327	1,210,113
Less: Ending balance of payable on equipment	( 683,775)	( 948,327)
Less: Net cash changes of prepayment for equipment	( 423,957)	441,011
Cash paid during the year	\$ 2,033,835	\$ 4,320,230

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of intangible assets	\$ 133,270	\$ 217,720
Add: Opening balance of payables (including non-current portion)	92,418	4,898
Less: Ending balance of payables (including non-current portion)	( 51,527)	( 92,418)
Cash paid during the year	<u>\$ 174,161</u>	<u>\$ 130,200</u>
B. Investing activities with partial cash received		
	Year ended December 31, 2023	Year ended December 31, 2022
Sale of property, plant and equipment	\$ 182,759	\$ 387,627
Add: Opening balance of receivables	48	2,013
Less: Ending balance of receivables	( 32)	( 48)
Cash collected during the year	<u>\$ 182,775</u>	<u>\$ 389,592</u>
C. Cash received from disposal of ownership interests in subsidiaries and associates		
	Year ended December 31, 2023	Year ended December 31, 2022
Disposal proceeds	\$ 955	\$ 177,532
Add: Opening balance of receivables	89,432	-
Less: Ending balance of receivables	-	( 89,432)
Net cash provided by disposal of subsidiaries and associates	<u>\$ 90,387</u>	<u>\$ 88,100</u>

(36) Changes in liabilities from financing activities

	Short-term Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2023	\$ 1,203,495	\$ 775,294	\$ 4,118,016	\$ 1,585,187	\$ 51,217	\$ 7,733,209
Changes in cash flow from financing activities	( 527,091)	296,208	( 394,406)	( 117,879)	( 24,676)	( 767,844)
Effect of interest	-	-	-	21,156	-	21,156
Changes in other non-cash items	84,227	240,400	-	17,008	-	341,635
Impact of changes in foreign exchange rate	( 13,495)	( 16,762)	-	( 2,188)	( 138)	( 32,583)
At December 31, 2023	<u>\$ 747,136</u>	<u>\$ 1,295,140</u>	<u>\$ 3,723,610</u>	<u>\$ 1,503,284</u>	<u>\$ 26,403</u>	<u>\$ 7,295,573</u>
	Short-term Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2022	\$ 3,479,177	\$ 877,011	\$ 4,139,165	\$ 1,557,129	\$ 157,282	\$ 10,209,764
Changes in cash flow from financing activities	( 2,295,709)	( 112,938)	( 21,149)	( 127,584)	( 108,264)	( 2,665,644)
Effect of interest	-	-	-	21,409	-	21,409
Changes in other non-cash items	-	-	-	136,645	-	136,645
Impact of changes in foreign exchange rate	20,027	11,221	-	( 2,412)	2,199	31,035
At December 31, 2022	<u>\$ 1,203,495</u>	<u>\$ 775,294</u>	<u>\$ 4,118,016</u>	<u>\$ 1,585,187</u>	<u>\$ 51,217</u>	<u>\$ 7,733,209</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
WellyWave Semiconductors Inc.	Associates
Changzhou Chemsemi Co., Ltd.	Associates
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates
Chuzhou Bwin Technology Corp.	Associates (Note 1)
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
AUO Digitech Taiwan Inc.	Other related parties
Anhui Intematix Lighting Co., Ltd.	Other related parties
Intermate Co., Ltd. (Suzhou)	Other related parties
PlayNitride Inc.	Other related parties
D-Tech Optoelectronics (Taiwan) Corp.	Other related parties
Bridgelux Optoelectronics (Xiamen) Co., Ltd.	Other related parties (Note 2)
FornoLight 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

Note1: Since April, 2023, the relationship with this company changed from a related party to a consolidated company through the Company gaining control over it.

Note2: Since December,2023,KAISTAR Lighting (Xiamen) Co., Ltd. has been renamed Bridgelux Optoelectronics (Xiamen) Co., Ltd.

### (2) Significant related party transactions and balances

#### A. Operating revenue:

	<u>Year ended</u> <u>December 31, 2023</u>	<u>Year ended</u> <u>December 31, 2022</u>
Other related parties	\$ 788,938	\$ 757,811
Associates	637,138	594,736
Total	<u>\$ 1,426,076</u>	<u>\$ 1,352,547</u>

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

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	\$ 3,739	\$ 5,277
Associates	193,949	324,710
Total	<u>\$ 197,688</u>	<u>\$ 329,987</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):

	December 31, 2023	December 31, 2022
Other related parties	\$ 273,003	\$ 199,761
Associates	195,604	236,493
Total	<u>\$ 468,607</u>	<u>\$ 436,254</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:

	December 31, 2023	December 31, 2022
Other related parties	\$ 22,789	\$ 24,012
Associates	3,610	111,406
Total	<u>\$ 26,399</u>	<u>\$ 135,418</u>

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

E. Payables from related parties:

	December 31, 2023	December 31, 2022
Other related parties	\$ 579	\$ 1,242
Associates	162,330	265,236
Total	<u>\$ 162,909</u>	<u>\$ 266,478</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:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Acquisition proceeds	Accrued payable	Acquisition proceeds	Accrued payable
Other related parties	\$ 300,548	\$ 2,120	\$ 308,956	\$ 4,821
Associates	-	-	3,602	-
	<u>\$ 300,548</u>	<u>\$ 2,120</u>	<u>\$ 312,558</u>	<u>\$ 4,821</u>



(b) Disposal of property, plant and equipment:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Acquisition proceeds	Gain (loss) on disposal	Acquisition proceeds	Gain (loss) on disposal
Associates	\$ 2,089	\$ 690	\$ 4,026	\$ 676

