

【Translation】

Ennostar

TWSE: 3714

Ennostar Inc.

2024 Annual Report

Printed on March 15, 2025

Website to inquire annual reports

- MOPS website: <https://mops.twse.com.tw>
- Ennostar Inc. website: <https://www.ennostar.com>

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

1. Spokesperson & Deputy Spokesperson

Spokesperson : Hsing Chia Liu, Vice President, Finance Center
Deputy Spokesperson : Jia-Wei Tzeng, Senior Manager, Finance and Investor Relations Department.
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2. Headquarters, Branches, and Plant

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Lextar Electronics Corporation.

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3. Common Share Transfer Agent and Registrar

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Address : B1, No. 96, Sec. 1, Jianguo N. Rd, Zhongshan Dist., Taipei City
Website : <https://www.tssco.com.tw/stocktransfer>
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4. Auditors

Name of auditors : Tien-Yi Li , Chien-Hung Chou
Name of Accounting : Pricewaterhouse Coopers, Taiwan
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5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable.

6. Corporate Website: <http://www.ennostar.com>

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1. Letter to Shareholders

In 2024, the global economic environment was affected by multiple pressures, including inflation, excessive production capacity, increases in interest rates, and geopolitics. Amidst this backdrop, the optoelectronics industry continued to face the pressures from inventory adjustments and sluggish demand. Ennostar Group responded to market challenges through proactive business and management streamlining strategies, as well as the One Ennostar initiative which brought together, integrated, and merged the Group's strengths. In 2024, our net loss attributable to owners of the parent company was NT\$1.385 billion and the basic loss per share was NT\$1.87, representing a significant improvement in our overall financial performance as compared to 2023. Looking forward, the Group will continue to deepen internal restructuring and accelerate transformation in accordance with the clear direction of the "Dual Value-added Strategy Approach" – "Field Value-added Approach" and "Solution Value-added Approach", together with the "3 + 1 long-term development strategy" (automotive, advanced display, smart sensing, and emerging market) to lay a solid foundation for achieving sustainable development.

Drive Transformation through "Dual Value-added Strategy Approach" and the "3 + 1 Long-term Development Strategy"

Ennostar Group's transformation is driven by its "Dual Value-added Strategy Approach" with "Field Value-added Approach" and "Solution Value-added Approach." Field Value-added Approach focuses on the "3 + 1 long-term development strategy" which includes automotive, advanced display, smart sensing, and emerging markets (i.e., AI optical interconnects, high-efficiency III-V solar cells, and others) to improve profits by creating competitive products and technologies that meet market demand. Solution Value-added Approach commits to the integration of the Group's upstream and downstream resources together with comprehensive solutions in combination with module drivers and algorithms to provide one-stop services to customers so as to fully improve the efficiency of its value chain.

1. Automotive

With the emergence of new energy vehicles, lighting systems have become the key to human-vehicle interactions. Ennostar, a long-time investor in the automotive field, further accelerated the development of automotive display, lighting, and sensing fields in 2024. The Group's operating income from the automotive field increased by approximately 8% from 2023 to 2024. In the future, we will continue to cooperate with global customers with comprehensive modular solutions, exhibiting our full capabilities in automotive lighting systems.

- **Automotive Display:** Ennostar's automotive display products include adaptive driving beams (ADB), interior Mini LED backlights, Micro LED transparent displays, and others. Ennostar's exterior display products include intelligent signal display (ISD), exterior matrix display technologies, and interior ambiance lamp + IC smart controls. Ennostar provides high light uniformity and high-frequency temperature compensation which offer high luminance, high contrast, and other leading technologies. Currently, we have joined hands with large-scale international companies in R&D, and we have successfully introduced such technologies into renowned car brands from Japan and Mainland China. In terms of interior Mini LED backlights, we launched the ultra-thin mini COB module which still offers high luminance by adopting a proprietary patented mini lens design. This module is applicable to automotive displays ranging from 7 to 34 inches and provides optimal display effects that are more favorable than that of OLEDs. With regards to solutions, Ennostar Group collaborates with Inova Semi in launching packaged products which can be applied to interior ambient lamps with volume reduction by 50% hence unlocking new applications.
- **Automotive Lighting:** In the vehicle-specification LED market, Ennostar Group's market share of rear/signal lights exceeded 50% in 2024, with daytime running light market share in the same year exceeding 30%. The Group will continue to open up even more markets to meet customers' diverse application requirements.
- **Automotive Sensing:** Ennostar, in cooperation with customers, integrated upstream and downstream resources and developed low red glow IR elements and successfully introduced such elements into driving monitoring systems. The Company, in addition, has also had further collaborations in the application of LiDAR.

2. Advanced Display

Ennostar, committed to the R&D of advanced display technologies, has constantly made breakthroughs in the fields of Micro LEDs and Mini LEDs. In the future, the Group will continue to focus on advanced display technologies to create value differentiation.

- **Micro LED:** In 2024, the efficacy of blue-green Micro LEDs increased by 10% to 15%, while the efficacy of red Micro LEDs significantly increased by 90%, whilst the sizes of such LEDs was reduced by 40% as compared to 2023. The Company, at present, has commenced the development of next-generation products with a size reduction of 50%. The Group continues to collaborate with partners within the ecosystem to promote technology commercialization, and currently, is servicing multiple international brands, including those of smart wearable devices, high-end TVs, transparent displays, and other applications. The high brightness, high contrast, high reliability, and low power consumption are strengths which best suit their application in the automotive industry, at which we are currently closely collaborating with multiple customers. In addition, Ennostar established its technology differential and further expanded its application of Micro LEDs into the AI optical interconnects market to provide innovative solutions.
- **Mini LED:** Apart from the rapid development based on the foundation of mini backlights, the Company has steadily expanded its RGB direct display application projects. For the gaming and IT industries, our products now form part of the supply chain of multiple international brands.

3. Smart Sensing

The Group provides full-wave band lighting product lines in conjunction with sensing solutions across a wide range of solutions, and mainly focus on the two major fields of biosensing and industrial sensing. In addition, Ennostar will expand the solutions offering sensing modules with driver ICs and strategize for various sensing applications under trends such as new energy vehicles, robots, drones, and AI.

- **Biosensing:** The scope includes the measurement of heart rate, glucose, skin hydration, and other biological signals. The market rate of the sensor chips in wearable watches of the Group was nearly 50%. In particular, the newly launched 630nm red light, 830nm IR, and 1050 nm SWIR LED have been introduced into smart biomedical sensors of multiple customers. Electronic equipment sensors cover inductive proximity sensors and eye tracking. At present, 850 nm and 940 nm IR LED products have been introduced into AR/VR devices for U.S. customers. The Group's sensing technologies are also extensively applied within IT equipment (i.e., user authentication, home appliance integration functions, and others), the 940nm LED with ultra-high luminance has been adopted by large mobile phone brands manufacturers from Mainland China. In the future, the Group

will strengthen its OPIC optical package, together with advanced algorithms, to establish an internalized RX+IC supply chain so as to provide modular sensor solutions to customers.

- **Industrial sensors:** Ennostar's sensor products are also used in 1D/3D inspection for industrial automation. Using a series of red light and IR optical sensors, and lighting systems, Ennostar provides server motor applications for industrial automation and robots to improve the precision control of bearing motors.

4. Emerging Market

Given the high level of control over optoelectronic materials made with III-V compound semiconductors, Ennostar actively breaks into fields with high added value, including AI optical interconnects, CPO lighting system (high-speed VCSEL/DFB LD/Micro LED), high-efficiency III-V solar cells, professional lighting, and other application markets. In the future, the Group will further intensify its growth to improve profitability and risk resistance capacity.

- **AI Optical Interconnects:**

With the improvement in AI computing capabilities in the AI server era, the era of SiPh has arrived. Ennostar is currently actively focusing on the R&D of optical signal reception and emission elements and modules. For light signal elements under optical interconnect, the Company has completed the development of high-speed VCSEL with a transmission speed of 25Gbps, targeting to launch 50Gbps to 100Gbps PAM4 VCSEL products in succession in 2025 and are actively developing DFB LD technologies and products that are required for optical interconnects and CPO. Furthermore, we will collaborate and strategize with crucial partners to improve terminal application technologies and market advantages.

- **High-efficiency III-V Solar Cells:**

The Group developed III-V solar cells with high conversion efficiency, and their power generation efficiency is 50% higher as compared to silicon-based solar cells. III-V solar cells have passed stringent environment testing and are suitable for high-end use cases.

- **Professional Lighting:**

In terms of human-centric lighting, Ennostar focuses on using lighting technologies to improve the health, level of comfort, and productivity of humans, and has joint strategies with large-scale branded customers from Taiwan and the U.S. to strengthen technical barriers and expand market share. Ennostar utilizes LED plant lamps with long useful life and low energy consumption to facilitate the growth of plants and cooperates with large-scale branded customers from Europe and America with the goal of expanding its market share.

As One Ennostar's Benefits Emerge, a Three-Prong Approach Strengths the Group

In 2024, Ennostar fully initiated its organizational and resource adjustments and focused on operational efficiency improvement and capital utilization benefits. By the adoption of three measures, including "efficiency Improvement," "expenditure reduction," and "streamlining," to strengthen its financial stability and corporate resilience and effectively respond to rapid fluctuations in the market.

- **Efficiency Improvement**

Ennostar Group's subsidiaries have different systems and regulations. In 2024, we comprehensively integrated the internal resources of the Group to promote consistent operating standards for the entire Group, standardize HR procedures, administration, and all departments, and reduce communication barriers generated from differences between systems. In the long run, this will significantly improve operating efficiency, reduce operating expenses, and further increase net profit.

- **Expenditure reduction**

We carried out efficiency evaluations for production bases worldwide and centralized resources in key bases to improve asset utilization efficiency. Across the year, we completed the integration and optimization of major production bases. In 2024, we saved over NT\$200 million and improved production flexibility and cost control capabilities to win more competitive advantages for the Group.

- **Streamlining**

The Group adopted streamlining measures for its business and finances. Regarding business, we focused on core optoelectronic technologies and throughout the year, we disposed of seven and liquidated three investee companies which did not yield strategic benefits. Regarding finances, the Group performed asset impairment, including adjustments to the

carrying amount of idle assets, hook-ups, goodwill, and long-term investments.

Through various activities performed by the Group above and investment inventory optimization, assets can be activated, and resources effectively released to invest in the development of technologies for products with high added value and arrangements in new fields so as to further increase return on invested capital and net profit margin, solidifying the momentum for growth and transformation.

Strategizing for Net Zero Blueprint and Jointly Building a Resilient Supply Chain

Global net zero transformation is the joint responsibility of enterprises in their move towards sustainability. At the end of 2024, Ennostar Group formally joined RE100, committing to the Group's consumption ratio of renewable energy of 60% by 2030 and that it will achieve the target of consuming 100% renewable energy by 2050. In addition, the Group actively carried out GHG inventory together with its partners within the supply chain and promised to jointly reduce carbon so as to build a resilient low-carbon supply system.

Ennostar deems talent as its most precious assets. In 2024, the Group established the "Talent Development Committee" to cultivate talent to enhance capabilities and activate talents to allow the organization to actively respond to the ever-changing macroeconomy by adopting sustainable development of talents as the target. Meanwhile, the Group also established "Ennostar University" during the year to improve employees' professional skills through technology, management, innovation, and other cross-field courses in the hope of shaping the learning culture of the Group, supporting the growth and transformation requirements of the Company, and cultivating future leadership skills.

Stable Operation and Agile Transformation Lead to a New Milestone of Ennostar

"Remain true to your original aspirations, and you will succeed in the end." Ennostar will continue to deepen its synergistic spirit of bringing together, integrating, and merging under "One Ennostar" to improve technology innovations and capital utilization efficiency under consistent strategic direction. In 2025, we will merge our subsidiaries EPISTAR and Lextar Electronics and formally establish Ennostar Corporation. This will effectively integrate upstream and downstream resources in accordance with "Field Value-added Approach" and "Solution Value-added Approach" under our "Dual Value-added Strategy Approach", thereby providing comprehensive optoelectronic solutions to customers and the market and respond to changes in the market with a stable and flexible business model. Ennostar adheres to the vision of "Bright Innovation, Sustainable Future," and adopted "We lead in product and

technology innovation, building an ecosystem of optoelectronic services, and creating together the best experiences for our customers” as its mission and strives to become a comprehensive optoelectronic integration solution provider, accelerating the pace toward brand-new milestones.

Chairman Shuang-Lang (Paul) Peng

2. Corporate Governance Report

2.1 Information about Directors, president, vice presidents, assistant vice presidents, and department and branch managers

2.1.1 Information about directors

Base date of shareholding February 28, 2025; Unit: shares

Title	Nationality or Place of Registration	Name	Gender/ Age	Date elected (inauguration) Date	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Current Positions at the Company and Other Companies	Managers, directors or supervisors who are spouses or relatives within the second degree of kinship		
							Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relationship
Chairman	R.O.C.	Shuan-Lang Peng	Male/ 61-70	2023.05.31	3 years	2010.06.18	150,000	0.02%	250,000	0.03%	0	0.00%	0	0.00%	Chairman and CSO, AUO Corporation Director, Ennostar Inc. MBA, Heriot-Watt University	Note 1	No	No	No
Director	R.O.C.	AUO Corporation	Not applicable	2023.05.31	3 years	2005.05.18	93,568,898	12.43%	93,568,898	12.68%	0	0.00%	0	0.00%	Not applicable	Note 2	No	No	No
		Representative Yu-Chieh Lin	female/ 41-50	2023.05.31	3 years	2023.05.31	0	0.00%	3,930	0.00%	0	0.00%	0	0.00%	Vice President, AUO Corporation Taiwan Display Union Association supervisor M.A., Institute of Physics, National Central University	Note 3	No	No	No
Director	R.O.C.	Chin-Yung Fan	Male/ 51-60	2023.05.31	3 years	2019.06.20	133,506	0.02%	212,848	0.03%	411	0.00%	0	0.00%	President of Epistar Corporation M.A., Institute of Physics, National Central University	Note 4	No	No	No
Director	R.O.C.	Hsiu-Mu Tang	Male/ 51-60	2023.05.31	3 years	2023.05.31	249,230	0.03%	315,342	0.04%	0	0.06%	0	0.00%	President of Lextar Electronics Corp. PhD, Chemical Engineering, National Tsing Hua University	Note 5	No	No	No
Independent Director	R.O.C.	Wei-Min Sheng	Male/ 61-70	2023.05.31	3 years	2003.06.18	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Professor of Department of Public Finance in National Taichung University of Science and Technology. Independent Director, Epistar Corporation PhD in Accounting, Purdue University	Note 6	No	No	No
Independent Director	R.O.C.	Shian-Ho Shen	Male/ 71-80	2023.05.31	3 years	2003.05.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice President and Plant Chief, United Microelectronics Corporation Vice President, AUO Corporation Independent Director, Lextar Electronics Corp. Bachelor, Department of Electronic Engineering, Chung Yuan Christian University	Note 7	No	No	No
Independent Director	R.O.C.	Wei-Cheng Wang	Male/ 61-70	2023.05.31	3 years	2021.08.11	0	0.00%	0	0.00%	0	0.00%	0	0.00%	CPA and Partner, PwC Department of Accounting, NCCU	Note 8	No	No	No
Independent Director	R.O.C.	En-Te Hsu	Male/ 61-70	2023.05.31	3 years	2014.06.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Professor of Accounting in Tunghai University Chief. of Accounting and Industry-Academic Research Center and EMBA in Tunghai University PhD in Accounting, National Taiwan University	Note 9	No	No	No
Independent Director	R.O.C.	Chun-Hsin Tsou	female/ 41-50	2023.05.31	3 years	2014.01.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Chief. and lawyer of AIPT International Law Office Chairman and arbitrator of Chinese Construction Industry Arbitration Association PhD in Law in China University of Political Science and Law	Note 10	No	No	No

- The first appointment date of directors and supervisors of listed companies.

- Any relevant information where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: After taking into account the independence of Board members, the adequacy and necessity of the managers, and the improvement of the Group's management efficiency and decision-making execution, the Company's internal division of authority and responsibilities has clearly defined the approval authority of the Chairman and the President. All important decisions of the Company shall be approved by the "Management Committee" established under the Board before execution. In accordance with Article 4 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," the Company completed the addition of five Independent Directors in advance in 2021, resulting in the number of Independent Directors exceeding half of all Directors. We believe that the corporate governance structure of the Board is sufficient to supervise the material decisions of the Company and protect shareholders' value.

Note:

1. Chairman, Shuan-Lang Peng concurrently serve as Chairman and Strategy Chief of AUO Group (TWSE: 2409); Chairman of AUO Foundation. ; Executive Director of AUO Trading (Shanghai) Co., Ltd; Chairman of AUO Singapore Pte. Ltd.; Chairman of Konly Venture Corp.; Chairman of Ronly Venture Corp.; Director of AUO Digitech (CAYMAN) Limited; Director of AUO Digitech Holding Limited; Executive Director of AUO Digital Service (Suzhou) Ltd. ; Executive Director of AUO Megainsight (Xiamen) Co., Ltd.; Executive Director of AUO MegaInsight (Suzhou) Co., Ltd.; Executive Director of Edgetech Data Technologies (Suzhou) Corp., Ltd; Chairman of Harvester Investment Corp. and Chairman of Calystar Investment Corp.;
2. Corporate director AUO Corporation concurrently serve as Director of Konly Venture Corp.; Director of Ronly Venture Corp.; Director of AUO Crystal Corp.; Director of Space Money Inc.; Director of AUO Envirotech Inc.; Director of Star River Energy Corporation ; Director of Star Shining Energy Corporation ; Director of Darwin Precisions Corporation (TWSE: 6120) ; Director of Qisda Corporation (TWSE: 2352) ; Director of Adlink Technology Inc. (TWSE: 6166) ; Director of AUO Care Inc.; Director of SINTRONES Technology Corp. (TWSE: 6680) ; Director of AUO Display Plus Corporation; Director of Da Ping Green Energy Corporation ; Director of AUO Health Corporation. ; Director of AUO Power Corporation. ; Director of AUO (L) Corp. ; Director of AUO Mobility Solution Corporation ; Director of Yenrich Technology Corporation and Director of AUO Envirotech Inc.
3. Director Yu-Chieh Lin concurrently serves as Vice President of AUO Corporation and Director of YTTEK Technology Corp.
4. Director, Chin-Yung Fan, concurrently serves as Chairman and CEO of Lextar Electronics Corp.; Chairman of Liang Li Venture Corp.; Chairman of Wellybond Corporation; Director of Wellypower Optronics Corporation; Director of Apower Optronics Corporation; Director of Lextar Electronics (Suzhou) Corp. Director of Lextar (Singapore) Pte. Ltd.; Director of Lextar Electronics (Chuzhou) Corp. and Chairman of Amengine Corporation. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
5. Director Hsiu-Mu Tang concurrently serves as Chairman and CEO of EPISTAR Corporation; Chairman of Lighting Investment Corp.; Director of TE OPTO CORPORATION; Director of Episky(Hong Kong)Ltd.; Chairman of Lighting Investment Ltd.; Chairman of Epistar JV Holding (BVI) Co., Ltd.;Director of LiteStar JV Holding (BVI) Co., Ltd.; Director of Epicrystal (Hong Kong) Co., Ltd.; Director of HUGA Holding (Samoa) Limited and Chairman of Unicorn Semiconductor Corporation. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
6. Independent Director, Wei-Min Sheng concurrently serves as the Independent Director and member of the Remuneration Committee of Episil-Precision Inc. (TWSE: 3016)and Independent Director and member of the Remuneration Committee of Elite Semiconductor Memory Technology Inc. (TWSE: 3006)
7. Independent Director, Shian-Ho Shen concurrently serves as Director of C Sun MFG. Ltd (TWSE: 2467); Director of Taiwan Surface Mounting Technology Corp. (TWSE: 6278), ; Director of Chem Tec Corporation Co., Ltd. and Independent Director of ProLight Opto Technology Corporation (Emerging: 5277).
8. Independent Director, Wei-Cheng Wang concurrently serves as Independent Director and member of the Remuneration Committee of Taiwan mask corporation (TWSE: 2338); Director and member of the Remuneration Committee of Feature Integration Technology Inc. (TPEx: 4951) and Director of Etron Technology, Inc. (TPEx: 5351).
9. Independent Director, En-Te Hsu concurrently serves as Independent Director and member of the Remuneration Committee of Mobiletron Electronics Co., Ltd. (TWSE: 1533).
10. Independent Director, Chun-Hsin Tsou concurrently serves as Independent Director of Chaheng Precision Co., Ltd. (Emerging: 4546) .

Major shareholders of corporate shareholders

Name of corporate shareholders	Major shareholders of corporate shareholders	Shareholding percentage (%)
AUO Corporation (Note1)	Qisda Corporation	6.90
	Trust Holding for Employees for AUO	5.46
	Quanta Computer Inc.	4.61
	Yuanta Taiwan Dividend Plus ETF	4.00
	ADR of AUO	2.38
	New Labor Pension Fund	1.65
	Nan Shan Life Insurance Company, Ltd.	1.56
	Vanguard emerging markets stock index fund, a series of vanguard international equity index funds	1.12
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.96
	Government of Singapore	0.88

Note1: record on the shareholder roster at the book closure day, April 1, 2024.

The major shareholders of the major shareholder in the table above are corporate

Name of corporate	Major shareholder of corporate	Shareholding percentage (%)
Qisda Corporation (Note 2)	AUO Corporation	11.96
	Acer Incorporated	4.53
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.97
	Taipei Fubon Bank entrusted with Fuh Hwa Taiwan Technology Dividend Highlight ETF	3.73
	Konly Venture Corp.	2.55
	Darfon Electronics Corp.	2.03
	Hua Nan Commercial Bank entrusted with Yuanta Taiwan Value High Dividend ETF	1.49
	JPMorgan Chase Bank N.A., Taipei Branch in custody for J.P. MORGAN SECURITIES LTD	1.25
	Chunghwa Post Co., Ltd.	0.98
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95
Quanta Computer Incorporated (Note 3)	Chien Yu Investment Co., Ltd	14.81
	Barry Lam	10.76
	New Labor Pension Fund	3.36
	C.C. Leung	2.14
	Government of Singapore	1.75
	Cathay Life Insurance Co., Ltd	1.55
	Yi Chia Xin Investment Company Ltd.	1.47
	Xin Ming Investment Company Limited	1.28
	Fubon Life Insurance Co. Ltd.	1.17
	Xin Ming Leung	1.15
Nan Shan Life Insurance Company, Ltd. (Note 4)	Runcheng Investment Holding Co., Ltd.	89.55
	Runhua Dyeing Factory Co., Ltd.	1.34
	Du Yingzong	1.16
	Runtaixing Co., Ltd.	0.97
	Runtai Innovation International Co., Ltd.	0.23
	Runtai Global Co., Ltd.	0.21
	Yuanxin Investment Co., Ltd.	0.16
	Runtai Leasing Co., Ltd.	0.12
	Jipin Investment Co., Ltd.	0.11
	Pengcheng Co., Ltd.	0.10

Note 2: information recorded in the shareholder roster at the book closure date, March 31, 2024.

Note 3: information recorded in the shareholder roster at the book closure date, April 16, 2024.

Note 4: information recorded on March 31, 2024.

Information about diversity of the Board of Directors

Policy of diversity of Directors

The Board of Ennostar leads the corporate strategies, supervises the management, and is held responsible for the Company and shareholders. The Board diversity policy is established in the Corporate Governance Best-Practice Principles. Apart from the Directors concurrently serving as the Company's managers being no more than one-third of all Directors, the diversity policy of the two following aspects is formulated based on the operation, operating patterns, and development requirements:

- I. Basic conditions and values: Gender, age, nationality, and culture
- II. Professional knowledge and skills: Professional background (e.g. law, accounting, finance, industry, marketing or technology), professional skills and industry experience.

The FSC has added mandatory rules for Directors of different genders under the Sustainable Development Action Plan for TWSE/TPEx Listed Companies announced in March 2023. The Board of TWSE/TPEx listed companies shall include at least one Director of a different gender starting from 2024. To implement the gender equality policy, Ennostar adopted the progressive approach to introducing two female Directors and Board members with legal professions upon the re-election of the 2nd session of Directors in May 2023. Currently, female Directors account for approximately 22%. At the same time, the goal of Board diversity is set to be having at least one-third of all Directors of any gender to optimize corporate governance and gender equality. In addition, the Company strictly abides by relevant laws and regulations to judge and evaluate the independence of independent directors. Each year, directors are arranged to attend continuing education courses for 6 hours, and the Company keeps evaluating the contribution of individual directors to ensure that the Board of Directors can maintain new visions and continue to optimize corporate governance.

Specific management objectives in the Board diversity policy and achievements for the 2nd session of the Board are as follows:

Management objectives	2nd session (in-service period)
Independent directors more than a majority of the members	Achieved
A majority of the Independent Directors shall hold office for no more than three consecutive terms	Achieved
All Independent Directors shall hold office for no more than three consecutive terms	Achieved
It is advisable that the directors concurrently serving as the Company's managerial officers shall be no more than one-third of the whole directors.	Achieved
Including at least one director of different gender	Achieved
Each gender accounts for at least one-third of the Board seats	Not achieved (included in the planning)
Board member(s) with legal expertise	Achieved
Complete the continuing education courses for six hours each year (Note)	Achieved

Note: For those who become Directors of a TWSE/TPEx listed company for the first time, 12 hours of continuing education have been completed during the year of assumption (2023).

Professional qualification of directors and independence of independent directors

Title	Condition Name	Gender	Age range	Professional knowledge and skills		Major experience		Concurrent Managerial officers	Term of Office			Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
				Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		3 years under	3-9 years years	9 years or more	
Chairman	Shuan-Lang Peng	Male	61-70 years old		✓	✓	✓	✓		✓		0
Director	Yu-Chieh Lin	Female	41-50 years old		✓	✓	✓		✓			0
Director	Chin-Yung Fan	Male	51-60 years old		✓	✓	✓	✓		✓		0

Title	Condition Name	Gender	Age range	Professional knowledge and skills		Major experience		Concurrent Managerial officers	Term of Office			Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
				Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		3 years under	3-9 years years	9 years or more	
Director	Hsiu-Mu Tang	Male	51-60 years old		✓	✓	✓	✓	✓			0
Independent Director	Wei-Min Sheng	Male	61-70 years old	✓	✓	✓				✓		2
Independent Director	Shian-Ho Shen	Male	71 years old or more	✓	✓	✓	✓			✓		1
Independent Director	Wei-Cheng Wang	Male	61-70 years old	✓		✓				✓		3
Independent Director	En-Te Hsu	Male	61-70 years old	✓		✓			✓			1
Independent Director	Chun-Hsin Tsou	Female	41-50 years old	✓		✓			✓			1

Note: Mark "✓" if the condition is met

- The board members are all nationals of the R.O.C., without circumstance specified in Article 30 of the Company Act, nor related to each other as spouse or relatives within 2nd degree kinship.
- The average age of directors is about 60 years old. The proportion of directors who are employees is 33%, that of independent directors is 56%, and that of female directors is 22%. For the future nomination of board members, the Board of Directors of Ennostar will introduce female directors.
- All the independent directors of the second term do not serve more than three terms in row.

Ability and experience of the Board of Directors

All members of the Board of Directors have the knowledge, skills, industry knowledge, rich experience and professionalism in financial, commercial and management fields necessary to perform their duties. All independent directors can exercise their powers objectively and meet the independence qualifications stipulated by laws and regulations.

Through the self-assessment, the directors made the following analysis:

Title	Condition Name	Make judgments about operations ability	Accounting and financial analysis ability	Business management ability	Risk Management /Crisis management ability	Knowledge of the industry	An international market perspective.	Leadership ability	Decision-making ability
Chairman	Shuan-Lang Peng	✓		✓	✓	✓	✓	✓	✓
Director	Yu-Chieh Lin	✓		✓	✓	✓	✓	✓	✓
Director	Chin-Yung Fan	✓		✓	✓	✓	✓	✓	✓
Director	Hsiu-Mu Tang	✓		✓	✓	✓	✓	✓	✓
Independent Director	Wei-Min Sheng	✓	✓	✓	✓	✓		✓	
Independent Director	Shian-Ho Shen	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wei-Cheng Wang		✓			✓			
Independent Director	En-Te Hsu	✓	✓	✓	✓			✓	✓
Independent Director	Chun-Hsin Tsou	✓			✓				

Note: Mark “✓” if the condition is met

I. Directors serving as managerial officers

Shuan-Lang Peng, Chin-Yung Fan, and Hsiu-Mu Tang are all the key managerial officers of the Company, in charge of leading Ennostar’s industrial cooperation strategies from upstream to downstream.

(I) Chairman, Shuan-Lang Peng

Concurrently President of the Company, is also the current Chairman and Chief Strategy Officer of AUO group. He has engaged in the technology industry for more than three decades and generated rich experience in the display industry. Meanwhile, he promotes cross-region integration and resource sharing in the industry chain proactively. For the time being, he is also a member of the Board of Science and Technology, Executive Yuan, responsible for planning and promoting the national digital technology application and innovation development policy.

(II) Director, Chin-Yung Fan

Mr. Chin-Yung Fan is currently the chairman and president of Lextar Electronics, with more than 30 years of extensive experience. In the past, he served as the chairman and president of Epistar Corporation, a subsidiary of the Ennostar Group. He has extensive management experience in the optoelectronics industry, including production, logistics management, quality assurance, marketing, business management, and other important responsibilities. He has also successfully led the Epistar Corporation to exit price competition in the LED industry, made forward-looking deployments for next-generation display technologies, guided the technology team in pursuing innovations and improving R&D capacity, and worked with customers to realize the various possibilities for end products.

(III) Director, Hsiu-Mu Tang

Mr. Hsiu-Mu Tang is the current chairman and president of Epistar Corporation. He possesses extensive experience in the LED industry for over 25 years and is familiar with LED epitaxy, chip technology, and manufacturing fields. He is responsible for the promotion of the smart supply chain, the integration of upstream and downstream resources, the development of forward-looking technologies, the backlight product business, the establishment and operation of plants in Mainland China, and other missions. He has accumulated extensive leadership experience in research and development procedures, production, supply chain management, business, and operational fields.

II. Independent directors with industrial background and fully qualified for independence

The members of 2nd board of independent directors of Ennostar are recommended by the Board of Directors of Ennostar, which have included two females, one of whom has a legal expertise. Therefore, it should be considered meeting the specific management objectives of the diversity policy. The Company reviews if the independent directors continuously conform to the independence requirements set forth by laws and regulations. As of now, all the independent directors of the Company conform to the independence requirements set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies Including but not limited to the independent directors, their spouse, relatives within the second degree of kinship serving as director, supervisor, or employee of the company or any of its affiliates; not holding the Company's share, nor their spouse, the person's spouse, relatives within the second degree of kinship, or held by the person under others' names; not servicing as director, supervisor, or employee of the company having special relationship with the Company (please refer to subparagraph 5-8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and subparagraph 5-8, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange; not providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years or receiving corresponding compensation

(I) Wei-Min Sheng Independent Director

PhD. in Accounting, Purdue University; currently serves as Professor of Department of Public Finance in National Taichung University of Science and Technology for more than 15 years. He has experience in semiconductor, electronic components and electronic industries. He was an independent director of EPISTAR Corporation. He used to serve as an independent director and the Remuneration Committee member of Siliconware Precision Industries Co., Ltd., and participated in the share conversion for investment holding between ASE Semiconductor Engineering Inc. and Siliconware Precision Industries Co., Ltd.

(II) Shian-Ho Shen Independent Director

Having the electronic engineering background; served as independent director of Lextar Electronics Corp., as well as VP and Plant Chief of UMC, and VP of AUO Corporation.

(III) Wei-Cheng Wang Independent Director

Served as the CPA stationed in Hsinchu Science Park of PwC, Taiwan; experienced in finance and accounting, while growing along with the high technology industries in Taiwan, with deep knowledge of the needs of the Company and the industry.

(IV) En-Te Hsu Independent Director

Doctor of Accounting from National Taiwan University, currently a professor at the Department of Accounting, Tunghai University, with the seniority for 20 years as a teacher and research expertise in game theory and social enterprise.

(V) Chun-Hsin Tsou Independent Director

Doctor of Law from China University of Political Science and Law, and Master of Law from Soochow University, currently the President of AIPT International Law

Office, practicing law for more than 15 years, also a patent attorney serving as the legal advisor of multiple technology companies.

III. Representative of corporate shareholder who has an industrial background

Vice President of AUO, Yu-Chieh Lin, has been involved in the technology industry. The expertise and knowledge accumulated during this period have established her authoritative position in the display industry. Through the cooperation between the two companies, the next-generation display technology is jointly developed. Ennostar is responsible for the production of epitaxy and crystal grains in the upstream of the Micro LED industry chain, and AUO offers the experience and technologies developed during their long-time engagement of display industry. It is expected to have a deeper understanding to crystal grains and panel design, and further accelerate the pace of realizing the integration of crystal grains and panel in the future, achieving the goal of Micro LED mass production.

The succession planning and operation of key management personnel

In the rapidly changing business environment at present, the management and development of talent have become the key factors in corporate management. We are convinced that the continuous and constant improvement in the overall quality of talents and competition is beneficial for the individual growth of employees and can lay a solid foundation for the long-term development of the Company. To strengthen talent development and establish a succession team, the Company focused on the organizational development strategy in 2024 and completed the identification of key positions and the succession map to serve as the foundation for sustainable corporate management.

The succession plan is different from general talent cultivation plans. It requires the coordination of the overall corporate management system and the possession of comprehensive talent selection, cultivation, and retention measures. Therefore, Ennostar has established a program to build a talent pool that focuses on the strategic goals of the organization, completes the succession map of key management and the key job survey of each functional department, and provides the human resources needed for sustainable corporate operation through a comprehensive layout so as to ensure the resilience required for maintaining continuous corporate prosperity.

In addition to outstanding execution abilities, the selected successor candidates shall have values that align with those of the Company. The Company evaluates all selected talents by adopting systematic measurement tools to ensure that they comply with the strategic requirements of the organization and can keep pace with corporate management targets. Through the collection and analysis of the measurement results, we have a better understanding of the advantages, expertise, work performance, and potential capabilities of candidates and can further learn the development requirements and disadvantages of each candidate to formulate targeted development plans to help successor candidates grow consistently in their careers.

To improve the level of preparation of successor candidates, Ennostar has initiated the internal mentoring system to establish a regular and one-on-one counseling mechanism with key management that is focusing on the cultivation of leadership for successor candidates. Through the establishment of the internal mentor system, we improved the guidance and support of senior management for successor candidates during the execution of tasks, facilitated knowledge conveyance and the development of leading skills

through close cultivation methods, and allowed talents to grow in the inheritance process through the reinforcement of the awareness of succession and inheritance. The Talent Development Committee serves as a formal and open communication platform, collecting observations of candidates from various perspectives of internal mentors. Diverse viewpoints are beneficial for identifying the advantages and areas for improvement of candidates in different scenarios.

The development of key talent and the establishment of a successor team are continuous and long-term processes. Through the establishment of a comprehensive talent team, the Company identifies and trains high-potential individuals as early as possible, providing incentives for them to fully realize their potential through appropriate development opportunities, while also helping the Company respond to future challenges. In terms of the cultivation and development of the key talent team, the Company utilizes various learning channels, including structured learning activities, the implementation of the mentor system, discussions of various learning issues, internalization of knowledge, mobile learning, transformation implementation, feedback from mentors, simulated exercises, and project/mission challenges, to ensure that successors can grow in the diverse learning environment. For the planning of individual development plans, Ennostar wishes to effectively connect the individual development of key talents to continuous corporate development to promote the long-term development of the organization. Therefore, the Company has adopted an internal mentoring system to discuss with successor candidates their missions/targets and long-term planning and ensure that the candidates understand that they have opportunities to develop and grow and formulate their individual development plans within the Company. Combine the requirements, targets, and value of key talents and the Company to make reasonable allocations for the achievement of balanced dynamics, realizing the “win- win” target for key talent and corporate development.

