

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

## INDEPENDENT AUDITORS' REVIEW REPORT

PWCR 23000166

To the Board of Directors and Shareholders of ENNOSTAR Inc.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of ENNOSTAR Inc. and subsidiaries (the “Group”) as at September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries and information disclosed in Note 13 were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$6,366,713 thousand and NT\$6,521,392 thousand, constituting 9.01% and 8.68% of the consolidated total assets as at September 30, 2023 and 2022, respectively, total liabilities amounted to NT\$1,093,188 thousand and NT\$795,141 thousand, constituting 6.56% and 4.54% of the consolidated total liabilities as at September 30, 2023 and 2022 respectively, and the total comprehensive (loss) income amounted to NT\$(137,065) thousand, NT\$(173,310) thousand, NT\$(183,351) thousand and NT\$1,660 thousand, constituting 31.06%, (169.12%), 6.85% and 0.24% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. Additionally, investee companies accounted for under the equity method were based on the company's financial statements of the same reporting period which were not reviewed by the independent accountants. As of September 30, 2023 and 2022, the balance of these investments accounted for under the equity method amounting to NT\$2,518,597 thousand and NT\$2,606,929 thousand, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounting to NT\$425,825 thousand, NT\$310,882 thousand, NT\$646,127 thousand and NT\$407,498 thousand were included.

### ***Qualified conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for Qualified Conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2023 and 2022, and of its consolidated financial performance for the

three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

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Li, Tien-Yi

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 3, 2023

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

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Assets		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 16,830,095	24	\$ 16,127,132	22	\$ 15,106,205	20
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		137,863	-	164,066	-	160,449	-
1136	Current financial assets at	6(4) and 8						
	amortised cost		626,821	1	647,408	1	580,684	1
1150	Notes receivable, net	6(5) and 8	732,690	1	1,872,810	3	1,706,639	2
1160	Notes receivable due from	7						
	related parties, net		-	-	10,285	-	-	-
1170	Accounts receivable, net	6(5)	7,906,479	11	7,544,597	10	9,162,480	12
1180	Accounts receivable - related	7						
	parties, net		596,221	1	425,969	1	401,119	1
1200	Other receivables		211,080	-	127,695	-	261,814	1
1210	Other receivables - related	7						
	parties		24,591	-	135,418	-	55,002	-
130X	Inventories	6(6)	4,464,773	7	4,825,045	7	5,471,678	7
1410	Prepayments		618,633	1	761,976	1	934,591	1
1470	Other current assets		49,936	-	20,627	-	13,628	-
11XX	<b>Current Assets</b>		<u>32,199,182</u>	<u>46</u>	<u>32,663,028</u>	<u>45</u>	<u>33,854,289</u>	<u>45</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at	6(2)						
	fair value through profit or loss		78,881	-	90,007	-	85,619	-
1517	Non-current financial assets at	6(3)						
	fair value through other							
	comprehensive income		4,569,034	6	4,445,317	6	4,248,055	6
1535	Non-current financial assets at	6(4) and 8						
	amortised cost		242,266	-	180,137	-	178,994	-
1550	Investments accounted for	6(7)						
	using equity method		3,408,712	5	3,608,999	5	3,838,533	5
1600	Property, plant and equipment	6(8) and 8	20,872,619	30	22,037,075	30	22,710,531	30
1755	Right-of-use assets	6(9)	1,748,355	2	1,905,157	3	2,081,234	3
1760	Investment property, net		682,709	1	692,498	1	710,174	1
1780	Intangible assets	6(10)	4,775,479	7	4,907,583	7	4,953,476	7
1840	Deferred income tax assets		1,704,050	2	1,717,418	2	1,698,904	2
1900	Other non-current assets		398,411	1	796,251	1	750,465	1
15XX	<b>Non-current assets</b>		<u>38,480,516</u>	<u>54</u>	<u>40,380,442</u>	<u>55</u>	<u>41,255,985</u>	<u>55</u>
1XXX	<b>Total assets</b>		<u>\$ 70,679,698</u>	<u>100</u>	<u>\$ 73,043,470</u>	<u>100</u>	<u>\$ 75,110,274</u>	<u>100</u>

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**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of September 30, 2023 and 2022 are reviewed, not audited)

Liabilities and Equity		Notes	September 30, 2023		December 31, 2022		September 30, 2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12) and 8	\$ 1,770,330	3	\$ 1,203,495	2	\$ 667,343	1
2110	Short-term notes and bills payable	6(14) and 8	1,008,948	1	775,294	1	953,905	1
2120	Financial liabilities at fair value through profit or loss - current	6(13)	41,801	-	2,214	-	88,963	-
2150	Notes payable		1,187	-	243,332	-	210,329	-
2170	Accounts payable		2,759,101	4	2,195,394	3	2,628,494	4
2180	Accounts payable - related parties	7	245,307	-	266,478	-	288,830	-
2200	Other payables	6(15) and 7	4,047,329	6	4,619,754	6	5,188,669	7
2230	Current income tax liabilities		21,360	-	30,804	-	22,282	-
2280	Current lease liabilities		109,548	-	108,817	-	107,863	-
2320	Long-term liabilities, current portion	6(16) and 8	1,672,706	2	426,518	1	101,767	-
2399	Other current liabilities - others		392,788	1	440,276	1	446,364	1
21XX	<b>Current Liabilities</b>		<u>12,070,405</u>	<u>17</u>	<u>10,312,376</u>	<u>14</u>	<u>10,704,809</u>	<u>14</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(16) and 8	2,395,342	3	3,691,498	5	4,076,300	5
2570	Deferred income tax liabilities		421,976	1	421,272	-	402,773	1
2580	Non-current lease liabilities		1,422,823	2	1,476,370	2	1,639,279	2
2600	Other non-current liabilities	6(19)	350,900	1	480,958	1	701,460	1
25XX	<b>Non-current liabilities</b>		<u>4,591,041</u>	<u>7</u>	<u>6,070,098</u>	<u>8</u>	<u>6,819,812</u>	<u>9</u>
2XXX	<b>Total Liabilities</b>		<u>16,661,446</u>	<u>24</u>	<u>16,382,474</u>	<u>22</u>	<u>17,524,621</u>	<u>23</u>
Equity attributable to owners of parent company								
Share capital								
3110	Share capital - common stock	6(20)	7,547,840	11	7,547,840	11	7,547,840	10
Capital surplus								
3200	Capital surplus	6(21)	46,564,703	66	46,421,664	64	46,611,989	62
Retained earnings								
3310	Legal reserve	6(22)	216,945	-	216,945	-	216,945	-
3320	Special reserve		154,927	-	290,598	-	290,598	-
3350	Unappropriated retained earnings (Accumulated deficit)		( 2,671,513)	( 4)	147,022	-	1,084,623	2
Other equity interest								
3400	Other equity interest	6(23)	570,261	1	75,010	-	11,308	-
3500	Treasury stocks	6(20)	( 294,810)	( 1)	( 294,810)	-	( 294,810)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>52,088,353</u>	<u>73</u>	<u>54,404,269</u>	<u>75</u>	<u>55,468,493</u>	<u>74</u>
36XX	Non-controlling interest		<u>1,929,899</u>	<u>3</u>	<u>2,256,727</u>	<u>3</u>	<u>2,117,160</u>	<u>3</u>
3XXX	<b>Total equity</b>		<u>54,018,252</u>	<u>76</u>	<u>56,660,996</u>	<u>78</u>	<u>57,585,653</u>	<u>77</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 70,679,698</u>	<u>100</u>	<u>\$ 73,043,470</u>	<u>100</u>	<u>\$ 75,110,274</u>	<u>100</u>

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

ENNOSTAR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)  
(Unaudited)

Items			Three months ended September 30				Nine months ended September 30			
			2023		2022		2023		2022	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(24) and 7	\$ 6,159,490	100	\$ 6,684,302	100	\$ 16,731,395	100	\$ 23,011,170	100
5000	Operating costs	6(6) and 7	( 5,623,653)	( 91)	( 5,806,361)	( 87)	( 16,015,951)	( 96)	( 18,497,390)	( 80)
5900	Operating margin		535,837	9	877,941	13	715,444	4	4,513,780	20
5910	Unrealized (profit) loss from sales		58	-	( 139)	-	13	-	( 50)	-
5920	Realized (profit) loss from sales		-	-	1	-	( 26)	-	( 40)	-
5950	Net operating margin		535,895	9	877,803	13	715,431	4	4,513,690	20
	Operating expenses	6(30)(31)								
6100	Selling expenses		( 242,662)	( 4)	( 217,077)	( 3)	( 684,037)	( 4)	( 670,289)	( 3)
6200	General and administrative expenses		( 424,243)	( 7)	( 472,963)	( 7)	( 1,296,106)	( 7)	( 1,515,499)	( 6)
6300	Research and development expenses		( 636,695)	( 10)	( 695,211)	( 11)	( 1,965,479)	( 12)	( 1,998,532)	( 9)
6450	Expected credit profit (loss)		( 2,974)	-	48,674	1	24,301	-	( 14,701)	-
6000	Total operating expenses		( 1,306,574)	( 21)	( 1,336,577)	( 20)	( 3,921,321)	( 23)	( 4,199,021)	( 18)
6500	Other income and expenses - net	6(25)	6,679	-	21,910	1	29,755	-	68,296	-
6900	Operating profit (loss)		( 764,000)	( 12)	( 436,864)	( 6)	( 3,176,135)	( 19)	382,965	2
	Non-operating income and expenses									
7100	Interest income	6(26)	63,757	1	29,344	-	172,778	1	60,228	-
7010	Other income	6(27)	146,676	3	121,268	2	384,929	2	376,366	2
7020	Other gains and losses	6(28) and 7	( 38,276)	( 1)	141,569	2	97,983	1	337,698	1
7050	Finance costs	6(29)	( 54,723)	( 1)	( 35,128)	( 1)	( 145,164)	( 1)	( 98,845)	( 1)
7055	Expected credit gains (losses)		4,829	-	( 1,299)	-	( 6,315)	-	( 7,881)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	( 110,835)	( 2)	( 362,085)	( 5)	( 493,761)	( 3)	( 542,270)	( 2)
7000	Total non-operating income and expenses		11,428	-	( 106,331)	( 2)	10,450	-	125,296	-
7900	<b>(Loss) profit before income tax</b>		( 752,572)	( 12)	( 543,195)	( 8)	( 3,165,685)	( 19)	508,261	2
7950	Income tax (expense) benefit	6(32)	( 29,058)	( 1)	21,493	-	( 47,753)	-	( 130,976)	-
8200	<b>(Loss) profit for the period</b>		<b>( \$ 781,630)</b>	<b>( 13)</b>	<b>( \$ 521,702)</b>	<b>( 8)</b>	<b>( \$ 3,213,438)</b>	<b>( 19)</b>	<b>\$ 377,285</b>	<b>2</b>

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**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)  
(Unaudited)

Items	Notes	Three months ended September 30				Nine months ended September 30											
		2023		2022		2023		2022									
		AMOUNT	%	AMOUNT	%	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	\$	-	-	\$	-	-	\$	1,625	-	\$	-					
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	(	107,681)	(	1)		372,138	5	372,035	2	(	448,914)	(	2)			
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		817	-	(	2,731)	-	5,095	-	(	30,284)	-					
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		12,831	-	(	24,795)	-	2,000	-		15,886	-					
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(	94,033)	(	1)		344,612	5	380,755	2	(	463,312)	(	2)			
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>																	
8361	Cumulative translation differences of foreign operations		412,844	7		96,548	2	122,707	1		325,927	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		21,064	-		183,030	3	26,725	-		441,741	2					
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		508	-	(	8)	-	6,246	-	(	557)	-					
8360	Components of other comprehensive income that will be reclassified to profit or loss		434,416	7		279,570	5	155,678	1		767,111	3					
8300	<b>Other comprehensive income</b>	\$	340,383	6	\$	624,182	10	\$	536,433	3	\$	303,799	1				
8500	<b>Total comprehensive (loss) income</b>	(	\$ 441,247)	(	7)	\$	102,480	2	(	\$ 2,677,005)	(	16)	\$	681,084	3		
Profit (loss) attributable to:																	
8610	Equity holders of the parent company	(	\$ 665,295)	(	11)	(	\$ 357,722)	(	6)	(	\$ 2,820,268)	(	17)	\$	789,822	4	
8620	Non-controlling interest	(	\$ 116,335)	(	2)	(	\$ 163,980)	(	2)	(	\$ 393,170)	(	2)	(	\$ 412,537)	(	2)
Comprehensive income (loss) attributable to:																	
8710	Equity holders of the parent company	(	\$ 359,135)	(	6)	\$	235,333	4	(	\$ 2,298,821)	(	14)	\$	1,037,246	5		
8720	Non-controlling interest	(	\$ 82,112)	(	1)	(	\$ 132,853)	(	2)	(	\$ 378,184)	(	2)	(	\$ 356,162)	(	2)
(Loss) earnings per share (NT\$)																	
9750	Total basic (loss) earnings per share	(	\$ 0.89)	(	\$ 0.48)	(	\$ 3.75)	\$	1.12								
9850	Total diluted (loss) earnings per share	(	\$ 0.89)	(	\$ 0.48)	(	\$ 3.75)	\$	1.12								