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	\$ 165,031	\$ 229,936
Post-employment benefits	22,437	883
Termination benefits	-	1,611
Share-based payment	-	(13,768)
Total	<u>\$ 187,468</u>	<u>\$ 218,662</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2023	December 31, 2022	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 624,542	\$ 478,405	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")	435,686	331,816	Lease deposit, performance bond, security for provisional attachment, customer deposit, long-term borrowings, payables for bankers' acceptances
Notes receivable	526,390	270,620	Payables for bankers'
Land, building and structures	546,693	549,585	Long-term borrowings
Machinery and office equipment	116,739	286,775	Long-term borrowings and short-term borrowings
	<u>\$ 2,250,050</u>	<u>\$ 1,917,201</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 539,403</u>	<u>\$ 1,305,258</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In order to revitalize assets and improve the efficiency of the group's asset use, after integrating the group's factory space in Taiwan, the group plans to replace the Zhunan Keyan Road factory building planning with the existing Epistar Corporation's factory area. Therefore, on January 19, 2024, the board of directors decided to sell it based on the negotiation results between the buyer and the seller. The plant

on Keyan Road in Zhunan was sold to Polaris Biopharmaceuticals, Inc.

## 12. OTHERS

### (1) Capital risk management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 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	\$ 202,446	\$ 254,073
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	4,198,539	4,445,317
Financial assets at amortised cost		
Cash and cash equivalents	15,563,488	16,127,132
Financial assets at amortised cost	1,156,399	827,545
Notes receivable	758,666	1,872,810
Notes receivable - due from related parties	-	10,285
Accounts receivable	7,672,028	7,544,597
Accounts receivable - due from related parties	468,607	425,969
Other receivables	145,536	127,695
Other receivables - due from related parties	26,399	135,418
Guarantee deposits paid	53,731	79,650
	<u>\$ 30,245,839</u>	<u>\$ 31,850,491</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit and loss		
Financial liabilities held for trading	\$ 2,284	\$ 2,214
Financial liabilities at amortised cost		
Short-term borrowings	747,136	1,203,495
Short-term notes and bills payable	1,295,140	775,294
Notes payable	1,805	243,332
Accounts payable	2,692,899	2,195,394
Accounts payable to related parties	162,909	266,478
Other payables	3,810,923	4,619,754
Long-term borrowings (including current portion)	3,723,610	4,118,016
Long-term accounts payable	-	41,285
Guarantee deposits received	26,403	51,217
	<u>\$ 12,463,109</u>	<u>\$ 13,516,479</u>
Lease liabilities (including current portion)	<u>\$ 1,503,284</u>	<u>\$ 1,585,187</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:

December 31, 2023			
	Foreign currency		Book value
	amount (in thousands)	Exchange rate	(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 222,823	30.7050	\$ 6,841,780
RMB:NTD	264,844	4.3270	1,145,980
<u>Non-monetary items</u>			
USD:NTD	140,991	30.7050	4,329,129
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	65,689	30.7050	2,016,981
RMB:NTD	146,380	4.3270	633,386
December 31, 2022			
	Foreign currency		Book value
	amount (in thousands)	Exchange rate	(in thousands of NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 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

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

Year ended December 31, 2023				
Unrealized exchange gain (loss)				
Foreign currency				
	amount			Book value
	(in thousands)	Exchange rate		(in thousands of NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ -	30.7050	(\$	142,730)
RMB:NTD	-	4.3270	(	11,969)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	-	30.7050		40,245
RMB:NTD	-	4.3270		9,647
Year ended December 31, 2022				
Unrealized exchange gain (loss)				
Foreign currency				
	amount			Book value
	(in thousands)	Exchange rate		(in thousands of NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ -	30.7100	(\$	56,987)
RMB:NTD	-	4.4080	(	646)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	-	30.7100	(	18,557)
RMB:NTD	-	4.4080	(	904)
JPY:NTD	-	0.2324		3,074

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

Year ended December 31, 2023				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 68,418	\$	-
RMB:NTD	1%	11,460		-
<u>Non-monetary items</u>				
USD:NTD	1%	-		43,291
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	( 20,170)		-
RMB:NTD	1%	( 6,334)		-
Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 69,702	\$	-
RMB:NTD	1%	16,768		-
<u>Non-monetary items</u>				
USD:NTD	1%	-		32,534
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	( 29,874)		-
RMB:NTD	1%	( 8,130)		-

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$20,016 and

\$25,186, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$419,854 and \$444,532, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
  - ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$11,093 and \$10,806 for the years ended December 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 overdue for 90 days.
  - iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
    - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
    - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
    - (iii) Default or delinquency in interest or principal repayments;
    - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
  - v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
  - vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures all amounted to \$949,859 and \$18,623, respectively.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of December 31, 2023 and 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>December 31, 2023</u>						
Expected loss rate	0~5%	0~5%	0~56%	0~100%	0~100%	
Total book value	\$ 8,676,416	\$ 350,446	\$ 28,390	\$ 13,568	\$ 89,653	\$ 9,158,473
Loss allowance	<u>\$ 55</u>	<u>\$ 189</u>	<u>\$ 830</u>	<u>\$ 2,338</u>	<u>\$ 83,825</u>	<u>\$ 87,237</u>
	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	<u>\$ 280</u>	<u>\$ 254</u>	<u>\$ 2,909</u>	<u>\$ 6,131</u>	<u>\$ 1,037,110</u>	<u>\$ 1,046,684</u>
		<u>Individual provision</u>		<u>Group provision</u>	<u>Total</u>	
<u>December 31, 2023</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 68,089		\$ 9,090,384	\$ 9,158,473	
Loss allowance		<u>\$ 67,978</u>		<u>\$ 19,259</u>	<u>\$ 87,237</u>	
<u>December 31, 2022</u>						
Expected loss rate		100%		0%~100%		
Total book value		\$ 991,358		\$ 10,172,100	\$ 11,163,458	
Loss allowance		\$ 991,294		\$ 55,390	\$ 1,046,684	