2.1.2 The general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units

Shareholding base date: February 28, 2025; unit: shares

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Positions concurrently serving in other companies	Managerial officer who is the spouse of relative within 2nd degree kinship		
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relationship
President	R.O.C.	Shuang-Lang Peng	Male	2023.05.31	250,000	0.03%	0	0.00%	0	0.00%	Chairman and CSO, AUO Corporation Director, Qisda Corporation MBA, Heriot-Watt University	Note 1	No	No	No
Executive deputy general manager	R.O.C.	Feng-Cheng Su	Male	2023.09.01	1,021,441	0.14%	419,984	0.06%	0	0.00%	Chairman, Lextar Electronics Corp. Senior VP, AUO Corporation Ph.D. , Materials Science and Engineering , State University of New York, Stony Brook	Note 1 、 2	No	No	No
Vice President	R.O.C.	Lin-Tien Yang	Male	2021.11.10	49,975	0.01%	127	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant VP, SOUTH EPITAXY CORP. Master, Institute of Business and Management, NCTU	No	No	No	No
Vice President	R.O.C.	Cun-Jhong Li	Male	2021.01.06	162,964	0.02%	5,000	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. CSO and COO, NICHE-TECH GROUP LIMITED MBA, UC Berkeley	Note 1 、 2	No	No	No
Vice President	R.O.C.	Hsing Chia Liu	Male	2024.05.24	0	0.00%	0	0.00%	0	0.00%	Finance Headquarters Special Assistant , AUO Corporation Master of Economics, Feng Chia University	No	No	No	No
Subsidiary President	R.O.C.	Chin-Yung Fan	Male	2021.01.06	212,848	0.03%	411	0.00%	0	0.00%	President of Epistar Corporation M.A., Institute of Physics, National Central University	Note 1	No	No	No
Subsidiary President	R.O.C.	Hsiu-Mu Tang	Male	2021.01.06	315,342	0.04%	0	0.00%	0	0.00%	President, Lextar Electronics Corp. Vice President, Technology Integration Center, EPISTAR Corporation PhD, Chemical Engineering, National Tsing Hua University	Note 1	No	No	No
Subsidiary Executive deputy general manager	R.O.C.	Ming-Da Jin	Male	2021.01.06	172,727	0.02%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master, Institute of Electrophysics, NCTU	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chen,Ou	Male	2021.01.06	1,348	0.00%	49	0.00%	0	0.00%	Vice President, EPISTAR Corporation PhD NCTU	Note 3	No	No	No

Title	Nationality	Name	Gender	Date of Inauguration	Shareholding		Shareholding of spouse and minor children		Shareholding in others' name		Experience & Education	Positions concurrently serving in other companies	Managerial officer who is the spouse of relative within 2nd degree kinship		
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Title	Name	Relationship
Subsidiary Vice President	R.O.C.	Ming-Xun Hsieh	Male	2021.01.06	50,192	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation PhD. Power Mechanical Engineering, National Tsing Hua University.	No	No	No	No
Subsidiary Vice President	R.O.C.	Chih-Jie Lai	Male	2021.01.06	46,271	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant VP, Neo Solar Power Co., Ltd. Bachelor, Department of Applied Mathematics, NCTU	No	No	No	No
Subsidiary Vice President	R.O.C.	Li-Cheng Hung	Female	2021.01.06	39,659	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation B.A., Department of Electrical and Electronics Engineering, Kun Shan College	No	No	No	No
Subsidiary Vice President	R.O.C.	Chung-Ming Weng	Male	2021.11.10	93,624	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant President, DARWIN PRECISIONS CORPORATION Master, Institute of Photonics, NCTU	No	No	No	No
Subsidiary Vice President	R.O.C.	Chia-Lin Chen	Male	2021.11.10	44,739	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master, Institute of Management Science, NCTU Master, Institute of Chemical Engineering	No	No	No	No
Subsidiary Vice President	R.O.C.	Chao-Nien Huang	Male	2021.01.06	185,965	0.03%	6,500	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Vice President, EPISTAR Corporation Master, Institute of Mining and Material Engineering, NCKU	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Chi-Chung Chao	Male	2024.01.19	26,912	0.00%	0	0.00%	0	0.00%	Senior Director, Lextar Electronics Corp. M.A., Mechanical Engineering, National Taiwan University	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Hsiao-Heng Ho	Male	2024.01.19	20,033	0.00%	0	0.00%	0	0.00%	Senior Director, Lextar Electronics Corp. M.A., Institute of Geological Sciences, National Taiwan University	No	No	No	No
Subsidiary Vice President	R.O.C.	Wen-Chieh Kuo	Male	2024.01.19	16,948	0.00%	0	0.00%	0	0.00%	Senior Director, EPISTAR Corporation M.A., Science in Industrial and Information Management, National Cheng Kung University	Note 1	No	No	No
Accounting Officer	R.O.C.	Ya-Chi Chen	Female	2024.05.24	19,626	0.00%	0	0.00%	0	0.00%	Director, Ennostar INC. Master of Management Science, National Chiao Tung University	No	No	No	No

Note 1: With respect to the information of managerial officers concurrently serving for the positions in the affiliates, it has been filed to the MOPS website (<https://mopsov.twse.com.tw/mops/web/index>).

Please refer to the information under MOPS > Basic information > E-books > the “Section of Statements of Affiliates.”

Note 2: Tyntek Corporation. (TWSE : 2426) Director legal representative and GCS Holdings, Inc. (TPEx: 4991) Director legal representative.

Note 3: PlayNitride Inc. (TWSE : 6854) Director legal representative °

2.1.3 Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response there to.

With the comprehensive considerations of the board members’ independent, and the competency and necessity of managerial officers, and to enhance the operation and management efficiency and execution of decision-making, pursuant to Article 4 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers,” the seats of independent directors were added to five in 2021, and became the majority of the all board members. It is believed that the governance framework of the board is sufficient to oversee the Company’s key decision-making and protect the shareholders’ value.

2.2 Remuneration Paid to Directors, General Manager and Vice President in the most recent year

2.2.1 Remuneration Paid to Directors

December 31, 2024 Unit: NT\$ thousand

Title	Name	Director Remuneration								Total of the Four Items (A+B+C+D) as a% of Net Income after tax		Compensation for serving as employee concurrently								Total of the Seven Items (A+B+C+D+E+F+G) as a% of Net Income after tax		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Compensation (A)		Pension (B)		Compensation to Directors (C)		Expenses of conducting business (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee remunerations (G)						
		The Company	All consolidated entities	The Company	All consolidated Entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities				
																Cash	Share	Cash	Share			
Chairman	Shuan-Lang Peng	2,600	2,600	0	0	0	0	120	120	2,720 -0.20%	2,720 -0.20%	11,252	11,252	0	0	0	0	0	0	13,972 -1.01%	13,972 -1.01%	
Director	Chin-Yung Fan	1,000	1,000	0	0	0	0	120	120	1,120 -0.08%	1,120 -0.08%	0	16,123	0	98	0	0	0	0	1,120 -0.08%	17,341 -1.25%	
Director	Hsiu-Mu Tang	1,000	1,000	0	0	0	0	120	120	1,120 -0.08%	1,120 -0.08%	0	14,613	0	5	0	0	0	0	1,120 -0.08%	15,738 -1.14%	
Director	AUO Corporation	1,000	1,000	0	0	0	0	0	0	1,000 -0.07%	1,000 -0.07%	0	0	0	0	0	0	0	0	1,000 -0.07%	1,000 -0.07%	
	Representative: Yu-Chieh Lin	0	0	0	0	0	0	120	120	120 -0.01%	120 -0.01%	0	0	0	0	0	0	0	0	120 -0.01%	120 -0.01%	
Independent Director	Wei-Min Sheng	1,300	1,300	0	0	0	0	110	110	1,410 -0.10%	1,410 -0.10%	0	0	0	0	0	0	0	0	1,410 -0.10%	1,410 -0.10%	
Independent Director	Shian-Ho Shen	1,300	1,602	0	0	0	0	110	140	1,410 -0.10%	1,742 -0.13%	0	0	0	0	0	0	0	0	1,410 -0.10%	1,742 -0.13%	
Independent Director	Wei-Cheng Wang	1,300	1,300	0	0	0	0	120	120	1,420 -0.10%	1,420 -0.10%	0	0	0	0	0	0	0	0	1,420 -0.10%	1,420 -0.10%	
Independent Director	En-Te Hsu	1,300	1,300	0	0	0	0	120	120	1,420 -0.10%	1,420 -0.10%	0	0	0	0	0	0	0	0	1,420 -0.10%	1,420 -0.10%	
Independent Director	Chun-Hsin Tsou	1,200	1,200	0	0	0	0	120	120	1,320 -0.10%	1,320 -0.10%	0	0	0	0	0	0	0	0	1,320 -0.10%	1,320 -0.10%	

Note 1: Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The remuneration to directors of the Company is distributed by the Board of Directors under the authorization of the Articles of Incorporation based on directors' degree of participation in the Company's operation and contribution and with reference to the payment level of its peers. When the Company records a profit, the Board of Directors shall determine the remuneration to directors by a resolution in accordance with the Articles of Incorporation. Independent Directors are the members of functional committees, so, apart from the general remuneration to directors, additional reasonable compensation in various amounts is allotted depending on their duties and risks undertaken and time invested

Note 2: In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises): None.

Note 3: In 2024, only travel expenses and fixed remuneration will be paid, and no variable remuneration will be paid.

A: Remuneration to directors in 2024 (including director's salary, duty allowance, severance pay, bonus and reward, et al.)

B: the provision

C: Amount of distributed remuneration to directors approved by the board in 2024.

D: 2024 expense for directors to conduct business (transportation subsidy, allowance, various subsidies, or provision in kind, e.g. dorm and car).

E: Salaries, allowance, severance pay, bonus, incentives, transportation subsidy, special disbursement, subsidies, or provision in kind, e.g. dorm and car, as well as the compensations expenses recognized based on IFRS 2, "Share-Based Payment received by the directors for their concurrent service as the employee (including concurrently serving as president, vice president, other managerial officers or employee in 2024.

F: Retirement benefits and payment of severance pay comply with the regulations, and the Company's "Procedures for Resignation and Retirement of the Appointed Managerial Officers and Directors Serving as Labor."

G: For the amount of 2024 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage.

Net income after tax: refers to the net income loss after tax in 2024 parent-only financial statements, NT\$1,385,074 thousand

Range of Remuneration

Unit: NT\$

Range of Remuneration Paid to Each Director	Name of Directors			
	Total of first four remunerations (A to D)		Total of first seven remunerations (A to G)	
	The Company	All consolidated entities	The Company	Parent and all reinvestees
NT\$0~ NT\$ 999,999	Representative of AUO Corporation: Yu-Chieh Lin,	Representative of AUO Corporation: Yu-Chieh Lin,	Representative of AUO Corporation: Yu-Chieh Lin,	Representative of AUO Corporation: Yu-Chieh Lin,
NT\$1,000,000 ~ NT\$1,999,999	Chin-Yung Fan, Hsiu-Mu Tang , AUO Corporation, Wei-Min Sheng, Shian-Ho Shen, Wei-Cheng Wang, En-Te Hsu, Chun-Hsin Tsou	Chin-Yung Fan, Hsiu-Mu Tang , AUO Corporation, Wei-Min Sheng, Shian-Ho Shen, Wei-Cheng Wang, En-Te Hsu, Chun-Hsin Tsou	Chin-Yung Fan, Hsiu-Mu Tang , AUO Corporation, Wei-Min Sheng, Shian-Ho Shen, Wei-Cheng Wang, En-Te Hsu, Chun-Hsin Tsou	AUO Corporation, Wei-Min Sheng, Shian-Ho Shen, Wei-Cheng Wang, En-Te Hsu, Chun-Hsin Tsou
NT\$2,000,000 ~ NT\$3,499,999	Shuan-Lang Peng	Shuan-Lang Peng	No	No
NT\$3,500,000 ~ NT\$4,999,999	No	No	No	No
NT\$5,000,000 ~ NT\$9,999,999	No	No	No	No
NT\$10,000,000 ~ NT\$14,999,999	No	No	Shuan-Lang Peng	Shuan-Lang Peng
NT\$15,000,000 ~ NT\$29,999,999	No	No	No	Chin-Yung Fan, Hsiu-Mu Tang
NT\$30,000,000~ NT\$49,999,999	No	No	No	No
NT\$50,000,000 ~ NT\$99,999,999	No	No	No	No
Over NT\$100,000,000	No	No	No	No
Total	10	10	10	10

2.2.2 Remuneration Paid to President and Vice President

December 31, 2024 Unit: NT\$ thousand

Title	Name	Salary (A)		Pension (B)		Bonus and allowance (C)		Amount of employee's remuneration (D)				Total of (A+B+C+D) and percentage to net income after tax (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Cash	Share	Cash	Share			
Chief Strategy Officer	Feng Cheng Su	5,812	6,152	108	108	5,189	5,529	0	0	0	0	11,109 -0.80%	11,789 -0.85%	130
Subsidiary President	Hsiu-Mu Tang	0	5,841	0	5	0	8,772	0	0	0	0	0 0%	14,618 -1.06%	
Subsidiary President	Chin-Yung Fan	0	6,968	0	98	0	9,155	0	0	0	0	0 0%	16,221 -1.17%	
Subsidiary Executive deputy general manager	Ming-Da Jin	0	5,223	0	327	0	7,530	0	0	0	0	0 0%	13,080 -0.94%	
Subsidiary Vice President	Chen Ou	0	5,037	0	293	0	6,133	0	0	0	0	0 0%	11,463 -0.83%	30
President	Shuang-Lang Peng	25,104	68,646	416	2,053	19,622	67,982	0	0	0	0	Total : 45,142 Rate : -3.26%	Total : 138,681 Rate : -10.01%	190
Vice President	Hsing Chia Liu (Note 1)													
Vice President	Lin-Tien Yang													
Vice President	Cun-Jhong Li													
Vice President	Po-Yi Chang (Note 1)													
Vice President	Wei, Shi (Note 2)													
Subsidiary Vice President	Ming-Xun Hsieh													
Subsidiary Vice President	Chih-Jie Lai													
Subsidiary Vice President	Wen-Chieh Kuo (Note 3)													
Subsidiary Vice President	Chung-Ming Weng													
Subsidiary Vice President	Li-Cheng Hung													
Subsidiary Vice President	Chia-Lin Chen													
Subsidiary Vice President	Chao-Nien Huang													
Subsidiary Vice President	Chi-Chung Chao (Note 3)													
Subsidiary Vice Presiden	Xiao-Heng He (Note 3)													
Subsidiary Vice President	Meng-Yi Lin (Note 4)													
Subsidiary Vice President	Wan-Ji Hsu (Note 4)													
Subsidiary President	Jin-Xiang Wen (Note 2)													
Subsidiary Vice President	Shan-Hua Wu (Note 2)													

- Note 1: Mr. Po-Yi Chang stepped down from the CFO and spokesperson of the Company on May 24, 2024, and Mr. Hsing Chia Liu became the manager of the Company on May 24; relevant remuneration calculations shall be based on the period during which they are managers.
- Note 2: Mr. Wei Shih, Mr. Chin-Hsiang Wen, and Mr. Shan-Hua Wu were released from the manager positions on November 7, 2024, and relevant remuneration shall be calculated to the dismissal date.
- Note 3: Mr. Wen-Chieh Kuo, Mr. Wen-Chieh Kuo, and Mr. Xiao-Heng He became new managers of the Company on January 19, 2024, and relevant remuneration shall be calculated starting from the date of assumption.
- Note 4: Mr. Mong-Ea Lin was transferred to Hexawave while being released from the manager position of the Company on December 1, 2024, and his relevant remuneration shall be calculated to the dismissal date.
- Note 5: Mr. Wan-Chi Hsu was transferred to Hexawave while being released from the position of manager of the Company on June 12, 2024, and his relevant remuneration shall be calculated to the dismissal date.

A: 2024 salaries, allowance, and severance pay of the president and vice president.

B: the provision

C: Bonus, incentives, transportation subsidy, special disbursement, subsidies, or provision in kind, e.g. dorm and car, as well as the compensations expenses recognized based on IFRS 2, "Share-Based Payment received by the president and vice presidents in 2024.

D: For the amount of 2024 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage of EPISTAR and Lextar.

Net income after tax: refers to the net income loss after tax in 2024 parent-only financial statements, NT\$1,385,074 thousand

Range of Remuneration

Unit: NT\$

Remuneration Range Paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company	Parent and all reinvestees
NT\$0~ NT\$ 999,999	No	No
NT\$1,000,000 ~ NT\$1,999,999	No	No
NT\$2,000,000 ~ NT\$3,499,999	Po-Yi Chang	Po-Yi Chang , Wan-Ji Hsu , Shan-Hua Wu
NT\$3,500,000 ~ NT\$4,999,999	No	No
NT\$5,000,000 ~ NT\$9,999,999	Hsing Chia Liu , Lin-Tien Yang , Cun-Jhong Li, Wei Shi	Hsing Chia Liu , Lin-Tien Yang , Wei Shi, Chih-Jie Lai , Wen-Chieh Kuo , Chung-Ming Weng , Li-Cheng Hung , Chia-Lin Chen, Chao-Nien Huang, Chi-Chung Chao, Meng-Yi Lin, Jin-Xiang Wen
NT\$10,000,000 ~ NT\$14,999,999	Shuang-Lang Peng , Feng-Cheng Su	Shuang-Lang Peng , Hsiu-Mu Tang , Ming-Da Jin, Chen Ou , Feng-Cheng Su , Cun-Jhong Li, Ming-Xun Hsieh
NT\$15,000,000 ~ NT\$29,999,999	No	Chin-Yung Fan
NT\$30,000,000~ NT\$49,999,999	No	No
NT\$50,000,000 ~ NT\$99,999,999	No	No
Over NT\$100,000,000	No	No
Total	7	24

Note 1: Mr. Po-Yi Chang stepped down from the CFO and spokesperson of the Company on May 24, 2024, and Mr. Hsing Chia Liu became the manager of the Company on May 24; relevant remuneration calculations shall be based on the period during which they are managers.

Note 2: Mr. Wei Shih, Mr. Chin-Hsiang Wen, and Mr. Shan-Hua Wu were released from the manager positions on November 7, 2024, and relevant remuneration shall be calculated to the dismissal date.

Note 3: Mr. Wen-Chieh Kuo, Mr. Wen-Chieh Kuo, and Mr. Xiao-Heng He became new managers of the Company on January 19, 2024, and relevant remuneration shall be calculated starting from the date of assumption.

Note 4: Mr. Mong-Ea Lin was transferred to Hexawave while being released from the manager position of the Company on December 1, 2024, and his relevant remuneration shall be calculated to the dismissal date.

Note 5: Mr. Wan-Chi Hsu was transferred to Hexawave while being released from the position of manager of the Company on June 12, 2024, and his relevant remuneration shall be calculated to the dismissal date.

2.2.3 Name of Managerial Officers Received Employee Remunerations and the Distribution

December 31, 2024 Unit: NT\$ thousand

Title and Name				Share amount	Cash amount	Total	Total to the net income after tax (%)
Title	Name	Title	Name				
President	Shuang-Lang Peng	Vice President of the subsidiary	Wen-Chieh Kuo	0	0	0	0
CSO	Feng-Cheng Su	Vice President of the subsidiary	Chung-Ming Weng				
Vice President	Hsing Chia Liu	Vice President of the subsidiary	Li-Cheng Hung				
Vice President	Lin-Tien Yang	Vice President of the subsidiary	Chia-Lin Chen				
Vice President	Cun Jhong Li	President of the subsidiary	Chin-Yung Fan				
Vice President	Po-Yi Chang	Vice President of the subsidiary	Chao-Nien Huang				
Vice President	Wei, Shi	Vice President of the subsidiary	Chi-Chung Chao				
President of the subsidiary	Hsiu-Mu Tang	Vice President of the subsidiary	Xiao-Heng He				
Subsidiary Executive deputy general manager	Ming-Da Jin	Vice President of the subsidiary	Meng-Yi Lin				
Vice President of the subsidiary	Che, Ou	Vice President of the subsidiary	Wan-Ji Hsu				
Vice President of the subsidiary	Ming-Xun Hsieh	Vice President of the subsidiary	Chih-Jie Lai				

Note 1: For the amount of 2024 distributed employee remuneration resolved by the board, the proposed amount was calculated by referring the historic distribution principles or actual distribution percentage.

Note 2: Net income after tax: refers to the net income loss after tax in 2024 parent-only financial statements, NT\$1,385,074 thousand.

2.2.4 Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Remunerations of directors (independent director include) and supervisors.

The remuneration of directors is recommended by the Remuneration Committee, and submitted to the board of directors for resolution:

(1) Variable remuneration (i.e. director's remuneration distributed from earnings)

Is determined by the board of directors based on the percentage set forth in the Articles of Incorporation, by the resolution adopted by the majority of the attending directors in a meeting attended by two-thirds of the board of directors for distribution, and reported to the shareholders' meeting; the independent directors are eligible for distribution.

The performance evaluation includes important items such as the understanding of company goals and tasks, the recognition and fulfillment of directors' responsibilities, the degree of participation in company operations, internal relationship management and communication, directors' professionalism, self-discipline and continuous learning, and internal control. In the past two years, the company only paid travel expenses and fixed remuneration, and no variable remuneration.

(2) Fixed remuneration

By considering that independent directors are required to possess work or industrial experience in professional fields, expertise in corporate governance and ESG, and considerable understanding of the Company for them to offer deep insights for the Company's business strategy, and being obviously helpful when judging and performing duties; Also, by considering the laws and regulations impose independent directors for certain responsibilities and obligations, and based on the degree of participation of directors/independent directors in the Company's operations and the value of their contributions, while referring to industry standards and benchmark companies in other industries, each director/independent director is paid with a fixed annual salary. If a director also serves as the chair of a functional committee, the weight will be multiplied by a certain percentage.

(3) Attendance subsidy

The attendance of directors and members of functional committees will be subsidized for attendance allowance/transportation subsidies.

2. Remuneration of president and vice presidents

The remuneration of the president and vice presidents includes salary, bonus, employee remuneration and rewards as share-based payment.

(1) Fixed salaries and bonuses

The payments shall be made according to the "manager remuneration policy" established by the Remuneration Committee and the Board, and the policy is submitted to the Board for resolution after being reviewed and discussed by the Remuneration Committee each year. According to the remuneration management regulations, the Company stated its salaries, allowances, and bonuses and regularly participated in the salary survey of external consultation companies to maintain its competitiveness in the market. The range of salary adjustments is planned with consideration to individual performance, business management ability, and the operating status of the Company. The distribution of variable rewards is mainly approved based on the overall operating performance, department performance, and individual work performance. According to the Company's

performance management regulations, the evaluation items are divided into functional performance, work achievements, the annual working plan, and social responsibility management to serve as a reference for the approval and distribution of bonuses.

(2) Remuneration of employees

The remuneration of the employees shall be between 0.1% and 15% of the profit for the year, in accordance with the ratio stated in the Articles. This distribution shall be resolved upon receiving consent from more than half of the attending Directors at a Board meeting that is attended by over two-thirds of the Directors, and it shall be reported to the shareholders' meeting. For the remuneration of the President and Vice President, the Company refers to its management performance, develops ESG in combination with its core abilities, internalizes ESG as the Group's DNA, and appropriately links the management policy of ESG and implementation achievements to serve as a reference for the Sustainability & ERM Committee's promotion targets.

(3) Long-term incentive plan

The long-term incentive plan aims to link the operation of the Company, ESG performance indicators, and individual performance while strengthening a senior remuneration plan that is reasonably related to shareholder value. This plan is implemented through three-year contracts and a 100% shareholding trust, whereby the Company appropriates the agreed amount to purchase stocks and deliver them to the trust. The Remuneration Committee set performance targets based on the Company's development strategy, including operating margin, EBITDA, free cash flow, and other financial indicators, and added "low-carbon manufacturing," "social co-prosperity," "sustainable governance," and other non-financial performance indicators, including energy conservation, carbon reduction, employee engagement, increase in the participation in social co-prosperity activities, succession planning, and promotion of sustainable academy courses. When relevant conditions are fulfilled on the maturity date, the number of incentive shares will be calculated based on the achievement of different indicators to reinforce the link between the remuneration of the management, management performance of the Company, sustainable management, and shareholders' value.

Title	Remuneration of Directors, Supervisors, Presidents and Vice Presidents to Net Income After Tax in Parent-Only Financial Statements (%)			
	2023		2024	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	-0.45	-1.12	-1.76	-4.01
Presidents and Vice Presidents	-0.69	-2.67	-4.06	-14.86

Note 1: Refers to the net income loss after tax in 2024 parent-only financial statements, NT\$1,385,074thousand.

Note 2: The increase in the remuneration ratio in 2024 from 2023 is mainly due to the decrease in current net losses in 2024.

2.3 Implementation of Corporate Governance

2.3.1 Board of Directors Meeting Status

Total of eight (A) meetings were held by the board of directors in 2024 (meeting dates: 01/19、02/23、04/10、04/26、05/03、05/24、08/09、11/07). The attendance of the directors as the following:

Title	Name	Attendance in Person (B)	Attendance By Proxy	Actual attendance rate (B/A)	Remark
Chairman	Shuang-Lang Peng	8	0	100.0%	
Director	AUO Corporation Representative: Yu-Chieh Lin	8	0	100.0%	
Director	Chin-Yung Fan	8	0	100.0%	
Director	Hsiu-Mu Tang	8	0	100.0%	
Independent Director	Wei-Min Sheng	7	0	87.5%	
Independent Director	Shian-Ho Shen	7	0	87.5%	
Independent Director	Wei-Cheng Wang	8	0	100.0%	
Independent Director	En-Te Hsu	8	0	100.0%	
Independent Director	Chun-Hsin Tsou	8	0	100.0%	

Other matters to be specified

1、Where the Board of Directors' operation meets any of the following circumstances, please clearly state the directors' meeting date, term, contents of motions and resolution thereof, opinions of all independent directors and the Company's handling of said opinions:

(1) Securities and Exchange Act §14-3 resolutions: Please refer to Page36~38.

(2) Other than the aforesaid matters, other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: none.

2、Recusals of Directors due to conflicts of interests

The directors have a clear understanding of the proposals with conflicts of interest. In addition to explaining the important content of their conflicts of interest, they also recused themselves from discussions and voting, nor exercised the voting rights on behalf of other directors.

Term/Meeting Date	Proposal	Recused director	Status
2-4 2024.01.19	Approved the disposal of the new Zhunan Plant and its auxiliary equipment by Epistar.	Director Chin-Yung Fan	Director Chin-Yung Fan is the chairman of Epistar; he recused himself from participating in the discussion and voting, and the remaining attending Directors agreed to approve the proposal as proposed.
2-5 2024.02.23	Lifting of the non-competition restriction imposed on Directors.	Chairman Shuan-Lang Peng, Director Yu-Chieh Lin and Director Chin-Yung Fan	Chairman Shuan-Lang Peng, Director Yu-Chieh Lin, and Director Chin-Yung Fan have an interest in the proposal; they recused themselves from the discussion and voting. The chairperson Shuan-Lang Peng designated Director Wei-Min Shen as the acting chairperson, and the remaining attending Directors agreed to approve the proposal as proposed.
2-7 2024.04.26	The proposal for the acquisition of all equity of Unikorn Semiconductor Corporation from the related party GCS Holdings, Inc. by subsidiary Epistar Corporation.	Director Chin-Yung Fan	Mr. Chin-Yung Fan is the chairman of Epistar and has an interest in the proposal; after the supplementary description, he recused himself from participating in the discussion and voting, and the remaining attending Directors agreed to approve the proposal as proposed.
2-9 2024.05.24	Proposal for the recommendation of senior executives of the subsidiary.	Director Chin-Yung Fan and Director Hsiu-Mu Tang	Director Chin-Yung Fan and Director Hsiu-Mu Tang have an interest in the proposal; they recused themselves from the discussion and voting. The remaining attending Directors agreed to approve the proposal as presented.
2-11 2024.11.07	Approve to lift the non-competition restrictions on managers.	Chairman Shuan-Lang Peng	Chairman Shuan-Lang Peng has an interest in the proposal. After designating Independent Director Wei-Min Shen as the acting chairperson, he recused himself from the discussion and voting, and the remaining attending Directors agreed to approve the proposal as proposed.

3、Evaluation period of the board of director

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
internal	January 1, 2024~ December 31, 2024	Once a year	Board of Directors	Mutual Evaluation by Directors	<ul style="list-style-type: none"> A. Participation in the Company's operations B. Improvement of the Board's decision-making quality C. Composition and structure of the Board of Directors D. Election and continuing education of directors E. Internal control, supervision by the Board of Directors, and risk management F. The Company's sustainable operation
	January 1, 2024~ December 31, 2024	Once a year	Individual Board members	Self-evaluation by directors	<ul style="list-style-type: none"> A. Alignment of the Company's goals and missions B. Awareness toward Directors' Duties and Fulfillment C. Participation in the Company's operations D. Internal relationship management and communication E. Directors' professionalism, self-discipline and continuing education F. Internal control
	January 1, 2024~ December 31, 2024	Once a year	Audit Committee	Self-evaluation by independent directors	<ul style="list-style-type: none"> A. Participation in the Company's operations B. Awareness toward functional committees' duties C. Improvement of functional committees' decision-making quality D. Composition of the functional committee, and election and continuing education of members E. Internal control

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
	January 1, 2024~ December 31, 2024	Once a year	Remuneration Committee	Self-evaluation by members	A. Participation in the Company's operations B. Awareness toward functional committees' duties C. Improvement of functional committees' decision-making quality D. Composition of the functional committee, and election and continuing education of members
	January 1, 2024~ December 31, 2024	Once a year	Sustainability & ERM Committee	Self-evaluation by members	A. Participation in the Company's operations B. Awareness toward functional committees' duties C. Improvement of functional committees' decision-making quality D. Composition of the functional committee, and election and continuing education of members
	January 1, 2024~ December 31, 2024	Once a year	Corporate Governance & Nominating Committee	Self-evaluation by members	A. Participation in the Company's operations B. Awareness toward functional committees' duties C. Improvement of functional committees' decision-making quality D. Composition of the functional committee, and election and continuing education of members

Self-evaluation

The Company has completed the self-evaluation of the board performance for 2024. The evaluation results were submitted to the Board for reporting on February 21, 2025, as a basis for review and improvement.

- (1) The overall average score of the Board's self-performance evaluation is 4.99 points (out of 5 points), and the overall average score of the self-performance evaluation of individual directors is 4.99 points (out of 5 points), showing that the overall operation of the Board was good;
- (2) For the self-performance evaluation results of the Audit Committee , the Remuneration

Committee, Sustainability & ERM Committee and Corporate Governance & Nominating Committee all members are 100% satisfied with each measurement item and the overall average score of the self-performance evaluation of individual directors is 5 points (out of 5 points).

4、Evaluation of the goals to strengthen the functions of the board of directors and implementation in the current year and the most recent year

- (1) In order to enhance the depth of corporate governance, independent directors account for more than half of all board seats since the first term, and the Audit Committee is composed of all independent directors.
- (2) The Remuneration Committee is appointed by the Board of Directors with three independent directors.
- (3) The “Management Committee” is established under the Board of Directors, composing two to four directors and officers as the members. Include the formulation of the short-, mid-, and long-term strategy planning and implementation of the Group, formulation of the strategic cooperation and resource integration plans within the Group, supervision on the long-term cultivation plans for the succession talents of the Group’s management and the implementation status, and the evaluation of the adjustments to the organization of the Group. Material decisions of the Company shall receive consent from over half of all members of the committee and be implemented based on the approval authority requirements of the Company or the resolution of the Board, showing that the concurrent position of the Chairman and President has independence.
- (4) To demonstrate the Company’s commitment to corporate sustainability and risk management, the Company has changed the “ESG Committee” to the “Sustainability & ERM Committee” and formulated the “Organization Rules of the Sustainability & ERM Committee,” in order to fulfill the corporate social responsibility, link the international trends, proactively respond to stakeholders’ assessments on environmental, social, and corporate governance risks and countermeasures, and achieve the goal of sustainable operation.
- (5) The chair of each committee regularly reports to the Board on the activities and actions of each committee, and invites the CPAs to participate in the Audit Committee. For the review or audit results of the quarterly financial report, as well as other relevant legal requirements, they are communicated and discussed with the attesting CPAs, with the recommendation furnished as reference. For every six months, the individual communication between the independent directors and CPAs, and Chief Auditor, respectively is conducted. The communication is smooth.

2.3.2 Operation of the Audit Committee

Total of seven (A) Audit Committee meetings were held in 2024 (meeting dates: 1/19、2/22、4/26、5/2、5/24、8/8、11/6). The independent directors’ attendance is as below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Independent Director	Wei-Min Sheng	6	1	85.7%	Convener
Independent Director	Shian-Ho Shen	6	1	85.7%	
Independent Director	Wei-Cheng Wang	7	0	100.0%	
Independent Director	En-Te Hsu	7	0	100.0%	
Independent Director	Chun-Hsin Tsou	7	0	100.0%	

Other matters to be specified

1、Matters deliberated by the Audit Committee and key tasks in 2024, mainly include:

- (1) Establish or amend the internal control system pursuant to Article 14-1 of the Securities and Exchange Act

- (2) Assess the effectiveness of the internal control system
- (3) To establish or amend the operational procedures for major financial and business conducts, including acquiring or disposing of assets, engaging in derivative trading, loaning of funds to others, or making endorsement/guarantee for others pursuant to Article 36-1 of the Securities and Exchange Act
- (4) Matters involving the interests of directors
- (5) Material asset transactions or derivative trading
- (6) Material loaning of funds, making endorsement or guarantee
- (7) Offering, issuing or private placing securities in equity nature
- (8) Appointment, dismissal or compensations of attesting accountants
- (9) Appointment and discharge of the head of finance, accounting, or internal audit
- (10) Annual financial report signed or stamped by the chairman, managerial officers, and accounting officer, and the Q2 financial report required to be audited and certified by accountants
- (11) Other material matters set forth by the Company or competent authorities

- 2、 Where the Audit Committee's operation meets any of the following circumstances, please specify the meeting date, term, contents of proposal, independent directors' dissent, qualified opinion, or key recommendation, and resolution of the Audit Committee, as well as the Company's treatment of the Audit Committee's opinions:

- (1) Matters set forth Article 14-5 of the Securities and Exchange Act and its implementation:

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
2-3 2024.01.19	<ul style="list-style-type: none"> ● Impairment losses are recognized in accordance with IAS 36 "Impairment of Assets." ● Approved the disposal of the new Zhunan Plant and its auxiliary equipment by Epistar. 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.
2-4 2024.02.22	<ul style="list-style-type: none"> ● 2023 Evaluation on the Effectiveness of the Internal Control System and the Statement of Internal Control System. ● Distribution of the Company's 2023 remuneration to employees and directors. ● The Company's 2023 financial report, business report, and 2024 business plan. ● Added the capital expenditure budget of the Group for 2024 and further reduced the 2023 capital expenditure. 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
	<ul style="list-style-type: none"> ● Proposal for the loss compensation of the Company. ● Amendments to the "Procedures for Acquisition or Disposal and of Assets," "Procedures for Loaning Funds to Others," "Procedures for Endorsements and Guarantees," and the establishment of "Procedures for Derivatives Transactions." ● Approved the disposal of land and plant of subsidiary Guanquan (Shandong) optoelectronics Co., Ltd. ● Proposal for the distribution of cash from the capital reserve of the Company. 		
2-5 2024.04.26	<ul style="list-style-type: none"> ● Proposal for the disposal of microelectronics equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. ● The proposal for the acquisition of all equity of Unikorn Semiconductor Corporation from the related party GCS Holdings, Inc. by subsidiary Epistar Corporation. 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.
2-6 2024.05.02	<ul style="list-style-type: none"> ● The Company's Q1 2024 financial report. 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.
2-7 2024.05.24	<ul style="list-style-type: none"> ● Proposal for the distribution of cash from the capital reserve of the Company. ● Proposal for the appointment of the finance officer of the Company. ● Proposal for the 	All independent directors affirmed their approval and approved the proposal as it was by all the independent	The board of directors approved all proposals based on the recommendations of the Audit Committee.

Term/Meeting Date	Proposal	Independent directors' opinions and resolution of Audit Committee	The Company' (the board of directors) treatment of Audit Committee's opinions
	appointment of the Chief Accounting Officer of the Company.	directors.	
2-8 2024.08.08	<ul style="list-style-type: none"> ● The Company's Q2 2024 financial report. ● Proposal for the addition or reduction of capital expenditures. ● Proposal for the amendment to the transaction amount of the disposal of microelectronics equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. ● Proposal for the disposal of additional equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. ● Proposal for the disposal of the equity of Edison Opto Corporation by subsidiary Lighting Investment Corp. ● Proposal for setting the base day for the capital decrease through the cancellation of treasury shares. 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.
2-9 2024.11.06	<ul style="list-style-type: none"> ● The Company's Q3 2024 financial report. ● Assessment of the independence and competence of CPAs and the CPA's fees in 2025 and 2026. ● Proposal for the amendments to the "Internal Control System" and "Implementation Rules of Internal Audit." ● The Company's 114 audit plan 	All independent directors affirmed their approval and approved the proposal as it was by all the independent directors.	The board of directors approved all proposals based on the recommendations of the Audit Committee.