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



ENNOSTAR INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Retained earnings					Other equity interest					
							Cumulative translation differences of foreign operations	Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)						
<b>2022</b>												
		\$ 6,852,514	\$ 43,830,638	\$ -	\$ -	\$ 2,169,446	(\$ 406,535 )	\$ 170,992	(\$ 294,810 )	\$ 52,322,245	\$ 2,282,798	\$ 54,605,043
		-	-	-	-	789,822	-	-	-	789,822	( 412,537 )	377,285
		-	-	-	-	( 14,930 )	714,084	( 451,730 )	-	247,424	56,375	303,799
		-	-	-	-	774,892	714,084	( 451,730 )	-	1,037,246	( 356,162 )	681,084
Appropriation of 2021 earnings	6(22)											
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(21)	-	( 139,259 )	-	-	-	-	-	-	( 139,259 )	-	( 139,259 )
Net change in equity of associates and joint ventures	6(21)	-	16,707	-	-	( 1,797 )	-	-	-	14,910	-	14,910
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(23)	-	-	-	-	-	3	-	-	3	-	3
Proceeds from treasury shares transferred to employees		-	( 971 )	-	-	-	-	-	( 971 )	-	-	( 971 )
Non-controlling interests		-	-	-	-	-	-	-	-	-	190,524	190,524
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(23)	-	-	-	-	15,506	-	( 15,506 )	-	-	-	-
Expiration of restricted employee stock	6(21)	( 4,674 )	( 22,526 )	-	-	-	-	-	-	( 27,200 )	-	( 27,200 )
Balance at September 30, 2022		\$ 7,547,840	\$ 46,611,989	\$ 216,945	\$ 290,598	\$ 1,084,623	\$ 307,552	(\$ 296,244 )	(\$ 294,810 )	\$ 55,468,493	\$ 2,117,160	\$ 57,585,653
<b>2023</b>												
Balance at January 1, 2023		\$ 7,547,840	\$ 46,421,664	\$ 216,945	\$ 290,598	\$ 147,022	\$ 36,083	\$ 38,927	(\$ 294,810 )	\$ 54,404,269	\$ 2,256,727	\$ 56,660,996
Loss for the period		-	-	-	-	( 2,820,268 )	-	-	-	( 2,820,268 )	( 393,170 )	( 3,213,438 )
Other comprehensive income for the period		-	-	-	-	642	141,522	379,283	-	521,447	14,986	536,433
Total comprehensive income (loss)		-	-	-	-	( 2,819,626 )	141,522	379,283	-	( 2,298,821 )	( 378,184 )	( 2,677,005 )
Appropriation of 2022 earnings	6(22)											
Reversal of special reserve		-	-	-	( 135,671 )	135,671	-	-	-	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	6(21)	-	47,975	-	-	( 160,134 )	-	-	-	( 112,159 )	-	( 112,159 )
Net change in equity of associates and joint ventures	6(21)	-	72,885	-	-	-	-	-	-	72,885	-	72,885
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(21)	-	22,128	-	-	-	-	-	-	22,128	-	22,128
Employee Stock Ownership Trust cancellation return	6(21)	-	51	-	-	-	-	-	-	51	-	51
Non-controlling interests		-	-	-	-	-	-	-	-	-	51,356	51,356
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(23)	-	-	-	-	25,554	-	( 25,554 )	-	-	-	-
Balance at September 30, 2023		\$ 7,547,840	\$ 46,564,703	\$ 216,945	\$ 154,927	(\$ 2,671,513 )	\$ 177,605	\$ 392,656	(\$ 294,810 )	\$ 52,088,353	\$ 1,929,899	\$ 54,018,252

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

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)  
(Unaudited)

	Notes	Nine months ended September 30	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) profit before tax		( \$ 3,165,685 )	\$ 508,261
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(30)	3,466,979	3,719,199
Amortization	6(10)(30)	183,919	193,663
Expected credit (profit) loss	12(2)	( 17,986 )	22,582
Net gain on financial assets at fair value through profit or loss	6(28)	57,111	326,180
Interest expense	6(29)	145,164	98,845
Interest income	6(26)	( 172,778 )	( 60,228 )
Dividend income	6(27)	( 31,923 )	( 44,296 )
Share of loss of associates and joint ventures accounted for using equity method	6(7)	493,761	542,270
Gain on disposal of property, plant and equipment	6(28)	( 152,846 )	( 44,747 )
Gain on disposal of investments		( 18,524 )	( 59,308 )
Impairment loss on non-financial assets	6(11)(28)	25,589	-
Gain from lease modification	6(28)	( 915 )	-
Expenses transferred to intangible assets		( 3,656 )	-
Property, plant and equipment transferred to expense		( 2,754 )	2,414
Loss on disposal of intangible assets	6(28)	583	2,932
Unrealized profit (loss) from sales		( 13 )	50
Realized loss from sales		26	40
Other income from recognition of long-term deferred revenues	6(19)	( 34,791 )	( 60,700 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		78,935	( 148,504 )
Notes receivable		1,150,405	( 36,830 )
Accounts receivable		( 220,646 )	3,250,989
Other receivables		12,288	( 153,937 )
Inventories		413,671	242,708
Prepayments		15,290	649,778
Other current assets		( 28,718 )	23,164
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		( 82,189 )	( 204,674 )
Notes payable		( 1,745 )	19,747
Accounts payable		351,733	( 1,802,442 )
Other payables		( 382,349 )	( 853,142 )
Other current liabilities		( 47,488 )	( 249,501 )
Other non-current liabilities		( 38,546 )	17,506
Cash inflow generated from operations		1,991,902	5,902,019
Interest received		154,966	52,302
Dividend received		31,923	54,842
Interest paid		( 124,543 )	( 83,771 )
Income tax paid		( 44,268 )	( 49,342 )
Net cash flows from operating activities		2,009,980	5,876,050

(Continued)

**ENNOSTAR INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)  
(Unaudited)

	Notes	Nine months ended September 30	
		2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	( \$ 189,028 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		252,941	178,787
Increase in current financial assets at amortised cost		( 57,519 )	( 367,675 )
Proceeds from disposal of financial assets at fair value through profit or loss		49,502	-
Acquisition of investments accounted for using equity method		( 297,778 )	( 299,087 )
Proceeds from disposal of investments accounted for using equity method	6(34)	90,387	88,100
Acquisition of property, plant and equipment	6(34)	( 1,666,429 )	( 3,079,024 )
Proceeds from disposal of property, plant and equipment	6(34)	73,340	214,334
Decrease (increase) in refundable deposits		25,725	( 21,393 )
Acquisition of intangible assets	6(34)	( 79,253 )	( 102,317 )
Proceeds from disposal of intangible assets		-	4,503
Decrease in other financial asset		17	-
Decrease in other non-current assets		7,442	41,978
Increase (decrease) in changes of consolidated entities		27,248	( 448,335 )
Net cash flows used in investing activities		( 1,574,377 )	( 3,979,157 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term loans	6(35)	458,840	( 2,847,525 )
(Decrease) increase in short-term notes and bill payable	6(35)	( 8,921 )	55,307
Proceeds from long-term loans	6(35)	593,000	411,850
Repayment of long-term loans	6(35)	( 642,981 )	( 372,948 )
Increase in guarantee deposits received	6(35)	79,328	11,721
Repayment of principal portion of lease liabilities	6(35)	( 88,083 )	( 93,794 )
Cash dividends paid	6(23)	-	( 1,365,881 )
Employee Stock Ownership Trust cancellation return		807	-
Change in non-controlling interests		1,700	600,000
Proceeds from issuance of share capital		-	3,627,400
Net cash flows from financing activities		393,690	26,130
Effects of foreign currency exchange		( 126,330 )	847,143
Net increase in cash and cash equivalents		702,963	2,770,166
Cash and cash equivalents at beginning of period		16,127,132	12,336,039
Cash and cash equivalents at end of period		\$ 16,830,095	\$ 15,106,205

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

ENNOSTAR INC. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED SEPTEMBER 30, 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 November 3, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by 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 IFRSs 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 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) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by 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 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below, others are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2022. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.
- B. The consolidated financial statements of the Group should be read together with the 2022 consolidated financial statements of the Group.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less

present value of defined benefit obligation.

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The principles used in the preparation of the financial statements were consistent with those used in the financial statements for the year ended December 31, 2022.

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
ENNOSTAR Inc.	Epistar Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	
ENNOSTAR Inc.	Lextar Electronics Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
ENNOSTAR Inc.	Harvestar Investment Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Calystar Investment Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
ENNOSTAR Inc.	Amengine Corporation	Developing and sales of medical optical sensor modules	75.96%	75.96%	58.59%	Note 3 Note 4
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	19.54%	17.99%	17.62%	Note 2
ENNOSTAR Inc.	Precistar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5
ENNOSTAR Inc.	Praistar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5
ENNOSTAR Inc.	Manastar Investment Corp.	Professional investment	100%	100%	-	Note 4 Note 5

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	15.46%	16.65%	19.09%	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%	100%	Note 3 Note 4
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	Professional investment	100%	100%	100%	
Epistar Corporation	SH Co.,Ltd.	Sales of LED chips	49.00%	49.00%	49.00%	Note 1 Note 3 Note 4
Epistar Corporation	Full Star Enterprises Limited	Professional investment	-	100%	100%	Note 3 Note 8
Epistar Corporation	Unikorn Semiconductor Corporation	OEM manufacturing of iii-v semiconductors	11.89%	12.80%	14.69%	Note 2
Epistar Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	64.32%	64.32%	64.32%	Note 3 Note 4
Epistar Corporation	Can Yang Investments Limited	Professional investment	3.53%	3.53%	3.53%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Lite Star JV Holding (BVI) Co., Ltd.	Professional investment	82.41%	82.41%	82.41%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	United LED Corporation (Hong Kong) Limited	Professional investment	74.86%	74.86%	74.86%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Epistar JV Holding (BVI) Co., Ltd.	HUGA Holding (SAMOA) Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Epistar JV Holding (BVI) Co., Ltd.	Can Yang Investments Limited	Professional investment	87.41%	85.26%	85.26%	Note 3 Note 4
Lite Star JV Holding (BVI) Co., Ltd.	Epicrystal (Hong Kong) Co., Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Epicrystal (Hong Kong) Co., Limited	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	93.38%	93.38%	93.38%	
United LED Corporation (Hong Kong) Limited	United LED Shan Dong Corporation	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 3 Note 4
Episky (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	100%	100%	100%	
Episky Corporation (Xiamen) Ltd.	Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	3.31%	3.31%	3.31%	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Sales of LED chips	100%	100%	100%	
Lighting Investment Corporation	Lighting Investment Ltd.	Professional investment	100%	100%	100%	Note 3 Note 4
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Design and technology service of LED lighting products	89.39%	83.39%	83.39%	Note 3 Note 4
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Sales of LED lighting products	-	100%	100%	Note 3 Note 10
Lighting Investment Corporation	Can Yang Investments Limited	Professional investment	6.87%	6.87%	6.87%	Note 3 Note 4



Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Lighting Investment Corporation	GaN Force Corporation	Design, manufacturing and sales of semiconductor materials and modules	35.68%	35.68%	35.68%	Note 3 Note 4
Lighting Investment Ltd.	Luxlite (Hong Kong) Corporation Limited	Professional investment	100%	100%	100%	Note 3 Note 4
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Professional investment	100%	100%	100%	Note 3 Note 4 Note 11
Can Yang Investments Limited	Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	100%	100%	100%	Note 3 Note 4
Luxlite (Hong Kong) Corporation Limited	Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	-	-	100%	Note 3 Note 6
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	-	2.68%	2.68%	Note 3 Note 12
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD	Wholesale and export and import of LED and related products	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Professional investment	100%	100%	100%	
Lextar Electronics Corporation	Liang Li Venture Corp.	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellypower Optronics Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Apower Optronics Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Corporation	Professional investment	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	Wellybond Optronics (H.K.) Limited	Professional investment	100%	100%	100%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Lextar Electronics Corporation	Trendylite Corporation	Sales of products	100%	90.50%	90.50%	Note 3 Note 4
Lextar Electronics Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.81%	31.81%	Note 3 Note 4
Lextar Electronics Corporation	Yenrich Technology Corporation	Manufacturing and sales of LED packages	100%	100%	100%	Note 3 Note 4
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.55%	9.55%	Note 3 Note 4 Note 12
Lextar (Singapore) Pte. Ltd., Wellypower Optronics Corporation and Apower Optronics Corporation	Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics (Xiamen) Co., Ltd.	Manufacturing and sales of LED lighting and modules	-	100%	100%	Note 3 Note 7
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Sale of LED and after-sales service	100%	100%	100%	Note 3 Note 4
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	9.84%	9.09%	9.09%	Note 3 Note 4 Note 12
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Design of lighting	50.00%	50.00%	50.00%	Note 3 Note 4
Wellybond Corporation	ProLight Opto Technology Corporation	Manufacturing and sales of LED packages	31.47%	29.84%	29.84%	Note 3 Note 4 Note 12
Wellybond Corporation	Hexawave, Inc.	Manufacturing and sales of compound semiconductor materials and modules	31.52%	31.81%	31.81%	Note 3 Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
Wellybond Corporation	WellyHertz Electronics Corp.	Manufacturing and sales of switching power supply module	84.03%	86.96%	86.96%	Note 3 Note 4
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	100%	100%	100%	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	48.33%	48.33%	48.33%	Note 4 Note 9
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	Developing, manufacturing, sales of metal and plastic technical products	44.00%	-	-	Note 4 Note 9

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 19.54%, 15.46%, 7.08%, 3.98% and 11.89% on September 30, 2023, respectively.

Note 3: The financial statements of the entity as of and for the nine months ended September 30, 2022 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 4: The financial statements of the entity as of and for the nine months ended September 30, 2023 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 5: Newly invested or established companies in 2022.

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

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

Note 8: Dissolution in May, 2023 because it does not intend to continue operating.

Note 9: Due to changes in equity, it has been included in the consolidated entity since April, 2023.

Note 10: Dissolution in July, 2023 because it does not intend to continue operating.

Note 11: Epistar (Hong Kong) Corporation Limited has applied for liquidation in 2023.

Note 12: 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.