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
Acquired from business combination	12	-
(Reversal of) provision for impairment	( 25,099)	6,308
Write-offs	( 899,067)	( 41,349)
Effect of exchange rate changes	( 252)	-
At December 31	\$ 12,155	\$ 75,082



	2022	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 995,276	\$ 100,316
(Reversal of) provision for impairment	( 58,783)	9,807
Write-offs	( 206)	-
Effect of exchange rate changes	274	-
At December 31	<u>\$ 936,561</u>	<u>\$ 110,123</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group held money market position of \$15,765,934 and \$16,291,198, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	\$ 12,950,154	\$ 11,487,018
Expiring beyond one year	14,098,784	15,426,259
	<u>\$ 27,048,938</u>	<u>\$ 26,913,277</u>

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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	-	-

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

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

	December 31, 2023			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 3,723,610</u>	<u>\$ -</u>	<u>\$ 3,736,188</u>	<u>\$ -</u>
	December 31, 2022			
	<u>Book value</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Long-term borrowings				
(including current portion)	<u>\$ 4,118,016</u>	<u>\$ -</u>	<u>\$ 4,117,506</u>	<u>\$ -</u>

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

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

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 150,143	\$ -	\$ -	\$ 150,143
Derivatives	-	52,303	-	52,303
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,097,312</u>	<u>-</u>	<u>3,101,227</u>	<u>4,198,539</u>
Total	<u>\$ 1,247,455</u>	<u>\$ 52,303</u>	<u>\$ 3,101,227</u>	<u>\$ 4,400,985</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 2,284</u>	<u>\$ -</u>	<u>\$ 2,284</u>

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	<u>\$ -</u>	<u>\$ 2,214</u>	<u>\$ -</u>	<u>\$ 2,214</u>

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

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

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

non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (c) The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Financial instruments	Financial instruments
At January 1	\$ 3,348,606	\$ 4,245,029
(Losses) gains recognised in profit or loss	( 3,706)	774
Losses recognised in other comprehensive income	( 137,372)	( 321,885)
Additions	-	188,200
Disposals	( 106,301)	( 303,530)
Transfers out from level 3	-	( 464,627)
Effect of exchange rate changes	-	4,645
At December 31	<u>\$ 3,101,227</u>	<u>\$ 3,348,606</u>

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

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 3,057,591	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~ 30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted stocks	41,136	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2023	1.40	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2023	26.69%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted stocks	2,500	Net asset value	N/A	-	N/A

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	\$ 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 stocks	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 stocks	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 stocks	45,071	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:

		December 31, 2023			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input Change				
Equity instrument	Multiple ±1%	\$ -	\$ -	\$ 31,012	(\$ 31,012)
		December 31, 2022			
		Recognised in profit or loss		Recognised in other comprehensive income	
		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input Change				
Equity instrument	Multiple ±1%	\$ 900	(\$ 900)	\$ 32,586	(\$ 32,586)

### 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: Please refer to table 5.

- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

14. SEGMENT INFORMATION

(1) General information:

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

(2) Segment information

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

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

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

<u>Year ended December 31, 2023</u>	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 14,044,396	\$ 7,713,164	\$ 548,120	\$ 22,305,680
Segment income	( 6,114,857)	( 107,120)	( 1,100,755)	( 7,322,732)
Segment income (loss) including :				
Interest income	154,671	82,254	2,654	239,579
Interest expense	178,539	9,155	4,250	191,944
Depreciation and amortisation	3,927,779	534,013	378,642	4,840,434
Investment loss under equity method	357,775	85,460	104,679	547,914
Income tax expense (benefit)	( 52,061)	( 10,647)	441	( 62,267)
<u>December 31, 2023</u>				
Segment assets	45,419,831	13,273,380	5,409,251	64,102,462
<u>Year ended December 31, 2022</u>	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 20,656,462	\$ 7,917,729	\$ 304,059	\$ 28,878,250
Segment income	757,527	( 338,290)	( 985,620)	( 566,383)
Segment income (loss) including :				
Interest income	60,771	38,350	5,479	104,600
Interest expense	120,871	8,672	2,059	131,602
Depreciation and amortisation	4,449,790	590,105	170,370	5,210,265
Investment loss under equity method	268,941	400,822	43,822	713,585
Income tax expense (benefit)	108,217	( 33,039)	7,737	82,915
<u>December 31, 2022</u>				
Segment assets	53,849,830	13,136,814	6,056,826	73,043,470

(4) Information on products and services

Please refer to Note 6 (24) for the related information.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:



	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,007,077	\$ 18,646,099	\$ 2,258,507	\$ 24,526,710
China	12,403,340	5,199,576	12,891,953	5,781,725
Hong Kong	1,188,906	414	1,522,528	105,790
Korea	1,159,552	1,422	680,315	1,464
Malaysia	2,203,157	-	2,132,841	-
Japan	1,865,326	-	7,403,290	-
Singapore	503,012	-	680,140	-
Others	975,310	10,467	1,308,676	12,881
	<u>\$ 22,305,680</u>	<u>\$ 23,857,978</u>	<u>\$ 28,878,250</u>	<u>\$ 30,428,570</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue		Revenue	
B	\$	2,755,184		2,660,661
D		1,977,254		1,786,146
C		1,507,573		7,001,287

ENNOSTAR INC. AND SUBSIDIARIES  
Loans to others  
Year ended December 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 year ended	Balance at 31-Dec-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-Dec-23								Item	Value			
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	\$ 500,000	\$ 500,000	\$ 200,000	2.15%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 500,000	\$ 4,737,417	\$ 14,212,252	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	355,600	346,160	346,160	3.45%~3.55%	Short-term financing	-	Working capital	-	Promissory Note	346,160	1,716,213	1,716,213	Note 2
1	Epicrystal (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	442,200	432,700	86,540	3.45%	Short-term financing	-	Working capital	-	Promissory Note	432,700	1,716,213	1,716,213	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	-	4,737,417	8,884,860	Note 3
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	551,225	521,985	521,985	5.95%	Short-term financing	-	Working capital	-	Promissory Note	521,985	3,553,944	8,884,860	Note 4
3	Lighting Investment Ltd.	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	199,875	184,230	184,230	5.95%	Short-term financing		Working capital	-	Promissory Note	184,230	726,518	726,518	Note 3
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	145,913	138,173	89,045	5.95%	Short-term financing		Working capital	-	Promissory Note	138,173	293,325	293,325	Note 3
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	133,350	129,810	129,810	3.65%	Short-term financing	-	Working capital	-	Promissory Note	129,810	144,935	144,935	Note 5