(2) Except for the aforesaid matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

(3) For performance evaluation details, please refer to pages 33~34 of the annual report.

3、Implementation of independent directors' recusal for proposals involve personal interest: None.

4、Communications between independent directors and internal audit officers and accountants

(1) Method of communication

- A. After the audit report and tracking report are reviewed, they will be delivered to the independent directors for review by the end of the following month. The independent directors offer suggestions on the report, and the audit officer replies the supplementary explanations in writing and via email and telephone contact. The audit officer regularly reports the audit operation to the independent directors in board meetings, and communicates with the independent directors for the results of the audit report and the implementation of the tracking report.
- B. At the quarterly board meetings, the attesting accountants report to the independent directors on the review or audit results of the financial statements of the Company and its international and domestic subsidiaries as well as the internal control audit status.
- C. In addition to the two said points, in Audit Committee meetings, all the participants would leave the meeting, to leave the internal audit officer and the accountants, for individually communicating with the independent directors.

(2) Summary of the communication between independent directors and internal audit officer

The major communications in 2024 are summarized as the follows:

Date	Attendees	Key point of communication	Result of communication
2024.02.22 Audit Committee	Independent Director : Wei-Min Sheng、Shian-Ho Shen、Wei-Cheng Wang、En-Te Hsu、Chun-Hsin Tsou	1. 2023 Q4 Internal Audit Implementation Report 2. 2023 Statement of Internal Control System 3. Individual communication between the Independent Directors and the Chief Internal Audit Officer (1) Amendments to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and remarks (2) Compile the description of the progress of issues (3) The Chief Internal Audit Officer answered the questions raised by the Independent Directors at the meeting.	No comments Submitted to the Audit Committee and the Board of Directors for approval
2024.05.02 Audit Committee	Independent Director : Wei-Min Sheng、Shian-Ho Shen、Wei-Cheng Wang、En-Te Hsu、Chun-Hsin Tsou	1. 2023 Internal Audit Implementation Report 2. 2023 Q1 Internal Audit Implementation Report	No comments
2024.08.08 Audit Committee	Independent Director : Wei-Min Sheng、Shian-Ho Shen、Wei-Cheng	1. 2023 Internal Audit Implementation Report 2. 2024 Q2 Internal Audit Implementation Report	No comments

Date	Attendees	Key point of communication	Result of communication
	Wang 、En-Te Hsu 、Chun- Hsin Tsou	3. Individual communication between the Independent Directors and the Chief Internal Audit Officer (1) Amendments to the “Regulations Governing Establishment of Internal Control Systems by Public Companies” regarding the inclusion of sustainability information management in the internal control system and the description of the annual audit plan (2) The Chief Internal Audit Officer answered the questions raised by the Independent Directors at the meeting.	
2024.11.06 Audit Committee	Independent Director : Wei-Min Sheng 、Shian- Ho Shen 、 Wei-Cheng Wang 、En-Te Hsu 、Chun- Hsin Tsou	1. 2023 Internal Audit Implementation Report 2. 2024 Q3 Internal Audit Implementation Report 3. Amendments to the “Internal Control System” and “Implementation Rules of Internal Audit” 4. 2025 Audit Plan	No comments Submitted to the Audit Committee and the Board of Directors for approval

(3) Summary of the communication between independent directors and the external auditor

The major communications in 2024 are summarized as the follows:

Date	Attendees	Key point of communication	Result of communication
2024.02.23 Audit Committee	Independent Director : Wei-Min Sheng 、 Shian-Ho Shen 、 Wei-Cheng Wang 、 En-Te Hsu 、 Chun-Hsin Tsou Auditor : Tien-Yi Li 、 Chien-Hung Chou	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q4 in 2023. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Independence and competency of CPAs	The financial statements were approved by the Audit Committee,submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.
2024.05.04 Audit Committee	Independent Director : Wei-Min Sheng 、 Shian-Ho Shen 、 Wei-Cheng Wang 、 En-Te Hsu 、 Chun-Hsin Tsou Auditor : Tien-Yi Li	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q1 in 2024. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Independence of CPAs	The financial statements were approved by the Audit Committee,submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.
2024.08.03 Audit Committee	Independent Director : Wei-Min Sheng 、 Shian-Ho Shen 、 Wei-Cheng Wang 、 En-Te Hsu 、 Chun-Hsin Tsou Auditor : Tien-Yi Li	1. The report on the audit result of the Company's consolidated a financial statements and audit on internal control of Q2 in 2024. 2. Explanation of key audit matters 3. Commutation with key governance unit 4. CPAs explained the questions raised by the Audit Committee. 5. Independence of CPAs	The financial statements were approved by the Audit Committee,submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.
2024.11.02 Audit Committee	Independent Director : Wei-Min Sheng 、 Shian-Ho Shen 、 Wei-Cheng Wang 、 En-Te Hsu 、 Chun-Hsin Tsou Auditor : Tien-Yi Li	1. Review results for the Q3 2024 financial report and the report on internal control 2. Description of review highlights 3. Items of communication with major governing bodies 4. CPAs explained the questions raised by the Audit Committee 5. Independence of CPAs [including Audit Quality Indicators (AQIs)] 6. Description of the 2024 audit plan	The financial statements were approved by the Audit Committee,submitted to the board of directors of approval, and public announced and reported to the competent authorities on time.

2.3.3 Implementation of corporate governance, the variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
(1) Does the Company follow “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” to establish and disclose its corporate governance principles?	✓		The Company has established the “Corporate Governance Best-Practice Principles” in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” to regulate the protection of the rights and interests of shareholders, strengthen the functions of the Board, enhance the Audit Committee’s responsibilities, respect the rights and interests of stakeholders, and improve information transparency. For the Company’s Corporate Governance Best-Practice Principles, please visit the MOPS and the Company’s website for inquiries.	No material variance
(2) Shareholding Structure & Shareholders’ Rights				
a. Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		The Company has the following channels to ensure timely and fair disclosure of information that may affect shareholders' decision-making. 1. Spokesperson and acting spokesperson. 2. Investor’s mailbox: IR@Ennostar.com. 3.Channels including the Company's website to handle shareholders’ suggestions or disputes.	No material variance
b. Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The professional shareholder service agent would be responsible for handling it, and controlling the information about shares held by insiders according to the information about changes of insiders’ equity on a monthly basis.	No material variance
c. Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		The powers and responsibilities between the Company and its affiliates are clear. In addition to the “Operating Procedures for Transactions with Related Parties and Group Companies,” the reinvestments and related matters are handled by complying with the “Handling Procedures for the Acquisition or Disposal of Assets,” the internal control system, and relevant laws and regulations, to grasp the financial and operational information all the time. In addition, for the concurrent positions and compete conducts of directors and managerial officers, the shareholders’ meeting and the Board are requested to lift the non-compete restrictions for them.	No material variance
d. Has the Company established internal regulations to prohibit the insiders from trading securities with the information not disclosed to the market?	✓		The Company established the operating procedure for prevention of insider trading. The subjects referred to therein include but are not limited to insiders, including their related parties, persons who forfeit the identity of insider for less than 6 months, and persons who access the information from said persons. Company personnel are required to exercise due diligence and act in good	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			<p>faith during the performance of their duties. Confidentiality agreements should be signed for major events. They must not divulge any material inside information to other parties or profit from non-public information. The Company also requires employees to undergo education and training at various times. At the time of publication, the Company has received no complaints relating to the aforementioned matters and there were no incidents of insider trading in violation of Article 157 of the Securities and Exchange Act. The Company establishes the "Corporate Governance Best-Practice Principles" stipulating that the directors are not allowed to trade the Company's shares during the lock-up period of 30 days prior to the announcement of the annual financial report, and 15 days prior to the announcement of the quarterly financial report. Before such lock-up periods start, the board members are reminded again to prevent them from erroneously violating the requirement.</p> <p>The Board members have been communicated and notified by mail on January 16, April 12, July 17, and October 17, 2024, and all Board members have complied with the Company's internal control requirements, as they did not trade the Company's securities during said lock-up period.</p>	
(3)Composition and Responsibilities of the Board of Directors				
a. Has the Board of Directors formulated and implemented a diversity policy regarding the composition of its members, with concrete management targets?	✓		Please refer to page 13-14 of the annual report	No material variance
b. Other than the Remuneration Committee and the Audit Committee that are required by law, does the Company plan to set up other Board committees?	✓		To improve and implement the high attention attached to sustainable economic development, implement corporate social responsibility, and connect to international trends, we actively responded to risk assessments and countermeasures for environmental, social, and corporate governance aspects of concern to stakeholders. The ESG Corporate Sustainability Committee was established under the Board in 2021 as a functional committee, which consists of the Chairman and two Independent Directors as members. In 2024, the Company demonstrated its decision to value corporate sustainability and risk management and changed the ESG Corporate Sustainability Committee to the "Sustainability & ERM Committee." To enhance corporate governance, improve the functions of the Board, and continuously seek comprehensive corporate governance, the "Corporate Governance and Nomination Committee" was otherwise	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			established under the Board in 2023.	
c. Has the Company established regulations governing board performance evaluation and the method of evaluation? Are performance evaluations conducted every year with the outcomes of the performance evaluation reported to the Board of Directors and used as a reference in deciding the remuneration of individual directors and their nomination for re-appointment?	✓		<p>The Board approved the establishment of “Regulations for the Performance Evaluation of the Board of Directors and Functional Committees” on August 12, 2021. The evaluation methods include the internal self-evaluation of the Board and individual Directors, consignment of external professional institutions or experts, or other performance evaluations through appropriate methods. The internal performance evaluation of the Board is implemented once every year, and evaluation implemented by assigning external professional institutions or experts is made every three years. The results of the performance evaluation of the Board are appropriately linked with the salary payments of Directors.</p> <p>The 2024 performance evaluation of Directors has been completed by the end of December, and was reported to the Q1 Board meeting in 2025. At the end of 2022, an external independent institution was engaged to conduct the external evaluation on the 1st session of the Board. The evaluation on the 2nd session of the Board is scheduled to be conducted in Q3 2025. For relevant content, please refer to the annual report – Implementation of the Evaluation of the Board of Directors.</p>	No material variance
d. Does the Company regularly evaluate its external auditors' independence?	✓		<p>The Company assesses the independence and competency of attesting accountants once a year on its own, and appointed two attesting accountants for their independence and competency, as well as the main contents of services and compensation for 2025; such were resolved by the Audit Committee on November 6, 2024 and the board of directors on November 7, 2024.</p> <p>The evaluation procedure for independence and eligibility is summarized as following:</p> <ol style="list-style-type: none"> 1、The CPA has no direct or indirect financial interest relationship with the Company. 2、The CPA has no financing or guarantee relationship with the Company or the Company's directors. 3、The CPA has no close business relationship and potential employment relationship with the Company. 4、The CPA and its audit team members do not hold, or didn't hold in the most recent two years, the position as director or managerial officer of the Company or any position that has significant influence on the audit. 	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			5 、 The CPA doesn't provide any non-auditing services that might affect the audit directly. 6 、 The CPA doesn't act as a broker of the stock or other securities issued by the Company. 7 、 The CPA doesn't act as the Company's advocate, or settle the dispute between the Company and a third party on behalf of the Company. 8 、 The CPA has no kinship relationship with any of the Company's directors or managerial officers, or any persons who hold the position that might affect the audit materially. 9 、 Obtained/ Referred to the Audit Quality Indicators (AQIs)	
(4) If a TWSE/TPEx listed company, is there an adequate number of corporate governance personnel, and a chief corporate governance officer appointed in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings in accordance with the law, and producing minutes of boarding meetings and shareholders meetings)?	✓		The Company's Board approved the appointment of Vice President, Mr. Hsing Chia Liu to serve as the Corporate Governance Officer, to take charge of the supervision and planning of corporate governance. His qualification meets the requirements of Section 1 of Article 3-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. While the Corporate Governance Officer is concurrently served by the Chief Finance Officer, he can effectively implement and maintain independence when performing his own duties and concurrent duties, and there is no conflict of interest or violation of the internal control system. Handle matters related to the board meetings and shareholders' meetings pursuant to laws, and assist the Company to comply with the relevant laws and regulations relevant to the board of directors and shareholders' meetings. The scope is described as below: 1 、 Taking the meeting minutes of board meeting and shareholders meeting. 2 、 Assisting the directors in onboarding and continuing education. 3 、 Providing the directors with the information relating to perform the duties. 4 、 Assisting the directors to comply with the law and regulation. 5 、 Report to the Board about the results of the review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their office. 6 、 Handle matters related to the change of directors. 7 、 Report to the Audit Committee and the board of directors on the operation of corporate governance. 8 、 After a Board meeting, he/she is responsible for reviewing the publication of material information regarding the material resolutions made by the Board, ensuring the legitimacy and accuracy of the content published so as to protect the equivalent transaction information of	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			investors. The corporate governance officer of the company continues to participate in the continuing education and training related to corporate governance. Please refer to the annual report – Continuing education and training related to corporate governance participated in by the Chief Corporate Governance Officer, Chief Accounting Officer, and Chief Internal Audit Officer.	
(5) Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		The Company has implemented a spokesperson system. The Company's official website has "Stakeholder Interaction" in place to detail the communication channels and performance for the eight key stakeholders: shareholders/investors, governmental competent authorities, media, employees, insurers, customers, suppliers/contractors, and banks. The Company communicates with stakeholders through various channels, to understand the needs of stakeholders and their expectations for the Company. Other than the immediate responses, these also serve as a reference for the Company to promote sustainable development plans. Meanwhile, the Company reports the communications with various stakeholders at the Board of Directors meeting regularly each year and updates the news on the Company's official website.	No material variance
(6) Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company engaged the "Stock Affairs Agency Department of Horizon Securities Co., Ltd." for its stock affairs operations. On November 7, 2024, the Board resolved to engage the "Stock Affairs Agency Department of Taishin Securities Co., Ltd." for its stock affairs starting from February 1, 2025.	No material variance
(7) Information Disclosure				
a. Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		The Company has set up information sections for investors, product introductions and technology R&D at the official websites of the Company and its subsidiaries, to disclose information on consolidated financial statement, business and corporate governance from time to time.	No material variance
b. Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		<ul style="list-style-type: none"> ● The Company has set up the English version of its homepage. ● The Company has implemented a spokesperson system. Mr. Hsing Chia Liu (CFO) is the spokesperson, and Mr. Jia-Wei Tseng (senior manager of the Finance and Investor Relations Department) is the deputy spokesperson. The exclusive contact account for the spokesperson is also established (IR@Ennostar.com) ● Each quarter, the disclosed information related to finance and business is explained in the investor conference. Search the information about investor conferences	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			Inquiry the official website for inquiries: investor service section/ financial information/ investor conference report	
c. Did the Company publish and report its annual financial report within two months after the end of a financial year, and publish and report its financial reports for the first, second, and third quarters as well as the operating status for each month before the specified deadline?	✓		The Company has completed its self-prepared 2024 financial report in February 2025, signed or sealed by the chairman, managerial officer and accounting officer, and submitted to and approved by the Audit Committee and the Board in February 2025. The announcement and report was completed early at the end of February. The financial reports for the first, second, and third quarters and the monthly operations are also uploaded to the MOPS in advance within the prescribed deadlines.	No material variance
(8) Has the Company disclosed other information to 9 facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	✓		<ul style="list-style-type: none"> ● Employee's interests and rights & employee care: Please see the section about management-labor relationship in the annual report. ● Investor relations: The Company has designated dedicated personnel to be responsible for announcing information on finance, business, and changes in insider shareholding on the MOPS in accordance with relevant requirements. It has established an Investor Relations Department and provided contact information on the Company's website as the channel dedicated to handling shareholder recommendations and responding to investors' questions. Investor conferences are convened quarterly to provide descriptions of published financial and business information to external parties. ● Supplier relations: The Company requires all suppliers to sign the "Supplier Social Responsibility Recognition Letter" and to strengthen the awareness and implementation of RBA behaviors regarding labor, health and safety, environmental protection, ethical standards, and management systems in order to ensure that suppliers comply with the highest social, environmental, and ethical standards. ● Customer relations: For product health and safety, marketing communication, customer satisfaction, legal compliance, customer privacy, and other communication issues, customers can adopt questionnaire surveys, customer service e-mail, customer satisfaction surveys, the Company's website, and other communication channels. Employees of the Group occasionally visit customers or participate in 	No material variance

Assessment Item	Implementation Status			Variances from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons
	Yes	No	Summary	
			<p>exhibitions of relevant products to gain direct insights into customer needs and market development trends.</p> <ul style="list-style-type: none"> ● Rights of stakeholders: The Company established diverse interaction methods for different stakeholders. Apart from disclosing them in the ESG Report each year, they are also set out in “interactions with stakeholders” under “corporate social responsibility” on the Company’s website. In addition, the Company reports to the Board regarding the communication with stakeholders each year to allow the Board to understand the opinions of stakeholders. ● Directors’ continuing education: Please refer to the section about Directors’ continuing education in the annual report and the MOPS. ● Implementation status of risk management policies and risk measurement standards: The Risk Management Committee of the Company carries out the risk scenario analysis of the Group, implements risk assessments, countermeasures, and action plans, and regularly reports at the Corporate Sustainability Committee meetings and Board meetings each year regarding the implementation status of risk management work. ● Please refer to Page 91 of the annual report for the Company’s purchase of liability insurance for Directors. 	
<p>(9) Explain the improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange, and the priority of enhancement and measures for these not yet improved:</p> <p>The Company maintained its ranking in the top 5% of the 9th and 10th “Corporate Governance Evaluation,” which is a high recognition of the excellent corporate governance of the Company.</p> <p>To continue the pursuit of better corporate governance, the Company established the functional committee, “Corporate Governance and Nomination Committee,” under the Board of Directors and formulated the “Organization Rules of Corporate Governance and Nomination Committee” in August 2023.</p>				

2.3.4 Operation of the Remuneration Committee

1. Member information: Members of the Remuneration Committee are nominated by the Chairman, resolved by the Board, and appointed, and the number of members shall be no less than three. There are three members of the Remuneration Committee who are Independent Directors at present. Please refer to pages 13 to 17 of the annual report for their “professional qualifications and experience” and “independence status.”

2. Responsibilities

The Remuneration Committee shall perform the following functions and powers with due diligence as a good administrator and submit the recommendations to the Board for discussion: Matters reviewed by the Remuneration Committee and key tasks for 2024, including:

- (1) Formulate and regularly examine the performance evaluation of Directors and managers and the policies, systems, standards and structures of their remuneration.

- (2) Regularly evaluate and determine the remuneration of the Company’s Directors and managers.

The remuneration includes cash, stock options, stock dividends, pension benefits, severance pay, allowances, and other substantive incentives.

Please refer to the Company’s website for the Organization Rules of the Remuneration Committee.

3. Implementation Status

- (1) The term of the current committee members is from May 31, 2023 to May 30, 2026 (the expiry date is same as the expiry date of directors’ term of office), and in 2024, the Remuneration Committee held six meetings(A).(meeting dates: 1/19、2/23、5/2、5/24、8/9、11/7) The members’ attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Convener	Shian-Ho Shen	6	0	100.0%	
Member	Wei-Chen Wang	6	0	100.0%	
Member	En-Te Hsu	6	0	100.0%	

(2) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
2-3 2024.01.19	● Salary proposal for the new (authorized) managers	All members affirmed their approval, and it was approved by the Remuneration Committee.	The board of directors approved to pass the proposal as it was.
2-4 2024.02.23	● Amendment recommendations on long-term incentive plan (LTI) for managers		
2-5 2024.05.02	● Proposal for the salary recommendation of the Chief Strategy Officer of the Company ● Proposal for the adjustments to salaries of managers in 2024		
2-6 2024.05.24	● Proposal for the salary recommendation of senior management of Epistar and Lextar ● Proposal for the salary recommendation of new managers of the Company		
二/7 2024.08.09	● Proposal for the amended recommendations for the regulations for the retirement compensation for employees who are concurrently the Chairman or President ● Proposal for the remuneration policy of senior management		
2-8 2024.11.07	● Proposal for the recommendations for the percentage of appropriating the 2025 employee and Director remunerations ● Proposal for the release of the identity of authorized managers ● Appointment of the Company's Chief Information Security Officer.		

Other matters to be recorded:

- Where the board of directors does not adopt or amend the recommendations of the Remuneration Committee: None.
- For the resolutions adopted by the Remuneration Committee, where any member has objections or qualified opinion, with records or written statements: None.
- The Company refers to the market salary level and economic trend every year, and adjusts the salary of employees based on the Company's operational performance and personal performance. In the past, the salary adjustment was conducted in a way higher than the market level, aiming to narrow the gap between market and benchmark. Provided the gap is narrowed now, so the annual salary adjustment shall be based on the market level, and variable bonus are accounted, as a tool to motivate and reward; in addition, when employees are promoted, their salaries also adjusted immediately as the encouragement to talents.

(3) For performance evaluation details, please refer to pages 33~34 of the annual report.

2.3.5 Operation of the Corporate Governance and Nomination Committee

1. Member information: The Corporate Governance and Nomination Committee shall be composed of at least three Directors nominated by the Board, in which more than half of the Independent Directors shall participate. There are six members of the Remuneration Committee who are the Chairman and all Independent Directors at present. Please refer to pages 13 to 17 of the annual report for their “professional qualifications and experience.”

2. Responsibilities

With the authorization from the Board of Directors, the Committee shall perform the following functions and powers with due diligence as a good administrator, and submit the recommendations to the Board of Directors for discussion:

- (1) Formulate the professional knowledge, technology, experience, gender and other diversity and independence standards required for the Board members, and identify, review and nominate director candidates accordingly.
- (2) Construct and develop the organizational structure of the Board and various committees, conduct performance evaluations on the Board, committees and Directors, and evaluate the independence of Independent Directors.
- (3) The continuing education programs for directors are established and regularly reviewed.
- (4) Review the succession plan for senior managers as the president (or equivalent) or above.
- (5) Provide new directors with appropriate orientation instructions to enable the new Directors to understand their responsibilities and get familiar with the Company’s operation and environment.
- (6) The Company’s Corporate Governance Best-Practice Principles are established.
- (7) Other matters as directed by the Board.

Please refer to the Company’s website for the Organization Rules of the Corporate Governance and Nomination Committee.

3. Implementation Status

- (1) The term of the current committee members is from August 3, 2023 to May 30, 2026, and in 2024, the Corporate Governance & Nominating Committee held two meetings (A). (meeting dates: 02/23 、 08/09) The members’ attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Convener and Chairman	Shuang-Lang Peng	2	0	100.0%	
Member and Independent Director	Wei-Min Sheng	2	0	100.0%	
Member and Independent Director	Shian-Ho Shen	2	0	100.0%	
Member and Independent Director	Wei-Chen Wang	2	0	100.0%	
Member and Independent Director	En-Te Hsu	2	0	100.0%	
Member and Independent Director	Chun-Hsin Tsou	2	0	100.0%	

(2) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-2 2024.02.23	<ul style="list-style-type: none"> ● The organizational name of the “ESG Corporate Sustainability Committee” is renamed, and the “Organization Rules of the Sustainability & ERM Committee” are formulated. ● Amendments to the “Organizational Rules of the Audit Committee,” “Organizational Rules of the Remuneration Committee,” “Rules of Procedure for Management Committee Meetings,” and “Corporate Governance Best-Practice Principles.” 	All members expressed their approval in favor, and the Corporate Governance and Nomination Committee approved the motion.	Approved by the Board of Directors as it was.
1-3 2024.08.09	<ul style="list-style-type: none"> ● Amendments to certain provisions of the “Rules of Procedure for Management Committee Meetings” and “Corporate Governance Best-Practice Principles.” ● Questionnaire design for self-evaluation on the performance of the Board and various functional committees. 	All members expressed their approval in favor, and the Corporate Governance and Nomination Committee approved the motion.	Approved by the Board of Directors as it was.

(3) For performance evaluation details, please refer to pages 33~34 of the annual report.

2.3.6 Differences in promoting sustainable development implementation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
(1) Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		<p>Ennostar insists on contributing to society. In 2021, the “ESG Corporate Sustainability Committee” was established as the highest governance body for the Company to promote sustainable development operations. It coordinates and plans the Group’s ESG policy and sustainable development roadmap, responds to the United Nation’s sustainable development goals (SDGs), and identifies the ESG-related risks and opportunities to determine relevant investment strategies. Meanwhile, it supervises the setting and achievement of various ESG performances. At the same time, a dedicated unit, the Sustainable Development Department, is established to take charge of the operation of the committee and the promotion of the matters related to the Group’s sustainable development.</p> <p>To demonstrate the Company’s decision to value the corporate sustainability and risk management, the Company renamed the “ESG Committee” into the “Sustainability & ERM Committee” in February 2024.</p> <p>There are four levels to the Sustainability & ERM Committee. The first level is the Board of Directors, responsible for deciding the Group’s ESG materiality topics and evaluating ESG performance. The second level is the Sustainability & ERM Committee, composed of the Group’s chairperson and 2 independent directors, responsible for identifying ESG risks and opportunities, deciding the Group’s ESG strategic directions and supervise ESG performance. The next level is the Sustainability & ERM Committee (task force) The fourth level is internal</p>	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>ESG committee of major subsidiaries.</p> <p>In 2022, the Company established the eight major ESG task forces of the Group, namely, the innovation technology team, sustainable manufacturing team, sustainable energy team, risk governance team, social influence team, stakeholder team, information security team, and sustainable value chain team, to integrate cross-company resources of the Group, and connect to the cooperative value chain, seeking to accelerate the implementation of the Group's ESG strategic blueprint and expanding its social influence.</p> <p>For more details, please refer to of the ESG report.</p> <p>The Board examines the progress and performance of the ESG strategic targets submitted by the Sustainability & ERM Committee, as well as the promotion status of various plans (i.e. RE100), which is jointly promoted by The Climate Group and the Carbon Disclosure Project (CDP), and the action plan to procure and consume green power by the Group's plants in 2025, as confirmed by the Board. If there is any material ESG proposal, the Sustainability & ERM Committee shall submit it to the Board for resolution. Material matters may be implemented after the Board has evaluated, judged, and provided instructions.</p>	
(2) Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The Company established related risk management strategies and targets based on the 3 aspects of materiality - economy, environment, and society. It focuses its efforts in fulfilling corporate governance, develop sustainable environment, maintain social charity, and enhance information disclosure. These are upheld through stakeholders communications, compiling key topics of concern, establish	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>management directions, department representatives participating in the promotion and realizing them, the three key groups reporting on the status to the Sustainability & ERM Committee (task force), the executive secretary to report to the Sustainability & ERM Committee on a regular basis on the operation outcomes of its review. All of these would then be reported to the Board of Directors.</p> <p>The Company emphasizes the ESG expectations of stakeholders for the Company. In 2021, the first Sustainability Report of Ennostar Group was released. The senior executives of the Group and members of the ESG Committee were convened to identify key stakeholders. The evaluation results revealed eight key stakeholders. Before preparing the sustainability report every year, the ESG issue questionnaires are to be distributed to the eight key stakeholders. The scope of distribution covers the important subsidiaries of the Group in Taiwan and China. If any issue is identified as concerned by the stakeholders with great impact on the Company's operation, it is deemed a major issue.</p> <p>The Company also discloses the information of investor conferences, customer satisfaction surveys, mailboxes, latest news, social media platforms, sustainability reports and other information through the official website from time to time, to maintain smooth communication with stakeholders and continue to disclose the Company's sustainable performance transparently.</p> <p>Ennostar Group focuses on the technology research and development and production of compound semiconductors. The Group deploys the industrial cooperation strategy from upstream to downstream for the entire industry, integrating customized services and solutions from</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>epitaxy, grains, packaging, modules, and customer supply chains. To identify the challenges that may arise for Ennostar Group in the future, early and systematically, and respond appropriately to improve corporate resilience, the enterprise risk management is introduced. Upon the approval and confirmation of the highest risk governance unit, the Board of Directors, on November 3, 2022, the follow-up risk scenario analysis and risk assessment for implementation, response strategies and action plans were conducted. The Risk Management Committee and committee branches of material subsidiaries are established under the Sustainable Corporate Management Committee to be responsible for carrying out the risk scenario analysis of the Group, implementing risk assessments, countermeasures, and actions plans, and regularly reporting at the Corporate Sustainability Committee meetings and Board meetings each quarter regarding the implementation status of risk management work . Meanwhile, the construction of Ennostar Risk Knowledge Database was completed in 2023. The measurement standards and methods of risk assessment start from the bottom, and the risk management is incorporated into the business strategies to reduce the risks of these issues to which the Group is exposed. Through the introduction of ERM, the Company's risk management policies and procedures are adjusted and optimized in a timely manner, and the annual risk management implementation results are reported, to gradually form a corporate governance culture through the guidance and supervision of the Board.</p> <p>For issues concerned by stakeholders in 2024, management strategies formulated by the Company, the risk management policy, objectives and implementation, please refer to the ESG Report of the Company</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor																				
	Yes	No	Summary description																					
			for details.																					
(3) Environmental topic																								
a. Has the Company set an environmental management system designed to industry characteristics?	✓		<p>Since 2021, the Company has promoted the assessment of corporate climate change risks and opportunities by complying with the climate-related financial disclosure framework, TCFD. The Company has comprehensively conducted the ISO system verification and promoted various internal carbon reduction strategies with systematic and scientific management approaches. In 2024, the major subsidiaries of Ennostar Group, Epistar and Lextar, all passed ISO 14064-1. Short-, medium-, and long-term strategies have been established to keep aligned with the international net-zero trend. In the future, we look forward to working with the supply chain to build a low-carbon value chain and move toward the goal of net-zero together to implement corporate sustainability. Regarding the Group’s environmental management system and performance, please refer to the Company’s ESG Report.</p> <p>The company and major entities have obtained EHS system and quality system verification for maintaining:</p> <table><tr><th>System certification/ verification</th><th>Ennostar</th><th>Epistar</th><th>Lextar</th></tr><tr><td>ISO 14001 Environmental management system verification</td><td>NA</td><td>V</td><td>V</td></tr><tr><td>ISO 14064-1 Organization quantification and reporting of greenhouse gases</td><td>V</td><td>V</td><td>V</td></tr><tr><td>ISO 45001 Occupational Health and Safety (OH&S)</td><td>NA</td><td>V</td><td>V</td></tr><tr><td>CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)</td><td>NA</td><td>V</td><td></td></tr></table>	System certification/ verification	Ennostar	Epistar	Lextar	ISO 14001 Environmental management system verification	NA	V	V	ISO 14064-1 Organization quantification and reporting of greenhouse gases	V	V	V	ISO 45001 Occupational Health and Safety (OH&S)	NA	V	V	CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	NA	V		No material variance
System certification/ verification	Ennostar	Epistar	Lextar																					
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ISO 14064-1 Organization quantification and reporting of greenhouse gases	V	V	V																					
ISO 45001 Occupational Health and Safety (OH&S)	NA	V	V																					
CNS 45001 Taiwan Occupational Safety and Health Management System (TOSHMS)	NA	V																						

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
b. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		<p>In response to the government's 2050 Net-Zero Emission Roadmap and the exerting corporate influence, Ennostar Group has signed to join the RE100 jointly led by The Climate Group and Carbon Disclosure Project (CDP) and is committed to the renewable consumption targets of 60% by 2030 and 100% by 2050.</p> <p>To achieve the commitment of 100% renewable energy consumption, four action plans have been established:</p> <ol style="list-style-type: none"> 1. Actively enter into power purchase contracts: Plants in Mainland China consume 100% green power in 2025, and it is estimated to account for 43% of the green energy consumption ratio of the Group. Meanwhile, plants in Taiwan continue to enter into power purchase agreements (PPAs) and plan to gradually increase the green power consumption ratio by 2027 to achieve the Group's committed target of 60% renewable energy consumption by 2030. 2. Rooftop solar power for self-generation and self-consumption: Solar power equipment with a capacity of 727.24kWp on the roof of plants in Taiwan is installed. In 2023, 1,097,237kWh of power was sold to Taipower under a bulk sale, and all bulk sale contracts will transition to self-generation and self-consumption in 2025. 3. Voluntary energy conservation: The Group has set the energy conservation target by adopting 2022 as the basis and will save 27% of power consumption by 2030. Energy management and conservation acts are conducted based on four major aspects, including lighting management, A/C management, equipment and system improvement, and improvements in procedure 	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>efficiency. We also introduced the ISO 50001 management system and established the facility system using baseline and unit energy consumption to find energy conservation opportunities. In 2024, two plants passed the third-party external verification, and the verification will apply to all plants in Taiwan.</p> <p>4. Procurement of renewable energy certificates (RECs).</p> <p>The impacts of global climate change and the greenhouse effect are becoming more and more obvious. The Group has joined RE100 to declare its determination to carbon net-zero and has also taken active climate actions to contribute to sustainable development and the co-wellness of the Earth.</p> <p>Note: RE100 is an initiative composed of global enterprises that is committed to promoting corporate transformation for 100% consumption of renewable energy.</p> <p>The implementation of each year is updated in the ESG Report released annually to enhance information transparency.</p>	
c. Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		<p>To continuously implement a friendly environment, the Group continues to conduct energy-saving and carbon-reduction-related management for lowering cost risks and is committed to providing customers with environmentally friendly and energy-saving products by combining the core business capabilities with the introduction and R&D of green technologies to improve the product competitiveness on sustainability issues. In line with international trends, the Company actively responds to climate change and reduces greenhouse gas emissions; renewable energies are planned to be built to move toward</p>	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor						
	Yes	No	Summary description							
			<p>natural resource management and sustainable management.</p> <p>The implementation of each year is updated in the ESG Report released annually to enhance information transparency.</p> <p>In face of climate change and radical changes of ecological environment, the Company as a member of the global village is preparing for actions. Environmental protection is a duty. As reported in the United Nations report, Taiwan belongs to the high risk group in climate change, the impacts of global warming lead to major concerns of the interchange between torrential rain and severe droughts. Even though the total precipitation has not been lesser, extreme rains and drought hazards are causing the water scarcity crisis in Taiwan to take place every year. To lower corporate operations risks from climate change, enhancing product competitiveness, the Company’s responses are:</p> <table><tr><td>Flood prevention</td><td>To avoid torrential rains from climate change which will affect the plant production, the flood control gates have been set up at the entrance of the lane where it is easy for water to seep through and at important engine rooms to reduce losses from disasters. Established the flood prevention plans and operation standards. Disaster prevention drills are conducted each year on a regular basis, such as flood control gates flood prevention drills, and factory drills to set up flood control pumps.</td></tr><tr><td>Increase water recycling volume</td><td>The pure water that is used to wash the chip during the manufacturing process, part of it can be collected for reuse increasing the rate of reuse.</td></tr><tr><td>Water utilization plan during water shortage</td><td>To avoid the restricted water measures of the Taiwan Water Corporation (TWC) from affecting part of or all of the manufacturing plants, the Company will activate the water carts to supplement water when the TWC inform of reducing pressure or suspending water and at the same time the water level of the storage tanks at the factory sites are lower than the safety standard, for non-production water restriction</td></tr></table>	Flood prevention	To avoid torrential rains from climate change which will affect the plant production, the flood control gates have been set up at the entrance of the lane where it is easy for water to seep through and at important engine rooms to reduce losses from disasters. Established the flood prevention plans and operation standards. Disaster prevention drills are conducted each year on a regular basis, such as flood control gates flood prevention drills, and factory drills to set up flood control pumps.	Increase water recycling volume	The pure water that is used to wash the chip during the manufacturing process, part of it can be collected for reuse increasing the rate of reuse.	Water utilization plan during water shortage	To avoid the restricted water measures of the Taiwan Water Corporation (TWC) from affecting part of or all of the manufacturing plants, the Company will activate the water carts to supplement water when the TWC inform of reducing pressure or suspending water and at the same time the water level of the storage tanks at the factory sites are lower than the safety standard, for non-production water restriction	
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Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor						
	Yes	No	Summary description							
			<table><tr><td></td><td>measures. According to the drought restricted water - emergency response plan of EPISTAR, the plan is divided into emergency observations, emergency response, crisis management, operations recovery and so on phases for the implementation of different course of action to lower the impacts to the customers.</td></tr><tr><td>Enhancing water shortage crisis drill</td><td>Implements the water shortage crisis drill on a regular basis each year, and proceeds with the factory area industry water support drill.</td></tr><tr><td>Energy saving and carbon reduction</td><td>Implements the electricity saving, water saving plans each year, contributing to protecting the earth and environment.</td></tr></table>		measures. According to the drought restricted water - emergency response plan of EPISTAR, the plan is divided into emergency observations, emergency response, crisis management, operations recovery and so on phases for the implementation of different course of action to lower the impacts to the customers.	Enhancing water shortage crisis drill	Implements the water shortage crisis drill on a regular basis each year, and proceeds with the factory area industry water support drill.	Energy saving and carbon reduction	Implements the electricity saving, water saving plans each year, contributing to protecting the earth and environment.	
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d. Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		<p>Committed to environmental sustainability, expecting to move towards net zero carbon emissions together with the industrial value chain, and continue to complete the CDP carbon disclosure project every year. The annual implementation status will be updated in the ESG report issued each year to enhance information transparency.</p> <p>● GHG Emissions in Recent Two Years</p> <p>Unit: Metric ton CO₂ equivalent</p> <table><tr><td>year</td><td>2023</td><td>2024</td></tr><tr><td>GHG Emissions</td><td>284,454.56</td><td>270,217</td></tr></table>	year	2023	2024	GHG Emissions	284,454.56	270,217	No material variance
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Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor															
	Yes	No	Summary description																
			<div>● Water Usage in Recent Two Years</div> <div>Unit : Million Liters</div> <table><tr><th><div>Year</div><div>category</div></th><th>2023</th><th>2024</th></tr><tr><td>Total Water withdrawal</td><td>3,561.17</td><td>3,092.81</td></tr><tr><td>Total recovered and reused water</td><td>2,091.90</td><td>2,048.74</td></tr></table> <div>● Waste Quantity in Recent Two Years</div> <div>Unit :Ton</div> <table><tr><th><div>Year</div><div>category</div></th><th>2023</th><th>2024</th></tr><tr><td>Total Waste Quantity</td><td>6,556.27</td><td>8,556.02</td></tr></table> <div>* Including Taiwan factory and mainland China factory.</div> <div>* The 2024 data above is based on the Company's preliminary statistical calculation results. Third-party verification is in progress. For the certification information, please refer to the ESG Report.</div>	<div>Year</div> <div>category</div>	2023	2024	Total Water withdrawal	3,561.17	3,092.81	Total recovered and reused water	2,091.90	2,048.74	<div>Year</div> <div>category</div>	2023	2024	Total Waste Quantity	6,556.27	8,556.02	
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(4) Social topic																			
a.Does the Company set policies and procedures in compliance with regulations	✓		Respecting human rights and creating a dignified working environment are the foundations of corporate sustainable operations. The Company	No material variance															