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

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

(5) Income tax

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

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand and petty cash	\$ 1,402	\$ 1,451	\$ 1,002
Checking accounts and demand deposits	3,061,469	2,838,714	3,280,965
Time deposits	13,449,224	12,415,967	10,860,238
Bonds sold under repurchase agreement	318,000	871,000	964,000
	<u>\$ 16,830,095</u>	<u>\$ 16,127,132</u>	<u>\$ 15,106,205</u>

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

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

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ -	\$ 45,180	\$ 57,160
Listed stocks	193,439	193,439	193,439
Derivatives	26	22,415	770
	<u>193,465</u>	<u>261,034</u>	<u>251,369</u>
Valuation adjustment	( 55,602)	( 96,968)	( 90,920)
	<u>137,863</u>	<u>164,066</u>	<u>160,449</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Unlisted stocks	275,249	298,308	298,307
Valuation adjustments	( 196,368)	( 208,301)	( 212,688)
	<u>78,881</u>	<u>90,007</u>	<u>85,619</u>
	<u>\$ 216,744</u>	<u>\$ 254,073</u>	<u>\$ 246,068</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:

September 30, 2023

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 48,772	USD to NTD	2023.10.02~2024.02.20
Forward foreign exchange contract - sell	USD 52	USD to JPY	2023.11.24
Forward foreign exchange contract - sell	USD 19,000	USD to RMB	2023.10.27~2024.01.30

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

September 30, 2022

Financial instruments	Notional principal (in thousands)	Currency	Maturity date
Forward foreign exchange contract - sell	USD 43,180	USD to NTD	2022.10.03~2022.12.05
Forward foreign exchange contract - sell	USD 47	USD to JPY	2022.10.24~2022.12.23
Forward foreign exchange contract - sell	USD 18,000	USD to RMB	2022.10.25~2022.11.24

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

- B. The net loss recognized by the Group amounted to \$84,709, \$111,517, \$57,111 and \$326,180 for the three months and the nine months ended September 30, 2023 and 2022.
- C. Information on credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Non-current items:			
Equity instruments			
Listed stocks	\$ 962,819	\$ 1,170,038	\$ 1,177,133
Unlisted stocks	3,542,500	3,564,502	3,697,008
	4,505,319	4,734,540	4,874,141
Valuation adjustment	63,715	( 289,223)	( 626,086)
	\$ 4,569,034	\$ 4,445,317	\$ 4,248,055

- 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 \$4,569,034, \$4,445,317 and \$4,248,055 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

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

Equity instruments at fair value through other comprehensive income	Three months ended September 30, 2023	Three months ended September 30, 2022
Fair value change recognized in other comprehensive income	(\$ 107,681)	\$ 372,138
Dividend income recognized in profit or loss held at end of period	\$ 31,658	\$ 9,579
Equity instruments at fair value through other comprehensive income	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Fair value change recognized in other comprehensive income	\$ 372,035	(\$ 448,914)
Dividend income recognized in profit or loss held at end of period	\$ 31,923	\$ 44,296

C. As of September 30, 2023, December 31, 2022 and September 30, 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 \$4,569,034, \$4,445,317 and \$4,248,055, respectively.

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

(4) Financial assets at amortised cost

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Others	\$ 626,821	\$ 647,408	\$ 580,684
Non-current items:			
Others	\$ 242,266	\$ 180,137	\$ 178,994

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

	Three months ended September 30, 2023	Three months ended September 30, 2022
Interest income	\$ 1,290	\$ 2,419
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest income	\$ 2,629	\$ 3,816

B. As of September 30, 2023, December 31, 2022 and September 30, 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 \$869,087, \$827,545 and \$759,678, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 732,690	\$ 2,756,798	\$ 2,590,627
Less: Allowance for uncollectible accounts	-	( 883,988)	( 883,988)
	<u>\$ 732,690</u>	<u>\$ 1,872,810</u>	<u>\$ 1,706,639</u>
Accounts receivable	\$ 7,920,039	\$ 7,597,170	\$ 9,193,932
Less: Allowance for uncollectible accounts	( 13,560)	( 52,573)	( 31,452)
	<u>\$ 7,906,479</u>	<u>\$ 7,544,597</u>	<u>\$ 9,162,480</u>

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

	September 30, 2023		December 31, 2022	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 7,320,542	\$ 732,690	\$ 7,168,484	\$ 1,872,810
Up to 30 days	537,601	-	255,017	-
31 to 90 days	37,306	-	45,268	-
91 to 180 days	8,041	-	26,347	-
Over 180 days	16,549	-	102,054	883,988
	<u>\$ 7,920,039</u>	<u>\$ 732,690</u>	<u>\$ 7,597,170</u>	<u>\$ 2,756,798</u>

  

	September 30, 2022	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 8,493,233	\$ 1,706,639
Up to 30 days	451,497	-
31 to 90 days	128,351	-
91 to 180 days	12,430	-
Over 180 days	108,421	883,988
	<u>\$ 9,193,932</u>	<u>\$ 2,590,627</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group had outstanding discounted notes receivable amounting to \$416,422, \$193,017 and \$682,605, respectively. The Group has payment obligations when the drawers of the notes refuse to pay for the notes at maturity. However, the credit rating of the aforesaid acceptance bank is extremely high, and the Group judges that the discounted notes receivable meets the requirements for delisting financial assets and will be deducted from notes receivable directly. The liabilities arising on discounted notes receivable are recognized in short-term borrowings, please refer to Note 6(12) for details.
- C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.
- D. The Group holds collateral including commercial papers, financial assets, patents as well as machinery and equipment as security for accounts receivable.
- E. As of September 30, 2023, December 31, 2022 and September 30, 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 \$732,690, \$1,872,810 and \$1,706,639, respectively; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was \$7,906,479, \$7,544,597 and \$9,162,480, respectively.
- F. Information on credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,511,225	(\$ 113,218)	\$ 1,398,007
Work in progress	1,483,176	( 345,968)	1,137,208
Finished goods	2,289,890	( 360,332)	1,929,558
	<u>\$ 5,284,291</u>	<u>(\$ 819,518)</u>	<u>\$ 4,464,773</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>
	September 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,412,480	(\$ 108,887)	\$ 1,303,593
Work in progress	1,992,026	( 242,418)	1,749,608
Finished goods	2,810,480	( 392,003)	2,418,477
	<u>\$ 6,214,986</u>	<u>(\$ 743,308)</u>	<u>\$ 5,471,678</u>

The cost of inventories recognised as expense for the three months and nine months ended September 30, 2023 and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Cost of goods sold	\$ 4,919,799	\$ 4,868,527
Scrap loss	12,849	3,788
(Recovery benefits in market value) loss on market price decline	( 20,443)	139,193
Loss on idle capacity	830,889	857,673
Other	( 119,441)	( 62,820)
	<u>\$ 5,623,653</u>	<u>\$ 5,806,361</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cost of goods sold	\$ 13,492,423	\$ 16,839,440
Scrap loss	18,544	10,681
Loss on market price decline	31,902	208,540
Loss on idle capacity	2,605,818	1,514,309
Other	( 132,736)	( 75,580)
	<u>\$ 16,015,951</u>	<u>\$ 18,497,390</u>



In the third quarter of 2023, the gain on reversal of decline in market value was caused by the overall inventory clearance.

(7) Investments accounted for using the equity method

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Associates:			
LEDAZ Co., Ltd.	\$ -	\$ 42,912	\$ -
LEDOLUX Sp. Zo.O.	11,329	11,310	10,505
Interelight Optotech (HK) Co., Limited	10,769	10,941	11,371
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	624,953	441,348	596,182
GCS Holdings, Inc.	890,114	1,090,517	1,193,839
Changzhou Chemsemi Co., Ltd.	668,497	791,206	847,702
Joint Power Exponent, Ltd.	40,540	54,095	57,820
iReach Corporation	47,669	50,413	50,948
Chuzhou Bwin Technology Corp.	-	76,339	84,751
Tyntek Corporation	1,032,013	939,581	880,860
WellyWave Semiconductors Inc.	38,753	55,925	61,274
TE Opto Corporation	43,738	44,069	42,912
Domi-Star Optoelectronics Corporation	337	343	369
	<u>\$ 3,408,712</u>	<u>\$ 3,608,999</u>	<u>\$ 3,838,533</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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the Group's individually immaterial associates amounted to \$3,408,712, \$3,608,999 and \$3,838,533, respectively.

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
Attributable to the Group:		
Loss for the period from continuing operations	(\$ 110,835)	(\$ 362,085)
Other comprehensive income	22,107	180,531
Total comprehensive loss	<u>(\$ 88,728)</u>	<u>(\$ 181,554)</u>
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
Attributable to the Group:		
Loss for the period from continuing operations	(\$ 493,761)	(\$ 542,270)
Other comprehensive income	36,461	415,507
Total comprehensive loss	<u>(\$ 457,300)</u>	<u>(\$ 126,763)</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
GCS Holdings, Inc.	\$ 798,233	\$ 957,879	\$ 908,757
Tyntek Corporation	804,714	653,891	552,056
	<u>\$ 1,602,947</u>	<u>\$ 1,611,770</u>	<u>\$ 1,460,813</u>

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

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

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	-	( 9,539,687)	( 35,440,955)	( 450,609)	( 258,630)	( 1,361,854)	-	( 47,051,735)
	<u>\$ 1,558,195</u>	<u>\$ 8,552,125</u>	<u>\$ 9,992,230</u>	<u>\$ 91,424</u>	<u>\$ 87,743</u>	<u>\$ 372,231</u>	<u>\$ 1,383,127</u>	<u>\$ 22,037,075</u>
2023								
Opening net book amount at January 1	\$ 1,558,195	\$ 8,552,125	\$ 9,992,230	\$ 91,424	\$ 87,743	\$ 372,231	\$ 1,383,127	\$ 22,037,075
Additions	-	8,187	45,643	2,847	1,833	27,016	1,795,587	1,881,113
Transfer	-	160,522	1,038,131	15,698	6,416	87,141	( 1,307,908)	-
Acquired from business combinations	-	63,127	82,141	-	-	17,934	3,678	166,880
Disposals	-	( 5,102)	( 26,655)	( 116)	-	( 3,622)	-	( 35,495)
Reclassifications	-	19,040	52,024	( 2,080)	-	1,823	61,965	132,772
Reclassified to investment property	-	7,479	-	-	-	-	-	7,479
Depreciation charge	-	( 674,590)	( 2,530,404)	( 26,047)	( 18,013)	( 108,113)	-	( 3,357,167)
Impairment loss	-	( 2,173)	( 20,198)	-	( 3,080)	( 138)	-	( 25,589)
Net exchange differences	-	27,437	31,610	152	22	4,534	1,796	65,551
Closing net book amount at September 30	<u>\$ 1,558,195</u>	<u>\$ 8,156,052</u>	<u>\$ 8,664,522</u>	<u>\$ 81,878</u>	<u>\$ 74,921</u>	<u>\$ 398,806</u>	<u>\$ 1,938,245</u>	<u>\$ 20,872,619</u>
At September 30, 2023								
Cost	\$ 1,558,195	\$ 18,103,130	\$ 44,235,393	\$ 406,855	\$ 348,579	\$ 1,892,905	\$ 1,938,245	\$ 68,483,302
Accumulated depreciation and impairment	-	( 9,947,078)	( 35,570,871)	( 324,977)	( 273,658)	( 1,494,099)	-	( 47,610,683)
	<u>\$ 1,558,195</u>	<u>\$ 8,156,052</u>	<u>\$ 8,664,522</u>	<u>\$ 81,878</u>	<u>\$ 74,921</u>	<u>\$ 398,806</u>	<u>\$ 1,938,245</u>	<u>\$ 20,872,619</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	-	6,917	178,213	12,648	99	20,740	2,441,747	2,660,364
Transfer	-	1,062,465	1,135,540	17,565	7,413	91,241	( 2,314,224)	-
Disposals	- ( 2,609)	( 164,903)	( 43)	( 165)	( 2,335)	-	- ( 170,055)	
Reclassifications	- ( 18,765)	( 17,411)	-	178	-	7,348	( 28,650)	
Reclassified to investment property	-	1,856	-	-	-	-	-	1,856
Depreciation charge	- ( 658,775)	( 2,756,008)	( 50,691)	( 22,038)	( 100,276)	-	( 3,587,788)	
Disposals of subsidiary	-	- ( 545,435)	( 7,092)	( 412)	( 29,692)	( 173,884)	( 756,515)	
Net exchange differences	-	136,854	135,996	1,351	457	11,209	6,100	291,967
Closing net book amount at September 30	<u>\$ 1,558,195</u>	<u>\$ 8,719,340</u>	<u>\$ 10,598,418</u>	<u>\$ 81,506</u>	<u>\$ 91,274</u>	<u>\$ 406,050</u>	<u>\$ 1,255,748</u>	<u>\$ 22,710,531</u>
At September 30, 2022								
Cost	\$ 1,558,195	\$ 18,369,922	\$ 46,063,140	\$ 528,416	\$ 373,907	\$ 1,800,314	\$ 1,255,748	\$ 69,949,642
Accumulated depreciation and impairment	- ( 9,650,582)	( 35,464,722)	( 446,910)	( 282,633)	( 1,394,264)	- ( 47,239,111)		
	<u>\$ 1,558,195</u>	<u>\$ 8,719,340</u>	<u>\$ 10,598,418</u>	<u>\$ 81,506</u>	<u>\$ 91,274</u>	<u>\$ 406,050</u>	<u>\$ 1,255,748</u>	<u>\$ 22,710,531</u>

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

(9) Leasing arrangements – lessee

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

	September 30, 2023	December 31, 2022	September 30, 2022
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 1,576,345	\$ 1,670,856	\$ 1,714,092
Buildings	66,068	54,399	164,196
Machinery	58,993	126,084	140,879
Transportation equipment	11,767	16,610	18,583
Office equipment	35,182	37,208	43,484
	<u>\$ 1,748,355</u>	<u>\$ 1,905,157</u>	<u>\$ 2,081,234</u>

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 16,392	\$ 16,477
Buildings	5,813	8,465
Machinery	2,637	14,415
Transportation equipment	1,480	1,991
Office equipment	2,989	4,527
	<u>\$ 29,311</u>	<u>\$ 45,875</u>

	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 49,414	\$ 46,655
Buildings	17,545	25,398
Machinery	29,026	42,756
Transportation equipment	4,844	5,735
Office equipment	8,983	10,867
	<u>\$ 109,812</u>	<u>\$ 131,411</u>

D. For the three months and the nine months ended September 30, 2023 and 2022, the additions to right-of-use assets were \$2,153, \$138,405, \$66,740 and \$175,927, respectively.