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended	Balance at 31-Dec-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-Dec-23								Item	Value			
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	-	\$ 970,467	\$ 2,911,402	Note 6
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	500,000	2.17%	Short-term financing	-	Working capital	-	Promissory Note	500,000	970,467	2,911,402	Note 6
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	-	970,467	2,911,402	Note 6
7	Lextar Electronics (Suzhou) Corp	Chuzhou Bwin Technology Corp.	Other receivables-related parties	Y	44,220	43,270	-	3.55%	Short-term financing	-	Working capital	-	None	-	1,525,967	3,814,917	Note 7
8	Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	865,400	865,400	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	3,691,000	3,691,000	Note 3

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

Note 2: Limit on loans granted by the subsidiary of Epistar, Epicrystal (Changzhou), limit on total loans is 40% of the Epicrystal (Changzhou)'s net asset, and 30% of Ennostar Inc.'s net asset ,and to a single party is 10% of the Epicrystal (Changzhou)'s net asset, and 10% of ENNOSTAR Inc's net asset.

Note 3: Limit on loans granted by Epistar JV, Lighting,Luxlite (HK) and Lextar Electronics (Chuzhou) Corp. to parent company and a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, limit on total loans is net asset of the Company and 30% of the net asset based on the latest financial statements of Ennistar Inc.,and to a single party is net asset of the Company and 10% of the net asset based on the latest financial statements of Ennostar Inc..The maximum term of the financing is three years.

Note 4: Limit on loans granted by the subsidiary of Epistar, Epistar JV, limit on total loans is net asset of Epistar JV and 30% of the net asset based on the latest financial statements of Ennostar Inc., and to a single party is 40% of Epistar JV 's net asset and 10% of the net asset based on the latest financial statements of Ennostar Inc..

Note 5: Limit on loans granted by the subsidiary of Epistar, United LED Shan Dong, limit on total loans is 40% of United LED Shan Dong's net asset, and 30% of the net asset based on the latest financial statements of Ennostar Inc. , and to a single party is 40% of the United LED Shan Dong's net asset and 10% of the net asset based on the latest financial statements of Ennostar Inc..

Note 6: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 asset, and the ceiling on total loans granted is 30% of its net asset.

Note 7: Limit on loans granted by the subsidiary of Lextar Electronics Corporation, Lextar (Suzhou), limit on total loans is net asset of Lextar (Suzhou) and 30% of the net asset based on the latest financial statements of Ennostar Inc., and to a single party is 40% of its net net asset, and 10% of the net asset based on the latest financial statements of Ennostar Inc..

Table 1-2

ENNOSTAR INC. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Year ended December 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 December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote	
			Relationship with the endorser/ guarantor (Note 2)													
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	\$	3,297,450	\$	300,000	\$	-	-	\$	6,594,901	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3		3,297,450		3,250,000		-	-		9.86	6,594,901	N	Y	N

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: In accordance with the Epistar's Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 20% of the Company's net asset, and the limit on endorsements/guarantees to a single party is 10% of its net asset.

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

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				
				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	169,946	13.68	169,946	
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	784,786	10.00	784,786	
Epistar Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

				As of December 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	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	\$ 631,938	8.53	\$ 631,938	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	0.04	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	214,373	19.90	214,373	
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.49	-	
Epistar Corporation	Nanocrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar JV Holding (BVI) Co.,Ltd.	Bridgelux Optoelectronics (Xiamen) Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	56,316,532	1,691,177	18.77	1,691,177	
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	-	15.00	-	
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	44,736	0.94	44,736	

Table 3-2

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Episky Corporation(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	\$ -	4.08	\$ -	
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO SYSTEMS, INC (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	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	10,607	10.00	10,607	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	71,319	5.74	71,319	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	274,694	7.84	274,694	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,769	2.17	9,769	

Table 3-3

				As of December 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	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	\$ 7,933	16.92	\$ 7,933	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for using equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	-	1,891	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	150,144	4.28	150,143	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	59,374	0.17	59,374	Note1
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	190,680	2.57	190,680	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	25,380	2.04	25,380	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	-	8.97	-	

Table 3-4



				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	\$ 21,635	5.00	\$ 21,635	
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	41,136	5.22	41,136	
Shenzhen Epikylin Optoelectronics Co.,Ltd	LANKE ELECTRONIC CO.,LTD	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB1,351,030.69	-	1.31	-	

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

Table 3-5

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 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)		Disposal (Note 3)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ENNOSTAR Inc.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Investments accounted for under using equity method	Yenrich Technology Corporation	Investments measured by equity method	-	\$ -	cash \$ 306,962 RMB100,900		-	\$ -	\$ -	\$ -	cash \$ 306,962 RMB100,900	
Epistar Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	-	116,771,473	1,613,000	116,771,473	1,615,668	1,613,000	2,668	-	-
Epistar Corporation	Taishin Ta Chong Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	-	161,089,653	2,332,000	161,089,653	2,334,087	2,332,000	2,087	-	-
Epistar Corporation	Hua Nan Phoenix Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	-	66,963,644	1,110,000	66,963,644	1,112,355	1,110,000	2,355	-	-
Epistar Corporation	Capital Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	-	90,596,815	1,490,000	90,596,815	1,492,580	1,490,000	2,580	-	-

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 )		Disposal ( Note 3 )				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Epistar Corporation	CTBC Hwa-win Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	\$ -	43,650,269	\$ 490,000	43,650,269	\$ 490,530	\$ 490,000	\$ 530	-	\$ -
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Investments accounted for using equity method	ENNOSTAR Inc.	Parent company	cash RMB100,900	451,407	-	-	cash RMB100,900	306,962	344,407	7,230	-	-

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 using 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.