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
and internationally recognized human rights principles?			<p>and its subsidiaries are committed to pursuing compliance with the "United Nations Global Compact," "Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," "OECD Guidelines for Multinational Enterprises," "Social Accountability International (SAI)," "Responsible Business Alliance (RBA)," relevant labor laws and international human rights standards, to formulate human rights management regulations to implement human rights protection in all operating activities, and comply with applicable laws and relevant international labor standards.</p> <p>Education and training of human rights and ethical management are implemented as below: Conduct human rights due diligence in accordance with the Group's human rights policy and Regulations Governing Integrity and Ethical Conduct; conduct risk assessments through the RBA Self-Assessment Questionnaire (SAQ) in accordance with the RBA Code of Conduct; and monitor and manage the implementation of mitigation or prevention measures based on risk issues; and report the implementation of the human rights policy and ethical management policy of the year to the Board of Directors on February 23, 2024.</p> <p>The implementation of education and training in 2024 is as follows: 1. Title of the course: In 2024, Ennostar Group carried out the annual retraining for RBA and ethical policy promotion management 2. The total number of trainees was 4,204 for the year, and the total number of training hours was 4,204 hours. All employees have completed the training.</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>3. The passing standard for the course is to complete the online courses and participate in the test; a score of 100 shall be achieved for the test. Another test will be performed for those who fail to pass.</p> <p>The Company also provides an effective and appropriate grievance mechanism for matters that endanger labor rights, and responds to employees' grievances appropriately to ensure an equal and transparent grievance process.</p>	
b.Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		<p>The Company believes that the first step in realizing corporate social responsibility is to respect and take care of employees. Every employee is the most important asset of the Company. The Company values the work environment, career path development, education training and health and wellbeing of its employees. And values employee treatment and benefits. The Company regularly participates in industry salary survey and regularly reviews the linkage of the salary and benefits measures with the market, designing a salary and benefits system that is of competitiveness and motivation. If the Company makes profits for the year, it will distribute 0.1% to 15% as the employee remuneration. The employee salary is based on one's academic background, professional experiences, and individual performance. There will be no differential treatment based on employee gender. The starting salary of newly employed personnel will not be any different, regardless of race, religion, political position, gender, marital status or union affiliation. For the detailed employee welfare measures of the Group, please refer to the company's official website and ESG report.</p>	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
c. Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>Occupational health management: There is a health service center in place in each plant of the Company, to maintain the physical health of employees in an all-round way, including regular health checkups, provision of new health knowledge and medical consultation. Meanwhile, the nutrition provided by the staff canteen is in check to protect the health of the employees.</p> <p>Healthcare: The Group has a "Health Center" in place. In addition to the functions of the general medical room, it also actively plans various activities like free health checks, medical consultation seminar, physical fitness, smoking cessation, and weight loss.</p> <p>According to statistics from the National Health Administration, the number of Taiwanese who died from chronic diseases such as the "three highs" (high blood pressure, high blood sugar, and high blood lipids) reached 68,000, which has surpassed the 53,000 deaths from cancer. Because the initial symptoms of the abnormalities are not obvious, they are more difficult to detect and control, and are an invisible killer of Taiwanese health. Therefore, in order to prevent and control employee obesity and the three highs, the company has classified those with the three highs abnormalities in health examinations as level one to four tracking cases, and nurses will provide employees with personal health guidance or arrange for on-site doctors to consult. For example, the total number of health examinations from 2023 to 2024 is 1,897, of which 807 have abnormalities of the three highs, with an abnormality ratio of 42.5%. According to the</p>	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>classification level of the on-site doctors, nurses will issue health education forms from the first to the second level; at the third level, nurses will issue re-examination notices based on the doctor's advice, and ask colleagues to assist in submitting medical receipts or related test records to implement re-examination result tracking management; at the fourth level, on-site doctors will be arranged for consultation interviews. The re-inspection and follow-up completion rate was 100%. In addition to providing professional medical consultation, the company also holds health lectures from time to time. For example, in 2024, the company has held: "New Concepts on Brain Health in the AI Era", "Gene Testing_Circulating Tumor Cells", and "Eat Healthy - Summer Diet Safety Guide". Health information will also be published in the health management system, and health EDMs will be sent by email, such as: "Prevention of Salmonella Food Poisoning", "Prevention and Treatment and Introduction of Hypertension" and other information for colleagues to refer to; employees are also encouraged to develop regular exercise habits. The company has a gym and complete fitness facilities to provide employees with the best leisure and sports environment.</p> <p>Hazard identification and risk assessment The safety of employees at work is important to Ennostar. Abnormal incidents are reported immediately and an emergency response mechanism is activated to reduce personnel injuries and operational losses. After an incident, the Company works with the labor representatives to investigate the cause of the incident according to the "Incident Reporting and Investigation Procedures" established by</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>Ennostar. By doing so, the root cause can be discovered with corrective and preventive measures taken. An investigation report is simultaneously reported to the safety committees of each plant. The results of horizontal investigations will be taken as the basis for improvement of each plant area to prevent the recurrence of similar incidents.</p> <p>The “Incident Reporting and Investigation Procedures” apply to all employees and contractors in each plant of the Group. The scope of reporting and investigation is limited to internal accidents and internal traffic accidents. Off-site accidents are only included in reporting and statistics.</p> <p>Companies of three major entities fulfills the Occupational Safety and Health Management System, OSHMS certification:</p> <ol style="list-style-type: none"> 1. The Company complies with related domestic laws and regulations, and has obtain the OHSAS 18001 Occupational Safety and Health Management System certification, TOSHMS/CNS 15506 Taiwan Occupational Safety and Health Management System certification, providing employees a safe work environment. 2. The Company has in accordance with the legal requirements conducted working environment monitoring and adjustments to the labor work venues. 3. The new employee orientation training and regular quarter training of branch factories includes the employee safety and health education unit. This covers occupational hazard prevention, 	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>road safety education, factory and residential safety awareness raising, individual case study. It is hoped that employees possess related safety and health knowledge and skills, ensuring a safe and healthy working environment for everyone.</p> <p>4. The Company has established emergency response task force and response measures. Each year, will implement regular prevention trainings or drills to ensure employees safety knowledge and to lower losses from disaster and hazardous incidents; Various health activities are organized. Through health risk indicators to promote customized and risk control projects, continuing the promotion and expansion of health service and quality; In collaboration with Newmind EAP consultant Co., Ltd., promotes employee assistance service with confidential and diverse professional service to support employees in resolving work and life issues.</p> <p>5. We carry out the regular inspections of working environments, including the annual building safety inspection (once a year for each plant), fire control equipment inspection and repair filings (once a year for each plant), and operating environment monitoring (twice a year), to examine whether there are deficiencies that require immediate improvements. In addition, to prevent the risk of fire caused by the high temperature of the contact points of equipment and appliances, we perform internal IR inspection for appliances, machines, tools, and wiring for ovens, high-/low-pressure electric apparatus, and chemical desks with heating functions.</p> <p>In June 2024, a fire occurred due to a vehicle self-ignition at the</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>parking lot in the basement of the plant of a subsidiary. The fire control department received the report, arrived at the destination promptly, and extinguished the fire. Upon the occurrence of the fire, the Company rapidly had employees evacuated, and there were no injuries or deaths of personnel. This plant is an office area instead of a production area and has no material impact on the Company's finance and business.</p> <p>Ennostar has formulated an "Environmental Safety and Health Emergency Response Procedure", applying hierarchical control, and dividing the response organization into the headquarters and the factory organization. If an abnormal accident occurs, after the initial response is carried out on site. While the follow-up response actions are still needed, it will be promptly notified and activated the emergency mechanism with the goal of reducing personal injuries and operational losses. If the incident was out of control, the headquarters response organization will perform their own duties to deal with various emergency response situations.</p>	
d. Has the Company established effective career development training plans for its employees?	✓		The Group has established the Ennostar University and six major academies, namely the sustainability academy, the leadership academy, the general knowledge and commerce academy, the quality academy, the science academy, and the industrial academy, to establish cultivation plans for new employees or in-serve employees and provide various learning resources. Apart from satisfying the career development requirements of employees, it also nurtures the quality and sustainability awareness of employees. For other details on employee training, please refer to the section about labor–	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			management relations in Chapter Five. Business Overview of the annual report.	
e. Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		<p>The products produced and the services provided by the Group comply with the relevant laws and regulations. Pursuant to the ISO 9001 quality management system and the internal management review procedures of IATF 16949 (please refer to the table below for the certifications obtained by each company), effectiveness evaluations are conducted for the laws and regulations related to hazardous substances and hazardous substance-free (HSF) requirements of customers. This ensures that the products comply with relevant laws and regulations pertaining to prohibited and restricted environmental hazardous substances, as well as customers' requirements for HSF control. Third-party verification units are engaged to regularly verify products to check for compliance with laws and regulations and to ensure satisfaction of customer requirements.</p> <p>To avoid the leakage of customer information or internal secrets, individuals who have business dealings with the company and are involved in maintaining the integrity and confidentiality of information assets should sign a confidentiality agreement and non-disclosure agreement regarding customer data. This will ensure that they understand that any information obtained during their service with the company is considered the Company's property and cannot be used for unauthorized purposes, thereby maintaining customer privacy.</p>	No material variance
f. Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of	✓		In addition to regular meetings with customers to communicate needs, the Company also conducts annual customer satisfaction surveys for key customers of various products, collecting customers' evaluations	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
environmental, occupational safety and health or labor right, and their implementation status?			and recommendations for the Company's products in five aspects: procurement, quality, research and development, product development, and customer service. Upon the completion of the investigation, the data will be compiled and reviewed, and submitted to the internal management meeting for report review. The senior management will resolve the guidelines for the adjustment to the Company's operating strategy, and then the various responsible units will promote each improvement plan. For more information, please refer to the ESG report	
			<p>The product production and services provided are in compliance with related laws and regulations. According to ISO 9001 Quality Management System and IATF 16949 Internal Management Review Procedure, each year the effective assessment is conducted for related hazardous substances legislations and customers' hazardous substance free (HSF) to ensure products meets these requirements. Third party verification unit is also engaged on a regular basis for product certification to make sure the products are in compliance.</p> <p>The products produced by each branch factory 100% meets the international standards, RoHS and REACH international environmental protection legislations. The customers are free from worrying about their own health or safety being endangered from these products, and can feel secure that the Company will not bring about any negative influences to society or environment.</p> <p>Regarding the selection of supplier operation service, quality system, R&D capability, manufacturing, environmental management and labor rights (including prohibiting the use of child labor, eliminating all forms of forced labor) and ethical management, the Company conducts</p>	

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>review of every aspect and produces an investigation report of the potential supplier (contractor), review of their Guarantee of Non-Use of Hazardous Substances, supplier/contractor Letter of Compliance with Corporate Social Responsibility, Quality Assurance Agreement, Procurement Agreement, Non-disclosure agreement, and so on. When the review results show compliance with the standards, they will be listed as qualified supplier list of the Company.</p> <p>Established supplier management procedures and supplier evaluation procedures. The procurement and quality management and related units will conduct regular (each year and each quarter) appraisal of their products, price, service and technology, delivery and restricted use of hazardous substances and more items. The evaluation results will be the basis of ENNOSTAR's supplier risk management. Suppliers are divided into four rating levels for the supplier quality system assessment. If the audit assessment results for supplier show poor rating, the supplier management team will need to strengthen guidance and improvements to the supplier.</p> <ul style="list-style-type: none"> ● EHS assessment of suppliers ● Assessment management of suppliers/contractors ● Health and safety, and construction management of contractors <p>In 2024, a total of 191 suppliers were evaluated and none of them showed poor rating. More information on supplier management and implementation will be updated in the ESG report, please refer to it.</p>	
(5) Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company?Has the assurance	✓		The Company is established on January 6, 2021. In order to raise the reliability of the report, an independent third party, the TÜV Rheinland, is engaged to verify the report for external guarantee of the information disclosed in the report. TÜV cites the Moderate Assurance	No material variance

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?			of the AA1000 Assurance Standard developed by the global non-profit organization AccountAbility and the Moderate Assurance. The TÜV verification report is attached in the ESG report appendix.	
<p>(6) If the Company has established ethical corporate governance policies based on Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>The Company has formulated the “Sustainable Development Best Practice Principles,” regulating on the realization of corporate governance, developing sustainable environment, maintaining social charity. The information can be downloaded from the Company’s official website; Please refer to the Company website for our sustainable development strategies, state of implementation, and the ESG report released in every year.</p>				

Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
(7) Other important information to facilitate better understanding of the Company’s implementation of sustainable development: Formally set up the Sustainability & ERM Committee. Related ESG sustainable development projects and plans are proceeded with, intensely now. Starting from identifying materiality topics of stakeholders, the management policy was then defined. The short, medium and long term targets of materiality were established next. Strengthening implementation of the action plan and regular meeting reviews show our determination in promoting ESG sustainable development. There are six parts to the promotion. They are targets, academies, projects, reports, official website and activities. Please refer to ESG report for details. <u>Sustainability & ERM Committee Organization</u>				

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graph TD; Board[Board] --> SERM[Sustainability & ERM Committee]; SERM --> ESGC[ESG Committee Working Group]; SERM --> ESGO[ESG Office]; ESGC --> RMC[Risk Management committee]; ESGC --> ISIC[Information Security Committee]; ESGC --> ETFC[Ennostar ESG Task Forces]; ESGC --> Epistar[Epistar ESG Committee]; ESGC --> Lextar[Lextar ESG Committee];
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Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
Work function				
Unit	Powers and responsibilities		Unit	Powers and responsibilities
Board of Directors	<ul style="list-style-type: none">● Confirm the Group’s ESG Mission and Vision● Make decisions for significant proposals on ESG● Evaluate and review the progress of ESG strategic goals and the promotion of various plans		Sustainability & ERM Committee	<ul style="list-style-type: none">● Establish ESG mission, vision, policies, and targets● Identify ESG risks and opportunities, decide related investment strategies● Supervise ESG strategy planning and implementation● Monitor ESG performance and information disclosure
ESG Committee (Task force)	<ul style="list-style-type: none">● Establish Group targets● Promote ESG plans● KPI performance presentation/follow-up● Convene regular meetings● Disclose information on the Group’s ESG performance		ESG of every subsidiary Committee	<ul style="list-style-type: none">● Set targets● Implement ESG related plans● KPI performance presentation/follow-up● Convene regular meetings● Compile contents for CSR report chapters of every company● Response to ESG requirements of customers
Task force	<ul style="list-style-type: none">● Set targets for the Group● Promote ESG plans and integrate the resources of each subsidiary● Present and track KPI performance● Convene meetings on a regular basis● Seek innovative opportunities and business opportunities			

2.3.7 Implementation of climate-related information among TWSE/TPEX listed companies

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	The Sustainability & ERM Committee established by the Board consists of the Chairman of the Group, Independent Directors, and the senior management of key subsidiaries (Epistar and Lextar). It is a functional committee under the Board of Directors that holds regular meetings to coordinate and plan the Group's ESG policy and sustainable goal roadmap, as well as to identify ESG-related risks and opportunities to determine relevant investment strategies, while monitoring various ESG performance metrics and achievements.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	<ol style="list-style-type: none"> Raw material prices on suppliers rise due to carbon tax <ul style="list-style-type: none"> The strategies are: <ol style="list-style-type: none"> Development of low-carbon, renewable and low-carbon alternative raw materials; Investment in low-carbon equipment; Change the product design to reduce the demand for specific raw materials; Require suppliers to reduce carbon emissions. The financial impact refers to the increase in procurement costs of 1–7%. In response to the trend of corporate carbon reduction, the Company will gradually promote and participate in SBTi as of 2023 to set scientific carbon reduction goals. <ul style="list-style-type: none"> Strategies: <ul style="list-style-type: none"> Short-term: The entire Group must conduct ISO 14064 greenhouse gas inventory to control the source of carbon emissions. Mid-term: Carbon reduction measures such as planning to install the F-gas reduction equipment. Long-term – Planning for energy management and purchase of green energy. The financial impact refers to the satisfaction with the possible requirements of the market for carbon reduction in the future. To prevent the Company from affecting orders due to insufficient carbon reduction.
3. Financial impacts posed by extreme climate events and transformational actions	<ol style="list-style-type: none"> The financial impact refers to the satisfaction with the possible requirements of the market for carbon reduction in the future. To prevent the Company from affecting orders due to insufficient carbon reduction.

Item	Status of implementation
	2. Assuming the carbon fee is fully levied in 2030, it is expected that the price of raw materials will increase by 1%–7%.
4. Describe how the process of identifying, evaluating and managing climate risks is integrated into the overall risk management system.	All of the Group's subsidiaries have established management guidelines for climate risk, and have formulated corresponding measures based on each risk/opportunity. They have set short-, medium-, and long-term goals, regularly tracked and checked the compliance status, and continued to adjust and improve in order to increase the Company's resilience to climate risks and steadily move toward the 2050 net zero emission goal.
5. If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	<p>1. Power supply stability – According to the IPCC AR5 RCP8.5 worst-case scenario, it is expected that the proportion of strong typhoons will increase by about 100% between 2040 and 2065. Therefore, it is assumed that the above-ground transmission and distribution network will be damaged by the typhoon, thereby resulting in an increase in the frequency of power interruptions.</p> <p>2. Water supply stability – Based on the IPCC AR6 SSP5-8.5 worst-case scenario, it is expected that the number of days without rainfall will tend to increase in Taiwan. Therefore, it is assumed that there will be a 20% reduction in water supply and continuous 20-day events, and the financial impact will result in the reduction of cost by about NT\$250,000 per year.</p>
6. If there is a transformation plan in response to the management of climate-related risks, describe the contents of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	<p>The plan is:</p> <ol style="list-style-type: none"> 1. Development of low-carbon, renewable and low-carbon alternative raw materials; 2. Investment in low-carbon equipment; 3. Change the product design to reduce the demand for specific raw materials; 4. Require suppliers to reduce carbon emissions.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	For the pilot project in 2023, the Company applied the shadow price model to evaluate and plan the installation of carbon reduction equipment based on the initial price of NT\$300 per metric ton proposed by the Ministry of Environment, Taiwan.
8. If climate-related goals are set, specify the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year. If carbon offsets or renewable energy certificates (RECs) are used to achieve related goals, specify the source and quantity of carbon reduction credits or quantity of RECs for which they are exchanged.	<p>Formulate three major action plans, continue to invest in energy conservation and improvement of GHG Scope 2, improve energy efficiency, and integrate management to reduce operational carbon emissions.</p> <p>Action plan:</p> <ol style="list-style-type: none"> 1. To reduce power consumption by more than 3% each year, plan a 5-year plan for the update and replacement of major energy-consuming equipment, and

Item	Status of implementation																			
	<p>review and correct the plan each year based on equipment efficiency/service life/operation risk and operational needs.</p> <p>2. Implementation of ISO 50001 management system: Implement the ISO 50001 energy management system to the pilot plants to establish the baseline for the use of the plant system and unit energy consumption, and identify energy-conservation opportunities, and extend the same to all of the Company’s plants throughout Taiwan in 2026.</p> <p>3. Establish the energy e-platform: Implement the electronic platform in the pilot plant in 2023 to establish energy data, and expand the same to all of the Company’s plants throughout Taiwan in 2026.</p> <p>4. Green electricity (renewable energy) consumption and planning: The plants plan to install solar power generator systems for short-term wholesale. The systems will be provided for own use from 2025, and planned based on the Company’s green electricity roadmap.</p>																			
9.GHG inventory and assurance, reduction target, strategy, and substantial action plan	<p>1. GHG inventory and assurance of the Company for the most recent two years</p> <p>(1) Information on GHG inventory</p> <table><tr><th rowspan="2">Category</th><th colspan="2">Carbon emissions (tCO₂e)</th><th rowspan="2">Coverage scope</th></tr><tr><th>2022</th><th>2023</th></tr><tr><td>Scope 1</td><td>66,085.75</td><td>37,478.27</td><td rowspan="4"><ul style="list-style-type: none">• ENNOSTAR Inc.• Epistar Corporation• Lextar Electronics Corporation• Lextar Electronics (Chuzhou) Corp.• Unicorn Semiconductor Corporation• Epicrystal Corporation (ChangZhou) Ltd.• Episky Corporation (Xiamen) Ltd.• Jiangsu Canyang Optoelectronics Ltd.</td></tr><tr><td>Scope 2</td><td>280,416.30</td><td>246,976.29</td></tr><tr><td>Total</td><td>346,502.05</td><td>284,454.56</td></tr><tr><td>Intensity (tCO₂e/turnover (NT\$ million))</td><td>12.0</td><td>12.8</td></tr></table> <p>*The complete GHG inventory data for 2024 is in the stage of assurance on the publication date of the annual report, and the complete information will be disclosed in the ESG Report of Ennostar.</p>	Category	Carbon emissions (tCO ₂ e)		Coverage scope	2022	2023	Scope 1	66,085.75	37,478.27	<ul style="list-style-type: none">• ENNOSTAR Inc.• Epistar Corporation• Lextar Electronics Corporation• Lextar Electronics (Chuzhou) Corp.• Unicorn Semiconductor Corporation• Epicrystal Corporation (ChangZhou) Ltd.• Episky Corporation (Xiamen) Ltd.• Jiangsu Canyang Optoelectronics Ltd.	Scope 2	280,416.30	246,976.29	Total	346,502.05	284,454.56	Intensity (tCO ₂ e/turnover (NT\$ million))	12.0	12.8
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Total	346,502.05	284,454.56																		
Intensity (tCO ₂ e/turnover (NT\$ million))	12.0	12.8																		

Item	Status of implementation																		
	<p>(2) Information on GHG assurance</p> <table> <tr> <th>Company Name</th><th>Confirmed institution</th></tr> <tr> <td>• ENNOSTAR Inc.</td><td>TUV</td></tr> <tr> <td>• Epistar Corporation</td><td>BSI</td></tr> <tr> <td>• Lextar Electronics Corporation</td><td>BSI</td></tr> <tr> <td>• Lextar Electronics (Chuzhou) Corp</td><td>SGS</td></tr> <tr> <td>• Unikorn Semiconductor Corporation</td><td>SGS</td></tr> <tr> <td>• Epicrystal Corporation (ChangZhou) Ltd.</td><td>Intertek</td></tr> <tr> <td>• Episky Corporation (Xiamen) Ltd.</td><td>Intertek</td></tr> <tr> <td>• Jiangsu Canyang Optoelectronics Ltd.</td><td>Intertek</td></tr> </table> <p>*The ISO 14064-1 verification was completed for the abovementioned by a third-party verification institution by adopting the ISO 14064-3 standards, and the assurance opinion is reasonable assurance.</p> <p>2. GHG reduction target, strategy, and substantial action plan In response to the international trend of net-zero carbon emissions, Ennostar has comprehensively planned the path and blueprint for net-zero carbon emissions. In 2023, the Group officially joined the “Science Based Targets Initiative” (SBTi). Adopting 2022 as the base year, our target is to reach an absolute reduction of Scope 1 and Scope 2 GHG carbon emissions by 50.4% by 2032 and achieve the net-zero emissions of the entire Group by 2050. The carbon reduction strategy of the Group includes:</p> <ul style="list-style-type: none"> ● Reduction of F-gases: Ennostar Group reduced the use of CF4 in its procedures and installed tail gas treatment equipment for procedures. It is expected to reduce at least 90% of F-gases emissions. ● Consumption of green power: Ennostar installed solar power equipment in its plants and actively procured green power contracts or relevant green power certificates to improve the consumption ratio of renewable energy. ● Energy conservation measures: The Group promoted lighting management, A/C management, equipment and system improvements, improvement in procedure efficiencies, and other energy conservation plans. 	Company Name	Confirmed institution	• ENNOSTAR Inc.	TUV	• Epistar Corporation	BSI	• Lextar Electronics Corporation	BSI	• Lextar Electronics (Chuzhou) Corp	SGS	• Unikorn Semiconductor Corporation	SGS	• Epicrystal Corporation (ChangZhou) Ltd.	Intertek	• Episky Corporation (Xiamen) Ltd.	Intertek	• Jiangsu Canyang Optoelectronics Ltd.	Intertek
Company Name	Confirmed institution																		
• ENNOSTAR Inc.	TUV																		
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• Unikorn Semiconductor Corporation	SGS																		
• Epicrystal Corporation (ChangZhou) Ltd.	Intertek																		
• Episky Corporation (Xiamen) Ltd.	Intertek																		
• Jiangsu Canyang Optoelectronics Ltd.	Intertek																		

Item	Status of implementation
	Meanwhile, the Group executed and joined the “RE100” and is committed to the renewable consumption targets of 60% by 2030 and 100% by 2050.

2.3.8 Operation of the Sustainability & ERM Committee

1. Member information

The Sustainability & ERM Committee of the current session shall be composed of at least three Directors nominated by the Board, in which more than half of the Independent Directors shall participate; the Chairman shall be the convener. There are three members of the Sustainability & ERM Committee who are the Chairman and two Independent Directors at present. Please refer to pages 13 to 17 of the annual report for their “professional qualifications and experience.” Mr. Shuan-Lang Peng, the convener, has long been involved in ESG-related fields. He is currently the chairman of “Taiwan Climate Partnership” and a member of “National Climate Change Countermeasures Committee” to facilitate consensus for net-zero transformation among the industry, academic, and government sectors, and to promote the implementation of cross-field climate actions. Independent Director Wei-Chen Wang and Independent Director Chun-Hsin Tsou, who are members, possess sustainability expertise and capabilities. The titles of the continuing education courses are announced in the section of Directors’ continuing education on the MOPS.

2. Duties

With the authorization from the Board of Directors, the Committee shall perform the following functions and powers with due diligence as a good administrator, and submit the recommendations to the Board of Directors for discussion:

- (1) Formulation of ESG mission, vision, policies and goals
- (2) Identify ESG risk opportunities and decide related investment strategies
- (3) Supervise ESG strategy planning and implementation
- (4) Monitor ESG performance and information disclosure

Please refer to our company website for the organizational charter of the Sustainability & ERM Committee.

3. Implementation Status

- (1) The term of the current committee members is from May 31, 2023 to May 30, 2026 (the expiry date is same as the expiry date of directors’ term of office), and in 2024, the Sustainability & ERM Committee held four meetings (A). (meeting dates: 2/22、5/2、8/8、11/6) The members’ attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Convener and Chairman	Shuang-Lang Peng	4	0	100.0%	
Member and Independent Director	Wei-Chen Wang	4	0	100.0%	
Member and Independent Director	Chun-Hsin Tsou	4	0	100.0%	

- (2) Major resolutions and implementation thereof

Term/Session Date	Motion	Committee members’ opinions and resolutions of the Sustainability & ERM Committee	The Company’s resolution against the committee’s opinions
2-3 2024.2.22	<ul style="list-style-type: none"> ● Proposal for the renaming recommendation for the “Corporate Sustainability Committee” ● Proposal for the recommendation to the 	All members expressed their approval in favor, and the Sustainability & ERM Committee approved the motion.	Approved by the Board of Directors as it was.

Term/Session Date	Motion	Committee members' opinions and resolutions of the Sustainability & ERM Committee	The Company's resolution against the committee's opinions
	formulation of the "Organization Rules of the Sustainability & ERM Committee."		
2-4 2024.05.02	<ul style="list-style-type: none"> ● Report on work progress, and there are no discussion matters resolved. 	All members expressed their approval in favor, and the Sustainability & ERM Committee approved the motion.	Approved by the Board of Directors as it was.
2-5 2024.08.08	<ul style="list-style-type: none"> ● Proposal for the amendment recommendation for the declaration of the Science Based Targets initiative (SBTi) ● Proposal for Ennostar to join RE100 ● Approval of the ESG Report. 	All members expressed their approval in favor, and the Sustainability & ERM Committee approved the motion.	Approved by the Board of Directors as it was.
2-6 2024.11.06	<ul style="list-style-type: none"> ● Proposal for the green power procurement recommendation for plants in Mainland China ● Proposal for the amendment recommendations for the "Regulations for Sustainable Information Management and ESG Report Preparation and Verification." ● Proposal for amendment recommendation of the "Risk Management Policy and Procedures." 	All members expressed their approval in favor, and the Sustainability & ERM Committee approved the motion.	Approved by the Board of Directors as it was.

(3) For performance evaluation details, please refer to pages 33~34 of the annual report.

2.3.9 Fulfilling ethical management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
(1) Establishment of ethical corporate management policy and plan				
a. Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		Ethical conduct is an important core value in our business operations. Persistence in ethical conduct is our responsibility towards our shareholders, customers, suppliers, business partners, and colleagues. We perceive our suppliers as important business partners and hope to create a win-win partner relationship in the pursuit of corporate sustainable management and growth. The Company discloses its "Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" on the Company's website and also sign the "Ethical transaction and confidentiality obligations terms" with the suppliers. In addition, the "Ethical Corporate Management Best Practice Principles," is established for all employees to abide with.	No material variance
b. Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies?	✓		The Company's "Ethical Conduct" stipulates the conflict of interests, legal compliance, trade secrets and company assets, political activities participation and related behaviors as the guide. The reporting system for ethical conduct violation has been established to provide internal and external stakeholders (such as: suppliers, consumers, customers, employees and shareholders) a complaint channel. A responsible unit responsible for handling the report cases was set up. The cases will be processed according to the level of severity and the employee reward and penalty management procedures.	No material variance

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
c. Whether the Company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓		The “Work Rules,” “Ethical Conduct” and “Group Integrity and Ethical Behavior Management Measures” stipulate related regulations prohibiting accepting meal invitations, gifts or other social activities invitations by suppliers directly or indirectly, and the prevention of unethical conducts. There is the reporting system for violations of ethical conduct established to provide internal and external stakeholders reporting channels to prevent frauds.	No material variance
(2) Ethic Management Practice				
a. Whether the Company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		The group treat our customers, suppliers, distributor, competitors and employees in a fair and just manner. Competitive advantages through unethical means are forbidden. The Group’s “Ethical transaction and confidentiality obligations terms” covers abiding to ethical management and operations, confidential responsibility in sales or technology, and if the trading counterparty is involved in any unethical behaviors, all transactions must be terminated immediately, the supplier qualification is removed and compensation for damages is to be requested.	No material variance
b. Whether the Company has set up a unit which is dedicated to promoting the Company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		The Human Rights Policy and Regulations Governing Integrity and Ethical Conduct have been formulated, and the Sustainability & ERM Committee, under the Board, shall serve as the dedicated department. The specific practices and implementation of the ethical management policy for 2024 were reported to the Board on February 20, 2025. Major tasks in 2024: After establishing the Group’s human rights protection task force in 2023 and formulating human rights management procedures, conduct human rights risk assessments at least once a year, disclose	No material variance

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>human rights management in the ESG Report, formulate the Group's "Human Rights Protection Policy," plan for promoting human rights protection policy teaching materials, execute human rights protection education and training, promote the zero-fee policy and free career choice for foreign migrant workers, optimize the employment process and implement employment contracts, adjust the Grievance Committee to serve as a permanent organization providing dedicated processing services, amend the recruitment process and personnel profiles to ensure non-discriminatory treatment, implement promotion and training related to human rights policy, ethics, and labor-management meetings for new and existing employees, and ensure that everyone acknowledges the Company's Regulations Governing Integrity and Ethical Conduct, which set out various preventive measures in detail to serve as the basis for formulating and implementing integrity and ethical conduct management education and training.</p> <p>The implementation of education and training in 2024 is as follows:</p> <ol style="list-style-type: none"> 1. Title of the course: In 2024, Ennostar Group carried out the annual retraining for RBA and ethical policy promotion management 2. The total number of trainees was 4,204 for the year, and the total number of training hours was 4,204 hours. All employees have completed the training. 3. The passing standard for the course is to complete the online courses and participate in the test; a score of 100 shall be achieved for the test. Another test will be performed for those who fail to pass. 	
c. Whether the Company has established policies to	✓		For employees:	No material

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?			<p>The Company has established a policy for preventing conflicts of interest in the "Code of Ethical Conduct" and "Regulations Governing Integrity and Ethical Conduct." All employees are obligated to avoid possible conflicts of interest between themselves and the Company, and when making decisions or engaging in any behavior, all actions must be in the best interest of the Company. The employees may contact their immediate supervisors and HR units. Meanwhile, the Company has established smooth communication channels, including the President's mailbox, employee suggestion box, 7885 (please help me) hotline and mailbox, to assist colleagues in feedback and solution of problems.</p> <p>For directors: Article 16 of the Board of Directors Meeting Regulations stipulates the system for recusal of directors due to conflicts of interest - directors shall hold the highest level of discipline. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. The agenda working group shall remind every director to take note if there is any agenda item that requires recusal due to conflicts of interest each time when mailing the agenda information.</p>	variance

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
d. To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		The internal audit unit will each year conduct internal control system effective risk assessment based on the transaction manner of every operating location and the possibility of fraud and corruption. The annual audit plan will be established in cooperation with the newly announced related laws and regulations. It will be reported to the board for approval, which implementation will begin thereafter. The audit results will be reported to the board and audit committee members on a regular basis.	No material variance
e. Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		The Company adopted the internal education and training platform in November 2024 to conduct the “2024 Ennostar RBA and ethical policy promotion online course,” with 4,204 trainees and a completion rate of 100%. In addition, after adding the prevention of insider trading in the promotion course, it is also sent to the Directors to serve as the data for ethical management and insider trading prevention promotion for Directors once a year.	No material variance
(3) Implementation of Complaint Procedures				
a. Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		The Company has established the “Reporting channel and protection system” and unimpeded communication channels, including: president mailbox, complaint mailbox for unlawful infringement in the performance of duties, sexual harrassment complaint mailbox, ethical report, employee comments mailbox and so on. Externally there is the contact us area on the Company website disclosing the ethical conduct report system and there are dedicated personnel to handle the report matters. Other than as regulated by legislations, there are appropriate protection and	No material variance

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			confidentiality measures to adopt for the complainant, the information provided, and privacy. If the report is true, the Company will proceed with punishment for the unlawful conduct.	
b. Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		The Company's "Reporting channel and protection system" stipulates related confidentiality mechanism for handling the reported matter.	No material variance
c. Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		According to the Company's "Reporting channel and protection system," other than those regulated under the legislation, there are appropriate protection and confidentiality measures to adopt for the individual complainant and the information provided, and privacy.	No material variance
(4) Information Disclosure				
a. Does the Company disclose the content and effectiveness of its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?	✓		The Company has recorded the content of ethical management, with the updated effects of promotion regularly every year, in the "Corporate Sustainability Responsibility" section on the official website and in the "ESG Report." The Company also discloses the "Ethical Corporate Management Best-Practice Principles" in the Investor section of the official website; for details of the related information details please visit the official website: http://www.ennostar.com .	No material variance
(5) If the Company has established ethical corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No material variance.				
(6) Other important information to facilitate better understanding of the Company's implementation of sustainable development				

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
<ul style="list-style-type: none">● Build the integrity policy and culture Upholding the business philosophy of integrity, transparency and responsibility, the Company has established the “Ethical Management Best-Practice Principles” and the “Regulations Governing Integrity and Ethical Conduct of the Ennostar Group” to establish good business operations and never allow corruption or any form of fraud. Violations of the Company’s rules and regulations and ethical management requirements that are proven to be true will result in disciplinary actions in accordance with the relevant management regulations, as well as disclosure on the intranet or bulletin boards of the violator’s job title and name, contents of the violation, and resolution thereof. If the circumstances are considered material, necessary legal actions shall be taken, and the violator will be dismissed and never be hired again. Meanwhile, the Company has formulated related preventive programs, including operating procedures, behavior guidelines, and education and training. For the purpose of communication with stakeholders, the Company has clearly stated its ethical management policies in its internal regulations, on the official website and in relevant external documents. Further, before conducting any business transactions, it shall consider the legitimacy of agents, suppliers, customers or other trading counterparts and whether they have any unethical conduct record, and avoid trading with those who have unethical conduct records.● Complaining and whistleblowing system In order to strengthen corporate governance, implement the ethical management and code of ethical conduct, and provide a channel for whistleblowing any violations of integrity and ethical conduct requirements, the “Whistleblowing Channel and Protection System” is established. The Company has established the “Ethical Management Violation Reporting System” on its official website and intranet for whistle-blowers to report cases anonymously. The whistleblower’s identity and contents of the report are kept confidential and protected. The Chairman shall assign the internal audit unit head to process the reported cases, and if necessary, appoint experts (lawyers and CPAs, etc.) to coordinate in the investigation and report the investigation results to the Chairman. If an investigation reveals any material violation or material damage to the Group, or where a director or senior executive is involved, report the matter to the Audit Committee or supervisors.● Anti-corruption education and training The Company strictly prohibits any acts of corruption, bribery and extortion. To guide employees to act in line with the ethical standards, the Company requires that employees should be cautious in words and deeds, conduct themselves honestly, and refrain from taking advantage of their positions to seek personal gains or accept gifts from others. The Company also continues to strengthen employee education and training, offer online and physical courses, and release relevant e-				

Assessment item	State of operation			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
newsletters from time to time each year. The Group and its directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer, promise, request or accept any improper benefits to/from stakeholders when conducting business. External donations or sponsorships are handled in accordance with relevant laws and regulations and internal regulations, in order to prevent bribery, acceptance of bribes and illegal political contributions.				