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

	<u>Three months ended September 30, 2023</u>	<u>Three months ended September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,245	\$ 5,363
Expense on short-term lease contracts	12,007	3,272
Expense on leases of low-value assets	1,400	1,416
	<u>Nine months ended September 30, 2023</u>	<u>Nine months ended September 30, 2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15,658	\$ 16,161
Expense on short-term lease contracts	29,058	17,758
Expense on leases of low-value assets	4,191	5,457

F. For the nine months ended September 30, 2023 and 2022, the Group's total cash outflow for leases were \$120,867 and \$130,293, 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	1,992	-	33,859	-	35,851
Additions — acquired through business combinations	-	-	-	12,881	12,881
Disposals	( 583)	-	-	-	( 583)
Reclassifications	3,708	-	( 52)	-	3,656
Amortisation charge	( 139,156)	-	( 37,774)	( 6,989)	( 183,919)
Net exchange differences	<u>83</u>	<u>-</u>	<u>-</u>	<u>( 73)</u>	<u>10</u>
Closing net book amount as at September 30	<u>\$ 771,707</u>	<u>\$ 3,896,600</u>	<u>\$ 87,035</u>	<u>\$ 20,137</u>	<u>\$ 4,775,479</u>
At September 30, 2023					
Cost	\$ 2,950,997	\$ 7,087,692	\$ 594,235	\$ 144,667	\$ 10,777,591
Accumulated amortisation and impairment	( 2,179,290)	( 3,191,092)	( 507,200)	( 124,530)	( 6,002,112)
	<u>\$ 771,707</u>	<u>\$ 3,896,600</u>	<u>\$ 87,035</u>	<u>\$ 20,137</u>	<u>\$ 4,775,479</u>

	Patents	Goodwill	Software	Others	Total
At January 1, 2022					
Cost	\$ 2,750,991	\$ 7,087,692	\$ 513,660	\$ 128,843	\$ 10,481,186
Accumulated amortisation and impairment	( 1,828,302)	( 3,191,092)	( 410,601)	( 109,528)	( 5,539,523)
	<u>\$ 922,689</u>	<u>\$ 3,896,600</u>	<u>\$ 103,059</u>	<u>\$ 19,315</u>	<u>\$ 4,941,663</u>
<u>2022</u>					
Opening net book amount as at January 1	\$ 922,689	\$ 3,896,600	\$ 103,059	\$ 19,315	\$ 4,941,663
Additions — acquired separately	160,248	-	36,737	3,015	200,000
Disposals	( 2,969)	-	( 67)	-	( 3,036)
Reclassifications	7,275	-	2,688	-	9,963
Amortisation charge	( 143,805)	-	( 43,816)	( 6,042)	( 193,663)
Disposals of subsidiary	-	-	( 3,291)	-	( 3,291)
Net exchange differences	<u>1,573</u>	<u>-</u>	<u>267</u>	<u>-</u>	<u>1,840</u>
Closing net book amount as at September 30	<u>\$ 945,011</u>	<u>\$ 3,896,600</u>	<u>\$ 95,577</u>	<u>\$ 16,288</u>	<u>\$ 4,953,476</u>
At September 30, 2022					
Cost	\$ 2,933,249	\$ 7,087,692	\$ 551,496	\$ 131,859	\$ 10,704,296
Accumulated amortisation and impairment	( 1,988,238)	( 3,191,092)	( 455,919)	( 115,571)	( 5,750,820)
	<u>\$ 945,011</u>	<u>\$ 3,896,600</u>	<u>\$ 95,577</u>	<u>\$ 16,288</u>	<u>\$ 4,953,476</u>

Details of amortisation on intangible assets are as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Operating costs	\$ 26,466	\$ 27,960
Selling expenses	243	141
Administrative expenses	23,159	22,500
Research and development expenses	<u>13,032</u>	<u>14,408</u>
	<u>\$ 62,900</u>	<u>\$ 65,009</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating costs	\$ 67,193	\$ 67,237
Selling expenses	454	334
Administrative expenses	76,565	83,330
Research and development expenses	<u>39,707</u>	<u>42,762</u>
	<u>\$ 183,919</u>	<u>\$ 193,663</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 \$3,218, \$0, \$25,589 and \$0 for the three months and the nine months ended September 30, 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:

	Three months ended September 30, 2023	Three months ended September 30, 2022
	Recognised in profit or loss	
Impairment loss — leasehold improvements	\$ 3,080	\$ -
Impairment loss — others	138	-
	<u>\$ 3,218</u>	<u>\$ -</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	Recognised in profit or loss	
Impairment loss — buildings and structure	\$ 2,173	\$ -
Impairment loss — machinery	20,198	-
Impairment loss — leasehold improvements	3,080	-
Impairment loss — others	138	-
	<u>\$ 25,589</u>	<u>\$ -</u>

(12) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Bank borrowings			
Unsecured borrowings	\$ 1,516,012	\$ 1,203,495	\$ 667,343
Secured borrowings	\$ -	\$ -	\$ -
Liabilities on discounted notes receivable	<u>\$ 254,318</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate range-NTD	2.05%	1.86%	NA
Interest rate range-foreign currency	3.09%~6.53%	1.80%~6.08%	3.70%~3.86%
Interest rate range - discounted notes	1.24%~1.72%	NA	NA

As of September 30, 2023, December 31, 2022 and September 30, 2022, Epistar Corporation has endorsements to Ennostar Inc., Episky Corporation (Xiamen) Ltd., Jiangsu Canyang Optoelectronics Ltd. and Unikorn Semiconductor Corporation totalling \$3,250,000, \$3,918,520 and \$981,000, respectively.

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

Items	September 30, 2023	December 31, 2022	September 30, 2022
Current items:			
Derivatives	<u>\$ 41,801</u>	<u>\$ 2,214</u>	<u>\$ 88,963</u>

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

(14) Short-term notes and bills payable

September 30, 2023				
	<u>Rate (%)</u>	<u>Amount</u>	<u>Name of bank</u>	<u>Collaterals</u>
Payables for bankers' acceptance	-	<u>\$ 1,008,948</u>	AGRICULTURAL BANK OF CHINA BANK OF JIANGSU BANK OF COMMUNICATIONS BANK OF CHINA BANK OF CTBC	Note 8
December 31, 2022				
	<u>Rate (%)</u>	<u>Amount</u>	<u>Name of bank</u>	<u>Collaterals</u>
Payables for bankers' acceptance	-	<u>\$ 775,294</u>	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8
September 30, 2022				
	<u>Rate (%)</u>	<u>Amount</u>	<u>Name of bank</u>	<u>Collaterals</u>
Payables for bankers' acceptance	-	<u>\$ 953,905</u>	BANK OF COMMUNICATIONS BANK OF CHINA	Note 8

(15) Other payables

<u>Items</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Payables on wages, salaries and bonus	\$ 1,105,727	\$ 1,137,583	\$ 1,031,444
Compensation due to employees, directors and supervisors	234,415	210,682	332,983
Payables on personnel expense	282,701	275,106	287,027
Payables on machinery and equipment	720,412	948,327	1,213,698
Payables on processing fees	440,327	612,444	824,184
Payables on consumable goods and equipment repair expense	367,258	440,272	674,304
Payables on gas expense	66,172	63,484	74,587
Payables on intangible assets	51,448	51,133	20,327
Payables on reticle expense	23,829	17,952	21,494
Payables on insurance expense	2,880	3,537	5,532
Others	752,160	859,234	703,089
	<u>\$ 4,047,329</u>	<u>\$ 4,619,754</u>	<u>\$ 5,188,669</u>



(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	September 30, 2023
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 609,287
Unsecured borrowings	Before May 15, 2026	220,978
Unsecured borrowings	Before September 15, 2025	697,400
Unsecured borrowings	Before November 15, 2025	537,299
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	534,852
Unsecured borrowings	Before February 15, 2026	546,982
Unsecured borrowings	Before April 15, 2027	150,000
Secured borrowings	Before March 15, 2028	100,000
Secured borrowings	Before June 30, 2029	200,000
Secured borrowings	Before June 12, 2028	71,250
		4,068,048
Less: Current portion of long-term borrowings		( 1,672,706)
		\$ 2,395,342
Interest rate range		0.8%~1.78%

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)
		\$ 3,691,498
Interest rate range		0.68%~1.91%

Type of borrowings	Borrowing period and repayment term	September 30, 2022
Bank borrowings		
Unsecured borrowings	Before September 15, 2025	\$ 666,000
Unsecured borrowings	Before May 15, 2026	135,900
Unsecured borrowings	Before September 15, 2025	592,800
Unsecured borrowings	Before November 15, 2025	544,800
Unsecured borrowings	Before September 15, 2025	400,000
Unsecured borrowings	Before September 15, 2025	507,500
Unsecured borrowings	Before November 5, 2024	216,667
Unsecured borrowings	Before February 15, 2026	464,400
Unsecured borrowings	Before April 15, 2027	150,000
Unsecured borrowings	Before February 15, 2026	50,000
Secured borrowings	Before June 30, 2029	200,000
Secured borrowings	Before June 15, 2026	150,000
Secured borrowings	Before March 15, 2028	100,000
		<u>4,178,067</u>
Less: Current portion of long-term borrowings		( <u>101,767</u> )
		<u>\$ 4,076,300</u>
Interest rate range		<u>0.55%~1.65%</u>

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

(17) Pensions

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

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

(b) For the aforementioned pension plan, the Group recognised pension costs of \$189, \$281, \$500 and \$828 for the three months and the nine months ended September 30, 2023 and 2022 respectively.

- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending September 30, 2024 amount to \$10,624.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group does not have further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three months and the nine months ended September 30, 2023 and 2022 were \$92,692, \$92,871, \$277,533 and \$274,073, respectively.

(18) Share-based payment

A. Restricted stocks to employees.

- (a) For the nine months ended September 30, 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 September 30	-
Exercisable at September 30 (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 nine months ended September 30, 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>		<u>1,049</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 - Unikorn Semiconductor Corporation	9,136	\$ 5	-	
Options granted - Unikorn Semiconductor Corporation	1,482		9,518	\$ 5
Options exercised - Unikorn Semiconductor Corporation	( 3,912)		-	
Options forfeited - Unikorn Semiconductor Corporation	( 469)		-	
Options outstanding at end of the period - Unikorn Semiconductor Corporation	<u>6,237</u>	5	<u>9,518</u>	5
Options exercisable at end of the period - Unikorn Semiconductor Corporation	<u>571</u>		<u>-</u>	

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

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

	Three months ended September 30, 2023	Three months ended September 30, 2022
Equity-settled	<u>\$ 799</u>	<u>\$ 464</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Equity-settled	<u>\$ 2,203</u>	<u>(\$ 24,911)</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Deferred government grants revenue	\$ 155,934	\$ 167,229	\$ 181,596
Deferred technical services revenue	6,914	7,926	8,263
	<u>\$ 162,848</u>	<u>\$ 175,155</u>	<u>\$ 189,859</u>

The Company and subsidiaries obtained government grants for acquisitions of equipment, technology investments and research projects and recognized such grants as revenue over the economic lives of those assets. Government grants revenue recognized for the three months and the nine months ended September 30, 2023 and 2022 were \$27,449, \$42,712, \$69,591 and \$123,324 (shown under “Other income and expenses-net” and “Other revenue”), respectively.

(20) Share capital

A. As of September 30, 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 September 30	<u>751,658</u>	<u>751,658</u>

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

	2023				
Reason for reacquisition	At January 1	Increase	Decrease	At September 30	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844	159,647

Reason for reacquisition	At January 1	Increase	Decrease	At September 30	Book value
Held by subsidiaries	1,282	-	-	1,282	\$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844	159,647

- (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:

	September 30, 2023	December 31, 2022	September 30, 2022
Lighting Investment Corporation	1,282 thousand shares	1,282 thousand shares	1,282 thousand shares
Book value	\$ 135,163	\$ 135,163	\$ 135,163
Fair value	\$ 56,296	\$ 57,386	\$ 53,155
Epistar Corporation	1,844 thousand shares	1,844 thousand shares	1,844 thousand shares
Book value	\$ 159,647	\$ 159,647	\$ 159,647
Fair value	\$ 80,930	\$ 82,497	\$ 76,413

(21) Capital surplus

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

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for using equity method
At January 1, 2023	\$ 45,877,291	\$ 114,876	\$ 275,200	\$ 154,297
Change in equity of associates and joint ventures accounted for using equity method	-	-	-	72,885
Difference between consideration and carrying amount of subsidiaries acquired and disposed	-	-	22,128	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	755	47,220	-
Employee stock ownership trust cancellation return	-	51	-	-
At September 30, 2023	<u>\$ 45,877,291</u>	<u>\$ 115,682</u>	<u>\$ 344,548</u>	<u>\$ 227,182</u>

	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for using equity method
At January 1, 2022	\$ 42,894,615	\$ 115,823	\$ 770,537	\$ 49,663
Issuance of new shares	2,927,400	-	-	-
Change in equity of associates and joint ventures accounted for using equity method	-	-	-	16,707
Changes in ownership interests in subsidiaries accounted for using equity method	50,602	- (	189,861)	-
Expiration of restricted employee stock	4,674	- (	27,200)	-
Proceeds from treasury shares transferred to employees	- (	971)	-	-
At September 30, 2022	<u>\$ 45,877,291</u>	<u>\$ 114,852</u>	<u>\$ 553,476</u>	<u>\$ 66,370</u>

(22) Retained earnings

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



shareholder.