Table 4-2

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate		Transaction date or date	Transaction amount	Status of payment	Counterparty	Relationship with the seller	If the counterparty is a related party, information as to the last transfer of data				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
acquired by	Real estate	of the event	amount	payment	Counterparty	with the seller	Owner	Relationship between the issuer	Date of the transfer	Amount	setting the price	real estate	commitments
Unikorn Semiconductor Corporation	Factory facilities and machinery equipment	2023/06/13 ~6/27	\$ 362,001	According to the agreement of both parties	Epistar Corporation	Both are subsidiaries of ENNOSTAR Inc.	The original counterparties of Epistar were all equipment suppliers, which were not belong to related parties	-	-	\$ -	Experts' appraisal report	For the transfer of equipment transactions between the Group, Unikorn acquired production-related equipment from Epistar to align ownership and management rights.	None

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
Epistar Corporation	Factory facilities and machinery equipment	2023/06/13 ~6/27	2001~2022	\$ 303,890	\$ 362,001	According to the agreement of both parties	\$ 58,111	Unikorn Semiconductor Corporation	Both are subsidiaries of ENNOSTAR Inc.	For the transfer of equipment transactions between the group, Unikorn obtained production-related equipment from Epistar to align ownership and management rights.	Based on a comprehensive consideration of the carrying amount of Epistar's assets and experts' appraisal reports.	None

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction		Credit term	Differences in transaction terms		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 1	Sales	(\$ 257,393)	( 7)	90 days after monthend closing	Normal	Normal	\$ 72,556	3	
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Note 1	Sales	( 174,839)	( 5)	60 days after monthend closing	Normal	Normal	35,116	1	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 1,246,231)	( 35)	100 days after monthend closing	Normal	Normal	409,297	16	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	( 324,744)	( 9)	60 days after monthend closing	Normal	Normal	64,650	2	
Epistar Corporation	LEDAS Co., Ltd	Note 1	Sales	( 248,663)	( 3)	90 days after monthend closing and 20 days after next monthly billings	Normal	Normal	89,620	2	
Epistar Corporation	Lextar Electronics Corporation	Note 1	Sales	( 108,738)	( 1)	90 days after monthend closing	Normal	Normal	38,957	1	
Epistar Corporation	Unikorn Semiconductor Corporation	Note 1	Sales	( 105,990)	( 1)	120 days after monthend closing	Normal	Normal	24,699	1	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 495,509)	( 6)	180 days after next month-end closing	Normal	Normal	280,403	6	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 1,130,760)	( 14)	150 days after next month-end closing	Normal	Normal	396,468	9	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	( 378,115)	( 26)	90 days after monthend closing	Normal	Normal	166,683	9	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	( 681,953)	( 47)	180 days after next month-end closing	Normal	Normal	315,726	18	

Table 7-1

Transaction						Differences in transaction terms		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 1,077,583)	( 74)	180 days after next month-end closing	Normal	Normal	1,238,105	69	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	( 163,612)	( 14)	90 days after monthend closing	Normal	Normal	24,923	2	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 1,146,378)	( 99)	120 days after monthend closing	Normal	Normal	827,772	65	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	( 374,473)	( 32)	90 days after monthend closing	Normal	Normal	271,993	21	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	1,146,378	27	120 days after monthend closing	Normal	Normal	( 827,772)	( 36)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	1,130,760	26	150 days after next month-end closing	Normal	Normal	( 396,468)	( 17)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	1,077,583	25	180 days after next month-end closing	Normal	Normal	( 1,238,105)	( 54)	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	163,612	3	90 days after monthend closing	Normal	Normal	( 24,923)	( 2)	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	324,744	6	60 days after monthend closing	Normal	Normal	( 64,650)	( 5)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	681,953	12	180 days after next month-end closing	Normal	Normal	( 315,726)	( 23)	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	374,473	31	90 days after monthend closing	Normal	Normal	( 271,993)	( 81)	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	378,115	30	90 days after monthend closing	Normal	Normal	( 166,683)	( 55)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	495,509	28	180 days after next month-end closing	Normal	Normal	( 280,403)	( 41)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	1,246,231	72	100 days after monthend closing	Normal	Normal	( 409,297)	( 59)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	2,346,035	72	120 days after monthend closing	Normal	Normal	( 774,205)	( 60)	
Lextar Electronics Corporation	Epistar Corporation	Note 1	Purchases	108,738	3	OA 120 days	Normal	Normal	( 38,957)	( 3)	

Table 7-2

Transaction						Differences in transaction terms		Notes/accounts receivable (payable)			Footnote
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Lextar Electronics Corporation	Tyntek Corporation	Note 1	Purchases	\$ 140,168	4	OA 120 days	Normal	Normal	(\$ 38,745) (	3)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	390,228	94	90 days after monthend closing	Normal	Normal	( 11,451) (	6)	
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	257,393	8	OA 90 days	Normal	Normal	( 72,556) (	6)	
Shanghai Welight Electronic Co., LTD.	ProLight Opto Technology Corporation	Note 1	Purchases	115,820	71	120 days after monthend closing	Normal	Normal	( 63,633) (	154)	
Lextar Electronics Corporation	AUO (Suzhou) Corp Ltd.	Other related parties	Sales	( 174,558) (	4)	120 days after monthend closing	Normal	Normal	79,380	7	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	( 374,282) (	8)	120 days after monthend closing	Normal	Normal	114,138	9	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	( 2,346,035) (	50)	120 days after monthend closing	Normal	Normal	774,205	53	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	( 390,228) (	8)	90 days after monthend closing	Normal	Normal	11,451	1	
Yenrich Technology Corporation	Lextar Electronics Corporation	Note 1	Sales	( 160,680) (	65)	120 days after monthend closing	Normal	Normal	8,972	22	
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	Note 1	Sales	( 115,820) (	23)	120 days after monthend closing	Normal	Normal	63,633	48	