2.3.10 Other important information to facilitate better understanding of the Company's implementation of corporate governance

1. Continuing Education/Training of Directors in 2024 Note: The continuing education hours of the directors during tenure meets the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies."

Title	Name	Date of course	Organizer	Course name	Hours of education
Chairman and also President	Shuang-Lang Peng	2024.08.03	TIDA Taiwan	Legal Planning and Risk Management of M&A of International Enterprises	3.0
		2024.08.03	TIDA Taiwan	ESG Sustainable Governance and Investment Responsibility from the Viewpoint of Foreign-invested Institutional Investors	3.0
Director	Yu-Chieh Lin	2024.08.03	TIDA Taiwan	Legal Planning and Risk Management of M&A of International Enterprises	3.0
		2024.08.03	TIDA Taiwan	ESG Sustainable Governance and Investment Responsibility from the Viewpoint of Foreign-invested Institutional Investors	3.0
Director Appointment of the President of the Company.	Chin-Yung Fan	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0
Director and also the President of Subsidiary	Hsiu-Mu Tang	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0
Independent Director	Wei-Min Shen	2024.04.26	Securities and Futures Institute	Sharing and Recommendation for Enterprises to Carry out Tax Governance and Digital Solutions	3.0
		2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
Independent Director	Shian-Ho Shen	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0

Title	Name	Date of course	Organizer	Course name	Hours of education
Independent Director	Wei-Chen Wang	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.08.03	TIDA Taiwan	ESG Sustainable Governance and Investment Responsibility from the Viewpoint of Foreign-invested Institutional Investors	3.0
		2024.09.18	Taiwan Investor Relations Institute	Current Global Industrial Trends and Political and Economic Outlook	3.0
		2024.11.11	Taiwan Investor Relations Institute	Welcome AI and Sustainability Transformation – Senior Remuneration Management and Talent Cultivation	3.0
Independent Director	En-Te Hsu	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0
Independent Director	Chun-Hsin Tsou	2024.05.02	Taiwan Corporate Governance Association	How Does Board of Directors Ensure Sustainable Corporate Management – From the Aspects of Talent Exploration and Cultivation	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0

2. 2024 Corporate Governance Managers, Accounting Managers and Audit Managers will participate in corporate governance-related training and further studies

Title	Name	Date of course	Organizer	Course name	Hours of education
Chief Corporate Governance Officer	Hsing Chia Liu	2024.07.03	Taiwan Stock Exchange	2024 Cathay Pacific Sustainable Banking and Climate Change Summit	6.0
		2024.10.18	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3.0
		2024.11.06	Securities and Futures Institute	Strategic Thinking for Issue Management in Corporate Governance	3.0
		2024.11.22	Securities and Futures Institute	2024 Insider Equity Transaction Legal Compliance Seminar	3.0
Accounting Officer	Ya-Chi Chen	2024.10.14 ~ 2024.10.23	Accounting Research and Development Foundation	Continuing Education Course for Chief Accounting Officers of Issuers, Securities Firms, and Stock Exchanges with Initial Appointments	30.0
Chief Internal Audit Officer	Wen-Ting Tseng	2024.06.04	The Institute of Internal Auditors	“Analysis of Sustainability Information Disclosure Policy” and Discussion of Internal Control and Internal Audit Highlights	6.0

Title	Name	Date of course	Organizer	Course name	Hours of education
		2024.10.07	Accounting Research and Development Foundation	Analysis of the Internal Management Practices of “GHG Inventory” of Enterprises	6.0
		2024.11.16	Accounting Research and Development Foundation	Latest ESG Sustainability Policy Policies, Laws and Regulations Related to the “Preparation of Annual Reports”	3.0
		2024.11.23	Accounting Research and Development Foundation	Effective Internal Control of Sustainable Reporting	3.0

3. State of purchasing liability insurance for the directors by the Company

The insured	Insurance company	Insured amount	Period of insurance
All directors and supervisors	Insurance Company Of North America Taiwan Branch/ Cathay Century Insurance Co., Ltd./ Fubon Insurance Co., Ltd.	USD 30,000,000	January 6, 2024 ~ January 6, 2025
All directors and supervisors	Insurance Company Of North America Taiwan Branch/ Cathay Century Insurance Co., Ltd./ Fubon Insurance Co., Ltd.	USD 30,000,000	January 6, 2025 ~ January 6, 2026

Note: The insured amount, insured scope, and insurance fees rate for the continued liability insurance of directors and supervisors, have been reported to the board on February 21, 2025.

2.3.11 Internal Control System Execution Status

- (1) Statement of internal control system: See Appendix 1 (Page 176).
- (2) The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None.

2.3.12 Important resolutions of the shareholder meeting and board meeting and state of implementation review from the most recent year up to the date of publication of the annual report.

1 、 2024 Annual General Meeting

(1) Recognition of the 2024 business report and financial statements

Status of implementation:

Resolved to approve that the consolidated operating revenue for 2023 is NT\$22,305,680 thousand, operating losses were NT\$4,001,278 thousand, net loss after tax was NT\$7,322,732 thousand, and loss per share was NT\$9.02.

(2) Recognition of the proposal for the 2023 loss compensation

Status of implementation:

The resolution was approved. The net loss after tax in 2023 was NT\$6,782,677,847, along with changes in actuarial gains or losses, the disposal of equity instruments measured at fair value through other comprehensive income, the recognition of changes in ownership equity of subsidiaries, and the special reserve reversed in 2023. The losses to be compensated for the year amounted to NT\$6,759,861,335. The Company intends to compensate for such losses with the legal reserve, special reserve, and capital reserve – premium of common shares.

(3) Approved the amendments to partial provisions of the Articles of Incorporation

Status of implementation:

The resolution was approved and became effective on May 24, 2024.

(4) Approved the amendments to the “Rules of Procedure for Shareholders Meetings” and “Procedures for Election of Directors and Supervisors”

Status of implementation:

The resolution was approved and became effective on May 24, 2024.

(5) Approved the amendments to the “Procedures for Acquisition or Disposal and of Assets,” “Procedures for Loaning Funds to Others,” “Procedures for Endorsements and Guarantees,” and the establishment of “Procedures for Derivatives Transactions.”

Status of implementation:

The resolution was approved and became effective on May 24, 2024.

(6) Approved the lifting of the non-competition restriction imposed on Directors

Status of implementation:

Approved the lifting of non-competition restrictions imposed on Shuang-Lang Peng, AUO, Yu-Chieh Lin, and Chin-Yung Fan. For details, please refer to the minutes of the 2023 Annual General Meeting.

2、Board' Meeting

Date of resolution	Important resolutions	Executive Summary
2024.01.19	<ol style="list-style-type: none"> 1. Impairment losses are recognized in accordance with IAS 36 "Impairment of Assets." 2. Approved the disposal of the new Zhunan Plant and its auxiliary equipment by Epistar. 3. Appointment of and salary proposal for the new managers. 	All matters are implemented in accordance with the resolutions of the meeting.
2024.02.23	<ol style="list-style-type: none"> 1. 2023 Evaluation on the Effectiveness of the Internal Control System and the Statement of Internal Control System. 2. Distribution of the Company's 2023 remuneration to employees and Directors. 3. The Company's 2023 financial report, business report, and 2024 business plan. 4. Added the capital expenditure budget of the Group for 2024 and further reduced the 2023 capital expenditure. 5. Proposal for the loss compensation of the Company. 6. Proposal for the distribution of cash from the capital reserve of the Company. 7. Amendment to partial provisions of the Articles of Incorporation. 8. Amendments to the "Rules of Procedure for Shareholders Meetings" and "Procedures for Election of Directors and Supervisors." 9. Amendments to the "Procedures for Acquisition or Disposal and of Assets," "Procedures for Loaning Funds to Others," "Procedures for Endorsements and Guarantees," and the establishment of "Procedures for Derivatives Transactions." 10. The organizational name of the "ESG Corporate Sustainability Committee" is renamed, and the "Organization Rules of the Corporate Sustainability and Risk Management Committee" are formulated. 11. Amendments to the "Rules of Procedure of Meetings of the Board of Directors," "Organizational Rules of the Audit Committee," "Organizational Rules of the Remuneration Committee," "Procedures for Handling Material Inside Information and Insider Trading Prevention," "Supervision and Management of Subsidiaries," "Rules of Procedure for Management Committee Meetings," "Procedures for the Preparation and Verification of ESG Reports," and "Risk Management Policy and Procedures." 12. Lifting of the non-competition restriction imposed on Directors. 13. Time, venue and cause for the convening of the 2024 annual general meeting. 14. Proposal to apply with financial institutions for the renewal of financing facilities. 15. Approved the disposal of land and plant of subsidiary Guanquan (Shandong) optoelectronics Co., Ltd. 	All matters are implemented in accordance with the resolutions of the meeting.

Date of resolution	Important resolutions	Executive Summary
2024.04.10	<ol style="list-style-type: none"> 1. Proposal for the cumulative losses reaching 50% of the Company's paid-in capital. 2. Proposal for the amendments to the reason for the 2024 annual shareholders' meeting 3. Proposal for the first purchase of the Company's shares. 	All matters are implemented in accordance with the resolutions of the meeting.
2024.04.26	<ol style="list-style-type: none"> 1. Proposal for the disposal of microelectronics equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. 2. The proposal for the acquisition of all equity of Unikorn Semiconductor Corporation from the related party GCS Holdings, Inc. by subsidiary Epistar Corporation. 	All matters are implemented in accordance with the resolutions of the meeting.
2024.05.03	<ol style="list-style-type: none"> 1. The Company's Q1 2024 financial report. 2. Proposal for the appointment recommendation of the Chief Strategy Officer of the Company 	All matters are implemented in accordance with the resolutions of the meeting.
2024.05.24	<ol style="list-style-type: none"> 1. Proposal for the distribution of cash from the capital reserve of the Company 2. Proposal for the recommendation of senior executives of the subsidiary. 3. Proposal for the appointment of the Chief Financial Officer and Chief Corporate Governance Officer of the Company. 4. Proposal for the changes in the custodian of the seals exclusively used for endorsements/guarantees of the Company. 5. Proposal for the appointment of the Chief Accounting Officer of the Company. 	All matters are implemented in accordance with the resolutions of the meeting.
2024.08.09	<ol style="list-style-type: none"> 1. The Company's Q2 2024 financial report. 2. Proposal for the addition or reduction of capital expenditures. 3. Proposal for the amendment to the transaction amount of the disposal of microelectronics equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. 4. Proposal for the disposal of additional equipment to related party Global Communication Semiconductors, LLC by subsidiary Unikorn Semiconductor Corporation. 5. Proposal for the disposal of the equity of Edison Opto Corporation by subsidiary Lighting Investment Corp. 6. Proposal for setting the base day for the capital decrease through the cancellation of treasury shares. 7. Proposal for the amended recommendations for the "regulations for the retirement compensation for employees who are concurrently the <u>Chairman or President.</u>" 8. Proposal for the remuneration policy of senior management. 9. 2023 ESG Report of the Company. 10. Proposal for the amendments to certain provisions of the "Rules of Procedure for Management 	All matters are implemented in accordance with the resolutions of the meeting.

Date of resolution	Important resolutions	Executive Summary
	<p>Committee Meetings” and “Corporate Governance Best-Practice Principles.”</p> <p>11. Proposal for the amendment to the “Supervision and Management of Subsidiaries.”</p> <p>12. Proposal to apply with financial institutions for the renewal of financing facilities.</p>	
2024.11.07	<p>1. The Company’s Q3 2024 financial report.</p> <p>2. Assessment of the independence and competence of CPAs and the CPA’s fees in 2025 and 2026.</p> <p>3. Proposal for the recommendations for percentage of appropriating the 2025 employee and Director remunerations.</p> <p>4. Proposal for the change in the stock affairs agency.</p> <p>5. Approve to lift the non-competition restrictions on managers.</p> <p>6. Proposal for amendment to the “Risk Management Policy and Procedures.”</p> <p>7. Proposal for the amendment recommendations for the “<u>Regulations for Sustainable Information Management and ESG Report Preparation and Verification.</u>”</p> <p>8. Proposal for the amendment to the “Supervision and Management of Subsidiaries.”</p> <p>9. Proposal for the release of the identity of authorized managers of the Company.</p> <p>10. Appointment of the Company’s Chief Information Security Officer.</p> <p>11. Proposal for the amendments to the “Internal Control System” and “Implementation Rules of Internal Audit.”</p> <p>12. The Company’s 114 audit plan</p>	All matters are implemented in accordance with the resolutions of the meeting.
2025.02.21	<p>1. 113 Evaluation on the Effectiveness of the Internal Control System, and the Statement of Internal Control System</p> <p>2. Distribution of the Company’s 2024 remuneration to employees and Directors.</p> <p>3. The Company’s 2024 financial report, business report, and 2025 business plan.</p> <p>4. Proposal for the loss compensation of the Company.</p> <p>5. The reduced capital expenditure budget of the Group for 2024 and the 2025 capital expenditure</p> <p>6. Proposal for the definition of the scope of non-executive employees of the Company</p> <p>7. Amendment to partial provisions of the “Articles of Incorporation.”</p> <p>8. Proposal for the amendment to the “Procedures for Loaning Funds to Others”</p> <p>9. Proposal for lifting of the non-competition restriction imposed on Directors.</p> <p>10. Time, venue and cause for the convening of the 2025 annual general meeting.</p> <p>11. Proposal for the amendment to the “Organizational Rules of the Audit Committee,” “Organizational Rules of the Remuneration Committee,” “Organization Rules of the Corporate Sustainability and Risk Management Committee,” “Corporate Governance Best-Practice Principles,” and “Regulations for the Performance Evaluation of the Board of Directors and Functional Committees.”</p> <p>12. Proposal for the appointment of the external evaluation institution for the performance of the Board</p> <p>13. Proposal for long-term incentive plan (LTI) for the senior management</p> <p>14. 2024 remuneration of Directors and managers</p> <p>15. Recommendations for distributing 113 variable year-end reward to managerial officers</p>	All matters are implemented in accordance with the resolutions of the meeting.

Date of resolution	Important resolutions	Executive Summary
	16. Proposal to apply with financial institutions for the addition and renewal of financing facilities 17. Proposal for the merger of subsidiaries Epistar Corporation and Lextar Electronics Corp. 18. The proposal for the acquisition of the equity of GCS Holdings, Inc. under a private placement from related party Rongli Venture Corp.	

2.3.13 From the most recent year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

2.4 Information of CPA audit fee

Unit: Thousands of NTD

CPA Firm	Name of CPA	Audit period	Audit fee	Non-audit fee	Total
PwC Taiwan	Tien-Yi Li Chien-Hung Chou	2024.01.01~ 2024.12.31	9,775	2,852	12,627

Note 1: The non-audit service fees are the three-tiered transfer pricing document, industrial and commercial registration, and dissolution and liquidation of a subsidiary.

Note 2: If the audit fee of the year is less than that of the previous years after changing CPA firm, then the audit fee before and after the change and the reason for change shall be disclosed: Not applicable.

Note 3: If the audit fee is less than that of the previous year by over 10%, then the less amount of audit fee, its proportion, and the reason shall be disclosed: Not applicable.

2.5 Replacement of CPAs: None.

2.6 Information on the company's chairman, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

2.7 Changes in the transfer or pledge of shares by directors, managers, and shareholders holding over 10% of the shares

2.7.1 Changes in the transfer of shares by directors, managers, and major shareholders

Unit: Shares

Title	Name	2024		For the year 2025 up till 2/28	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Chairman and President	Shuang-Lang Peng	0	0	0	0
Director and 10% shareholding shareholder	AUO CORPORATION.	0	0	0	0
Representative of juristic person director	Yu-Chieh Lin	0	0	0	0
Director and President of subsidiary	Chin-Yung Fan	0	0	79,342	0
Director and President of subsidiary	Hsiu-Mu Tang	0	0	66,112	0
Independent Director	Wei-Min Shen	0	0	0	0
Independent Director	Hsien-Ho Shen	0	0	0	0
Independent Director	Wei-Chen Wang	0	0	0	0
Independent Director	En-Te Hsu	0	0	0	0
Independent Director	Chun-Hsin Tsou	0	0	0	0
Executive deputy general manager	Feng-Cheng Su	0	0	0	0
Vice President	Hsing Chia Liu (Note 3)	0	0	0	0
Vice President	Lin-Tien Yang	0	0	49,577	0
Vice President	Cun-Jhong Li	6,000	0	42,964	0
Vice President of subsidiary	Chen,Ou	0	0	(194)	0
Vice President of subsidiary	Ming-Da Jin	0	0	72,727	0
Vice President of subsidiary	Ming-Xun Hsieh	0	0	50,192	0
Vice President of subsidiary	Chih-Jie Lai	0	0	46,271	0
Vice President of subsidiary	Li-Cheng Hung	0	0	39,569	0
Vice President of subsidiary	Chung-Ming Weng	10,000	0	33,624	0
Vice President of subsidiary	Chia-Lin Chen	0	0	29,739	0
Vice President of subsidiary	Chao-Nien Huang	0	0	42,964	0
Vice President of subsidiary	Chi-Chung Chao (Note 2)	0	0	26,912	0
Vice President of subsidiary	Hsiao-Heng Ho (Note 2)	0	0	20,033	0
Vice President of subsidiary	Wen-Chieh Kuo (Note 2)	0	0	14,948	0
Accounting Officer	Ya-Chi Chen (Note 3)	0	0	15,857	0

Note1 : Those who are in office as of the publication date of the annual report.

Note2 : Increase (decrease) in shareholding, calculated from the taking office of new manager on 2024/01/19

Note3 : Increase (decrease) in shareholding, calculated from the taking office of new manager on 2024/05/24

2.7.2 Information of shares transferred: None.

2.7.3 Information of shares pledged: None.

2.8 Information on the relationship among the top 10 shareholders

No.	Name	Shares Held		Shares held by spouse and minors		Shares held in the name of others		Name and relationship between Ennostar's shareholders.	
		Number of shares	%	Number of shares	%	Number of shares	%	Name (Name)	Relationship
1	AUO CORPORATION.	93,568,898	12.43%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	250,000	0.03%	0	0.00%	0	0.00%		None
2	Ronly Venture Corp.	20,686,050	2.75%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	250,000	0.03%	0	0.00%	0	0.00%		None
3	Konly Venture Corp.	16,413,457	2.18%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	250,000	0.03%	0	0.00%	0	0.00%		None
4	Ennostar Inc.(Note 3)	15,000,000	1.99%	NA	NA	NA	NA	None	None
5	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	9,980,740	1.33%	NA	NA	NA	NA	None	None
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	9,251,726	1.23%	NA	NA	NA	NA	None	None
7	Taiwan Life Insurance Co., Ltd.	7,618,000	1.01%	NA	NA	NA	NA	None	None
	Representative: Hsu,Shu-Po	0	0.00%	0	0.00%	0	0.00%	None	None
8	Polunin Developing Countries Fund, LLC	6,147,000	0.82%	NA	NA	NA	NA	None	None
9	Zeng, Wan-Ting	5,560,000	0.74%	NA	NA	NA	NA	None	None
10	United Microelectronics Corp.	5,357,495	0.71%	0	0.00%	0	0.00%	None	None
	Representative: Stan Hung	0	0.00%	0	0.00%	0	0.00%	None	None

Note 1: Prior to the date of report publication, stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is June 28, 2024.

Note 2: Ronly Venture Corp. and Konly Venture Corp. are 100% owned subsidiaries of AUO CORPORATION. Chairperson for the 3 companies is Mr. Shuang-Lang Peng.

Note 3: The repurchased treasury shares were canceled under a capital reduction on August 15, 2024.

2.9 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company.

December 31, 2024

Non-consolidated affiliates	Ownership by Ennostar		Ownership by directors, supervisors, managers and directly/indirectly owned subsidiaries		Total ownership	
	Number of shares	Percentage %	Number of shares	Percentage %	Number of shares	Percentage %
Epistar Corporation	1,207,079,188	100	0	0.00	1,207,079,188	100
Lextar Electronics Corp.	514,916,380	100	0	0.00	514,916,380	100
Harvestar Investment Corp.	115,000,000	100	0	0.00	115,000,000	100
Calystar Investment Corp.	45,355,925	100	0	0.00	45,355,925	100
Amengine Corporation	6,922,000	75.96	0	0.00	6,922,000	75.96
*Tyntek Corporation (TWSE: 2426)	23,799,000	7.92	21,433,000	7.13	45,232,000	15.05
*GCS HOLDINGS, INC. (TPEX 4991)	9,028,000	8.04	15,533,000	13.82	24,561,000	21.86
*LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	RMB 100,900,000	25.23	RMB 72,433,300	18.10	RMB 173,333,300	43.33

*Note: Long-term investments made by the Company with the equity method.

3 Capital Overview

3.1 Capital and shares

3.1.1 Source of capital

Unit: NTD

Year/ Month	Issued Price (Face value per share)	Authorized capital		Paid-in capital		Notes		
		Number of shares (Thousand shares)	Amount (Thousand NTD)	Number of shares (Thousand shares)	Amount (Thousand NTD)	Source of capital	Substitution of capital stock with assets other than cash	Others (Note)
2021.01	10	1,500,000	15,000,000	685,953	6,859,527	Organization re-group of EPISTAR and Lextar Electronics	None	2
2021.06	10	1,500,000	15,000,000	685,251	6,852,515	Cancellation of restricted stock awards	None	3
2022.03	10	1,500,000	15,000,000	684,784	6,847,840	Cancellation of restricted stock awards	None	4
2022.07	10	1,500,000	15,000,000	754,784	7,547,840	Cash capital increase to issue private placement common stock	None	5
2023.10	10	1,500,000	15,000,000	752,940	7,529,405	Cancellation of treasury shares of dissenting shareholders	None	6
2024.08	10	1,500,000	15,000,000	737,940	7,379,405	Cancellation of repurchased treasury shares	None	7

Note 1: The above information is as of the date of the annual report publication.

Note 2: On 2021/01/06, Jing-Shang-Zi No. 10901160930.

Note 3: On 2021/06/09, Jing-Shang-Zi No. 11001096380.

Note 4: On 2022/04/18, Jing-Shang-Zi No. 11101055630

Note 5: On 2022/08/19, Jing-Shang-Zi No. 11101143120

Note 6: On 2023/12/05, Jing-Shang-Zi No. 11230219090

Note 7: On 2024/10/15, Jing-Shang-Zi No. 11330159440

Unit: Shares

Types of shares	Authorized capital (Are shares of listed companies)		
	Outstanding shares (Note)	Unissued shares	Total
Common shares	737,940,460	762,059,540	1,500,000,000

Note: Said information refers to that available until the date of publication, including the treasury stock held by subsidiaries, totaling 1,282,377 shares, and the Private placement common stock for a capital increase of 70,000,000 shares on 2022/7/8.

Shelf Registration in Taiwan: Not applicable.

3.1.2 List of major shareholders

Unit: Shares		
Name of major shareholders	Number of shares held (shares)	Shareholding percentage (%)
AU Optronics Corp.	93,568,898	12.43%
Ronly Venture Corp.	20,686,050	2.75%
Konly Venture Corp.	16,413,457	2.18%
Ennostar Inc.(Note 1)	15,000,000	1.99%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	9,980,740	1.33%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	9,251,726	1.23%
Taiwan Life Insurance Co., Ltd.	7,618,000	1.01%
Polunin Developing Countries Fund, LLC	6,147,000	0.82%
Zeng, Wan-Ting	5,560,000	0.74%
United Microelectronics Corp.	5,357,495	0.71%

Note 1: Before the date of report publication, the stock transfer has not been closed. The above table shows the number of shares owned and total issued shares based on the most recent stock transfer closure date which is June 28, 2024. The repurchased treasury shares were canceled under a capital reduction on August 15, 2024.

3.1.3 Dividends policy and implementation

(1) Dividends policy

Considering the characteristics of the industry where the Company operates, the earnings are distributed annually. Based on factors such as the Company's current and future development plans, investment environment, capital demand, and domestic and foreign competition conditions, while taking shareholders' interests and capital adequacy ratio into account, it is determined by the Board of Directors. The principle is 10% to 80% of the after-tax profit of the concerned year, and the proportion of cash dividend distribution to shareholders shall not be less than 10% of the total dividends distributed.

After the Board considers the Company's operations, appropriate cash is retained, and 10% of the earnings is provided as the legal reserve and special reserve. The distribution principle is still maintained such that no less than 20% of the after-tax profit of the year will be distributed.

(2) The stock grants proposed by the Board of Directors

date: February 28, 2025 Unit: NTD				
Shares Year	Resolution of Board of Directors Approved the dividend distribution date	Shareholders dividend		
		Cash dividend	Capital surplus Cash distribution	Stock dividends from earnings
2024	2025.02.21	0 (NTD 0 per share)	0 (NTD 0 per share)	0 (NTD 0 per share)

(3) Expected dividend policy will have a significant change in circumstances: None.

3.1.4 The effect of the stock dividends proposed at the shareholders' meeting on the Company's business results and earnings per share: Not applicable.

3.1.5 Profit sharing remuneration for employees and directors

(1) The percentage and scope of the employees, directors, and supervisor's remuneration as stated in the Company's Articles of Incorporation

Item	Percentage and scope
Employees remuneration	Depending on the profit status for the current fiscal year, the Company will set aside 0.1%~15% for employee remuneration; The employee remuneration can be paid in the form of stock or cash, and the recipient of the payment includes employees of subordinate companies qualifying the conditions.
Directors remuneration	Depending on the profit status for the current fiscal year, the Company will set aside 2% as the director's remuneration; The director's remuneration can only be paid in the form of cash.

Note: The employee and director remuneration shall be approved by majority of the directors in a meeting attended by two-thirds or more of all directors, and the resolution shall be reported to the shareholder's meeting.

(2) The estimate basis for the estimates of employees' and directors' remuneration of the current period (2024) is based on the calculation basis for the number of shares for the distribution of the shares as employees' remuneration and the appropriation in accounting when there are differences between the actual distributed amount and the estimated amount.

The basis for the estimate of the employee's and director's remuneration and fees is the board will formulate according to the Company's articles of incorporation and the laws and regulations, and reference standards by industry peers. If the board decides to pay employee remuneration in the form of stock, the number of stocks shall be calculated based on the remuneration amount decided at the board meeting divided by the closing price one day before the board decision. If the Board of Directors subsequently modifies the estimates significantly, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. The difference between the estimation and the resolution of the shareholders' meeting will be recognized in profit or loss in the subsequent year.

(3) 2024 State of the remuneration distribution approved by the Board of Directors

Unit: NT\$

Item	Account estimate		Board of Directors resolution (2025.02.21)		difference number
	%	Amount	%	Amount	
Directors' compensation (cash)	0%	0	0%	0	0
Employees' compensation (cash)	0%	0	0%	0	0
Total		0		0	0

(4) 2023 State of the actual distribution of directors' and employee's remuneration:

Unit: NTD

Item	Board of Directors resolution(2024.02.23)	difference number	Reason
Directors' compensation (cash)	0	0	None
Employees' compensation (cash)	0	0	None
Total	0	0	None

3.1.6 Status of re-purchase of the Company's shares:

Repurchase session	1st time (session)
Purpose of repurchase	To protect the Company's credit and shareholders' rights and interests and perform the cancellation
Repurchase period	From April 11, 2024 to June 10, 2024
Repurchase price range	NTD\$28 to NT\$60 per share
Types and number of shares repurchased	15,000,000 common shares
Amount of shares repurchased	NT\$650,649,886
Ratio of the repurchased shares to the expected shares to be repurchased (%)	100%
Number of shares canceled and transferred	15,000,000 shares
Accumulated number of the Company's shares held	0
Ratio of the accumulated number of the Company's shares held to the total issued shares (%)	0%

3.2 Issuance of Corporate Bonds: None.

3.3 Preferred Shares: None.

3.4 Issuance of Overseas Depositary Shares: None.

3.5 Status of Employee Stock Option Plan: None.

3.6 Status of New Restricted Employee Shares: None.

3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.8 Financing Plans and Implementation: Raising new capital by issuing new common shares offered through private placement in 2022

3.8.1 Content of the plan

The Shareholders Meeting resolved to pass the offering of 70,000,000 common shares in 2022 through private placement in a session dated May 31 2022. Prospective investors are AUO Corporation and Innolux Corporation. The Board resolved to set June 24 2022 as the pricing day in a session dated June 24 2022. The subscription/issuance price was set at Nt\$51.82/share at 10% discount of the reference price and July

8 2022 will be the day of capitalization pending on the fully payment of capital investment. The common shares through private placement will be delivered on August 31 2022. The prospective subscribers are AUO Corporation and Innolux Corporation.

- 1、Source of capital
A total of 70,000,000 shares will be offered in this issue of private placement with face value at NT\$10/share and the issuing price is NT\$51.82 with a total of \$3.6274 billion raised. If there is still an amount short, the Company will resort to bank loans or equity capital.
- 2、The use of fund
The capital will be used as capital expenditure for the construction/installation of a foundry exclusively designed for the 6" Micro LED, procurement of epitaxy production process and chip processing related equipment.
- 3、The content of previous changes in the plan, the reason for the change, the result before and after the changes, and the date on which the change in the plan was presented to the Shareholders Meeting: not applicable
- 4、The date for declaring at the website designated by Securities and Futures Bureau.
The price is required to be declared on June 24 2022 and the information on the full payment of investment is required to disclose at the website of MOPS on July 8 2022.

3.8.2 Status of execution

Unit: NTD

The project plan	The progress		
The construction/installation of a foundry exclusively designed for the 6" Micro LED(procurement of epitaxy production process and chip processing related equipment).	Amount used	Projected	3,627,400,000
		Actual	1,267,465,715
	Progress (%)	Projected	100%
		Actual	34.94%

All the funds raised from the private placement will increase the capital of the 100%-owned subsidiary, Epistar Corp. (hereinafter referred to as Epistar). The funds raised from the capital increase by Epistar will be used for project expenditures for the 6-inch fab dedicated to Micro LED, and purchase of equipment related to epitaxy process and grain process.

The global consumer market demand has been affected by war, inflation, lift rate, industrial inventory adjustments, and drastic decline of customer demand. As a result, the development of Micro LED technology and market demand have been slightly delayed. The Company adjusted the speed of capacity construction slightly, but the goal of mass production of Micro LED remains unchanged.

4. Operation Overview

4.1 Business Contents

4.1.1 Business highlight and growth strategy

1. Benefits of One Ennostar emerge with the implementation of three strategies to improve the corporate constitution
Ennostar Group fully initiated the organization and resource adjustments in 2024, and is committed to improving operating efficiency and capital utilization benefits. We implemented the three major strategies of “efficiency,” “expenditure reduction,” and “streamlining” to improve financial stability and corporate resilience to ensure our competitiveness under rapid changes in the market.
 - (1) Improve efficiency: standardized management and operation optimization
Ennostar Group has multiple subsidiaries, and the internal systems are different, which affects the overall operating efficiency. In 2024, the Group integrated its internal resources to promote a unified operating standard that covers human resources, administration and the operating procedures of each department so as to achieve standardized management and reduce the communication costs due to system differences. Over the long term, such measures will significantly improve operating efficiency, reduce operating expenses, and further increase the net profits of the company.
 - (2) Precise expenditure reduction: Focus on the core sites and strengthen cost control
Ennostar Group conducts performance evaluations on its global production sites and concentrates resources at key sites to improve asset efficiency. In 2024, the Group completed the consolidation and optimization of major production sites, which is expected to save more than NT\$200 million. This not only improves production flexibility but also significantly strengthens cost control, enhancing the Group's competitive strength in the market.
 - (3) Strategic streamlining: Focus on core technologies and improve capital efficiency
Ennostar Group has been carrying out the streamlining plan for both business and finance. Through resource integration and a focus on technology development and the expansion of production capacity for products with high added value, Ennostar Group will further improve its return on invested capital and net interest rate after tax, stabilize its financial foundation, and effectively address market challenges.

A 、 Business highlights: Focus on core optoelectronic technologies. In 2024, we disposed of seven investees and liquidated three enterprises that failed to comply with the strategic benefits to ensure that the resources are invested in the business field with the most growth potential.

B 、 Finance optimization: We carried out comprehensive asset impairments and adjusted the carrying amount of idle assets, hook-ups, goodwill, and long-term investments to ensure a stable financial structure.
2. The “Dual-Strategy Approach” focuses on 3+1 high value-added fields to drive the transformation
Ennostar Group has outlined its development blueprint for the next five years. Adopting the “Dual-Strategy Approach” as the core, Ennostar Group will improve the added value and profitability of products through the implementation of “Field Value-added Approach” and “Solution Value-added Approach,” strengthen its competitive position in the optoelectronic industry, and create a comprehensive optoelectronic solution supplier to drive the enterprise into a brand-new growth stage.
 - (1) Solution Value-added Approach: Integrate resources and build comprehensive and customized solutions
Ennostar Group integrated upstream, midstream, and downstream resources to provide comprehensive, customized solutions for customers through the combined capabilities of essential technologies and systems, ranging from component development to module drive and algorithm optimization, thereby enhancing the application value and market

competitiveness of products.