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

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

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

(23) Other equity items

	2023		
	Currency translation	Unrealized gain or loss	Total
At January 1	\$ 36,083	\$ 38,927	\$ 75,010
Revaluation - gross	-	377,283	377,283
Revaluation - tax	-	2,000	2,000
Disposal of investments in equity instruments designated at fair value through other comprehensive income	- (	25,554) (	25,554)
Currency translation			
–Group	135,276	-	135,276
–Tax on Group	6,246	-	6,246
At September 30	\$ 177,605	\$ 392,656	\$ 570,261

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

(24) Operating revenue

	Three months ended September 30, 2023	Three months ended September 30, 2022
Revenue from contracts with customers:		
Sales revenue	\$ 6,094,605	\$ 6,650,965
Services revenue	27,667	12,028
Other operating revenue	37,218	21,309
	<u>\$ 6,159,490</u>	<u>\$ 6,684,302</u>

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue from contracts with customers:		
Sales revenue	\$ 16,552,915	\$ 22,857,111
Services revenue	71,560	54,325
Other operating revenue	106,920	99,734
	<u>\$ 16,731,395</u>	<u>\$ 23,011,170</u>

Disaggregation of revenue from contracts with customers

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

Three months ended September 30, 2023	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 3,983,648	\$ 1,888,461	\$ 222,496	\$ 6,094,605
Services revenue	-	-	27,667	27,667
Other operating revenue	-	-	37,218	37,218
				<u>\$ 6,159,490</u>

Three months ended September 30, 2022	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 4,882,541	\$ 1,597,120	\$ 171,304	\$ 6,650,965
Services revenue	-	-	12,028	12,028
Other operating revenue	-	-	21,309	21,309
				<u>\$ 6,684,302</u>

Nine months ended September 30, 2023	Epi/Chip	Packages/ Modules	Other	Total
Sales revenue	\$ 10,796,968	\$ 5,142,263	\$ 613,684	\$ 16,552,915
Services revenue	-	-	71,560	71,560
Other operating revenue	-	-	106,920	106,920
				<u>\$ 16,731,395</u>

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

(25) Other income and expenses— net

	Three months ended September 30, 2023	Three months ended September 30, 2022
Other income		
Royalty and technical income	(\$ 2,009)	\$ 5,682
Government grants revenue	8,688	16,228
Total	<u>\$ 6,679</u>	<u>\$ 21,910</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Other income		
Royalty income	\$ 884	\$ 11,344
Government grants revenue	28,871	56,952
Total	<u>\$ 29,755</u>	<u>\$ 68,296</u>

(26) Interest income

	Three months ended September 30, 2023	Three months ended September 30, 2022
Interest income from bank deposits	\$ 62,009	\$ 24,490
Other interest income	1,748	4,854
	<u>\$ 63,757</u>	<u>\$ 29,344</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest income from bank deposits	\$ 168,975	\$ 54,384
Other interest income	3,803	5,844
	<u>\$ 172,778</u>	<u>\$ 60,228</u>

(27) Other income

	Three months ended September 30, 2023	Three months ended September 30, 2022
Rental revenue	\$ 49,579	\$ 49,487
Dividend income	31,658	9,579
Government grant revenues	18,761	26,484
Other income-other	46,678	35,718
	<u>\$ 146,676</u>	<u>\$ 121,268</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Rental income	\$ 156,785	\$ 156,385
Dividend income	31,923	44,296
Government grant revenues	40,720	66,372
Other income-other	155,501	109,313
	<u>\$ 384,929</u>	<u>\$ 376,366</u>

(28) Other gains and losses

	Three months ended September 30, 2023	Three months ended September 30, 2022
Gain on disposal of property, plant and equipment	\$ 22,428	\$ 19,874
Gain on disposal of intangible assets	-	37
Loss on disposal of investments	( 19,187)	( 2,034)
Profit from lease modification	71	-
Net currency exchange gain	87,177	269,063
Net loss on financial assets at fair value through profit or loss	( 84,709)	( 111,517)
Impairment loss on non-financial assets	( 3,218)	-
Miscellaneous losses	( 40,838)	( 33,854)
	<u>(\$ 38,276)</u>	<u>\$ 141,569</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Gain on disposal of property, plant and equipment	\$ 152,846	\$ 44,747
Loss on disposal of intangible assets	( 583)	( 2,932)
Gain on disposal of investments	18,524	59,308
Profit from lease modification	915	-
Net currency exchange gain	125,017	655,153
Net loss on financial assets at fair value through profit or loss	( 57,111)	( 326,180)
Impairment loss on non-financial assets	( 25,589)	-
Miscellaneous losses	( 116,036)	( 92,398)
	<u>\$ 97,983</u>	<u>\$ 337,698</u>

(29) Finance costs

	Three months ended September 30, 2023	Three months ended September 30, 2022
Interest expense	\$ 34,321	\$ 15,946
Other interest expense	20,402	19,182
	<u>\$ 54,723</u>	<u>\$ 35,128</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest expense	\$ 89,337	\$ 48,120
Other interest expense	55,827	50,725
	<u>\$ 145,164</u>	<u>\$ 98,845</u>

(30) Expenses by nature

	Three months ended September 30, 2023	Three months ended September 30, 2022
Employee benefit expenses	\$ 1,988,904	\$ 1,858,197
Depreciation (Note)	\$ 1,153,091	\$ 1,249,314
Amortisation charges on intangible assets	<u>\$ 62,900</u>	<u>\$ 65,009</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Employee benefit expenses	\$ 5,846,792	\$ 6,106,368
Depreciation (Note)	\$ 3,466,979	\$ 3,719,199
Amortisation charges on intangible assets	<u>\$ 183,919</u>	<u>\$ 193,663</u>

Note: Depreciation amounting to \$13,055, \$82,102, \$41,274 and \$111,520 were recognized as miscellaneous expenses for the three months and the nine months ended September 30, 2023 and 2022, respectively.

(31) Employee benefit expenses

	Three months ended September 30, 2023	Three months ended September 30, 2022
Wages and salaries	\$ 1,673,917	\$ 1,528,667
Labor and health insurance expenses	117,502	127,603
Pension costs	92,881	93,152
Other personnel expenses	104,604	108,775
	<u>\$ 1,988,904</u>	<u>\$ 1,858,197</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Wages and salaries	\$ 4,902,638	\$ 5,158,905
Labor and health insurance expenses	361,173	371,580
Pension costs	278,033	274,901
Other personnel expenses	304,948	300,982
	<u>\$ 5,846,792</u>	<u>\$ 6,106,368</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 nine months ended September 30, 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period. For the three months and the nine months ended September 30, 2022, the employees' compensation was (reversal) accrued at (\$18,674) and \$43,517 and the directors' remuneration was (reversal) accrued at (\$3,735) and \$8,703, respectively.
- C. On February 23, 2023, the Board of Directors of the Company approved the distribution of directors' remuneration of \$0 in 2022, and the difference of \$790 between the directors' remuneration account and the proposed distribution will be listed as profit and loss in 2023.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Three months ended September 30, 2023	Three months ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 22,167	(\$ 862)
Tax withheld at source from foreign income	588	-
Prior year income tax underestimation (overestimation)	276	( 107)
Total current tax	23,031	( 969)
Deferred tax:		
Origination and reversal of temporary differences	6,027	( 22,556)
Origination and reversal of offsetting deficits	-	2,032
Total deferred tax	6,027	( 20,524)
Income tax (benefit) expense	\$ 29,058	(\$ 21,493)
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Current tax:		
Current tax on profits for the period	\$ 19,563	\$ 37,424
Tax withheld at source from foreign income	1,092	-
Prior year income tax underestimation	6,834	11,054
Total current tax	27,489	48,478
Deferred tax:		
Origination and reversal of temporary differences	20,264	( 987)
Origination and reversal of offsetting deficits	-	83,485
Total deferred tax	20,264	82,498
Income tax expense	\$ 47,753	\$ 130,976

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

	Three months ended September 30, 2023	Three months ended September 30, 2022
Change in fair value of financial assets at fair value through other comprehensive income	(\$ 12,856)	\$ 24,944
Currency translation differences	( 257)	91
Share of other comprehensive income of associates	( 226)	( 232)
Total	(\$ 13,339)	\$ 24,803
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Change in fair value of financial assets at fair value through other comprehensive income	(\$ 2,126)	(\$ 11,622)
Currency translation differences	( 1,479)	343
Share of other comprehensive income of associates	( 4,641)	( 4,050)
Total	(\$ 8,246)	(\$ 15,329)

B. 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.

(33) (Loss) earnings per share

	Three months ended September 30, 2023		
		Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
<u>Basic loss and diluted loss per share</u>	<u>Amount after tax</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 665,295)	751,658	(\$ 0.89)
	Three months ended September 30, 2022		
		Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
<u>Basic loss and diluted loss per share</u>	<u>Amount after tax</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 357,722)	746,332	(\$ 0.48)

Nine months ended September 30, 2023		
	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
Amount after tax		
<u>Basic loss and diluted loss per share</u>		
Loss attributable to ordinary shareholders of the parent	(\$ 2,820,268)	751,658 (\$ 3.75)

Nine months ended September 30, 2022		
	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
Amount after tax		
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 789,822	703,453 \$ 1.12
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 789,822	703,453
Assumed conversion of all dilutive potential ordinary shares		
Employees' compensation	-	1,014
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 789,822	704,467 \$ 1.12

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Purchase of property, plant and equipment	\$ 1,881,113	\$ 2,660,364
Add: Opening balance of payable on equipment	948,327	1,210,113
Less: Ending balance of payable on equipment	( 720,412)	( 1,213,698)
Less: Net cash changes of prepayment for equipment	( 442,599)	422,245
Cash paid during the period	\$ 1,666,429	\$ 3,079,024
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Purchase of intangible assets	\$ 48,604	\$ 200,000
Add: Opening balance of payables (including non-current portion)	92,418	4,898
Less: Ending balance of payables (including non-current portion)	( 61,769)	( 102,581)
Cash paid during the period	\$ 79,253	\$ 102,317



B. Investing activities with partial cash received

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Sale of property, plant and equipment	\$ 73,292	\$ 214,801
Add: Opening balance of receivables	48	2,013
Less: Ending balance of receivables	-	(2,480)
Cash collected during the period	<u>\$ 73,340</u>	<u>\$ 214,334</u>

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

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Disposal proceeds	\$ 955	\$ 88,100
Add: Opening balance of receivables	89,432	-
Less: Ending balance of receivables	-	-
Net cash provided by disposal of subsidiaries and associates	<u>\$ 90,387</u>	<u>\$ 88,100</u>

(35) Changes in liabilities from financing activities

	Short-term borrowing	Long-term borrowing	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2023	\$ 1,203,495	\$ 4,118,016	\$ 775,294	\$ 1,585,187	\$ 51,217	\$ 7,733,209
Changes in cash flow from financing activities	458,840	(49,981)	(8,921)	(88,083)	79,328	391,183
Effect of interest	-	-	-	15,655	-	15,655
Changes in other non-cash items	84,227	13	240,400	19,650	-	344,290
Impact of changes in foreign exchange rate	<u>23,768</u>	<u>-</u>	<u>2,175</u>	<u>(38)</u>	<u>470</u>	<u>26,375</u>
At September 30, 2023	<u>\$ 1,770,330</u>	<u>\$ 4,068,048</u>	<u>\$ 1,008,948</u>	<u>\$ 1,532,371</u>	<u>\$ 131,015</u>	<u>\$ 8,510,712</u>

  

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

## 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
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
KAISTAR Lighting (Xiamen) Co., Ltd.	Other related parties
FormoLight Technologies, Inc.	Other related parties
Darwin Precisions Corporation	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

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.

(2) Significant related party transactions and balances

A. Operating revenue:

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Other related parties	\$ 209,652	\$ 234,020
Associates	<u>182,369</u>	<u>67,110</u>
Total	<u>\$ 392,021</u>	<u>\$ 301,130</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Other related parties	\$ 589,733	\$ 602,095
Associates	<u>499,939</u>	<u>443,369</u>
Total	<u>\$ 1,089,672</u>	<u>\$ 1,045,464</u>

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

B. Purchases:

	<u>Three months ended</u> <u>September 30, 2023</u>	<u>Three months ended</u> <u>September 30, 2022</u>
Other related parties	\$ 832	\$ 1,116
Associates	<u>44,623</u>	<u>93,438</u>
Total	<u>\$ 45,455</u>	<u>\$ 94,554</u>
	<u>Nine months ended</u> <u>September 30, 2023</u>	<u>Nine months ended</u> <u>September 30, 2022</u>
Other related parties	\$ 3,252	\$ 2,392
Associates	<u>162,674</u>	<u>268,703</u>
Total	<u>\$ 165,926</u>	<u>\$ 271,095</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):

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 319,155	\$ 199,761	\$ 216,089
Associates	<u>277,066</u>	<u>236,493</u>	<u>185,030</u>
Total	<u>\$ 596,221</u>	<u>\$ 436,254</u>	<u>\$ 401,119</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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 21,160	\$ 24,012	\$ 27,679
Associates	<u>3,431</u>	<u>111,406</u>	<u>27,323</u>
Total	<u>\$ 24,591</u>	<u>\$ 135,418</u>	<u>\$ 55,002</u>

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

E. Payables from related parties:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other related parties	\$ 946	\$ 1,242	\$ 819
Associates	<u>244,361</u>	<u>265,236</u>	<u>288,011</u>
Total	<u>\$ 245,307</u>	<u>\$ 266,478</u>	<u>\$ 288,830</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:

	<u>Three months ended September 30, 2023</u>		<u>Three months ended September 30, 2022</u>	
	<u>Acquisition proceeds</u>	<u>Accrued payable</u>	<u>Acquisition proceeds</u>	<u>Accrued payable</u>
Other related parties	\$ 217,780	\$ 9,030	\$ 65,330	\$ 38,304
Associates	<u>-</u>	<u>-</u>	<u>3,602</u>	<u>-</u>
	<u>\$ 217,780</u>	<u>\$ 9,030</u>	<u>\$ 68,932</u>	<u>\$ 38,304</u>

	<u>Nine months ended September 30, 2023</u>		<u>Nine months ended September 30, 2022</u>	
	<u>Acquisition proceeds</u>	<u>Accrued payable</u>	<u>Acquisition proceeds</u>	<u>Accrued payable</u>
Other related parties	\$ 259,028	\$ 9,030	\$ 99,723	\$ 38,304
Associates	<u>-</u>	<u>-</u>	<u>3,602</u>	<u>-</u>
	<u>\$ 259,028</u>	<u>\$ 9,030</u>	<u>\$ 103,325</u>	<u>\$ 38,304</u>

(b) Disposal of property, plant and equipment:

The three months ended September 30, 2023 and 2022: None.