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

Table 7-3



ENNOSTAR INC. AND SUBSIDIARIES  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
December 31, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023		Total	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable			Amount	Action taken		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	\$ -	\$ 203,504	\$ 203,504	\$ -	\$ -	-	\$ 207	\$ -
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	539,078	539,078	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	409,297	-	409,297	2.76	-	-	97,551	-
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 2	64,650	53,017	117,667	( 4.39)	-	-	29,575	-
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	280,403	2,553	282,956	1.71	-	-	38,068	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	396,468	23,533	420,001	3.84	1,742	-	121,436	-
United LED Corporation (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Note 2	-	130,218	130,218	-	-	-	130,218	-
Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	166,683	347,333	514,016	0.92	-	-	-	-
Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	Note 2	315,726	580	316,306	1.30	-	-	-	-
Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	1,238,105	86,590	1,324,695	1.28	220,528	-	70,986	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	827,772	-	827,772	2.26	269,206	-	173,312	-
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Note 2	271,993	349	272,342	2.75	-	-	37,688	-
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	190,266	190,266	-	-	-	-	-
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	114,138	-	114,138	5.13	-	-	114,138	-
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	500,000	500,000	-	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 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 (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	\$ 774,205	\$ 2,178	\$ 776,383	5.05	-	-	\$ 224,610	\$ -

Note 1: The amount recovered by Epistar Corporatio from Episky Corporation (Xiamen) Ltd. was \$1,633 for overdue amounts.

The amount recovered by Jiangsu Canyang Optoelectronics Ltd. from Episky Corporation (Xiamen) Ltd. was \$173,312 for overdue amounts. All the unoverdue amounts are being actively collected.

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

ENNOSTAR INC.AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	1	Other receivable	\$ 203,304	Based on contract terms	0.32
0	ENNOSTAR Inc.	Lextar Electronics Corporation	1	Other operating revenue	107,139	Based on contract terms	0.48
0	ENNOSTAR Inc.	Epistar Corporation	1	Other operating revenue	218,261	Based on contract terms	0.98
1	Epistar Corporation	Lextar Electronics Corporation	1	Sales	108,738	Conducted in the ordinary course of business with terms similar to those with third parties	0.49
1	Epistar Corporation	Unikorn Semiconductor Corporation	1	Sales	105,990	Conducted in the ordinary course of business with terms similar to those with third parties	0.48
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	1	Sales	495,509	Conducted in the ordinary course of business with terms similar to those with third parties	2.22
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	1	Sales	1,130,760	Conducted in the ordinary course of business with terms similar to those with third parties	5.07
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	1	Accounts receivable	280,403	Conducted in the ordinary course of business with terms similar to those with third parties	0.44

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	1	Accounts receivable	\$ 396,468	Conducted in the ordinary course of business with terms similar to those with third parties	0.62
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Sales	257,393	Conducted in the ordinary course of business with terms similar to those with third parties	1.15
2	Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	3	Sales	174,839	Conducted in the ordinary course of business with terms similar to those with third parties	0.78
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	1,246,231	Conducted in the ordinary course of business with terms similar to those with third parties	5.59
2	Episky Corporation (Xiamen) Ltd.	Epistar Corporation	2	Sales	324,744	Conducted in the ordinary course of business with terms similar to those with third parties	1.46
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	409,297	Conducted in the ordinary course of business with terms similar to those with third parties	0.64
3	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	378,115	Conducted in the ordinary course of business with terms similar to those with third parties	1.70
3	Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	2	Sales	681,953	Conducted in the ordinary course of business with terms similar to those with third parties	3.06
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,077,583	Conducted in the ordinary course of business with terms similar to those with third parties	4.83
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Notes receivable	341,186	Conducted in the ordinary course of business with terms similar to those with third parties	0.53

Table 9-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	\$ 166,683	Conducted in the ordinary course of business with terms similar to those with third parties	0.26
3	Epicrystal Corporation (Changzhou) Ltd.	Epistar Corporation	2	Accounts receivable	315,726	Conducted in the ordinary course of business with terms similar to those with third parties	0.49
3	Epicrystal Corporation (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	896,919	Conducted in the ordinary course of business with terms similar to those with third parties	1.40
3	Epicrystal Corporation (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Other receivable	347,333	Conducted in the ordinary course of business with terms similar to those with third parties	0.54
4	Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	2	Sales	163,612	Conducted in the ordinary course of business with terms similar to those with third parties	0.73
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	1,146,378	Conducted in the ordinary course of business with terms similar to those with third parties	5.14
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Sales	374,473	Conducted in the ordinary course of business with terms similar to those with third parties	1.68
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Notes receivable	142,197	Conducted in the ordinary course of business with terms similar to those with third parties	0.22
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	827,772	Conducted in the ordinary course of business with terms similar to those with third parties	1.29
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal Corporation (Changzhou) Ltd.	3	Accounts receivable	129,796	Conducted in the ordinary course of business with terms similar to those with third parties	0.20

Table 9-3

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
5	United LED Corporation (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	3	Other receivable	\$ 130,218	Based on contract terms	0.20
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	2	Other receivable	539,078	Based on contract terms	0.84
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	190,266	Based on contract terms	0.30
8	Lextar Electronics Corporation	Epistar Corporation	3	Cost of goods sold	108,738	Conducted in the ordinary course of business with terms similar to those with third parties	0.49
8	Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	3	Cost of goods sold	257,393	Conducted in the ordinary course of business with terms similar to those with third parties	1.15
9	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	500,000	Based on contract terms	0.78
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	2,346,035	Conducted in the ordinary course of business with terms similar to those with third parties	10.52
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	774,205	Conducted in the ordinary course of business with terms similar to those with third parties	1.21
9	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	390,228	Conducted in the ordinary course of business with terms similar to those with third parties	1.75
10	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Sales	160,680	Conducted in the ordinary course of business with terms similar to those with third parties	0.72

Table 9-4

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	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	3	Sales	\$ 115,820	Conducted in the ordinary course of business with terms similar to those with third parties	0.52

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs

to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.