- (2) Field Value-added Approach: Focus on the “3+1 high value-added fields” and expand the application scenarios
Ennostar focuses on the “3+1 high value-added fields” to actively explore markets with high growth and expand the application scope of optoelectronic technologies:
- A 、 Automotive: Promote the development of automotive lighting, automotive display, and automotive smart sensor technology and deepen the smart applications of vehicles.
 - B 、 Advanced display: Make arrangements for micro LED, mini LED, and high-end display technologies to improve image quality and efficiency performance.
 - C 、 Smart sensor: Develop biometrics, environmental sensors, and industrial automation applications to assist customers in improving their products to high intelligence.
 - D 、 New fields: Cover optical communication, III-V solar cells with high conversion efficiency, robot automation, and other advanced technologies to improve momentum in the future.

4.1.2 Scope of business

1. Main scope of business

As a company focusing on the optoelectronic semiconductor field, Ennostar actively explores markets with high growth, leveraging its advanced technologies and comprehensive supply chain. Our core business covers Epi wafer and chip, package, and module fields. We continued to improve our technological innovation and promote product and application upgrades to improve market competitiveness. The main business fields include:

- (1) Research and development, manufacturing and sales of Epi wafers and chips
- A 、 AlGaInP Epi wafers and chips: Used in high-brightness LED lighting and display technologies to provide stable lighting performance
 - B 、 InGaN Epi wafers and chips: High-performance light-emitting technology; extensively used in automotive, backlight, display, and lighting markets
 - C 、 AlGaAs IR Epi wafers and chips: Used in biometrics, 3D sensor and industrial testing fields
 - D 、 AI optical communication and high-speed light source technology (high-speed VCSEL/DFB LD/Micro LED) strengthen the competitiveness in the optical communication market
- (2) R&D, manufacturing, and sales of packages and modules
- Ennostar Group is committed to providing high-performance LED package and module technologies, covering the application markets of automotive, display, and sensor, and its main products and applications include:
- A 、 Automotive optoelectronics solution
 - a. The ISD (Intelligent Signal Display) and the exterior matrix display technology optimized the interior and exterior display experiences through high-brightness and high-contrast LED technologies.
 - b. Mini LED backlights and micro LED automotive display technologies are equipped with the patented Mini LENS design to provide ultra-thin and high-luminance display modules that are superior to traditional OLED.
 - c. Automotive lighting LED covers headlights, daytime running lights (DRL),

ambient lights, instrument lights, reading lights, door lights, trunk lights, tail lights, and signal lights.

- d. The automotive smart sensor technology developed the low red- glowing IR components that are used in the driver monitoring system (DMS).

B 、 Advanced display optoelectronics solution

- a. The micro LED display technology has made a breakthrough. In 2024, the performance of blue and green light improved by 10% to 15%, while the performance of red light significantly improved by 90%. We continued to develop the next-generation technology, reducing its size by 50% to introduce it into smart wearable devices, high-end TVs, and transparent display products.
- b. The mini LED display technology expanded into the gaming, PID, and IT display markets stably and entered the supply chain of multiple international brands.

C 、 Smart sensor and optoelectronic solutions

- a. In terms of biometric technologies, the market share of sensor chips in wearable equipment was near 50%, and applications for heartbeat monitoring, blood oxygen measurement, moisture sensing, and AR/VR eye tracking were introduced.
- b. Industrial automation and AI sensors provide 1D/3D industrial testing red light and IR optical sensors and encoders, optimizing the application of robots and drones.

D 、 new field optoelectronic solution

- a. For AI optical communication and CPO light source deployment, we developed 50Gbps–100Gbps PAM4 VCSELs and worked with ecological partners to promote SiPh technology.
- b. As compared to silicon-based solar cells, the power generation efficiency of III-V solar cells with high conversion efficiency improved by 50%.
- c. Our professional lighting technologies cover human-centric lighting (HCL) and horticultural lighting, and we cooperate with large-scale brands in Europe and the U.S. to expand the market.

2. Operating Proportion in 2024

Unit: NT\$ thousand

Item	Sales amount	% of sales
Chip/wafer	15,831,412	64.92
Packaging and Module	7,458,523	30.58
Others	1,097,326	4.50
Total	24,387,261	100.00

Note: IFRS (consolidated entity) is adopted.

3. Current products (services) items

The Company's main products include “epi wafers and chips” and “packaging and modules,” which are described below:

(1) Epi wafers and chips

Subject to the different luminous colors and materials, the product types are classified as follows:

Glow color		Material	Product type
High brightness	Red	AlGaInP	Epi wafers and chips
	Orange		
	Yellow		
	Yellow-green		
	Green	InGaN	
	Blue		
UV		AlInGaN	
Infrared		AlGaAs	

(2) Packaging and Modules

According to different application fields, the product types are classified as follows:

- A. Packaged components, modules and final products for automotive lighting applications.
- B. Packaged components and modules for automotive backlight applications.
- C. Professional packaged components, modules and finished products for special lighting applications.
- D. Packaging and modules for sensing applications.
- E. Packaged components for VCSEL sensing applications.
- F. Packaged components and modules for RGB display.

4. New products (services) planned to be developed.

(1) Optoelectronic semiconductor Epi wafer & chip products

Epi wafers and chips, which are optoelectronic semiconductors, are used in automotive lighting, automotive backlights, sensors, RGB displays, and advanced display technologies, the emitting light source for visible light and invisible light of optical communication applications, and photodiodes (PD).

(2) Optoelectronic semiconductor package components and modules

LED and PD modules applied to automotive lighting, automotive backlights, sensors, RGB displays, and advanced display technologies and modules with III-V solar cells with high conversion efficiency.

4.1.3 Industry Overview and Development

1. Global LED industry overview and development

Taiwan's LED industry has a complete supply chain and leading procedure technology, which plays a key role in the display, lighting, automotive, sensor, and optical communication fields. In recent years, with the development of high-end display technologies (i.e. micro LED and mini LED), Taiwan's LED industry has been actively making deployments in the high value-added market to strengthen its competitive advantages and increase market penetration. Compared to OLED, micro LED has advantages in terms of luminosity, energy consumption, response speed, lifetime, and contrast, and has gradually entered the mass production stage by overcoming production costs and technical obstacles. As technology, quality and cost gradually reach the balance point of market demand, micro LED is likely to become the mainstream of the next-generation display technology. With the promotion of global economic recovery and technology application upgrades, the LED market will continue to expand its application domain, covering automotive lighting and display, smart sensors, AI optical communication, advanced display technology (micro/mini LED), biomedicine sensors, and other emerging fields, to drive industrial upgrades and growth.

(1) Development of existing businesses

The existing business mainly includes the backlight market, the direct view market,

and the general lighting market.

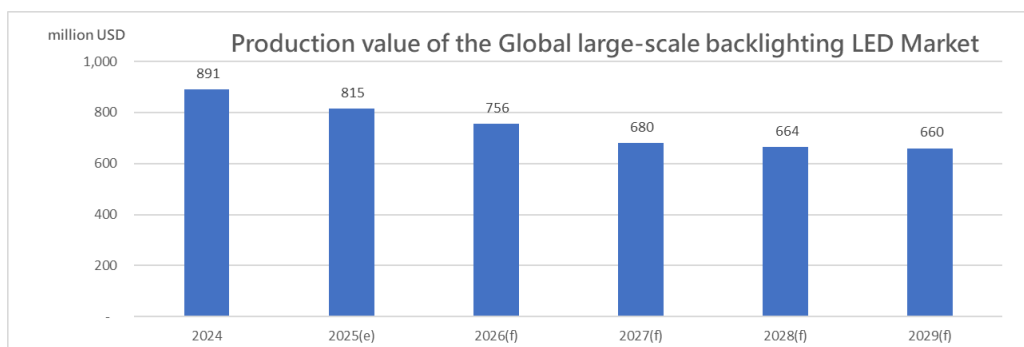
A 、 Backlight market

The backlight market primarily focuses on the application of medium/large-size panels, including large-size TV backlights, and IT application fields of medium size (including notebook and monitor) backlights.

In 2024, the regional political tensions worldwide, insufficient economic recovery, weak consumer demand in Mainland China, and the suppression of consumption due to the decline in economic activities all show that the demand for consumer electronics is unlikely to rise, which leads to a decline in the output value of large-scale backlights. Although the Olympics and other major sports events in 2024 stimulated the demand for TV consumption, the sluggish global economic development has curbed the willingness of consumers to buy. In addition, Mainland China is the second largest TV demand market in the world; however, under the effects of the sluggish real estate industry, the consumption demand for TV dropped, and the domestic demand was weak.

In the first half of 2024, the performance of IT applications in the consumer market was positive. The growth momentum of MNT products mainly came from the price drop of e-sports displays and the increase in the demand for e-sports, hotel and online game products in the Chinese market, which helped the IT market to record a certain growth rate in terms of consumer applications. However, in the second half of 2024, the global interest rate level remains relatively high, which affects overall global economic performance. The anticipated commercial replacement wave was slowed down, causing significant impacts on the IT market, which initially accounted for more than 60% of the commercial sector.

Due to the lack of global economic recovery, the intensification of geopolitical conflicts, and the expansion of regional supply chain risks, the demand for consumer electronics application replacement was weak in 2025. TrendForce estimates that the output value of the large-scale backlighting LED market will reach US\$815 million (-8.5% YoY) in 2025.

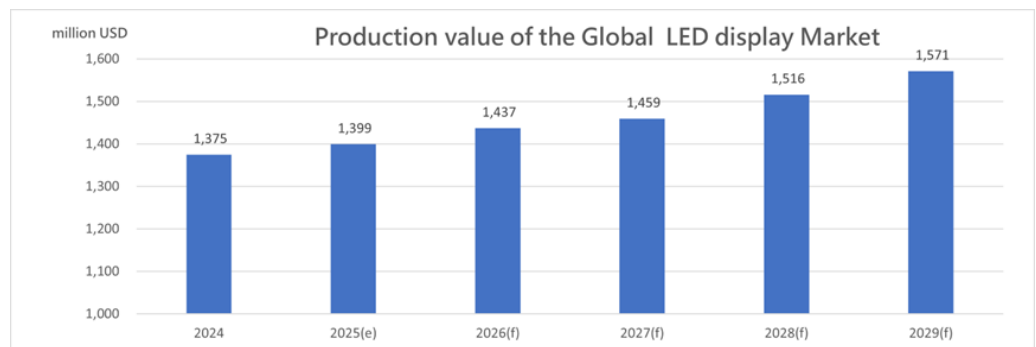


Source of data: TrendForce (March 2025)

B 、 Direct view market

LEDs are extensively adopted in the market due to their ultra-high brightness and sharp contrast, especially in outdoor display applications under sunlight conditions, such as road traffic signs, traffic information display boards, and outdoor display advertising boards. In recent years, international events, renowned domestic and foreign concerts, and large-scale exhibitions—including the Olympics and the World Cup—have extensively used LED display boards to create various sound and light effects and attract global attention. Products with higher specifications and performance continue to be developed and are offered at more accessible prices, thereby driving the growth of the color LED large-scale display board application market.

In general, the demand for LED displays in Europe and the U.S. remained stable in 2024, while the demand in Mainland China was sluggish. The government budget was reduced, social investment intentions were weakened, and the price of LED displays continued to drop due to the competitive environment in various technical aspects, resulting in a decline in the output value of the LED display market in Mainland China in 2024. The demand for LED displays in the Asian market, including the Middle East and Southeast Asia, continued to grow and became the region with excellent performance recorded in 2024.



Source of data: TrendForce (March 2025)

Looking forward, the LED display market is expected to continue growing moderately due to the demand for sports, rental displays, and high-resolution requirements, as well as a shift towards emerging virtual production and 3D simulations. It is estimated that the market scale of LED displays will reach US\$1.399 billion by 2025 (+1.8% YoY), and the compound CAGR will reach 2.7% from 2024 to 2029.

C 、 General lighting market

In recent years, LED general lighting technology has gradually transformed from the initial stage of testing and promotion to mature and widely used lighting solutions.

a. Mature technology and improved performance

With the continuous improvement of LED chips, drive power and heat dissipation technology, modern LED lamps are equipped with higher luminous efficiency (lm/watt) and longer useful lives, which can reach thousands of hours. In addition, advanced optical design and package technology significantly improve luminance uniformity and color restoration, allowing LED lighting to satisfy the diversify

application requirements.

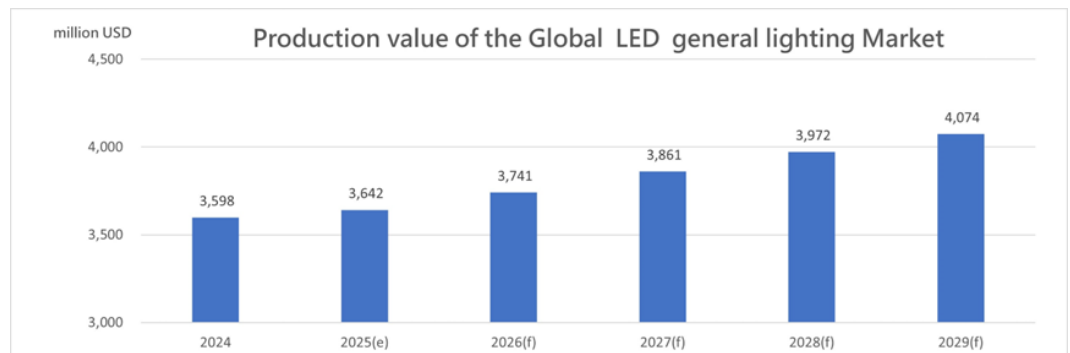
b. Cost reduction and market penetration

As the industry chain is well rounded and large-scale production technology is popular, the cost of LED products is decreasing year by year, making prices more competitive. Today, LED lighting is widely used in households, offices, businesses, industries, and public lighting, gradually replacing traditional lighting technology and becoming the mainstream solution in the market.

c. Energy conservation, environmental protection, and policy support

LED lighting has become an important force in promoting global energy transformation and carbon emission reduction due to its environmental characteristics, including low energy consumption, low heat output, and the absence of harmful substances (i.e. mercury). Governments in various countries have introduced subsidies and policies to encourage enterprises and users to replace traditional, high energy consumption lighting equipment with LED lighting, thereby accelerating its promotion and application.

It is estimated that the output value of the global LED general lighting market will reach US\$3.642 billion (+1.2% YoY) in 2025, and the CAGR will reach 2.5% from 2024 to 2029.



Source of data: TrendForce (March 2025)

(2) Development of 3+1 high value-added fields

Ennostar focuses on “3+1 high value-added fields,” including the three major application markets of the “automobile market,” “advanced display application market,” “smart sensor application market,” and the “new field application market” to expand into application markets with high growth, expanding the application scope of optoelectronics technology:

A 、Automotive market

Primarily consists of three aspects, namely automotive lighting, automotive display and automotive sensor.

a. Automotive lighting

Automotive lighting can be divided into two parts: exterior lighting and interior lighting.

Exterior lighting: The demand for smart headlights has become the market trend. ADB Headlights can expand the driver's vision at night to increase the response time to obstacles ahead. The glare-free high beam Headlights can reduce the unpleasant feeling of the preceding vehicle, oncoming traffic and pedestrians.

In recent years, major automakers in Europe and the USA have successively implemented the application of ambient lighting in mid-to-high-end cars. They can be adjusted according to various usage scenarios and user statuses, thereby enhancing the sense of space for car owners and passengers while meeting the personalized and distinctive display demands of car owners. Ambient lighting is gradually evolving from single color to a standard of 64 colors, 7 colors, and other multi-color options. With the advancement of driving ICs and controllers, it now offers dynamic temperature compensation, ambient lighting, and display functions.

In an environment where traditional fuel vehicles and new energy vehicles compete, price competition in the vehicle market is becoming increasingly fierce. The vehicle manufacturers are facing pressure from market competition and declining costs, prompting LED companies to actively market high value-added products, including ADB headlights, mini LED taillights, full-width taillights, grille lamps, full-width front strips and Smart ambient lights equipped with advanced technologies. This is driving stable growth in demand for the automotive LED market in 2024.

b. Automotive display

Following the era of new energy vehicles, traditional dashboards, central control screens, automotive entertainment systems, and other display equipment have been upgraded. This includes large-screen interior display panels that combine the dashboard with central consoles, as well as emerging interior display applications such as new smart cockpit electronic devices, including HUDs, high-transparency side window displays, and transparent sunroofs. The development of smart cockpit and new energy vehicles will also drive the rapid growth of in-vehicle display screens. Automotive displays are also evolving in line with large-scale, high-resolution, multi-display, and multi-form trends (i.e. the full-coverage LCD screen design that can provide the driver with information intuitively). Vehicle companies in Europe, the U.S., and China have been introducing automotive full-coverage LCD designs, including BMW, Mercedes-Benz, and Stellantis (European vehicle companies), Ford and GM (U.S. vehicle companies), and Beijing Automotive, Great Wall Motor, Geely, BYD, Roewe, NIO, and Li Auto (Chinese vehicle companies).

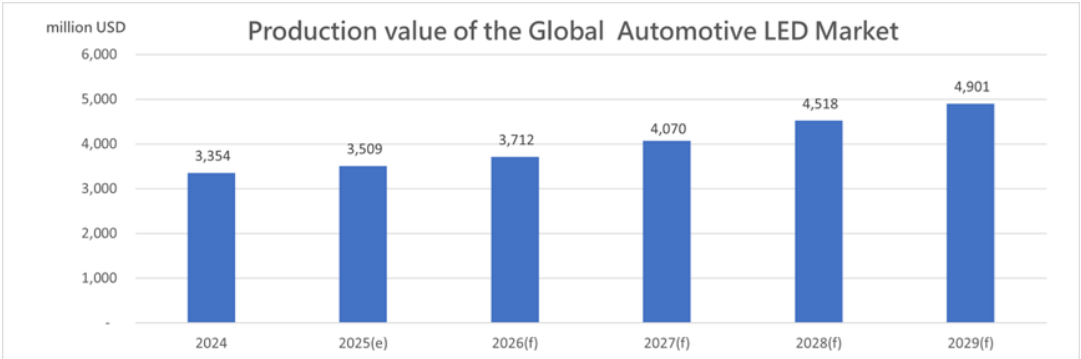
c. Automotive sensor

Starting in July 2024, the EU required all new vehicles to be equipped with a DMS to monitor the status of drivers. At present, Europe is the largest region of the DMS market. In particular, DMS will become the standard equipment for the vehicles of the EU member states after the mandatory regulations became effective in July 2024. In the future, the European market will continue to lead the advances in the performance, function and technology of DMS.

Mainland China is the second largest market for DMS. Although there is no clear time limit for mandatory regulation implementation, the rapid development of the Level 2+ function made vehicles required to be equipped with DMS to ensure safety. In addition, DMS helps in improving CN-NCAP ratings, and such two factors will give rise to the penetration of DMS in Mainland China.

As the vehicles’ development turned toward advanced autonomous driving, being equipped with ADAS has become an irreversible trend. ADAS can collect relevant information in and out of the vehicle immediately, including the identification, detection and tracking of static and dynamic objects. In the ADAS application, LiDAR (light detection and ranging) technology is particularly important, and 905nm is the most common wavelength, followed by 940nm and 1550nm. LiDAR is considered to be the sensor required for realizing Level 4 to Level 5 of autonomous driving. Therefore, the manufacturers of various vehicle companies have begun to install LiDAR to accumulate data and improve precision.

Looking ahead, according to TrendForce’s analysis, the main growth momentum of the automotive market comes from headlights, ambient lighting, sign lamps, and automotive backlighting. TrendForce forecasted that the automotive LED market would grow from US\$3.354 billion in 2024 to US\$4.901 billion in 2029, with the CAGR reaching 7.9%, which would drive the demand for automotive LED growth at the same time. The LED products, such as vehicle lights, sensor components and display panels, covered by electric vehicles will play the main force in driving the industry’s growth.



Source of data: TrendForce (March 2025)

B 、 Advanced display market

a. Micro LED application market

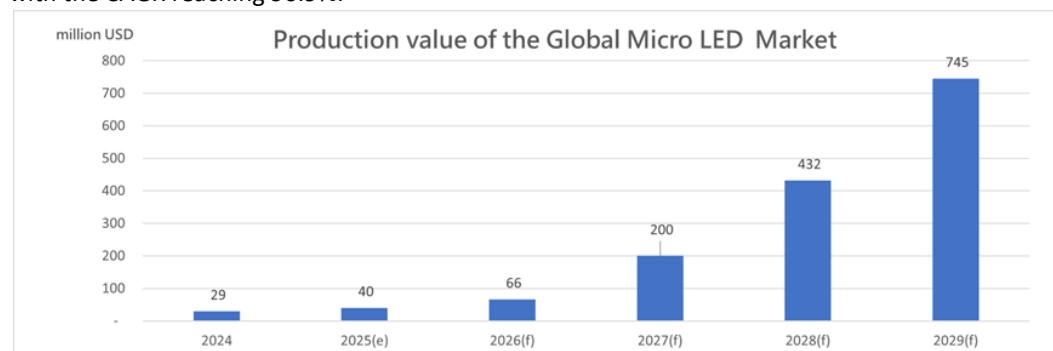
Micro LED is known for its product features. It has advantages in high brightness, high resolution, and low energy consumption. The modules can be connected seamlessly, allowing for features of high contrast, resistance to tough environments, long lifetime, and the ability to have built-in sensors. In the next generation of advanced display technology, regardless of ultra-large-size displays, wearable devices, or automotive displays, micro LED has demonstrated huge market potential.

In terms of large-scale display applications, the miniaturizations of chip size and pitch in the front end has significantly increased the output of single chips. In addition, with the improvement of the yield rate and the gradual completion of the supply chain for panel and chip manufacturers, the procedure cost has dropped rapidly, which helps to increase the penetration rate of large-scale displays.

In terms of wearable device display applications, Orion, the first AR smart glasses launched by Meta in 2024, use micro LED display technology and multiple sensors. Although the product design and cost are relatively high, the preliminary use recorded a warm welcome. In the future, many leading manufacturers, including Google and Samsung, will continue to invest resources in the development of AR smart glasses. There are currently more than 20 AR glasses with micro LED, which will promote the future development of micro LED applications.

The application fields of micro LED cover various sizes, including AR/VR, wearable devices, smartphones, tablets, notebooks, automotive display screens, large-scale displays (i.e. billboards and TVs) and LED display screens with ultra-small pitches. These Micro LED display screens feature high pixel density, high grayscale, and high contrast, resulting in a delicate and flawless image. It is likely to replace LCD, PDP, and DLP technologies. In addition, micro LED display has a high transparency, and can be used to produce transparent display screens for mobile carrier screens, medical displays, special purpose tool panels, and other new application fields.

In various applications, the market of micro LED displays is growing rapidly, including the application scenarios of the command center of the war, radio and television communication centers, exhibitions and advertising. The future development prospects are promising. TrendForce forecast that the mini LED market scale would increase from US\$290 million in 2024 to US\$745 million in 2029, with the CAGR reaching 90.9%.



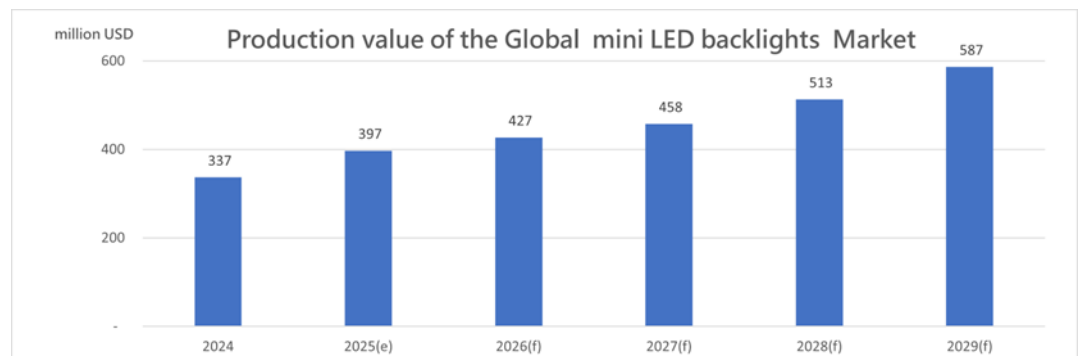
Source of data: TrendForce (March 2025)

b. Mini LED application market

Mini LED backlight products are mainly used in medium and large displays, and the trend of the size of LCD backlights is becoming larger. For example, at CES in 2025, a company demonstrated the 116-inch TV application. The main application scenarios of mini LED backlight products include TVs, e-sports, high-end notebooks, and automotive LCD backlights. The Mini LED backlight solution mainly adopts

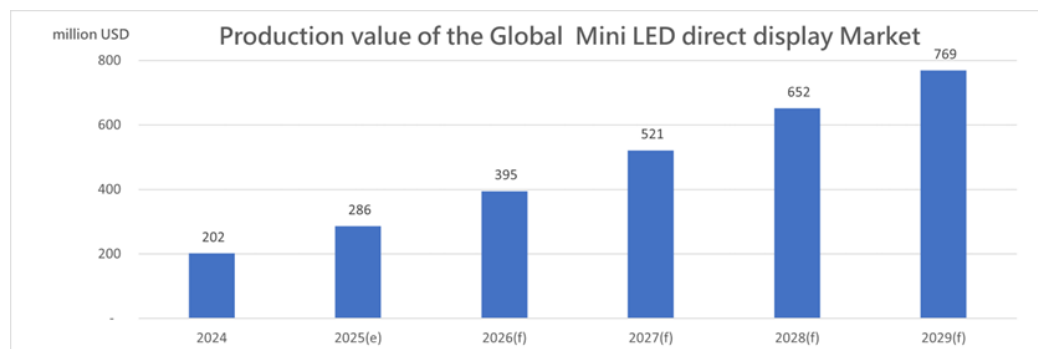
miniature (75–300 μm) LED chips as the backlight source. Compared with the edge-type backlight solution, this solution delivers the advantage of local dimming in adjustable brightness, high contrast, high resolution, and HDR1000 display effects.

Although global demand for TVs stabilized in 2024, the mini LED backlight TV market has shown a strong upward trend due to the market's pursuit of large-scale and high-end specifications. In addition to Samsung and other Korean companies that have launched various mini LED backlight TV products to expand the market, Chinese brands (i.e. TCL and Hisense) are also expanding rapidly in the North American and European markets, which will significantly increase the penetration rate of mini LED backlight TVs. In addition, Xiaomi's mini LED backlighting products, known for their brand awareness and ultra-high price-performance ratio, have raised the minimum product specification requirements, enhanced their competitive strength against traditional TV specifications, and rapidly opened channels for mini LED backlight products in the mid-to-low range of the Chinese market. The completion of the supply chain of mini LED backlights and the gradual advancement of the cost reduction structure of each company will help the development of the subdivided mini LED backlight TV market. TrendForce forecasts that the output value of the global mini LED backlight market would increase from US\$337 million in 2024 to US\$587 million in 2029, with the CAGR reaching 11.7%.



Source of data: TrendForce (March 2025)

Mini LED direct display screens are mainly used in the display market with a size of 110 inches or more. Currently, mini LED direct display screens are mainly used in the commercial and professional display market, including transportation management command centers, security and defense monitoring centers, and indoor and outdoor commercial display spaces. As the number of companies in the market increases and the constant drops in production costs of Mini LED direct display screens, these factors will accelerate the development of the relevant application markets. TrendForce forecasts that the output value of the global Mini LED display screen market would increase from US\$202 million in 2024 to US\$769 million in 2029, with the CAGR reaching 30.7%.



Source of data: TrendForce (March 2025)

C 、 Smart sensor market

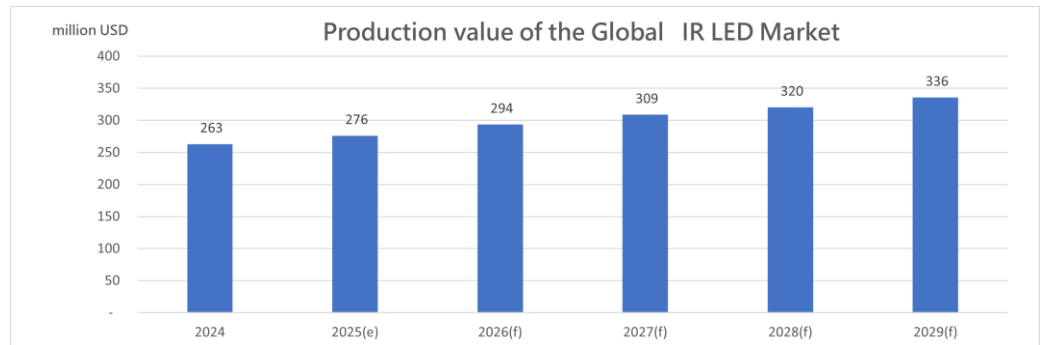
a. IR LED application market

In terms of the application market, IR LED is widely used for wireless data transmission, IR cameras, remote control, and other consumer electronic fields. With the growing popularity of smart homes and smart security protection, the demand for IR imaging and sensor technology continues to grow in the market. In addition, IR LEDs are highly stable and support precise testing and identification in the fields of industrial automation, monitoring systems, sensors and safety testing.

In recent years, IR technology has played a key role in 3D sensor applications, which are widely used in smartphones and tablets, and have been further applied to AR/VR, facial recognition, gesture control and other fields, as well as robot sensors, industrial automation, and autonomous vehicle markets. During the pandemic, with the promotion of anti-pandemic policies and measures, the demand for indoor crowd control and other contactless sensors has increased significantly. Meanwhile, with the growing popularity of wearable devices, biometric technology continues to develop, supporting the functions of heartbeat, blood oxygen, and blood sugar detection. It gradually expanded from smartwatches to true wireless stereo (TWS) and other applications, attracting the attention of major U.S. and Korean brands.

In terms of product and technology development, IR LED has significant improvements in luminous efficiency, power consumption management, heat control and useful life, allowing it to satisfy the diversified requirements of low-consumption consumer electronics and high-power industrial applications. Currently, the IR LED market is mainly dominated by Asian enterprises (including Mainland China, Taiwan, Japan, and South Korea). These companies have competitive advantages in terms of cost control and product innovation, leveraging their scalable production and technology accumulation.

With the advancement of manufacturing technology and the fermentation of the scalable effects, the unit cost of IR LEDs has been declining, which promotes their popularization in more application fields while bringing about fiercer price competition. According to TrendForce's forecasts, the IR LED market scale would increase from US\$263 million in 2024 to US\$336 million in 2029, with the CAGR reaching 5.0%.



Source of data: TrendForce (March 2025)

D 、 +1 new field application market

a. Optical communication market

The high-speed development of the Internet, cloud computing, and IoT technology worldwide has led to a continuous increase in data flow, which, in turn, has accelerated the penetration of optical communication technology due to the constantly rising requirements for high-speed and large-capacity transmission. Meanwhile, with the emergence of hyperscale data centers, the market has an increasing demand for high-performance and highly reliable optical communication solutions.

The deployment of the 5G network also drives the demand for fiber-optic communication equipment to support a higher frequency network structure with low latency, which further promotes the growth of the optical communication laser market. In addition, technological advances (i.e. WDM, multi-mode lasers, single-mode lasers, and other innovations) make the optical communication system more competitive in terms of efficiency and cost control.

b. LED professional lighting market

In recent years, LED has continued to make progress in the special lighting fields, including HCL, horticultural lighting, industrial lighting, medical lighting, safety alerts, and smart home lighting. The market prospect is optimistic.

Human-centric lighting (HCL): Improve human health, comfort, and productivity through adjustable light, adjustable color temperature, full-spectrum lighting, and smart control technology. For example, regulate the light source to affect the secretion of melatonin to improve the focus at work or improve sleeping quality. Application scenarios include offices, medical institutions, educational facilities,

residences, retail spaces, and nursing homes.

Horticultural lighting: Make use of artificial light sources to provide the spectrum required for the photosynthesis of plants and facilitate the growth, blooming, and bearing of fruit. The growth in global population, increase in food demand, and the promotion of sustainable agriculture technologies promoted the accelerated growth of the market. The main application fields include vertical farming, greenhouse cultivation, home gardening, and high-value crops (i.e. pharmaceutical plants).

Industrial frozen lighting: This is a new niche market for professional lighting to develop special spectrum lighting solutions with high CRI, high luminous efficacy, and long lifetime for low-temperature environments. For example, the use of KSF phosphor technology can improve the luminous efficiency by 10% to 14%, and the spectrum can be adjusted according to different food types to improve freshness and optimize the display effect.

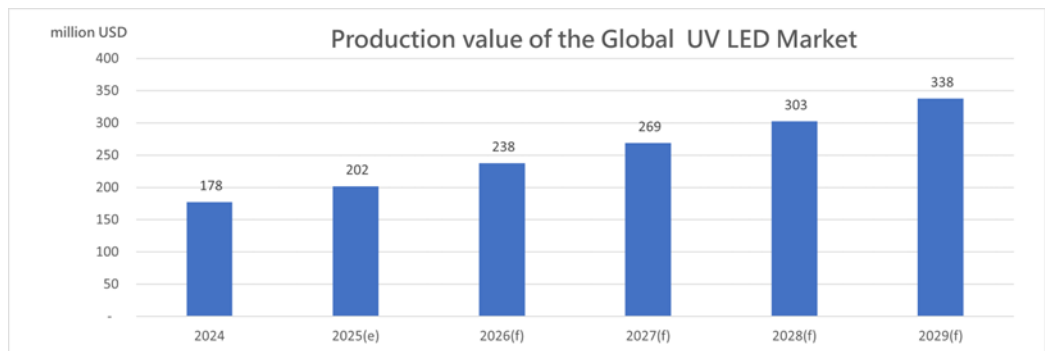
These achievements demonstrate the potential of LED technology in diversified applications and indicate the vast development space of the future market.

c. UV application market

UV-A LED: Primarily applied to light-curing technologies, including exposure machines and LCD bonding machines, 3D printing, offset printing, nail curing, counterfeit money detectors, and mosquito trap markets.

UV-C LED: It is widely used in water treatment, air purification, surface sanitization, and medical fields due to its high-efficiency sterilization characteristics. With the growing demand for sterilization and sanitization in the market, the application of UV-C LED is growing rapidly.

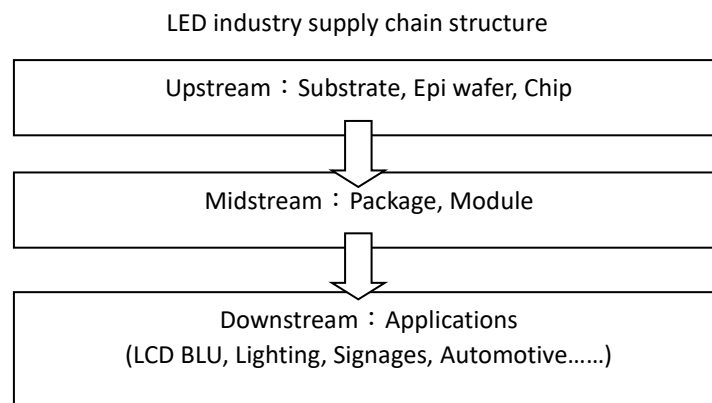
Overall, with the maturity of deep UV LED technology, it can be used in sterilization, purification, light treatment, and horticultural lighting markets, and it can also enhance the quality stability of light-curing products. UV-C LED has also been introduced to the new air conditioner/air purification and dynamic water purification application markets as its technology and price satisfy market requirements. According to TrendForce's forecasts, the global UV LED market scale would increase from US\$178 million in 2024 to US\$338 million in 2029, with the CAGR reaching 13.7%.



Source of data: TrendForce (March 2025)

2. Relationship Between the Up, Mid and Down Streams of the Industry

The LED industry in general could be classified as the Substrate, Epi Wafer, and Chip manufacturing at upstream, package and module manufacturing at mid-stream, and the application industries developed at downstream, which is shown in the diagram below.



Source: Compiled by Ennostar in March 2025

A brief introduction is as follows:

Industry	Product	Process Description
Upstream (epitaxy)	Substrate Epi wafer	In the manufacturing process, one or several layers of epitaxy were grown on the substrate containing different chemical elements through chemical reaction and bonding for forming the epi wafer.
Upstream (chip)	Chip	The metal electrodes on the LED are fabricated by metal evaporation on the epi wafer, and then performing the mask etching and heat treatment on the epi wafer. Subsequently, the substrate is ground and polished, and then cut and cracked into a single LED chip.
Midstream (Package)	Package	The midstream is mainly the packaging business, and its manufacturing process includes chip bonding, wiring, cutting or stamping, testing and packaging. According to different packaging technologies, chip package has the component types of lamp, digital display, dot matrix and surface mount.