	<u>Nine months ended September 30, 2023</u>		<u>Nine months ended September 30, 2022</u>	
	<u>Acquisition proceeds</u>	<u>Gain (loss) on disposal</u>	<u>Acquisition proceeds</u>	<u>Gain (loss) on disposal</u>
Associates	<u>\$ 2,000</u>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ -</u>

(3) Key management compensation

	Three months ended September 30, 2023	Three months ended September 30, 2022
Salaries and other short-term employee benefits	\$ 45,488	\$ 100,447
Post-employment benefits	657	( 633)
Termination benefits	-	-
Share-based payment	-	-
Total	<u>\$ 46,145</u>	<u>\$ 99,814</u>
	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Salaries and other short-term employee benefits	\$ 129,897	\$ 182,164
Post-employment benefits	21,852	667
Termination benefits	-	1,259
Share-based payment	-	( 13,768)
Total	<u>\$ 151,749</u>	<u>\$ 170,322</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	September 30, 2023	December 31, 2022	September 30, 2022	
Bank deposits (shown in "Current financial assets at amortised cost and non-current financial assets at amortised cost")	\$ 441,883	\$ 478,405	\$ 454,551	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")	381,920	331,816	287,060	Lease deposit, performance bond, security for provisional attachment, customer deposit, long-term borrowings, payables for bankers' acceptances
Notes receivable	577,854	270,620	579,521	Payables for bankers'
Land, building and structures	547,416	549,585	550,308	Long-term borrowings
Machinery and office equipment	206,334	286,775	183,762	Long-term borrowings and short-term borrowings
	<u>\$ 2,155,407</u>	<u>\$ 1,917,201</u>	<u>\$ 2,055,202</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment	<u>\$ 645,611</u>	<u>\$ 1,305,258</u>	<u>\$ 1,312,820</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital risk management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 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	\$ 216,744	\$ 254,073	\$ 246,068
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	4,569,034	4,445,317	4,248,055
Financial assets at amortised cost			
Cash and cash equivalents	16,830,095	16,127,132	15,106,205
Financial assets at amortised cost	869,087	827,545	759,678
Notes receivable	732,690	1,872,810	1,706,639
Notes receivable - due from related parties	-	10,285	-
Accounts receivable	7,906,479	7,544,597	9,162,480
Accounts receivable - due from related parties	596,221	425,969	401,119
Other receivables	211,080	127,695	261,814
Other receivables - due from related parties	24,591	135,418	55,002
Guarantee deposits paid	53,925	79,650	51,687
	<u>\$ 32,009,946</u>	<u>\$ 31,850,491</u>	<u>\$ 31,998,747</u>

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit and loss			
Financial liabilities held for trading	\$ 41,801	\$ 2,214	\$ 88,963
Financial liabilities at amortised cost			
Short-term borrowings	1,770,330	1,203,495	667,343
Short-term notes and bills payable	1,008,948	775,294	953,905
Notes payable	1,187	243,332	210,329
Accounts payable	2,759,101	2,195,394	2,628,494
Accounts payable to related parties	245,307	266,478	288,830
Other payables	4,047,329	4,619,754	5,188,669
Long-term borrowings (including current portion)	4,068,048	4,118,016	4,178,067
Long-term accounts payable	10,321	41,285	82,254
Guarantee deposits received	131,015	51,217	172,916
	<u>\$ 14,083,387</u>	<u>\$ 13,516,479</u>	<u>\$ 14,459,770</u>
Lease liabilities (including current portion)	<u>\$ 1,532,371</u>	<u>\$ 1,585,187</u>	<u>\$ 1,747,142</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:

September 30, 2023					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(in thousands of NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	219,845	32.2700	\$	7,094,398
RMB:NTD		297,445	4.4150		1,313,220
<u>Non-monetary items</u>					
USD:NTD		112,303	32.2700		3,624,018
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		97,771	32.2700		3,155,070
RMB:NTD		179,537	4.4150		792,656
December 31, 2022					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(in thousands)			(in thousands of NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	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



September 30, 2022			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 268,143	31.7500	\$ 8,513,540
RMB:NTD	536,739	4.4730	2,400,834
<u>Non-monetary items</u>			
USD:NTD	105,905	31.7500	3,362,484
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	119,357	31.7500	3,789,585
RMB:NTD	120,782	4.4730	540,258
iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.			
Nine months ended September 30, 2023			
<u>Unrealized exchange gain (loss)</u>			
(Foreign currency: functional currency)	Foreign currency amount		Book value
	(in thousands)	Exchange rate	(in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	32.2700	\$ 235,747
RMB:NTD	-	4.4150	12,126
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	32.2700	( 190,026)
RMB:NTD	-	4.4150	( 7,096)

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

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

Nine months ended September 30, 2023				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit		Effect on other comprehensive income
		or loss		
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	70,944	\$ -
RMB:NTD	1%		13,132	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	36,240
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(	31,551)	-
RMB:NTD	1%	(	7,927)	-

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

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the nine months ended September 30, 2023 and 2022 would have increased/decreased by \$17,494 and \$15,711, 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 \$456,903 and \$424,806, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and interest rate risk

- i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.
- ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of \$10,992 and \$10,261 for the nine months ended September 30, 2023 and 2022, respectively. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms,

- and the contract cash flows of debt instruments stated at amortised cost.
- ii. The Group adopts the assumptions that the default occurs when the contract payments are past due over a certain number of days.
  - iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over a certain number of days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
  - iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
    - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
    - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
    - (iii) Default or delinquency in interest or principal repayments;
    - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
  - v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
  - vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group's written-off financial assets that are still under recourse procedures all amounted to \$949,859, \$18,623 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 September 30, 2023, December 31, 2022 and September 30, 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>September 30, 2023</u>						
Expected loss rate	0%~1%	0%~12%	0%~69%	0%~100%	0%~100%	
Total book value	\$ 8,848,955	\$ 569,178	\$ 38,494	\$ 9,465	\$ 93,618	\$ 9,559,710
Loss allowance	\$ 20	\$ 107	\$ 3,405	\$ 1,909	\$ 83,208	\$ 88,649
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>December 31, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	\$ 9,653,353	\$ 281,782	\$ 71,497	\$ 36,458	\$ 1,120,368	\$ 11,163,458
Loss allowance	\$ 280	\$ 254	\$ 2,909	\$ 6,131	\$ 1,037,110	\$ 1,046,684
	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
<u>September 30, 2022</u>						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	\$10,826,615	\$ 483,177	\$ 171,521	\$ 77,480	\$ 1,146,851	\$ 12,705,644
Loss allowance	\$ 217	\$ 6,509	\$ 37,070	\$ 59,360	\$ 1,015,434	\$ 1,118,590

	Individual provision	Group provision	Total
<u>September 30, 2023</u>			
Expected loss rate	100%	0%~100%	
Total book value	\$ 68,084	\$ 9,491,626	\$ 9,559,710
Loss allowance	\$ 67,978	\$ 20,671	\$ 88,649
<u>December 31, 2022</u>			
Expected loss rate	100%	0%~100%	
Total book value	\$ 991,358	\$ 10,172,100	\$ 11,163,458
Loss allowance	\$ 991,294	\$ 55,390	\$ 1,046,684
<u>September 30, 2022</u>			
Expected loss rate	83.49%~100%	0%~100%	
Total book value	\$ 1,081,958	\$ 11,623,686	\$ 12,705,644
Loss allowance	\$ 1,081,932	\$ 36,658	\$ 1,118,590

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	( 24,301)	6,315
Write-offs	( 898,634)	( 41,349)
Effect of exchange rate changes	( 78)	-
At September 30	\$ 13,560	\$ 75,089
	2022	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	\$ 995,276	\$ 100,316
Provision for impairment	14,701	7,881
Write-offs	( 207)	-
Effect of exchange rate changes	623	-
At September 30	\$ 1,010,393	\$ 108,197

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market

deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group held money market position of \$16,967,958, \$16,291,198 and \$15,266,654, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Floating rate:			
Expiring within one year	\$ 11,945,464	\$ 11,487,018	\$ 12,072,357
Expiring beyond one year	14,062,701	15,426,259	2,326,259
	<u>\$ 26,008,165</u>	<u>\$ 26,913,277</u>	<u>\$ 14,398,616</u>

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

Non-derivative financial liabilities:

<u>September 30, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Between 5 and 7 years</u>	<u>Over 7 years</u>
Short-term borrowings	\$ 1,770,330	\$ -	\$ -	\$ -
Short-term notes and bills payable	1,008,948	-	-	-
Financial liabilities at fair value				
through profit or loss	41,801	-	-	-
Notes payable	1,187	-	-	-
Accounts payable				
(including related parties)	3,004,408	-	-	-
Other payables	4,047,329	-	-	-
Lease liabilities	127,786	381,578	153,807	1,142,293
Long-term borrowings				
(including current portion)	1,685,628	2,339,142	114,544	-
Long-term payables				
(including current portion)	-	10,401	-	-
Guarantee deposits received	125,748	666	-	4,601

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

- 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.

	September 30, 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)	\$ 4,068,048	\$ -	\$ 4,081,050	\$ -

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>

September 30, 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>\$ 4,178,067</u>	<u>\$ -</u>	<u>\$ 4,129,273</u>	<u>\$ -</u>

- (b) The methods and assumptions of fair value estimate are as follows:  
Long-term borrowings: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date.
- C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2023, December 31, 2022 and September 30, 2022 is as follows:

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

September 30, 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	\$ 137,837	\$ -	\$ 78,881	\$ 216,718
Derivatives	-	26	-	26
Financial assets at fair value through other comprehensive income				
Equity securities	<u>1,114,324</u>	<u>-</u>	<u>3,454,710</u>	<u>4,569,034</u>
Total	<u>\$ 1,252,161</u>	<u>\$ 26</u>	<u>\$ 3,533,591</u>	<u>\$ 4,785,778</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 41,801</u>	<u>\$ -</u>	<u>\$ 41,801</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	\$ -	\$ 2,214	\$ -	\$ 2,214
September 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 102,455	\$ -	\$ 85,619	\$ 188,074
Beneficiary certificates	57,224	-	-	57,224
Derivatives	-	770	-	770
Financial assets at fair value through other comprehensive income				
Equity securities	906,717	-	3,341,338	4,248,055
Total	<u>\$ 1,066,396</u>	<u>\$ 770</u>	<u>\$ 3,426,957</u>	<u>\$ 4,494,123</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 88,963	\$ -	\$ 88,963

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

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

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

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

- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
  - iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5.
  - v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (c) The following chart is the movement of Level 3 for the nine months ended September 30, 2023 and 2022:

	2023	2022
	Financial instruments	Financial instruments
At January 1	\$ 3,348,606	\$ 4,245,029
Gains (losses) recognised in profit or loss	11,933	( 3,614)
Gains (losses) recognised in other comprehensive income	216,111	( 359,418)
Additions	-	189,022
Disposals	( 43,059)	( 184,079)
Transfers out of level 3	-	( 464,627)
Effect of exchange rate changes	-	4,644
At September 30	<u>\$ 3,533,591</u>	<u>\$ 3,426,957</u>

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

E. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,490,147	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20%~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	40,944	Market comparable companies	Equity value multiple (P/B ratio) on September 30, 2023	1.37	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on September 30, 2023	25.08%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	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 shares	\$ 3,053,691	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	213,364	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	25.08%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	36,480	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2022	1.29	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
Shares of Venture Capital Co.	19,512	Net asset value	N/A	-	N/A

	Fair value at September 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,126,559	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	219,877	Market comparable companies	Enterprise value to operating income ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	18.25%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted shares	35,976	Market comparable companies	Equity value multiple (P/B ratio) on September 30, 2022	1.30	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on September 30, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted shares	25,559	Net asset value	N/A	-	N/A
De-an Venture Capital Co., Ltd.	18,986	Net asset value	N/A	-	N/A

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

		September 30, 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%	\$ 789	(\$ 789)	\$ 34,547	(\$ 34,547)	
		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)	

			September 30, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Multiple	±1%	\$ 856	(\$ 856)	\$ 33,413	(\$ 33,413)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

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

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

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

#### (4) Major shareholders information

Major shareholders information: Please refer to table 13.

### 14. SEGMENT INFORMATION

#### (1) General information:

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

#### (2) Segment information

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

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

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

Nine months ended September 30, 2023

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 10,397,408	\$ 5,928,663	\$ 405,324	\$ 16,731,395
Segment income September 30, 2023	( 2,324,175)	( 6,019)	( 883,244)	( 3,213,438)

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Segment assets	\$ 51,554,161	\$ 13,554,031	\$ 5,571,506	\$ 70,679,698

Nine months ended September 30, 2022

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Revenues from external customers	\$ 16,528,941	\$ 6,299,053	\$ 183,176	\$ 23,011,170
Segment income September 30, 2022	1,142,716	( 193,111)	( 572,320)	377,285

	<u>Epistar Group</u>	<u>Lextar Group</u>	<u>Others</u>	<u>Consolidated</u>
Segment assets	\$ 54,995,781	\$ 14,321,220	\$ 5,793,273	\$ 75,110,274

ENNOSTAR INC. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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 nine months ended	Balance at 30-Sep-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
					30-Sep-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	\$ 5,208,835	\$ 15,626,506	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	355,600	353,200	198,675	3.55%	Short-term financing	-	Working capital	-	Promissory Note	353,200	892,662	1,338,993	Note 2
1	Epicrystal (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	441,500	441,500	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	892,662	1,338,993	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	-	9,431,555	9,431,555	Note 3
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	548,590	548,590	548,590	5.95%	Short-term financing	-	Working capital	-	Promissory Note	548,590	3,772,622	3,772,622	Note 3
3	Lighting Investment Ltd.	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	199,875	193,620	193,620	5.95%	Short-term financing	-	Working capital	-	Promissory Note	193,620	739,305	739,305	Note 4
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING (BVI) CO., LTD.	Other receivables-related parties	Y	145,215	145,215	145,215	5.95%	Short-term financing	-	Working capital	-	Promissory Note	145,215	294,368	294,368	Note 5

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended	Balance at 30-Sep-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
					30-Sep-23												
					Item								Value				
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	\$ 133,350	\$ 132,450	\$ 132,450	3.65%	Short-term financing	\$ -	Working capital	\$ -	Promissory Note	\$ 132,450	\$ 150,594	\$ 150,594	Note 6
6	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	250,000	250,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	993,427	3,973,706	Note 7
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	993,427	3,973,706	Note 7
6	Lextar Electronics Corporation	Trendylite Corporation	Other receivables-related parties	Y	25,000	25,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	993,427	3,973,706	Note 7
7	Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	Other receivables-related parties	Y	44,150	44,150	44,150	3.55%	Short-term financing	-	Working capital	-	None	-	993,427	3,096,027	Note 8

Note 1: Limit on loans granted by the ENNOSTAR Inc., the ceiling on total loans granted is 30% of the its net assets, and to a single party is 10% of the its net assets. The total amount for fund-lending between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company or between the subsidiaries whose voting shares are 100% owned, directly and indirectly, by the Company and the ENNOSTAR Inc. will not be subject to the limit of 40% of the net worth of the lending subsidiary. The maximum term of the financing is three years.