For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023			Investment income (loss) recognised by the Company for the year ended December 31, 2023		
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
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	\$ 32,871,412	(\$ 6,060,593)	(\$ 6,106,299)	
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	11,015,335	( 527)	( 53,255)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	1,150,000	115,000,000	100.00	706,482	( 220,874)	( 220,874)	
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	622,100	( 131,953)	( 10,458)	Note1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	40,212	6,922,000	75.96	14,494	( 13,671)	( 10,385)	
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	309,374	( 792,236)	( 75,156)	Note1

Table 10-1



				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	\$ 440,000	\$ 440,000	44,000,000	100.00	\$ 366,250	(\$ 57,229)	(\$ 57,229)	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	783,132	593,132	65,700,000	19.53	107,389	( 891,055)	( 164,192)	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	480,000	270,000	48,000,000	100.00	49,086	( 49,998)	( 49,998)	
ENNOSTAR Inc.	Praistar Investment Corp	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	27,542	( 36,909)	( 36,909)	
ENNOSTAR Inc.	Manastar Investment Corp	Taiwan	Professional investment	1,000	1,000	100,000	100.00	974	( 7)	( 7)	
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	357,463	( 792,236)	( 75,027)	Note1
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	263,864	209,551	13,089,000	4.35	257,152	( 131,953)	( 5,443)	Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	15.45	79,037	( 891,055)	( 140,510)	
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	476,300	268,000	23,815,020	7.08	45,443	( 891,055)	( 49,958)	

Table 10-2

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Footnote	
									of the investee for the year ended December 31, 2023	recognised by the Company for the year ended December 31, 2023		
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC	\$ 265,135	\$ 265,135	6,500,000	5.84	\$ 196,468	(\$ 792,236)	(\$ 54,125)	Note1	
Calystar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	151,238	97,787	8,094,000	2.69	143,778	( 131,953)	( 3,294)	Note1	
Praistar Investment Corp	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	3.98	25,546	( 891,055)	( 36,923)		
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	975	( 792,236)	( 4)	Note1	
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	34.30	53,262	( 22,013)	( 8,330)		
Epistar Corporation	Epistar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	8,848,099	( 486,603)	( 518,609)		
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	-	166,785	-	0.00	-	-	-		
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	1,561,814	191,478,518	100.00	1,570,771	8,947	10,251		
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	826,083	826,083	40,000,000	11.89	75,597	( 891,055)	( 108,571)		

Table 10-3

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment income (loss)	Footnote
									of the investee for the year ended December 31, 2023	recognised by the Company for the year ended December 31, 2023	
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	\$ 31,792	\$ 31,792	3,179,176	49.00	\$ 2,363	(\$ 76)	(\$ 37)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	43,980	3,619	1,448	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	77,700	77,700	1,118,600	64.32	678	697	448	
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	1,175	( 131,953)	( 27)	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	56,679	( 6,414)	( 226)	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	Samoa	Professional investment	334,967	334,967	12,551,035	100.00	3,318	82	82	
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	3,302,292	( 238,730)	( 196,737)	
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	258,619	( 6,635)	( 4,967)	
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	1,954,893	( 288,026)	( 288,026)	
Epistar JV Holding (BVI) Co.,Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,385,900	4,370,156	66,438,929	87.41	1,405,455	( 6,414)	( 5,382)	
Lighting Investment Ltd.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	49,914	( 24,455)	

Table 10-4

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Footnote	
									of the investee for the year ended December 31, 2023	recognised by the Company for the year ended December 31, 2023		
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	\$ 12,806	\$ 12,806	429,000	30.00	\$ 7,475	(\$ 11,724)	(\$ 3,517)		
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	293,337	13,448	13,448		
LiteStar 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	4,006,499	( 238,569)	( 238,569)		
Lighting Investment Corporation	LEDAZ CO., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	49,914	( 16,376)		
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,643	100	726,518	( 9,031)	( 9,031)		
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	-	133,403	-	-	-	-	-		
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	110,462	( 6,414)	( 441)		
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	-	67,101	-	-	-	( 21,358)	( 19,001)		
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,933	( 1,164)	( 698)		
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	11,599	1,757,000	11.26	2,805	( 23,969)	( 2,783)	Note1	

Table 10-5

				Initial investment amount		Shares held as at December 31, 2023						
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment	Footnote	
									of the investee for the year ended December 31, 2023	recognised by the Company for the year ended December 31, 2023		
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	\$ 767	(\$ 131,953)	(\$ 27)	Note1	
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	952	697	249		
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	311	( 64)	( 32)		
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	145,486	( 255,482)	( 8,456)		
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	583,853	( 1,762,498)	( 188,915)		
Episky Corporation (Xiamen) Ltd	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	164,862	122,036	cash RMB38,800,000	9.70	133,547	( 56,109)	( 5,492)		
Episky Corporation (Xiamen) Ltd	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	219,874	30,429	30,429		
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	2,709,310	2,709,310	90,270,000	100.00	2,613,816	155,548	155,548		
Lextar Electronics Corporation	Wellybond Optronics (H.K) Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,864	18	18		