Industry	Product	Process Description
Midstream (modules)	Backlight modules Automotive lighting modules RGB displays	Combine display components, sensor components, driver ICs, and various electronic components on the same substrate (i.e. circuit boards) to provide basic functions for electronic devices.
Downstream (end products)	TV Notebook Tablet	Combine backlight modules, sensor modules, and module products with mechanism components and the appearance of finished goods to provide end consumers for direct use.

Source: Compiled by Ennostar in March 2025

3. LED application market and development trend

(1) Application market and development trend of the existing business

The existing business mainly includes the backlight market, the direct view market, and the general lighting market.

A 、 Backlight application market and development trend

It is difficult for LCD products in the IT application field to achieve differentiated pricing by adopting new specifications. Brand companies adopt cost control as the core consideration when purchasing. To meet the requirements of panel companies, the use quantity and price of LED must continue to decline.

From the mid-to-long-term perspective, OLED is gradually taking over the existing share of LCD in the IT application market, especially under the drive of Apple. From 2025, more IT applications may slowly turn to OLED technology. Although LCD is still the mainstream technology in the market at present, its specifications have fallen to the low-to-mid level. To maintain market competitiveness, LCD panel companies may only delay the market erosion of OLED through price reduction, the reduction of the use quantity of LED, and other cost reduction strategies. However, this also further compresses the output value of the large-scale backlight market.

B 、 Direct view application market and development trend

In terms of technology and product specification development, the pixel pitch of the outdoor full-color LED display screen has been reduced to 3 to 5mm, and the packaging technology and module protection performance have also been improved continuously. Meanwhile, the pixel pitch of indoor LED display screens continues to be reduced. To achieve the effects of the higher luminous and excellent display, the market began to adopt P1.2 to P1.6 mini LED display screens. In addition, the fields of corporate meetings, educational spaces, broadcasting, performances, retail and exhibitions have also introduced mini LED or micro LED high contrast displays step by step, and it is estimated that the products with P1.2 pitch will become the main growth momentum of the large-scale LED display screen market.

Currently, the development of mini LED COB technology and display screen LED packaging technology (flip chip) is in its early stages. The market demand is expected to continue growing. The traditional 1010/1212 LED (horizontal) products will face competitive pressure from new technologies, and demand may gradually decrease. Meanwhile, the competition for display LED packaging technology is getting fiercer. Major packaging manufacturers are actively promoting response plans (i.e. MiP (0202/0404 LED), 0606/0808/1010 LED, and other technologies). In 2024, Foshan

NationStar Optoelectronics, Kinglight Optoelectronics, Dongshan Precision, Xinying Optoelectronics, and other companies adopted display screen LED packaging (flip chip) technology as the highlighted annual development direction to promote further upgrades in the market.

C、General lighting application market and development trend

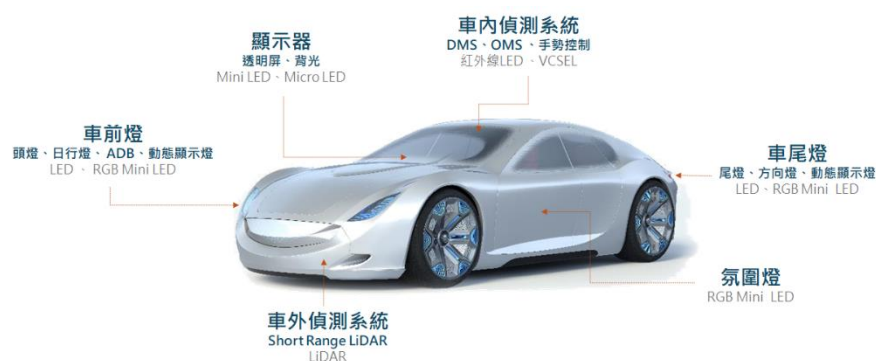
Due to the weak global economy and the investment slowdown in the real estate market in Mainland China, demand in the LED general lighting end market for 2024 was low. This further reduced the demand for upstream LED lighting inventory, resulting in unclear visibility of orders for LED packaging manufacturers. Due to the diversification of regional market demand, the market share of mid-to-low-level lighting products continues to rise, and light design tends to adopt solutions that incorporate multiple mid-to-low-power LEDs.

In addition, the market demand for mid-power LEDs (0.5 to 1W) increased significantly, primarily due to the increasingly strict requirements for lighting products regarding high luminous efficiency, further promoting the growth of market output value and usage volume. At the same time, in high-end lighting products, the light and color adjustment function is becoming a standard configuration.

From a long-term perspective, even though the macroeconomic recovery remains unclear, the demand for lighting as a life necessity will continue to grow steadily. Due to the increase in the requirement for replacing light fixtures and the development of new application markets, even though the LED lighting market will not record explosive growth, it is sufficient to offset the effects brought by the drop in prices, allowing it to exhibit the features of a cyclical industry.

(2) 3+1 high value-added markets and development trend of the existing business

The Company is committed to developing the 3+1 high value-added markets, including the three major application markets, namely “automotive,” “advanced display,” and “smart sensor,” as well as the “new fields” with future development potential.



Source: Ennostar (March 2025)

A、Automotive

a. Automotive lighting

With the advantages of lifetime, energy conservation, high luminous efficiency, and real-time responses, LED has become the core component for the interior design and appearance designs of vehicles. LED automotive lighting has been popularized from high-end vehicles to the mid-end mainstream markets and has become the

standard configuration. For high-end vehicles, the Company works with automotive lighting companies to develop projection and matrix headlights, to enhance road lighting and human-vehicle communication functions and to promote the growth of mid-to-long-term business opportunities for high-power LEDs and mini LEDs.

The application market of automotive LED lighting can be mainly divided into headlights, interior indicator lights, exterior indicator lights and other applications.

■ **Automotive headlights:**

LED headlight technology focuses on improving lighting effects, energy conservation and intelligence. ADB and laser headlights have become the mainstream to automatically adjust the lighting scope through environmental sensors to improve driving safety. The main technology development highlight of automotive headlights at present:

- Matrix LED: The design with 12 to 100 units of LEDs is the mainstream. In the future, 100-pixel solutions will replace the existing 84-pixel solutions to achieve finer road lighting and glare-free high beam lamps.
- Micro LED pixel array: Introduce micro LED pixel array, increase the number of pixel points to 100,000 units and achieve precise digital control and flexible beam adjustment to satisfy local regulations and safety requirements.
- Smart headlight: Expand the night vision range via individually controlled high-performance LEDs and improve the ability to identify obstacles in front to provide safer driving experience.

■ **Interior indicator lights:**

The development of smart cockpits promotes interior LED lighting with multiple scenarios and personalized and smart evolution, and the application scope covers:

- Dashboard lighting: Provides high luminous, multi-color choices, and a clear display of driving information.
- Ambient Light: Create immersive driving experiences with adjustable color and flexible changes in light effect.
- Reading light: Soft light that improves the comfort inside vehicles.
- Door lock light and trunk lighting: Convenient for night operation.
- Foot pedal lighting: Enhance the safety of night driving.
- Innovation breakthrough: Smart ambient lights in combination with driver ICs allow the light and vehicle system to respond simultaneously and achieve precise color presentation and high speed and high refresh rate to satisfy the requirements for automotive intelligence.

■ **Exterior indicator lights:**

Exterior LED lights play an important role in enhancing traffic safety, information communication and aesthetic. The main types include:

- Headlights and taillights: Clearly convey the driving intention and improve safety.
- Brake lights and reversing lights: Real-time reaction to reduce the risk of rear-end collision.
- Fog lamp and daytime running lights (DRL): Enhance traffic visibility under bad weather.
- Warning lights: Effective reminder function for emergency vehicles.

- Design and technology innovation:
- Full-width taillights, mini LED taillights, OLED-like taillights: Realize the combination of dynamic display, message conveyance, and aesthetics with high-freedom designs.
- Mini LED taillight technology: Realize the ultra-high density array and block lighting control through flexible cables and flexible substrates to bring diversified appearance design and function exhibition to further improve the vehicle identification and brand value.

The LED automotive lighting market is driven by technological innovation, smart upgrades, energy conservation, and environmental protection. In the future, it will continue to set new standards for vehicle design and traffic safety, becoming an important foundation for smart driving.

Development status of LED components in automotive lighting applications



Source of data: TrendForce (2024)

b. Automotive displays

■ Automotive backlight displays

With the acceleration of the digitization of the interior car cockpit, more large-size LCD screens were introduced for automotive displays; the application scope includes dashboard, central console display, passenger seat display, rear-seat entertainment, electronic rearview mirror, and heads-up display (HUD).

The development of automotive display technology is moving toward high resolution, high luminous, high color rendering, low energy consumption and thinness, which further increases the consumption of LEDs used in single-piece LCD backlights. In particular, the introduction of the direct-type backlight solution will promote the growth of LED demand. In response to the HDR, local dimming, wide color gamut, and high energy efficiency requirements, the mini LED direct-type backlight technology has become one of the key technologies for next-generation automotive displays.

Different from consumer displays turning to OLED, automotive LCD possesses high reliability and cost advantages, allowing it to occupy a material status in the market. The LCD technology group is actively developing mini LED automotive display

products with ultra-thin designs, HDR, and high color saturation. As the use of LED increases, the proportion of automotive LED to the overall costs increases simultaneously, becoming an important key component for promoting the development of the market.

Looking forward, automotive displays will continue to evolve in the direction of HDR, high local dimming, ECG and surface design. Mini LED and HDR technology will play a more critical role in the automotive market.

■ Automotive smart display

The Exterior Intelligent smart display (ISD) has been a major trend in recent years. Through ISD, vehicles can communicate with the outside (including other vehicles and pedestrians) to significantly improve traffic safety and provide new types of interfaces for the communication of future autonomous vehicles.

With the increase in driving assistance information, the HUD has become a popular device for vehicles, and major international vehicle companies have been actively introducing HUDs. HUD solutions include traditional resin lenses, flat glass projection, and AR-HUD with AR effects. These new technologies not only assist in safe driving but also penetrate the market rapidly.

HUD is also an application scope that micro LED has advantages. Its high-brightness, high-resolution and flexible features make it one of the important solutions for HD. Large-scale companies have been launching micro LED HUD transparent display products with a transparency of over 70%, which have passed tests for extreme high and low automotive temperatures.

c. Automotive sensor

Due to the hikes in global traffic, traffic safety issues have attracted increasing attention. Vehicle companies constantly upgrade their safety technologies, and the internal and external sensor systems are crucial. In July 2024, the EU stipulated that all new vehicles sold in Europe must be equipped with a DMS, promoting the market demand for interior monitoring technology. In addition, the industry is also actively developing an occupant monitoring system (OMS) that can detect passengers to improve the overall safety of the vehicle.

■ DMS and OMS

The global regulations require vehicles to be equipped with a DMS, which has promoted the rapid penetration of the technology. Vehicle companies have been introducing facial recognition, eye tracking, and iris recognition technologies to enable real-time monitoring of driving status through cameras and IR LED/VCSEL (i.e. eye closing, blinking frequency, gaze direction, yawns, and head movements) in order to detect drowsy driving and distraction, thereby ensuring traffic safety.

■ Gesture control:

The gesture identification technology has become an important trend in the field of human-machine interaction (HMI) for vehicles, so that passengers and drivers can control the vehicle system directly with hand gestures, improving convenience and safety. The technology uses IR light sources (i.e. LED and VCSEL) combined with ToF (Time of Flight) technology to have real-time detection and identification of hand gestures.

■ Facial recognition

As the keyless entry system is becoming popular, the face recognition technology for vehicles is also upgraded from a simple unlocking function to authentication and personalized interior setup. This technology has been introduced for high-end vehicles, which allows the vehicle to automatically adjust the seat, steering wheel, and rearview mirror according to the owner's identity and provides a smarter driving experience.

■ Highlight of the development of automotive optoelectronic sensor technology

- High-precision sensor: LED/VCSEL is used as a high-efficiency light source to capture the attention of drivers, status of fatigue, and changes in passengers' seats.
- Optimal optical control: The high directionality and uniform irradiation characteristics of VCSEL ensure that the sensor can obtain accurate images.
- High-speed responsiveness: The reaction speed of VCSEL is better than that of LED, and it is suitable for 3D ToF technology to achieve high-resolution image analysis.
- Strong immunity to interference: The narrow spectrum feature of VCSEL effectively inhibits external light sources (i.e. sunlight) to improve the accuracy and stability of sensors.
- Vehicle-grade safety standards: LED/VCSEL shall comply with AEC-Q102 and other automotive specifications to ensure stable operation in a severe environment and comply with safety requirements.

■ Application of exterior optoelectronic sensor technology

LED/VCSEL has diverse applications in the field of exterior sensors, including:

- LiDAR: VCSEL is applicable to the LiDAR system, which can generate high-precision 3D images, assist autonomous vehicles in identifying the environment, and avoid obstacles.
- Night vision assistance: LED for the night vision system of vehicles enhances the night vision and improves traffic safety in low light environments.
- Distance sensor: LED/VCSEL can be used for distance detection to help

vehicles maintain a safe distance and reduce the risk of collision.

Ennostar continues to deepen its LED/VCSEL technology, promote the development of smart vehicles, and is committed to building a traffic environment that is safer and has high efficiency.

B 、 Advanced display



Source: Ennostar (March 2025)

a. Micro LED

Micro LED is known for its small chip size, high resolution, low power consumption, and high transparency of glass substrates. It attracts much attention in the next-generation display technology. Regardless of applying the transparent display screen in special fields or matching it with AI technology for the emerging AR/VR glasses, micro LED has become a key technology that leading global enterprises are actively investing in development.

■ Head-mounted device:

Although Apple Vision Pro, equipped with micro OLED technology, failed to drive the shipping volume of the XR equipment as expected, it has successfully increased the market's understanding of the head-mounted display equipment, bringing certain supports to the industry's development.

In terms of the application of micro LED head-mounted displays, with the development of AI technology, the introduction of real-time translation and road guides has made AR glasses become application carriers with the highest potential. It is expected that nearly a hundred kinds of AR glasses equipped with micro LED display technology will be launched by 2026, and the market penetration rate is expected to rise rapidly.

■ Automotive display:

Micro LED is regarded as the mainstream technology for next-generation displays. It mainly uses inorganic materials, features a simple structure, has low power consumption, high brightness, ultra-high resolution and color saturation, fast reaction speed, high power conservation, a longer lifespan, and higher efficiency.

In addition, the power consumption is approximately one-tenth that of LCDs and half that of OLEDs, which meets current requirements for energy conservation and carbon reduction.

The application of micro LED transparent display technology has entered the fields of vehicle HUDs, smart ship windows, commercial exhibitions, the military industry, national defense, and smart medical displays. The launch speed of products has accelerated, and the application market continues to expand.

b. Mini LED:

■ Medium- and large-size TFT-LCD display backlight

The mini LED thin direct-type backlight technology ensures high luminous and high contrast while possessing the advantages of energy conservation and thinness through FLAD. Display and TV products have diverse COB and POB technology solutions, and the cost structure is more flexible, which improves brand competitiveness. To expand the market share, the brand companies in Mainland China continue to strengthen the mini LED backlight technology to improve the product specifications and to widen the market price gap.

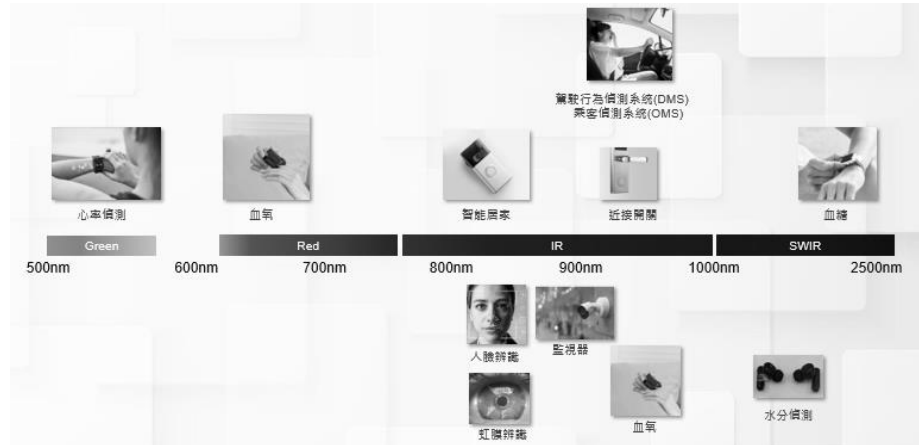
TV brand companies in Mainland China have reduced costs by using PCB design, high-pressure LED chips, and multi-channel driver IC solutions. To maintain the high-end market share, international brands must also pay attention to the mini LED backlight market. For instance, Sony has also accelerated the deployment of mini LED backlight TVs in recent years.

In terms of the mini LED notebook (NB) market, Apple will introduce OLED notebooks, which may affect the shipping volume of mini LED backlights. However, due to the high price restrictions of OLED NBs, Apple may implement both mini LED and OLED strategies in the short term. It is estimated that in the next 3 to 5 years, Mini LED backlight NBs will maintain their niche market position.

■ The indication application market of electronic information products (Smart Display)

The packaging technology of LED indicator lights has been continuously upgraded. The single-color indicator lights have evolved to have high-end RGB, multi-color display, microminiature, and thinness. Its application scope has become more extensive such as information appliances, e-sports equipment, the second display graphics of notebooks/mobile phones, smart speakers, and TWS. LED is used as the light source for information display. The application forms include LED display letters, bitmap, numeric/graphic display and smart indication light.

In recent years, household appliances equipped with information displays have been emerging such as the temperature display of tumblers, the image display of coffee machines, the humidity display of dehumidifiers, the panel display of smart refrigerators, the interactive display of smart speakers, and the information display of vehicles. These applications not only enhance the functionality and convenience of products but also improve user experience.



Source: Ennostar (March 2025)

C 、 Smart sensor

LED/VCSEL has extensive applications in the field of smart sensors. These technologies utilized LED/VCSEL light sources with different wavelengths and combined them with light-receiving components to achieve high-precision signal reception and sensing. The main applications include heartbeat and blood oxygen sensors of wearable devices, IR sensors for smart homes and smart locks, and facial recognition for unlocking 2.5D notebooks.

With the development of end products, sensor technology is moving toward the direction of multi-function and miniaturization, and the package design has also turned from the combination of single LEDs and light sensor components to the SiP technology that has multi-wavelength, multi-emitting, and multi-reception.

Overall, IR LEDs/VCSEL technology is beneficial for improving the quality of human lives in the fields of smart robots, security protection, identification, and biometric sensors and has become an important pillar of the smart sensor market.

a. Sensor applications of smart robots

With the development of AI technology, smart robots not only play a role in the manufacturing industry but also enter the realm of daily life, becoming an integral part of consumers' work and life in the future. The active investment and development of products by Tesla, NVIDIA and OpenAI demonstrate the strong business potential of the field.

The progress in robotic vision, power feedback and touch hardware solutions has enabled robots to better adapt to the environment and realize self-learning. In particular, 3D sensor technology (i.e. flight time measurement and structural light technology) is the key. VCSEL, as a core component of 3D sensors, plays an important role in the applications of robot cleaners, AR/VR equipment, autonomous vehicles, and biomedical sensors.

In addition, high-end sensor technologies (i.e. photoelectric switches and touch, sound, and vision sensors) will play an important role in smart robots and smart manufacturing, promoting the progress of industrial automation and intelligence.

b. Wearable devices

Wearable devices (i.e. smart watches, wristbands, and earphones) apply PPG technology to conduct health monitoring, including heartbeat and blood oxygen concentration measurement and activity tracking. PPG technology is a non-intrusive optical technology. It uses IR or NIR light sources on the skin to measure the changes in the intensity of reflected light from blood, and thereby achieve physiological data monitoring.

With the development of technology, PPG technology will provide higher measurement precision and stability in the future and will be widely used in wearable devices (i.e. smart watches and smartphones). In addition, with the popularity of TWS, the biological detection function is expected to become part of value-added services. It is likely to utilize SWIR (wavelength 1,000–1,700nm) technology for skin sensing to forecast blood sugar levels and other physiological indicators, thereby expanding the application scenarios of health management.

c. Smart security protection, smart home, and smart lock

The application of IR LEDs in the smart security protection market is growing rapidly, and they are mainly used in facial recognition, object detection and distance measurement. The future technological requirements include:

- Improve resolution and precision: Achieving more accurate target identification and tracking.
- Reduce power consumption: Enhance component efficiency and extend equipment's lifetime.
- Enhance the immunity to interference: Enhance the stability of LED components in different environments.

These requirements will promote the continuous innovation and application of IR LEDs in the field of smart security protection and improve the safety of human lives.

d. Facial recognition to unlock notebooks

In the application of facial recognition in notebooks, the development trend and technology requirements of IR LEDs are mainly concentrated in the following aspects:

- Enhance identification precision: With the advancement of technology, the resolution and precision of IR LEDs continue to improve, which makes identification more accurate and improves safety.
- Power consumption reduction design: To extend the useful life of notebook

batteries, IR LEDs must possess higher efficiency to reduce power consumption.

- Strengthening the immunity to interference: In particular, under strong light or low light environments, IR LEDs are required to have stable identification performance.

These improvements will allow the facial recognition unlocking technology of notebooks to become more popular and further improve user experience.

D 、 +1 New field development

+1 new fields mainly include the optical communication application market, LED professional lighting market, and UV-LED application market.

a. Optical communication application market

With the rapid emergence of ChatGPT, 5G IoT, and other emerging applications, the demand for data centers and high-speed computing is growing rapidly. According to Yole's forecast, the global optical transceiver market is expected to grow from US\$10.9 billion in 2024 to US\$22.4 billion in 2029, with a CAGR of 11% from 2022 to 2028. Driven by the demand for high-speed transmission in AI applications, SiPh technology integrates optical components with silicon wafers, offering advantages such as reduced power consumption, improved speed, and lower unit costs. The traditional hot-swapping optical transmission module will transition to the SiPh transmission module, which has become a key trend in the optical communication industry in recent years.

In the field of optical communication, light sources play an important role in several aspects: providing light source signals, affecting the transmission efficiency of optical fibers, influencing the stability of optical transmission signals, and converting between telecommunication signals and optical signals. If the wavelength or power of the emitting light source is unstable, it may lead to distortion, degradation, or interference of the signal during transmission, thus affecting the overall performance and stability of the optical communication transmission system. Currently, there are suitable light-emitting sources in various fields of optical communication applications. VCSEL has the advantages of low cost, high transparency, wide frequency band, high efficiency, and low power consumption. It can provide a high-frequency band over short and medium distances, satisfying the requirements of modern networks for high-speed transmission, and is applicable to data centers, fiber-optic communication, network equipment, and other fields. InP laser light sources are known for their high output power, compatibility with silicon photonics components, high-spectrum purity and quality, excellent transmission, and low transmission loss/distortion or interference. As a result, they have become essential light sources for application scenarios that require high capacity and high-speed transmission, making them indispensable key components for SiPh applications in fiber-optic communication systems, data centers, long-distance communication, and high-performance computing. On the

other hand, micro LED is also regarded as a new light source for optical communication applications. It possesses high brightness, low power consumption, low cost, fast response, high-speed adjustment, miniaturization, integration, high efficiency, high reliability, and other advantages. Therefore, it exhibits a huge potential in high-speed optical communication, smart sensor technology and other photonic applications, which is likely to provide more flexible and high-efficiency solutions for future optical communication applications.

In terms of the high-speed data transmission system in data centers, the 800G transmission module has been widely implemented since 2024. Broadcom has also delivered the industry's first 51.2 Tbps CPO Ethernet switch – Bailly in 2024. TSMC's COUPE technology is expected to be verified in 2025 and will be integrated with CoWoS packaging in 2026 to become a CPO product. It is likely to be applied to the next generation of NVIDIA's Rubin platform in the future to solve the transmission bottleneck faced by AI servers. Looking ahead, the development of high-speed, high-efficiency, highly reliable, low-cost, highly integrated, and low-power consumption light sources has become a key issue for the future of the optical communication industry. This advancement is essential to meet the continuously growing requirements for high-speed transmission and high-speed computing.

b. LED professional lighting market

With the development of LED full-spectrum adjustment technology, LED conversion efficiency is constantly improving. The reliable design of light tubes has also been enhanced, and LED lighting products have passed relevant professional certifications, enabling LEDs to meet more requirements for special application light sources. In addition to applications in the general lighting field, LEDs are also used extensively in specialized applications (e.g. yellow lighting in dust-free rooms, HCL, horticultural lighting, industrial lighting, medical lighting, and safety alerts).

The yellow light LED lighting design in the dust-free room is designed to meet the special requirements of the dust-free environment. The main purpose of yellow LED lighting is to prevent excessive UV or other light wavelengths that may affect the product wavelength in a dust-free indoor environment. It must be highly stable, have low light pollution, and provide high brightness. The yellow lighting shall be designed with long life (usually over 50,000 hours) and stable operation in order to reduce maintenance and replacement frequency, and thereby reduce interference during the clean room operation.

In terms of medical health lighting, the biological clock theory suggests that the color temperature of light can affect people's sleeping patterns, emotions, and work efficiency. Therefore, using cool color temperatures in the morning helps increase alertness and concentration, while using warm color temperature lighting at night facilitates relaxation and rest. As LED lighting can regulate color temperature, it is increasingly used in hospitals, operating rooms, and clinics to accommodate the requirements of different time slots and improve the treatment

experience for patients.

Industrial frozen lighting is an emerging market in professional lighting. It utilizes high CRI and high luminous efficiency, along with KSF phosphor technology, which can improve luminous efficiency by 10% to 14%. In high-CPI applications, different foods matching with different spectral colors can increase the freshness of the food.

c. UV-LED application market

UVA LED can be extensively applied in industrial curing markets. Its products may be applied in fields including industrial exposure machines in the light curing market, LCD laminating machines, offset printing, printing markets, medical equipment, beauty care equipment, automotive coating and exposure machines, and 3D printing, emerging in recent years.

In recent years, with the improvement of the photoelectric conversion efficiency of UVC LED, the reduction in epitaxy cost and the increase in reliability, UVC LED products have been applied to sterilization and medical fields. However, to replace traditional mercury lamps with those that have higher power consumption, the photoelectric conversion efficiency of UVC LEDs must be further improved. It is expected that by 2028, the conversion efficiency of optoelectronics will be sufficient to replace the traditional large-scale mercury lamps, which will create a new niche market.

4. Competition status

(1) Competition status of existing businesses

The existing business mainly includes the backlight market, the direct view market, and the general lighting market.

A 、 Backlight application market

The 8.5 generation production line is the main production line of OLED products. However, the economic cutting advantage of OLED products remains a disadvantage for sizes above 55/65 inches, which will limit their further development in the TV market, and their impact on the output value of LED backlights is relatively limited. Looking forward, LCD products will maintain its mainstream position in the following two to three years. Apple has introduced OLED technologies into its IT products; however, due to the high unit price, quality reliability and production yield of OLED screens, the sales were less than expected. It is said that U.S. customers will slow down the introduction speed of OLED in high-end IT products.

Although OLED technology is replacing mini LED technology in the tablet application market, the design of side-mounted mini LED backlights has regained recognition, providing new support for the tablet backlight LED market.

B 、 Direct view application market

The mini LED COB technology and display screen LED package (flip chip) technology are at the initial stage in the LED small pitch display screen market, and it is estimated that the market demand will maintain its growth. Display LED packaging companies are actively promoting display screen LED (flip chip) packaging technology. The products include MiP (0202/0404 LED), and the major companies are Foshan NationStar Optoelectronics, Kinglight Optoelectronics, Dongshan Precision, Xinying Optoelectronics, and Seoul Viosys.

The demand for the mini LED (COB) display screen market is growing rapidly. The shipping volume and production capacity of MTC, HCP, Unilumin, and other companies continue to experience high-speed growth. As companies continue to expand their production, it is estimated that the global production capacity of mini LED (COB) display screens will reach 58,900 m²/M (+113% YoY) by the end of 2024.

C 、 General lighting application market

The competition in the general LED lighting market is intense, and it is mainly affected by low-price products. The main reason is that large-scale international companies are letting go of the price competition strategy in the lighting LED market, resulting in the drop of the overall lighting LED prices to the bottom. Nichia, Seoul Semiconductor, and other major Japanese and Korean companies adopted conservative strategies to respond to the trend of price competition in LED lighting. They implemented measures to control output and maintain stable product prices, reduced the ratio of low-gross profit general lighting LEDs, and focused on the high-end market where they can showcase the advantages of product performance and high-gross profit application scenarios (e.g. horticultural lighting and automotive lighting) to improve profitability. With the promotion of intelligence and energy conservation, the commercial lighting market is also evolving rapidly, causing major companies to constantly innovate to maintain their competitiveness. In 2024, facing strong competition from low-priced products in Mainland China, Samsung Electronics planned to gradually cease its LED businesses, which recorded poor income. This decision mainly affected LED products for TVs, LED flashlights for smartphones, and LED modules for automotive headlights, as the company shifted its resources to the promising semiconductor field. In general, the competitive environment in the LED lighting market is becoming increasingly fierce. Each company is seeking new strategies to adapt to the ever-changing market demand and challenges.

(2) Competition of 3+1 long-term business

A 、 Automotive market

In the application market of ambient lights and grille lamps, they are mainly introduced by main vehicle companies to their vehicle models, including Mercedes-Benz EQS, Volkswagen ID.3/ID.4, BMW i7, Rolls-Royce Spectre, Ford, General Motors, Stellantis, Lucid, BYD, XPeng P5, Changan Ford Mondeo, Sony VISION-S02,

and Li Auto. The main companies that promote the integration of the system include Forvia Hella, Hyundai Mobis, LTI Atlanta, Starlux, and MIND.

With the rise of new energy vehicles, light sources have become the key to human-vehicle interaction. Ennostar has been focusing on the automotive market for years. Its products cover ADB headlights, interior mini LED backlight, micro LED transparent display, DMS, and laser testing. In the vehicle-grade LED chip market, the taillight/signal light market share of Ennostar Group 2024 exceeded 50%, and the DRL and automotive display market rate was approximately 30%.

In terms of interior mini LED backlights, Ennostar has launched an ultra-thin high-brightness mini COB light panel module that is equipped with a patented mini LENS design, which can be used in 7 to 34-inch interior displays to provide a display effect that is superior to OLED. In terms of the DMS, ISD, and interior ambient light field, Ennostar integrated its upstream and downstream resources, provided automotive low red- glowing , high uniform light, high-frequency temperature compensation, and other leading technologies, jointly developed products with large-scale international companies, and was successfully introduced into renowned vehicle brands in Japan and Mainland China.

In terms of solutions, Ennostar Group has cooperated with large-scale international companies to launch package products that are applicable to the interior and exterior ambient lights with 50% of volume reduced, breaking through the application restrictions. Looking to the future, Ennostar Group will continue to provide comprehensive modularized solutions and cooperate with global customers to exhibit its capabilities in comprehensive automotive light sources.

B 、 Advanced display

Multiple brands have successively introduced products equipped with mini LED technology, and the market scale is expected to continue to grow. Currently, Korean companies (i.e. Samsung Technology and LG Electronics) have launched large TV series equipped with mini LED backlights. Brands in Mainland China (i.e. Hisense, Skyworth, Xiaomi, and Huawei) have also launched products equipped with mini LED panels, showing promising development, as believed by major companies in terms of the mini LED backlight application market.

As the mini LED mass production technology gradually matures and the optimization of cost, the market is full of expectations for its future development. The position of mini LED in the high-end LCD display market will become increasingly important, especially in competition with OLED technology; mini LED offers a favorable alternative and strong competitive advantage.

Although the penetration speed of micro LED large-scale displays in the global market is slower, the forceful investments and active deployment of Chinese companies attract multiple brands to join, which is likely to accelerate the

optimization speed of large-scale displays in the cost end of chips and transfers. In the mid-to-long term, regardless of forceful investments to bring about the de-capacity measures by Chinese companies or the maturity of the industry development that allows product cost to be more, such factors are beneficial for the popularization and application of using micro LED in large-scale display products.

C 、 Smart sensor

As AI and robotics technology continue to develop and integrate with applications, the form of robots has evolved from industrial robots, collaborative robots, and AMS to humanoid robots. They are now used in automated factories for production and manufacturing, customer service, medicine and healthcare, and mobile carriers. In 2024, manufacturers including NVIDIA, Tesla, Boston Dynamics, Agility Robotics, Figure AI, and Unitree Robotics in Mainland China launched relevant humanoid robot products and introduced flexibility and learning capabilities into complex application programs to explore potential uses, create diversified product functions, and horizontally expand AI application scenarios.

In the field of robot sensors, the main leading companies are large-scale European, U.S., and Japanese companies, including First Sensor, Denso, Amphenol, STM, Honeywell, Bosch, TI, NXP, and Sick. In recent years, companies with Chinese investments have successively emerged, including Orbbec, XDLK, Lingyun, and Keli Sensing Technology. They are all optimistic about the sensor field with development potential and have been actively making deployments.

D 、 Competition of +1 new field

a. Optical communication

The main optical communication module companies in the world are mainly in China and the U.S. at present. China companies include Zhongji Innolight, Hisilicon, Accelink Technologies, and Hisense Broadband; U.S. companies include Coherent, Cisco, Source Photonics, and Marvell. In the past decade, the Chinese government has been cultivating local module companies, leveraging its domestic market to allow its rapid growth. With the cost advantage and the complete optical communication supply chain, Mainland China has become the largest optical communication module production country worldwide.

On the other hand, the key light source supply of optical communication modules is mainly controlled by U.S. companies (i.e. Broadcom, Coherent, and Lumentum). The light source products of such large-scale international companies possess the advantages of fast transmission speed and high reliability, and they become the top choices for light sources for mid-to-high-end optical communication modules.

With the intensified trade war between the U.S. and China and the attention attached to clean networks and the national security of countries, all countries wish to eliminate and exclude data centers and 5G network communication equipment produced by Chinese companies.

b. Professional lighting

In recent years, the production capacity of the traditional lighting industry has expanded rapidly, and the market competition is fierce. The top international brands (i.e. Signify and Osram) and top Chinese brands (i.e. Oppl Lighting) have secured high-end market share by leveraging their strong brands, channels, management, and technology R&D advantages. The LED lighting market in many Western countries has reached saturation, resulting in intensified price competition. In response to the price competition, Companies have been actively promoting technological innovations, developing smart lighting systems and other high-value-added products. In general, the LED lighting market is extremely competitive. Companies are required to seek a balance among price, technological innovation, and market strategy. In addition, some companies are actively expanding into new blue ocean application fields (i.e. yellow light lighting in dust-free rooms, HCL, horticultural lighting, industrial lighting, medical lighting, and safety alerts) to increase products' gross profit and maintain competitive strength.

c. UV LED

The recovery of demand for light curing orders resulted in significant growth in UV-A LED in 2024, while the mass production schedule for the new machine models for air conditioner/air purification and dynamic water purification applications was delayed to 2025–2027. Compared to UV lamps, UV LEDs have a longer product lifetime and simple optical design. Nichia, Seoul Viosys, Violumas, UVT and other companies have launched a comprehensive wavelength solution that satisfies the requirements of customers for substitutes for UV lamps. In 2025, it is likely that the 115mW and 135mW UV-C LED products will be launched by OSRAM and Nichia successively. Other single wafer packaging companies (i.e. Violumas, NKFG, Autowell, and LITE-ON) will launch $\geq 100\text{mW}$ UV-C LED packaging products in 2025.

4.1.4 Technology and R&D Overview

1. R&D expenses invested in the most recent year and up to the date of publication of the annual report

Unit: NT\$ thousand

Year	R&D expenses	as a percentage of revenue (%)
2024	2,431,842	9.97

Note: IFRS (consolidated entity) is adopted.

2. In the most recent year and as of the publication date of the annual report, the technologies or products successfully developed by the Company can be roughly divided into “Epi wafers and chips” and “package and modules”:

Epi Wafer & Chip:

- (1) Develop high-quality and high-efficiency horizontal high-voltage LED chips used in automotive backlighting, ambient lighting, and indoor reading light products.
- (2) Develop high-power/high-reliability flip chip LED chips used in automotive headlight products.
- (3) Develop blue light LED epitaxy technology used in high-current density automotive headlights.
- (4) Develop high-voltage flip chip LED chips used in TV backlight products.
- (5) Develop high-efficiency and high-quality mini LED chips used in TV backlights, automotive backlights, and display screen products.