Note 2: Limit on loans granted by the subsidiary of Epistar, Epicrystal (Changzhou), limit on total loans is 30% of the Company's net asset, and to a single party is 20% of the Epicrystal's net asset.

Note 3: Limit on loans granted by the subsidiary of Epistar, Epistar JV, limit on total loans is 40% of the Company's net asset, and to a single party is 40% of the Epistar JV's net asset. However, if the borrower of the subsidiary was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, its ceiling on total loans granted and limit on loans granted to a single party are the net asset of company.

Note 4: As the borrower of the subsidiary of Lighting Investment Ltd., was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, its ceiling on total loans granted and limit on loans granted to a single party are the net asset of the company.

Note 5: As the borrower of the subsidiary of Epistar, Luxlite (HK), was a fellow subsidiary that is 100% controlled by the parent company located outside Taiwan, its ceiling on total loans granted and limit on loans granted to a single party are the net asset of the company.

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

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

Note 8: Limit on loans granted by the subsidiary of Lextar Electronics Corporation, Lextar (Suzhou), limit on total loans is 80% of its net asset and 40% of the net asset based on the latest financial statements of Lextar Electronics Corporation, and to a single party is 80% of its net asset and 10% of the net asset based on the latest financial statements of Lextar Electronics Corporation.

Table 1-2



ENNOSTAR INC. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Nine months ended September 30, 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 September 30, 2023	Outstanding endorsement/ guarantee amount at September 30, 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	\$	3,738,445	\$ 300,000	\$ -	\$ -	\$ -	-	\$ 7,476,890	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3		3,738,445	3,250,000	3,250,000	-	-	8.69	7,476,890	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: The Epistar's ceiling on total endorsements/guarantees is 20% of the company's net assets; The limit on endorsements/guarantees to a single party is 10% of the company's net assets; The ceiling of Epistar and its subsidiaries on total endorsements/guarantees is 30% of the company's net assets.

ENNOSTAR INC. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
September 30, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of September 30, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	\$ 2,500	-	\$ 2,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	-	7.39	-	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	207,472	13.68	207,472	
Epistar Corporation	Chi Lin Optoelectronics Co., Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	2,868,402	78,881	12.57	78,881	
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	770,307	10.00	770,307	

				As of September 30, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	Crystalwise Technology Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,330,951	\$ 12,884	3.03	\$ 12,884	
Epistar Corporation	XENIO CORPORATION (stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	652,406	8.53	652,406	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	4.50	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	216,299	19.90	216,299	
Epistar Corporation	ENNOSTAR Inc. (Stock)	Parent company	Non-current investments in equity instruments at fair value through other comprehensive income	1,843,500	80,930	0.24	80,930	Note 1
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.	KAISTAR Lighting (Xiamen) Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash USD51,060,000	1,979,553	18.77	1,979,553	

Table 3-2

				As of September 30, 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 Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash \$ RMB7,500,000	14,205	15.00	\$ 14,205	
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	49,158	1.14	49,158	
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 CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	10,075	10.00	10,075	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	87,067	5.74	87,067	

Table 3-3

				As of September 30, 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	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	\$ 252,178	7.81	\$ 252,178	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,425	2.17	9,425	
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	8,716	16.92	8,716	
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	137,837	4.27	137,837	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company of Epistar Corporation	Current financial assets at fair value through profit or loss	1,282,377	56,296	0.17	56,296	Note 1
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	196,856	2.57	196,856	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	30,984	2.04	30,984	

Table 3-4

				As of September 30, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
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	\$ -	
Jiangsu Canyang Optoelectronics Ltd	C-Star (Yangzhou) technology Co., Ltd	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB5,000,000	22,075	5.00	22,075	
Wellybond Corporation	Wellysun Inc.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,400,000	40,944	5.29	-	

Note : Transferred from the Epistar's stocks held as treasury stocks and were written off when preparing the consolidated financial statements.

ENNOSTAR INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2023

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 September 30, 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 measured by equity method	Yenrich Technology Corporation	Investments measured by equity method	-	\$ -	cash RMB100,900,000	\$ 306,962	-	\$ -	\$ -	\$ -	cash RMB100,900,000	\$ 306,962
Epistar Corporation	Taishin 1699 Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	None	None	-	-	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	None	None	-	-	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	None	None	-	-	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	None	None	-	-	90,596,815	1,490,000	90,596,815	1,492,580	1,490,000	2,580	-	-
Epistar Corporation	CTBC Hwa-win Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	None	None	-	-	43,650,269	490,000	43,650,269	490,530	490,000	530	-	-

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 September 30, 2023		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Investments measured by equity method	ENNOSTAR Inc.	Parent company	cash	\$ 451,407	-	\$ -	cash	\$ 306,962	\$ 344,407	\$ 7,230	-	\$ -
					RMB100,900,000				RMB100,900,000					

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

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

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

Table 4-2



ENNOSTAR INC. AND SUBSIDIARIES

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

Nine months ended September 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Real estate acquired by	Real estate	Transaction date or date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the seller	If the counterparty is a related party, information as to the last transfer of data				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Owner	Relationship between the issuer	Date of the transfer	Amount			
Unikorn Semiconductor Corporation	Factory facilities and machinery equipment	2023/6/13~6/27	\$ 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 acquisition should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share,

the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date

that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

ENNOSTAR INC. AND SUBSIDIARIES

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

Nine months ended September 30, 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	2023/6/13~6/27	From 2001 to 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

Nine months ended September 30, 2023

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction			Differences in transaction terms		Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	Note 1	Sales	(\$ 196,171)	( 6)	90 days after month- end closing	Normal	Normal	\$ 85,941	4	
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Note 1	Sales	( 141,872)	( 4)	90 days after month- end closing	Normal	Normal	109,552	4	
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 921,578)	( 26)	100 days after month- end closing	Normal	Normal	409,101	17	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Sales	( 228,295)	( 6)	60 days after month- end closing	Normal	Normal	57,876	2	
Epistar Corporation	LEDAZ Co., Ltd.	Note 1	Sales	( 194,392)	( 2)	90 days after month- end closing and 20 days after next monthly	Normal	Normal	100,713	2	
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 1	Sales	( 328,416)	( 4)	180 days after month- end closing	Normal	Normal	230,861	5	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 925,959)	( 11)	150 days after month- end closing	Normal	Normal	545,910	12	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Sales	( 257,427)	( 18)	90 days after month- end closing	Normal	Normal	179,551	9	
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 1	Sales	( 538,180)	( 37)	180 days after month- end closing	Normal	Normal	320,621	16	
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	( 796,707)	( 55)	180 days after month- end closing	Normal	Normal	1,007,234	50	
Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	Note 1	Sales	( 139,305)	( 12)	90 days after month- end closing	Normal	Normal	35,999	3	

Table 7-1

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)	
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 1	Sales	(\$ 789,245) (	68)	120 days after month-end closing	Normal	Normal	\$ 701,244	59	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Sales	( 271,570) (	24)	90 days after month-end closing	Normal	Normal	283,615	24	
Lextar Electronics Corporation	AU Optronics (Suzhou) Co., Ltd.	Other related parties	Sales	( 133,289) (	4)	120 days after month-end closing	Normal	Normal	89,415	6	
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	Sales	( 290,687) (	8)	120 days after month-end closing	Normal	Normal	154,723	10	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 1	Sales	( 1,807,205) (	49)	120 days after month-end closing	Normal	Normal	968,433	58	
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 1	Sales	( 390,032) (	11)	90 days after month-end closing	Normal	Normal	172,406	10	
Yenrich Technology Corporation	Lextar Electronics Corporation	Note 1	Sales	( 156,484) (	78)	120 days after month-end closing	Normal	Normal	104,517	90	
Episky Corporation (Xiamen) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	789,245	25	120 days after month-end closing	Normal	Normal	( 701,244) (	32)	
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 1	Purchases	925,959	30	150 days after month-end closing	Normal	Normal	( 545,910) (	25)	
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	796,707	25	180 days after month-end closing	Normal	Normal	( 1,007,234) (	46)	
Epistar Corporation	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	139,305	3	90 days after month-end closing	Normal	Normal	( 35,999) (	2)	
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	228,295	5	60 days after month-end closing	Normal	Normal	( 57,876) (	4)	
Epistar Corporation	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	538,180	12	180 days after month-end closing	Normal	Normal	( 320,621) (	21)	
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 1	Purchases	271,570	31	90 days after month-end closing	Normal	Normal	( 283,615) (	85)	

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)	
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 1	Purchases	\$ 257,427	28	90 days after month-end closing	Normal	Normal	(\$ 179,551) (	55)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Epistar Corporation	Note 1	Purchases	328,416	26	180 days after month-end closing	Normal	Normal	( 230,861) (	36)	
Shenzhen Epikylin Optoelectronics Co.,Ltd	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	921,578	74	100 days after month-end closing	Normal	Normal	( 409,101) (	64)	
Lextar Electronics Corporation	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	1,807,205	72	120 days after month-end closing	Normal	Normal	( 968,433) (	75)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 1	Purchases	156,484	6	120 days after month-end closing	Normal	Normal	( 104,517) (	8)	
Lextar Electronics Corporation	Tyntek Corporation	Note 1	Purchases	115,200	5	120 days after month-end closing	Normal	Normal	( 65,835) (	5)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	Note 1	Purchases	390,032	96	90 days after month-end closing	Normal	Normal	( 172,406) (	95)	
Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Note 1	Purchases	196,171	7	90 days after month-end closing	Normal	Normal	( 85,941) (	7)	

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

ENNOSTAR INC. AND SUBSIDIARIES  
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
September 30, 2023

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2023			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
			Accounts receivable	Other receivable	Total		Amount	Action taken		
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Note 2	\$ -	\$ 204,765	\$ 204,765	-	\$ -	-	\$ 207	\$ -
Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	Note 2	-	558,327	558,327	-	-	-	-	-
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	409,101	-	409,101	2.72	-	-	66,741	-
Episky Corporation (Xiamen) Ltd.	Epistar Corporation	Note 2	57,876	42,358	100,234	( 5.32)	-	-	28,438	-
Episky Corporation (Xiamen) Ltd.	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Note 2	109,552	-	109,552	0.44	21,289	-	26,490	-
Epistar Corporation	LEDAZ Co., Ltd	Note 2	100,713	7,460	108,173	1.29	7,460	-	12,702	7,101
Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	Note 2	230,861	1,920	232,781	3.76	-	-	40,492	-
Epistar Corporation	Episky Corporation (Xiamen) Ltd.	Note 2	545,910	33,338	579,248	3.21	13,676	-	132,244	-
United LED Corporation (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	Note 2	-	132,853	132,853	-	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Note 2	179,551	202,852	382,403	0.62	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	Note 2	320,621	735	321,356	2.13	-	-	-	-
Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	1,007,234	-	1,007,234	1.78	106,188	-	107,058	-
Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	Note 2	701,244	-	701,244	3.00	74,997	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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		
Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	Note 2	\$ 283,615	\$ 1,755	\$ 285,370	2.54	\$ -	-	\$ -	\$ -
Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	197,060	197,060	-	-	-	-	-
Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	Note 2	-	147,819	147,819	-	-	-	-	-
Lextar Electronics Corporation	Yenrich Technology Corporation	Note 2	2,318	441,630	443,948	0.09	-	-	400,000	-
Lextar Electronics Corporation	Fortech Electronics (Suzhou) Co., Ltd.	Other related parties	154,723	-	154,723	3.30	-	-	-	-
Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Note 2	-	500,000	500,000	-	-	-	-	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	968,433	2,177	970,610	3.36	-	-	211,715	-
Yenrich Technology Corporation	Lextar Electronics Corporation	Note 2	104,517	24	104,541	3.81	-	-	11,430	-
Yenrich Technology Corporation	ENNOSTAR Inc.	Note 2	-	306,962	306,962	-	-	-	306,962	-
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	Note 2	172,406	-	172,406	2.10	-	-	54,115	-

Note 1: The Company endeavored to collect the overdue amount. Epistar has received \$ 10,435 from Episky Corporation (Xiamen).

Episky Corporation (Xiamen) has received \$21,289 from LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd. Epicrystal (Changzhou) has received \$106,188 from Episky Corporation (Xiamen).