Table 10-6

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	\$ 44,898	\$ 44,898	5,153,061	100.00	\$ 172,521	\$ 10,235	\$ 10,235	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,240,082	74,869	74,869	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	114,547	( 11,701)	( 11,701)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	467,228	( 96,024)	( 96,024)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	20,874	18,100	3,150,000	100.00	44,459	4,802	4,473	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.52	46,034	( 99,587)	( 33,052)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	580,487	980,487	26,000,000	100.00	177,373	( 162,276)	( 162,276)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	99,081	97,031	6,700,000	9.84	76,486	( 125,783)	( 12,129)	
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	989	( 131,953)	( 139)	Note1

Table 10-7

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 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	\$ 4,951	\$ 447	\$ 447	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	23,848	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	3,153	1,433	717	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.52	46,030	( 99,587)	( 33,050)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply	51,400	30,000	30,700,000	87.46	22,889	( 15,283)	( 12,910)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	68,250	4,550,000	29.17	33,736	( 23,969)	( 14,772)	Note1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	313,670	303,264	21,417,000	31.47	244,491	( 125,783)	( 38,283)	
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	976	( 131,953)	( 141)	Note1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	96,604	91,763	6,700,000	9.84	76,486	( 125,783)	( 11,787)	

Table 10-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023						Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	Investment		
									of the investee for the year ended December 31, 2023	recognised by the Company for the year ended December 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	\$ 982	(\$ 131,953)	(\$ 137)	註1	
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	4,363,065	29.27	41,771	( 52,839)	( 23,621)		
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	27,366	-	0.00	-	( 125,783)	( 2,027)		
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	-	0.00	-	( 131,953)	( 96)	Note1	
ProLight Opto Technology Corporation	Prolight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	( 2,296)	( 2,617)	( 2,617)		

Table 10-9



				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Prolight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	\$ 4,403	\$ 4,403	150,000	100.00	(\$ 2,296)	(\$ 2,617)	(\$ 2,617)	
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	3,691,002	272,807	272,807	
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	29.00	63,524	( 104,578)	( 49,694)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	244,748	-	cash RMB66,400,000	66.40	194,200	( 104,578)	( 43,285)	

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

ENNOSTAR INC. AND SUBSIDIARIES  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023		Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan								
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Developing, manufacturing and sales of LED packages, modules and related applications	\$ 1,766,000	1	\$ 525,815	\$ 147,045	\$ 89,432	\$ 583,428	(\$ 56,109)	33.63	(\$ 21,300)	\$ 495,255	\$ -	-	2(3) 、7
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	2,124,096	2	2,124,096	-	-	2,124,096	( 288,026)	100.00	( 288,026)	1,954,886	-	-	2(3)
United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	2,404,500	2	1,824,844	-	-	1,824,844	( 6,803)	74.86	( 5,093)	271,248	-	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	( 255,482)	76.95	( 196,605)	3,301,755	-	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	-	0.00	-	-	57,480	-	2(1)
Bridgelux Optoelectronic (Xiamen) Co.,Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	1,691,177	-	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Amount remitted from Taiwan to				Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023						
					Remitted to Mainland China	Remitted back to Taiwan							
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	-	-	-	2(3)
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	75,048	2	7,818	-	-	7,818	-	-	-	-	-	2(3)
Huarui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	479,839	2	215,687	-	-	215,687	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	-	56,843	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,576,953	15,744	-	2,592,697	67,667	97.81	66,185	1,697,687	-	2(3)

Table 11-2

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 year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	\$ 3,722,205	2	\$ 3,585,860	\$ -	\$ -	\$ 3,585,860	\$ 231,556	100.00	\$ 231,556	\$ 3,827,342	\$ -	2(2)
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	32,759	2	32,759	-	32,759	-	155	-	155	-	-	2(3)、6
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	( 2,617)	51.15	( 2,617)	( 2,242)	-	2(2)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 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
ENNOSTAR Inc.	\$ 436,383	\$ 306,962	\$ 47,374,174
Epistar Corporation	\$ 12,694,097	\$ 13,827,776	\$ 17,462,412
Lextar Electronics Corporation	\$ 3,737,600	\$ 4,198,743	\$ 9,704,674

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

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

Note 2: Investment income or loss in this period:

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

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

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

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

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

Note 6: Lextar Electronics (Xiamen) Co., Ltd. had applied for deregistration in January 2023 and remitted the residual property amounting to USD 297,928.34 to LEXTAR (SINGAPORE) PTE. LTD. in Singapore, an investee in the third area.

Note 7: In September 2023, Yenrich Technology Corporation transferred all the equity interests in LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. to ENNOSTAR Inc. Pursuant to the Jing-Shen-II-Zi Letter No.11200120910 on September 11, 2023, the original approval of the investment of Yenrich Technology Corporation was cancelled as the transfer of LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. was implemented and approved by the Investment Commission. ENNOSTAR Inc. acquired the equity interests in EADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd. in the amount of NT\$ 306,962 thousand, which was the investment amount of Yenrich Technology Corporation as originally approved by the Investment Commission.

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		(payable)		endorsements/guarantees or		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31,	Balance at December 31,	Interest rate	Interest during the year ended December 31,	Others
									2023	2023		2023	
Shenzhen Epikylin Optoelectronics Co.,Ltd	\$ 328,416	3.02	\$ -	-	\$ 230,861	0.45	\$ -	-	\$ -	\$ -	-	\$ -	-
Episky Corporation (Xiamen) Ltd.	925,959	8.52	30,455	1.91	545,910	1.06	-	-	69,342	-	-	-	-
Jiangsu Canyang Optoelectronics Ltd.	( 139,305)	(1.28)	-	-	( 35,999)	(0.07)	-	-	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	( 228,295)	(2.10)	-	-	( 57,876)	(0.11)	-	-	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	( 538,180)	(4.95)	-	-	( 320,621)	(0.62)	-	-	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	( 1,807,205)	(30.48)	-	-	( 968,433)	(7.14)	-	-	-	-	-	-	-

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

ENNOSTAR INC. AND SUBSIDIARIES

Major Shareholders Information

December 31, 2023

Table 13

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