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

Table 8-2

ENNOSTAR INC.AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods  
Nine months ended September 30, 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	\$ 204,765	Based on contract terms	0.29
0	ENNOSTAR Inc.	Yenrich Technology Corporation	1	Other payable	306,962	Based on contract terms	0.43
0	ENNOSTAR Inc.	Epistar Corporation	1	Other operating revenue	137,022	Based on contract terms	0.82
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	328,416	Conducted in the ordinary course of business with terms similar to those with third parties	1.96
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Sales	925,959	Conducted in the ordinary course of business with terms similar to those with third parties	5.53
1	Epistar Corporation	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	230,861	Conducted in the ordinary course of business with terms similar to those with third parties	0.33
1	Epistar Corporation	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	545,910	Conducted in the ordinary course of business with terms similar to those with third parties	0.77



Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
2	Episky Corporation (Xiamen) Ltd.	Lextar Electronics (Chuzhou) Corp.	3	Sales	\$ 196,171	Conducted in the ordinary course of business with terms similar to those with third parties	1.17
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Sales	921,578	Conducted in the ordinary course of business with terms similar to those with third parties	5.51
2	Episky Corporation (Xiamen) Ltd.	Epistar Corporation	3	Sales	228,295	Conducted in the ordinary course of business with terms similar to those with third parties	1.36
2	Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	3	Accounts receivable	409,101	Conducted in the ordinary course of business with terms similar to those with third parties	0.58
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Sales	257,427	Conducted in the ordinary course of business with terms similar to those with third parties	1.54
3	Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Sales	538,180	Conducted in the ordinary course of business with terms similar to those with third parties	3.22
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	796,707	Conducted in the ordinary course of business with terms similar to those with third parties	4.76
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Accounts receivable	156,546	Conducted in the ordinary course of business with terms similar to those with third parties	0.22
3	Epicrystal (Changzhou) Co., Ltd.	Epistar Corporation	3	Accounts receivable	320,621	Conducted in the ordinary course of business with terms similar to those with third parties	0.45
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	809,304	Conducted in the ordinary course of business with terms similar to those with third parties	1.15

Table 9-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Epicrystal (Changzhou) Co., Ltd.	Episky Corporation (Xiamen) Ltd.	3	Notes receivable	\$ 197,930	Conducted in the ordinary course of business with terms similar to those with third parties	0.28
3	Epicrystal (Changzhou) Co., Ltd.	Jiangsu Canyang Optoelectronics Ltd.	3	Other receivable	202,852	Conducted in the ordinary course of business with terms similar to those with third parties	0.29
4	Jiangsu Canyang Optoelectronics Ltd.	Epistar Corporation	3	Sales	139,305	Conducted in the ordinary course of business with terms similar to those with third parties	0.83
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Sales	789,245	Conducted in the ordinary course of business with terms similar to those with third parties	4.72
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Sales	271,570	Conducted in the ordinary course of business with terms similar to those with third parties	1.62
4	Jiangsu Canyang Optoelectronics Ltd.	Episky Corporation (Xiamen) Ltd.	3	Accounts receivable	701,244	Conducted in the ordinary course of business with terms similar to those with third parties	0.99
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Accounts receivable	137,502	Conducted in the ordinary course of business with terms similar to those with third parties	0.19
4	Jiangsu Canyang Optoelectronics Ltd.	Epicrystal (Changzhou) Co., Ltd.	3	Notes receivable	146,113	Conducted in the ordinary course of business with terms similar to those with third parties	0.21
5	United LED Corporation (Hong Kong) Limited	Episky Corporation (Xiamen) Ltd.	3	Other receivable	132,853	Conducted in the ordinary course of business with terms similar to those with third parties	0.19

Table 9-3

Number (Note 1)	Transaction						Percentage of consolidated total operating revenues or total assets (Note 3)
	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
6	Epistar JV Holding (BVI)Co.,Ltd.	Epistar Corporation	3	Other receivable	\$ 558,327	Based on contract terms	0.79
7	Lighting Investment Ltd.	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	197,060	Based on contract terms	0.28
8	Luxlite (HK) Corporation Limited	Epistar JV Holding (BVI)Co.,Ltd.	3	Other receivable	147,819	Based on contract terms	0.21
9	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	3	Other receivable	500,000	Based on contract terms	0.71
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Sales	1,807,205	Conducted in the ordinary course of business with terms similar to those with third parties	10.80
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	3	Accounts receivable	968,433	Conducted in the ordinary course of business with terms similar to those with third parties	1.37
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Sales	390,032	Conducted in the ordinary course of business with terms similar to those with third parties	2.33
10	Lextar Electronics (Chuzhou) Corp.	Lextar Electronics (Suzhou) Corp.	3	Accounts receivable	172,406	Conducted in the ordinary course of business with terms similar to those with third parties	0.24

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	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Sales	\$ 156,484	Conducted in the ordinary course of business with terms similar to those with third parties	0.94
11	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Accounts receivable	104,517	Conducted in the ordinary course of business with terms similar to those with third parties	0.15
11	Yenrich Technology Corporation	Lextar Electronics Corporation	3	Other payable	441,630	Based on contract terms	0.62

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

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

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Nine months ended September 30, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
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	\$ 37,199,229	(\$ 2,285,187)	(\$ 2,332,093)	
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	11,258,109	70,691	31,145	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	1,150,000	115,000,000	100.00	754,365	( 185,287)	( 185,287)	
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	624,202	( 107,695)	( 7,158)	Note 1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	40,212	6,922,000	75.96	15,431	( 12,437)	( 9,447)	
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	318,771	( 788,712)	( 78,677)	Note 1
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	440,000	440,000	44,000,000	100.00	373,632	( 58,741)	( 58,741)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 783,132	\$ 593,132	65,700,000	19.54	\$ 154,501	(\$ 649,614)	(\$ 117,014)	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	480,000	270,000	48,000,000	100.00	66,105	( 32,931)	( 32,931)	
ENNOSTAR Inc.	Praistar Investment Corp.	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	37,118	( 27,307)	( 27,307)	
ENNOSTAR Inc.	Manastar Investment Corp.	Taiwan	Professional investment	1,000	1,000	100,000	100.00	971	( 10)	( 10)	
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	366,939	( 788,712)	( 78,544)	Note 1
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	263,864	209,551	13,089,000	4.35	258,306	( 107,695)	( 3,630)	Note 1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	15.46	116,326	( 649,614)	( 103,183)	
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	476,300	268,000	23,815,020	7.08	62,490	( 649,614)	( 32,864)	

Table 10-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	\$ 265,135	\$ 265,135	6,500,000	5.84	\$ 203,235	(\$ 788,712)	(\$ 56,660)	Note 1
Calystar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	151,238	97,787	8,094,000	2.69	144,492	( 107,695)	( 2,173)	Note 1
Praistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	3.98	35,129	( 649,614)	( 27,313)	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	1,169	( 788,712)	( 12)	Note 1
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	34.30	47,669	( 37,955)	( 13,798)	
Epistar Corporation	Epistar JV Holding (BVI) Co., Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	9,423,598	( 394,951)	( 406,170)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	-	166,785	-	-	-	-	-	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	1,561,814	191,478,518	100.00	1,572,091	( 8,072)	( 6,806)	

Table 10-3

				Initial investment amount		Shares held as at September 30, 2023				Investment income		
Investor	Investee	Location	Main business activities	Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss)	(loss) recognised		
									of the investee for the nine months ended September 30, 2023	by the Company for the nine months ended September 30, 2023	Footnote	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	\$ 400,000	\$ 400,000	40,000,000	11.89	\$ 104,628	(\$ 649,614)	(\$ 81,521)		
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	31,792	31,792	3,179,176	49.00	2,353	( 96)	( 47)		
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	43,738	3,015	1,206		
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	77,700	77,700	1,118,600	64.32	841	949	611		
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	1,183	( 107,695)	( 15)	Note 1	
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	57,770	( 10,393)	( 366)		
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	SAMOA	Professional investment	334,967	334,967	12,551,035	100.00	3,488	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	3,435,312	( 165,624)	( 136,491)		
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	263,733	( 7,166)	( 5,364)		
Epistar JV Holding (BVI) Co., Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash USD 68,000,000	100.00	2,038,099	( 262,520)	( 262,520)		
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	1,432,489	( 10,393)	( 8,860)		
Lighting Investment Ltd.	LEDAZ Co., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	33,156	( 24,455)		

Table 10-4



Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	\$ 12,806	\$ 12,806	429,000	30.00	\$ 10,769	(\$ 2,326)	(\$ 698)	
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	304,797	10,004	10,004	
Lite Star JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,167,839	( 165,536)	( 165,536)	
Lighting Investment Corporation	LEDAZ Co., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	33,156	( 16,376)	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,643	100.00	761,580	( 1,128)	( 1,128)	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	-	133,403	-	0.00	-	-	-	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	112,587	( 10,393)	( 714)	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	97,101	67,101	7,428,000	89.39	( 12,982)	( 17,537)	( 15,586)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,329	( 881)	( 529)	

Table 10-5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023				Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023		
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	\$ 11,599	\$ 11,599	1,757,000	11.26	\$ 3,392	(\$ 18,755)	(\$ 2,196)	Note 1	
Lighting Investment Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,276	1,276	50,000	0.02	776	( 107,695)	( 15)	Note 1	
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materials and modules	641	641	620,400	35.68	1,042	949	339		
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	337	( 11)	( 6)		
Episky Corporation (Xiamen) Ltd.	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD 5,200,000	3.31	147,736	( 177,271)	( 5,868)		
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB 110,000,000	10.44	668,497	( 1,135,404)	( 123,419)		
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 RMB 38,800,000	9.70	132,299	( 97,229)	( 9,431)		
Episky Corporation (Xiamen) Ltd.	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB 10,000,000	100.00	209,972	16,118	16,118		

Table 10-6

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Singapore	Professional investment	\$ 2,709,310	\$ 2,709,310	90,270,000	100.00	\$ 2,725,925	\$ 161,438	\$ 161,438	
Lextar Electronics Corporation	Wellybond Optronics (HK) Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	12,469	18	18	
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	44,898	44,898	5,153,061	100.00	179,973	10,712	10,712	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,293,797	78,839	78,839	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	117,903	( 8,339)	( 8,339)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	486,847	( 73,345)	( 73,345)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	20,874	18,100	3,150,000	100.00	44,081	4,424	4,095	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.52	50,819	( 72,466)	( 24,135)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	580,487	980,487	26,000,000	100.00	190,183	( 149,434)	( 149,434)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	99,081	97,031	6,700,000	9.84	79,915	( 90,965)	( 8,697)	
Lextar Electronics Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,304	1,304	50,000	0.02	1,025	( 107,695)	( 102)	Note 1

Table 10-7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	\$ 3,025	\$ 3,025	22,000	100.00	\$ 4,861	\$ 333	\$ 333	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	34,708	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	3,148	1,422	711	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.52	50,815	( 72,466)	( 24,133)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply modules	30,000	30,000	20,000,000	84.03	5,807	( 11,742)	( 9,867)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	68,250	4,550,000	29.17	37,148	( 18,755)	( 11,360)	Note 1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	313,670	303,264	21,417,000	31.47	255,453	( 90,965)	( 27,311)	
Wellybond Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,288	1,288	50,000	0.02	1,012	( 107,695)	( 104)	Note 1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	96,604	91,763	6,700,000	9.84	79,915	( 90,965)	( 8,355)	

Table 10-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
Liang Li Venture Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor, photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	\$ 1,293	\$ 1,293	50,000	0.02	\$ 1,017	(\$ 107,695)	(\$ 100)	Note 1
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	6,717,900	49.00	38,753	( 34,665)	( 17,172)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	27,366	-	0.00	-	( 90,965)	( 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	-	( 107,695)	( 96)	Note 1
ProLight Opto Technology Corporation	ProLight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	128	( 256)	( 256)	
ProLight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	4,403	4,403	150,000	100.00	155	( 256)	( 256)	

Table 10-9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2023			Investment income		Footnote
				Balance as at September 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2023	(loss) recognised by the Company for the nine months ended September 30, 2023	
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 RMB 700,000,000	100.00	\$ 3,764,776	\$ 268,856	\$ 268,856	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	cash RMB 29,000,000	48.33	37,788	( 73,414)	( 38,462)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	67,868	-	cash RMB 26,400,000	44.00	44,938	( 73,414)	( 22,532)	

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

ENNOSTAR INC. AND SUBSIDIARIES  
Information on investments in Mainland China  
Nine months ended September 30, 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 nine months ended September 30, 2023			Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 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	(\$ 97,229)	33.63	(\$ 33,252)	\$ 492,654	\$ -	2(3) 、7
Episky Corporation (Xiamen) Ltd.	Manufacturing and sales of LED chips	2,124,096	2	2,124,096	-	-	2,124,096	( 262,520)	100.00	( 262,520)	2,038,092	-	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	( 8,034)	74.86	( 6,014)	275,839	-	2(3)
Epicrystal Corporation (Changzhou) Ltd.	Manufacturing and sales of LED wafers and chips	4,494,125	2	3,423,550	-	-	3,423,550	( 177,271)	76.95	( 136,418)	3,434,715	-	2(1)
Luxlite (Shenzhen) Corporation Limited	Sales of LED chips	96,430	2	48,687	-	-	48,687	-	-	-	-	62,281	2(1)
KFESLighting Co., Ltd.	Manufacturing and sales of LED wafers, chips, packages and modules	7,785,966	2	1,461,593	-	-	1,461,593	-	18.77	-	1,979,553	-	2(3)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2023	Footnote
					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	(10,901)	97.81	(10,662)	1,654,981	-	2(3)

Table 11-2



Investee in Mainland China	Main business activities	Paid-in capital	Investment method ( Note 1 )	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2023	Net income of investee for the nine months ended September 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2023	Book value of investments in Mainland China as of September 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of September 30, 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	\$ 3,585,860	\$ 244,652	100.00	\$ 244,652	\$ 3,987,319	\$ -	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	( 256)	( 256)	51.15	( 256)	128	-	2(3)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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	\$ 32,410,951
Epistar Corporation	13,341,101	14,532,562	23,053,728
Lextar Electronics Corporation	3,737,600	4,198,743	6,243,085

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

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

Note 2: Investment income or loss in this period:

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

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

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

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

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

Note 6: 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

Nine months ended September 30, 2023

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2023	%	Balance at September 30, 2023	Purpose	Maximum balance during the nine months ended September	Balance at	Interest rate	Interest during the nine months ended	Others
									30, 2023	September 30, 2023		September 30, 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

September 30, 2023

Table 13

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