- (6) Develop low-blue light chips that comply with the German TÜV certification.
- (7) Develop micro LED epitaxy and chip technology for narrow beam angles.
- (8) Develop LED epitaxy and chip technology used in transparent display screens.
- (9) Develop blue light epitaxy on silicone substrate technology of micro LED.
- (10) Development of InGaN/GaN blue-green light epitaxy technology.
- (11) Develop PDs with a high signal-to-noise ratio used in TWS for skin detection.
- (12) Develop dual-band bandpass InGaAs PD.
- (13) Develop VCSEL components and PDs with a high signal-to-noise ratio used in under-screen proximity switches.
- (14) Develop PDs for UV applications.
- (15) Develop high-power products with dual-junctions of 850/940 nm of NIR that are used in the facial recognition functions for mobile phones/NBs.
- (16) Develop high-power automotive LED products with dual-junctions of 940nm low red-glowing used in the DMS for vehicles.
- (17) Develop high-power 1100–1600nm SWIR LED products used in different biometrics applications and mobile devices' proximity switches.
- (18) Develop III-V solar cell products with high efficiency.

Packages and Modules:

- (1) In addition to taking the initiative to engage in the mass production of the first-generation large beam angle direct-lit automotive Mini LED in the industry, the Company also launched the second generation automotive large beam-angle direct-lit Mini LED. Through the optimization of the package structure, the performance will be improved by 30% and, therefore, may meet the demand for new generation energy vehicles' energy consumption.
- (2) Launch the first-generation thin Mini Lens blue COB light panel; reduce the thickness of the backlight module and achieve a wide-color gamut display effect.
- (3) Develop high-luminous effectiveness automotive mini lens white light COB light panel technology.
- (4) Develop the LED package and module products for RGB ambient lighting, combined with smart surface tiles to form a linear or 2D dynamic interactive effect of light sources.
- (5) Launch the exterior interactive display to meet the requirements of grille/Logo high-brightness design, rear Red/Super Red display requirements, as well as the application of exterior RGB color display, which can provide pre-stored images of safety lighting. It may also provide warnings or real-time images of the driving environment to pedestrians nearby and vehicles behind.
- (6) Develop the iPixel⁺™ head-up display, which is an actively driven Micro LED transparency display that effectively improves the flickering phenomenon of passive driving. The high transparency can be applied to vehicles, home appliances and shopping malls, etc.
- (7) Engage in the mass production of the second generation low blue LED to further reduce the proportion of harmful blue light; for business or home NB and MNT computer users for a long time, reduce the damage caused by the blue light further.

- (8) Mass production of low-power consumption CSP products that are used in e-sports mobile phone back cover displays.
- (9) Research and develop IR light sources with low human eye response, which can be applied to invisible security systems, car driving monitoring and interior monitoring systems, laptop face unlocking authentication and other applications to improve the user experience.
- (10) Develop the SWIR transmitting and receiving components for use in light-sensor modules to detect more vital signs, such as blood sugar or skin moisture.
- (11) Mass production of high-luminous effectiveness transmitting and receiving flip chip components that are used in wearable devices, which possess excellent optical performance and a delicate appearance while improving the device's accuracy and equipment appearance.
- (12) Develop the Micro LED HUD, which is an actively driven Micro LED HUD that uses mass transfer technology to transfer the Micro LED to the TFT glass backplane; the display resolution reaching 640*640 pixel and the dot pitch 0.3 mm, which may effectively improve the flicker phenomenon of passive drive; the overall transparency reaching 60% may be applied to automotive, home appliances and shopping malls, etc.
- (13) i-Pixel® micro package made with micro LED by utilizing the RDL technology has the size of 0202, which is the smallest RGB package within the industry. The use of pitch $\leq 1.0\text{mm}$ display screen products can provide high-contrast, low-reflection, and excellent display quality, applying to various business application fields.
- (14) Develop industry-leading QD LED packages and light bars that can be applied to ultra-thin and wide-color gamut high-end creative notebook products and meet the high-end application requirements of DCI-P3 and Adobe RGB dual 100. Apply QD LED package to the TFT BLU modules of mobile phones can improve the color gamut to DCI-P3 100 and Adobe RGB 100 or comply with the color gamut coverage rate of $\geq 99\%$ under the sRGB standards, which are the highest color standards of mobile phones within the industry.

3. Future R&D Plans and Estimated R&D Expenses

NT\$2.51 billion is expected to be invested in R&D in 2025. The R&D projects, including the R&D projects of "epiwafers and chips," "packages/modules" and "III-V compound semiconductor optoelectronic products," are described as follows:

Epiwafers and Chips:

- (1) Develop high-power/high-reliability flip chip LED chips and luminous improvement technology used in automotive headlight products.
- (2) Develop blue light LED epitaxy technology used in high-current density automotive headlights.
- (3) Develop LED epitaxy and chips used in 495nm autonomous vehicle driving.
- (4) Develop blue light epitaxy technology for 6/8-inch silicon-based micro LED.
- (5) Develop LED CoW structure technology.
- (6) Develop SWIR (1700nm–2400nm) LED technology.
- (7) Develop epi wafers and components for SWIR photodetector
- (8) Develop high-reliability UVC LED wafers and chips with moist and high-temperature resistance.
- (9) Develop 365nm UVA LED Epi wafers and components.

- (10) Develop red, blue, and green light micro LED mass transfer technology.
- (11) Develop high-precision heterogeneous bonding technology for the advanced display field.
- (12) Develop LED epitaxy and chip technology used in the optical communication field.
- (13) Develop light sources of visible light and invisible light for optical communication applications
- (14) Develop PCSEL technology.
- (15) Develop III-V solar cells with high conversion efficiency.

Packages and Modules:

- (1) In response to the popularization of electric vehicles, develop a new generation of high-efficiency exterior indicator light sources to further improve LED efficiency and reduce thermal resistance.
- (2) Develop interactive indicator lights with large/small pitches with different pitches, which can be clearly viewed even in the ambient sunlight during the day and may achieve the optimal optical effect and optimization of cost.
- (3) Develop a new generation of ambient outdoor lighting products that increase heat dissipation and reduce driving power consumption to significantly improve LED efficiency.
- (4) Develop the new generation exterior high-brightness interactive displays that provide seamless splicing of multiple boards and low-glare surface technology to meet the needs for exterior applications.
- (5) Develop high luminous efficiency and low blue light backlight module LED light sources for backlight source applications.
- (6) Develop high luminous efficiency and wide-color gamut backlight module LED light sources for backlight source applications.
- (7) Develop high luminous efficiency and long-life backlight module LED light sources for backlight source applications.
- (8) Develop thin and narrow-bezel backlight module LED light sources for backlight source applications.
- (9) Develop local dimming backlight module panels containing driving components for backlight applications.
- (10) LED components for smart display applications and PPI 10-50 iMicro of active light source modules with built-in driving components
- (11) Small-pitch RGB display applications and LED package and module products for Mini LED display needs.
- (12) Develop RDL and micro package and other miniaturization process technologies.
- (13) Develop QD LED packages and light bars with wide-color gamut technology.
- (14) Develop QD LED backlight components that are in line with the circular economy within the industry.
- (15) Develop Bioxins packaging materials with bio-based content > 30%.
- (16) Develop high-color gamut electronic paper QD LED front light components.
- (17) Develop the SiP product line equipped with optical ICs to provide miniature optical sensor solutions with the 2.5D packaging technology.
- (18) Develop a high-luminous efficiency, compact LED matrix vehicle light module for ADB.
- (19) Develop 6-/8-inch LED wafer packaging procedure technology.

4.1.5 Long and Short Term Business Development Plans

- 1. Short Term Plan
 - (1) Focus on the technology development of visible light and infrared light LED epiwafers

- and chips to improve product performance and increase profit.
- (2) Provide LED products with high light intensity and cost advantage, and provide cost-effective products with core competitiveness of high lm/\$ to satisfy customers.
 - (3) Expand marketing channels in Europe, the United States, Japan and South Korea, increase the proportion of export sales and increase the market share in the international market.
 - (4) Quickly respond to customer needs and adjust product portfolios to meet rapidly changing markets.
 - (5) Closely integrate with end customers in the LCD industry and related supply chains, and accelerate the introduction of high value-added products such as mini LED backlight solutions and micro LED mass production solutions.
 - (6) In terms of lighting, move toward niche markets and develop smart and healthy lighting products. Advance towards the niche lighting market, and develop outdoor and smart and health lighting products.
 - (7) In terms of RGB display applications, continue to develop various packaging sizes and pixel pitch modules to accelerate market layout. Develop ambient signal light technology for increasing the shares of the notebook PC, eSports, smart home appliances, and network communication home appliance indicator light market.
 - (8) Continue to develop various packaging sizes and pixel pitch modules for the application of RGB display screens and continue to reduce costs to achieve profitability targets.
 - (9) Make deployment for the sensor business in terms of the fields of automotive, industrial sensors, robots and drones, consumer and medical-grade biological control, facial recognition, and home safety protection.
 - (10) Deeply cultivate technologies and patent deployment to improve industrial competitiveness.
 - (11) Improve production efficiency, actively develop intelligent manufacturing, and increase automation technology to reduce production costs.
 - (12) Improve the management system and continuously cultivate key technical talents.
 - (13) Strengthen information security management, comply with group policies, and comprehensively improve software and hardware protection capabilities.

2. Medium and Long Term Plans

- (1) Improve the Company's independent research and development capabilities, carry out technical cooperation with domestic and foreign research institutions and customers, and invest a high proportion of research and development resources to enhance the Company's long-term international competitiveness.
- (2) Develop long-wavelength infrared light and short-wavelength ultraviolet light technologies, and provide a complete full-band series of products.
- (3) Strive to be the world's leading LED manufacturer, continuously develop new products and improve LED efficiency, so as to realize unlimited possibilities for LED applications.
- (4) Continue to strengthen technical design capabilities and strengthen the foundation of patent deployment.
- (5) Continue to optimize production technology, reduce production costs, and establish more efficient production capacity.
- (6) Optimize production capacity and perfect the quality certification system, continuously improve product quality, shorten product delivery time, and provide customers with the most satisfactory service.
- (7) Strengthen international marketing and channels, and enhance strategic cooperation with international customers.
- (8) Increase cross-industry collaboration and platform establishment to improve the international competitiveness of the overall LED industry and the added value of products
- (9) Establish multiple business collaboration with LED upstream and downstream suppliers to expand the growth of technology and production capacity
- (10) Improve the conversion efficiency of LED products, so as to reduce heat and save energy.

- (11) Give full play to the Group's advantages residing in the one-stop production of LED epitaxy (EPI), Chip, Package, SMT and Module, and establish a factory-in-factory production model in the LED supply chain to reduce the production costs and increase profits.

4.2 Market and Production and Sales Overview

4.2.1 Market Analysis

- The Company's main sales areas

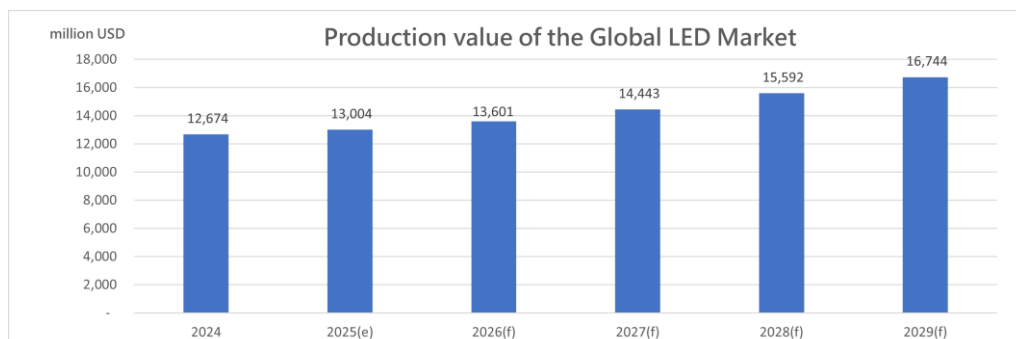
Unit: NT\$ thousand

Area	2024 Sales amount	% of sales
Domestic sales	2,603,666	10.68
China	13,830,163	56.71
Malaysia	2,094,545	8.59
Japan	2,070,438	8.49
Hong Kong	1,360,358	5.58
South Korea	978,196	4.01
Singapore	539,016	2.21
Other	910,879	3.73
Total	24,387,261	100.00

Note: IFRS (consolidated entity) is adopted.

- Market Share and Future Supply and Demand and Growth Potential of the Market
Currently, automotive, medical, horticultural lighting, safety control, wearable devices and smart life applications are emerging. Relevant enterprises are also continuously promoting the next-generation advanced technology development for display technology. It is expected that the overall LED market production value will maintain positive growth until 2029. The main drivers of the growth from 2024 to 2029 are invisible light LED, automotive LED, mini LED and micro LED products.
According to the forecast by TrendForce, a market research firm, the production value of the global LED market is expected to increase from US\$12.647 billion in 2024 to US\$16.744 billion in 2029, with a CAGR of 5.7%. This shows that the production value of the LED industry will continue to grow driven by demand in various emerging application markets.

2024–2029 global LED market production value forecast



Source of data: TrendForce (March 2025)

(1) Major LED manufacturers in the international market

In the LED chip field, the major production companies include EPISTAR, Sanan Optoelectronics, BOE HC SemiTek, Changelight, Aucksun Aluminum, MTC, ams-OSRAM, Nichia, Lumileds, Seoul Semiconductor, and Samsung LED. In the LED packaging field, the major production companies include Nichia, ams-OSRAM, Lumileds, Seoul Semiconductor, Samsung LED, Everlight, LITE-ON, MLS, Jufei Optoelectronics, and Hongli.

In terms of the target application market, Japanese companies mainly engage in high-end backlighting, high-end lighting, automotive lighting and displays, flashlight LEDs, UV LEDs, and other application markets. European and U.S. companies mainly focus on automotive lighting and displays, professional lighting, flashlight LEDs, and other application markets. Korean companies mainly engage in backlighting, automotive lighting, display, UV LED, and other application markets. Chinese companies mainly engage in the lighting, backlight, LED display screens, and other application markets

(2) The prospect of the application market in the future

In recent years, although the demand in the LED backlight market has reached saturation, the rise of emerging technologies (i.e. mini LED and micro LED) has brought new opportunities to the LED display market. In addition, with the emergence of the mobile phone application market, the facial recognition function has become the standard configuration of smartphones of internationally renowned brands. In addition to mobile phone applications, 3D sensor technology can also be applied to security systems, crowd detection, driver fatigue detection, biometrics, industrial automation, and other fields.

With the development of automotive electronics, LED technology plays an increasingly important role in automotive displays, interior and exterior lighting, and sensor applications of autonomous vehicles. Mini LED and Micro LED technology have entered high-end automotive display systems to provide higher display quality effects and enhance the interior environment lighting. In addition, 3D sensor technology has been popularized in the ADAS to monitor the surrounding environment of vehicles and detect obstacles, providing support for safe driving.

In terms of AI optical communication, with the rapid increase in data transmission demand, optical communication technology plays an important role in the future application market. Particularly, the advancement of optical transceivers and silicon photonics technology provides data transmission solutions with higher efficiency for data centers, 5G communication and the Internet of Vehicles. In the future, the development of AI and autonomous vehicle technology will enable optical communications between vehicles, facilitating high-speed and low-latency data transmission and further improving the efficiency and reliability of the Internet of Vehicles.

3. Competitive Niche

The Company is committed to deploying in automotive, advanced display and intelligent sensors, etc., with high technology threshold and high added value.

(1) One-stop complete supply service

Provide production of LED epi wafers, chips, packages, and module products to demonstrate its advantage through vertical integration.

The subsidiaries of the Group include the EPISTAR Group and Lextar Group, and Unikorn Semiconductor Corp., a specialist of research and development and manufacturing of compound semiconductor optoelectronic products. Through the vertical integration of group resources, EPISTAR is mainly responsible for the business of epi wafer & Chips while Lextar is mainly responsible for package and module, and seeking joint venture with third parties in intellectual properties for diversification of the scope of products and intensification of technology in depth to provide full-range services and products for the customers.

(2) One of a few companies that provides full-band Epi wafer and chip products worldwide

The AlGaInP products of the Company provide high-brightness Epi wafers and chips covering yellow-green, yellow, orange, red, and other emitting colors; InGaN products provide Epi wafers and chips with blue, green, and other colors. In terms of the invisible light spectrum, there are UV and IR products that meet the full band (265nm to 2050nm) one-stop shipping requirements of customers for various applications.

(3) Expand high-value-added markets with core technology

The Company has continuously adapted to changes in market demand and has the flexibility to adjust its product portfolio and R&D capabilities, which constitute one of the Group's competitive advantages. In recent years, the Group has also developed a variety of III-V compound semiconductor optoelectronic products to meet customers' needs for emerging application markets.

In the automotive field, Ennostar launched a 17.3-inch micro LED in 2024, which boasts an ultra-high transparency (over 65%) and luminance (reaching 2000 nits). Under bright light irradiation, darkness, and various driving scenarios, it can display clear screen frames to provide a high-quality entertainment experience for passengers. Other automotive products include 55-inch full-array local dimming automotive panels, mini RGB LED matrix automotive lights, and ADB and RGB-LED smart ambient lights.

Ennostar has long been developing in the automotive industry, possesses comprehensive automotive light source solutions, and has formally become a member of the ISELED alliance in 2021. In November 2024, Lextar Electronics, a subsidiary of Ennostar, collaborated with a large-scale international automotive IC company to implement ISELED and ILaS technologies in Lextar's smart LED products. In the future, it will promote next-generation automotive interactive light source technology. Lextar Electronics is the first company to expand smart LED technology from in-service applications to exterior uses within the industry. The products have

high luminous performance, and the packaging volume is reduced by 50%. The exclusive heat dissipation design effectively enhances the display quality and durability of the products, meeting the growing demands of automotive intelligence.

In the advanced display field, Ennostar launched side-view backlight solution products utilizing QD technology for VR applications, vertical structure micro LED chips in the AR field, high-uniformity 8-inch GaN on silicon chips (LEDoS), and MAC in 2024, meeting the high specification requirements of large-scale international brands regarding advanced display technology for AI smart glasses.

In the field of smart sensors, to meet the requirements of major brand customers for health management and biometrics solutions, Ennostar successfully developed multiple biometric products (i.e. the application of PRG sensor modules in smartwatches and smart rings) in 2024. The PPG sensor in the watch utilizes high-luminous LED light sources to precisely and continuously monitor heart rate, blood oxygen levels, blood sugar, blood pressure, and other physiological data, while employing a high-sensitivity PD to reduce power consumption by over 10%. The new PPG technology uses SWIR LED to realize non-intrusion blood sugar monitoring without drawing blood, providing a painless and convenient monitoring method.

(4) Outstanding technology capacity and management team with extensive experience within the industry

The R&D and technology team at Ennostar consists of over 2,500 people. The management team possesses extensive experience in the industry, particularly in LED and TFT LCD technologies, and is able to engage in integrated manufacturing and supply chain management with ease. Ennostar is committed to the R&D and manufacturing of LED, which are applicable to all LED application fields. As of the end of 2024, the total number of patent applications that Ennostar and its subsidiaries applied for worldwide has exceeded 6,900 cases in accumulation, and the total number of patents exceeds 6,000 cases. We protect the technologies and products of the Company through a solid intellectual property rights portfolio.

Ennostar has established a dedicated department for intellectual property to assist subsidiaries (i.e. EPISTAR and Lextar Electronics) in continuously improving their management systems for intellectual property rights. Through systematic management and adjustments to the intellectual property portfolio in accordance with the Company's business planning, maintain reasonable costs and develop new technology deployment. Meanwhile, necessary hedging measures are provided for the risk of intellectual property rights, which not only protect the Company's operational freedom but also enhance its competitive advantages.

4. Favorable and unfavorable factors of development outlook and countermeasures

(1) Favorable Factors

A. Wide range of product applications and great market development potential

Ennostar Group provides one-stop optoelectronics integrated solutions from Epi

wafers and chips to packages and modules. This vertical integration model not only improves production efficiency but also better controls product quality and costs. Products can be applied to advanced display, automotive, and smart sensor fields, satisfying the requirements of the market for high-efficiency and high-quality LED products.

B. The LED industry is well structured with fast and unblocked marketing channels

The structure of the LED industry in Taiwan is complete, the technology is mature and stable, the production efficiency is high, and the overall LED production value occupies a leading position worldwide. The Company is also actively cultivating overseas markets. With customers all over the world and possessing a huge downstream foundation, the Company has considerable competitive advantages in terms of customer marketing. Strategic alliances with downstream LED companies are one of the Company's main features. Through professional division of work and strategic alliances, the Company is able to keep track of the market dynamics quickly and adjust the production direction of products in a timely manner in order to improve the Company's competitiveness.

C. Future application of MOCVD core technology

MOCVD epitaxy technology is more favorable than LPE and VPE epitaxy technologies in terms of the purity control of materials and the control of thickness and uniformity of the epitaxy-structure; therefore, it is used to produce high-brightness LED and LD chips, and it is also the main epitaxy technology for the manufacturing of fiber-optic components and detectors used in optical fiber communication and emitting components used in microwave communication. For example, the MOCVD technology is adopted to grow epiwafers for the long-wavelength LD, VCSEL, solar cells, and HBT used in fiber-optic communication.

The technology team of Ennostar has extensive experience in the development of MOCVD epitaxy growing technology for years and owns exclusive experience in the design and improvement of the MOCVD system, which allows the Company to be considerably competitive in terms of the production of fiber-optic communication and wireless communication components.

(2) Unfavorable Factors and Countermeasures

As the LED market enters the stage of technology upgrade and industrial restructuring, the global competition is becoming fiercer. The competitors in Mainland China are actively expanding their production capacity and securing the market through price competition, which further reduces the space for profit for traditional LED products. Under such challenges, Ennostar Group continues to deepen its technology innovation and market deployment to drive its transformation through the Field Value-added Approach and Solution Value-added Approach under the "Dual-Strategy Approach" to enhance competitiveness and market advantages.

"Dual-Strategy Approach":

The “Dual-Strategy Approach” of Ennostar Group promotes technology upgrades and value chain integration through Field Value-added Approach and Solution Value-added Approach so as to improve product competitiveness and market penetration rate:

- A. Field Value-added Approach: Expand into the high-value-added market and increase technology thresholds

Ennostar continues to deepen its technological breakthroughs in the mini LED, micro LED, and smart sensor fields, improve its penetration rate in the market for high-value-added products, and focus on crucial application markets (i.e. automotive, advanced display, and smart sensors).

Mini LED technological breakthrough: Introduce the mini LED chips and modules under mass production into automotive, TV, and various other applications and develop mini LED COB and POB backlight technologies. Meanwhile, we actively promote ultra-small pitch direct view technology, have launched the flip chip mini LED 0404 package and special modules technology ahead of the market, and developed the miniature flip chip mini LED 1111 equipped with IC packaging technology to improve our competitiveness in display technology.

Micro LED mass production progress: Ennostar has broken through the technological bottleneck within the industry and made significant advancements in the RGB CoW and GaN on Silicon fields to provide technological support for wearable devices, high-end displays, transparent displays, and other emerging markets, ensuring our leading position.

Smart sensor applications: For biometrics, industrial sensor, automotive sensor (DMS and LiDAR), and other applications, we continue to reinforce IR LED, VCSEL, and SWIR technologies to explore diversified market requirements.

- B. Solution Value-added Approach: Integrate the value chain and create comprehensive solutions

Ennostar not only focuses on product and technology innovations but also improves the comprehensiveness of solutions and market competitiveness through the integration of upstream, midstream, and downstream value chains.

Reinforce the integration of the industry chain: Ennostar Group reinforced the comprehensive development of epitaxy, chips, packages, and modules through the vertical integration of technology and industry deployment, provided high-efficiency LED products, and ensured stable supply and technological advantages.

Develop cross-field solutions: Combine smart algorithms, module technology, and driver ICs to provide comprehensive one-stop solutions to improve customer value. For example, in the automotive market, combine smart ambient lights, smart display, and sensor technology to provide integrated solutions and satisfy smart cockpit and ADAS application requirements.

Build a “chained” competitive advantage: Ennostar reinforced its strategic cooperation with large-scale international companies through the integration of supply chain resources and established a more competitive technology ecosystem to promote industry upgrades and market growth.

C. Reinforce market deployment and accelerate transformation and upgrade

Ennostar Group will continue to promote the “Dual-Strategy Approach” to deepen technological innovations, expand into high-value-added markets, and enhance the integration of the industry chain to improve overall competitiveness and market share. With the dual drivers of the “Field Value-added Approach” and “Solution Value-added Approach,” Ennostar will continue to lead the LED industry upgrades, promote the stable growth of the enterprise, and create greater value for shareholders.

4.2.2 Important Applications and Production Processes of Main Products

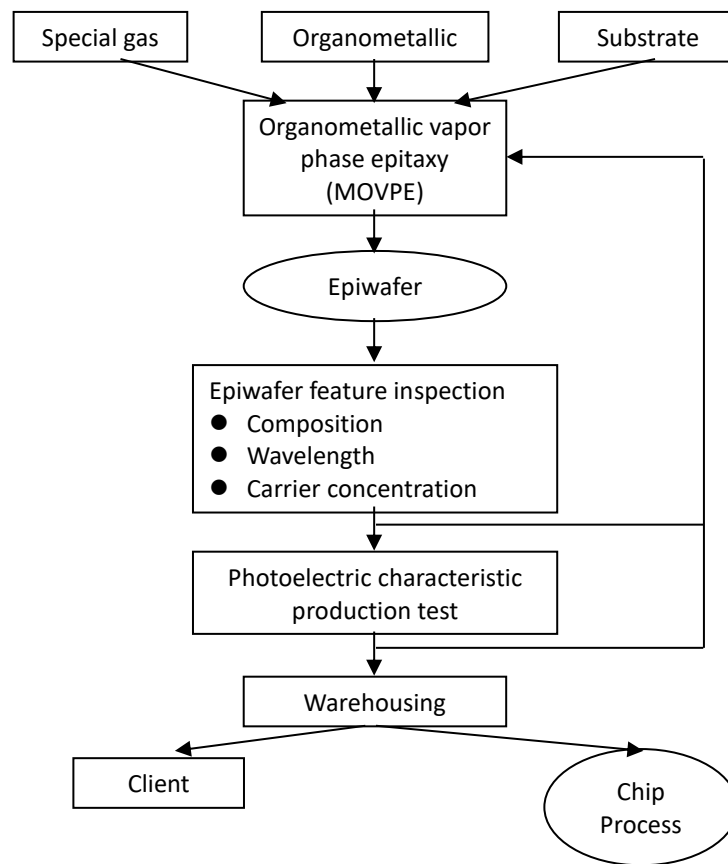
1. Important Applications

The high-brightness LED products produced by the Company are characterized by small size, low power consumption, low heat generation, and long service life, and are applied extensively:

- (1) Indoor displays, large-size outdoor displays and traffic signs/traffic information boards.
- (2) Automotive Industry
 - A. Interior: Backlight sources of the dashboards, reading lights, indicator lights, ambient lights, DMS/OMS, and other automotive sensors.
 - B. Exterior: S3 lamps, fog lamps, taillights, direction lights, warning lights, DRL, exterior sensors (ADB and ADAS), exterior ambient lights, and matrix exterior displays.
- (3) Consumer Electronics
All kinds of home appliances, indicator lights and digital channel displays
- (4) Communication Industry
Backlights and flashes for mobile phone message display panels.
- (5) Information Industry
Indicator lights for PCs and peripheral devices thereof, backlights for small LCD monitors, and scanning light sources for photocopiers.
- (6) Backlight applications of TVs/displays.
- (7) Outdoor landscape and architectural lighting, street lights, indoor home lighting, and industrial and commercial lighting.
- (8) Special function lighting applications for agricultural lighting, medical lighting and UV.
- (9) Sensor applications of smart security protection, smart home, and smart lock.
- (10) IR LEDs for facial recognition, iris recognition, and eye tracking of information products.
- (11) LED light sources used in biometrics and industrial sensors (NIR & SWIR) related to wearable devices
- (12) Develop emitting light sources for visible light and invisible light of optical communication applications.

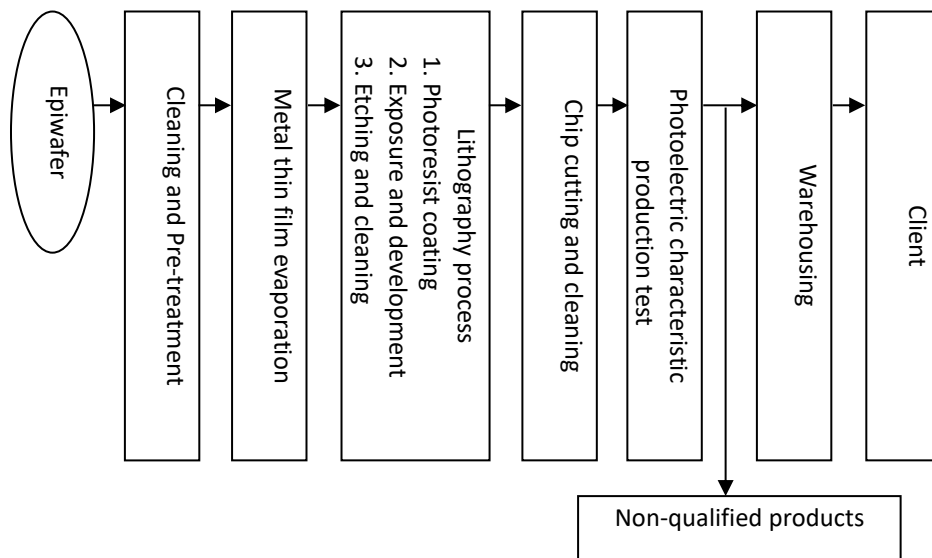
2. Production Process

(1) Epitaxy process



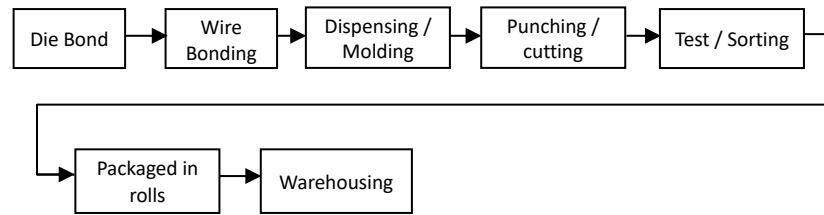
Source: Compiled by Ennostar in March 2025

(2) Chip Process



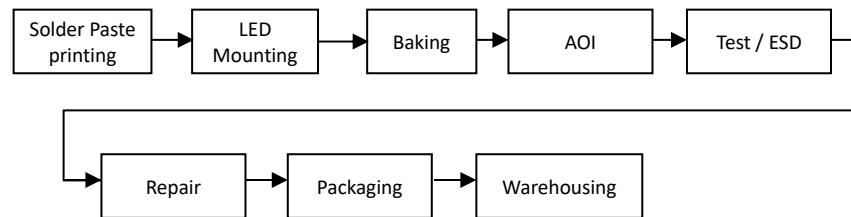
Source: Compiled by Ennostar in March 2025

(3) Packaging Process



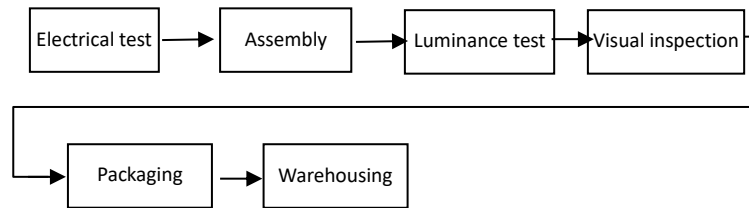
Source: Compiled by Ennostar in March 2025

(4) SMT process



Source: Compiled by Ennostar in March 2025

(5) Assembly process



Source: Compiled by Ennostar in March 2025

4.2.3 Supply Status of Main Raw Materials

The Company specializes in the production of LED, and its products cover epitaxy, chips, packages, patches and modules. The main raw materials, parts, and components include sapphire substrates, GaAs substrates, special gases, metals, LEDs, lead-frames, encapsulation materials, flexible/hard substrates, and ICs. We maintain healthy cooperative relations with domestic and foreign suppliers to ensure the stability of supply. In addition, key raw materials and spare parts are purchased from two or more suppliers to maintain procurement flexibility and reduce the risk of excessive concentration of raw materials.

4.2.4 Name list for major procurement and sales customers

1. Major sales customers

Unit:Thousands of NTD

2023				2024			
Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer
Customer B	2,755,184	12.35	None	Customer B	3,262,144	13.38	None
Others	19,550,496	87.65		Others	21,125,117	86.62	
Net sales	22,305,680	100.00		Net sales	24,387,261	100.00	

Note: Consolidated entities.

Description of the reasons for the increase or decrease:

Due to the overall economic impact, the Company's operating revenue increased. Therefore, the customer portfolio was slightly adjusted, provided that there is no risk over the concentration of sales.

2. Major procurement suppliers

Unit: Thousands of NTD

2023				2024			
Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer
Supplier C	1,664,925	14.30	None	Supplier C	2,477,088	17.91	None
				Supplier B	1,451,739	10.50	None
Others	9,976,217	85.70		Others	9,900,874	71.59	
Net procurement amount	11,641,142	100.00		Net procurement amount	13,829,701	100.00	

Note: Consolidated entities.

Description of the reasons for the increase or decrease:

As the operating revenue increases and the sales portfolio is adjusted, the supplier ratio changes slightly. Notwithstanding, the Company continuously maintains a close cooperative relationship with suppliers, and there has been no major change.

4.3 Human Resources

Year		2023	2024	February 28, 2025
Number of Employees	Management	1,422	1,028	1,031
	R&D and Technician	2,567	2,549	2,514
	Direct	4,484	4,170	4,214
	Total	8,473	7,747	7,759
Average Age		35.5	35.4	35.3
Average Years of Service		7.1	7.5	7.5
Education (%)	Ph.D.	1%	1%	1%
	Masters	16%	16%	15%
	Bachelor's Degree	44%	44%	43%
	Senior High School & Below Senior High School	39%	39%	41%

Note: Consolidated entities.

4.4 Disbursements for Environmental Protection

4.4.1 The loss or penalty caused by environmental pollution during the latest year, estimated current and future possible amount and countermeasures:

- 1、Any losses or indemnity from pollution of environment: None.
- 2、Matters of violations of environmental protection regulations from the environmental protection audit results

Factory site	Disposal date and disposal ref. no.	Violation of provisions of laws and regulations	Violation of contents of laws and regulations	The content of the dispositions	Response measures
Epistar Corporation Plant 3	June 28, 2024 Letter of disposal reference No. 20-113-040004	Paragraph 2, Article 24 of the Air Pollution Control Act	2023/10/11 Fail to operate according to the content of the license	A fine of NT\$100,000 was imposed. Two hours of environmental lecture was imposed	1. Formulate the response procedure and reporting system for the anomaly of the air pollution system. 2. Review the current operating parameters and submit the application for the alteration of the permit.

4.4.2 Countermeasures and Possible Expenditure

The Group is committed to sustainable development and sustainable management strategies. It carries out self-control through grasping risk assessments, improvement methods, and continuous monitoring during the operation stage to minimize the impacts of production activities on the environment. It further attaches its focus on reducing, reusing, and recycling to direct waste to become reusable energy/resources or adopt recycling disposal methods for the benefit of continuously improving the reuse rate and reducing GHG emissions so as to fulfill the social and civil responsibility of enterprises and jointly create a low-pollution production

environment.

Meanwhile, the Group pays close attention to the progress of amendments in response to new environmental laws and regulations or international conventions, prepares appropriate countermeasures, prepares budgets for pollution control and environmental protection management and carries out corresponding improvements each year to realize the spirit of continuous improvement of the environmental management system.

4.5 Labor Relations

4.5.1 Planning and implementation of employee benefit plans, continuing education, training, retirement systems; negotiation of labor relations and various safeguarding measures of employee's rights and interests.

The Company has emphasized maintenance of fair labor-management relations. We supply generous remuneration packages, a flexible leave system, and a complete insurance system to provide a healthy and friendly work environment to prevent the loss of employees and retain talents.

1. Employee Benefit Plans

For the purpose of safeguarding employees and their conditions of daily life, the Company not only has provided basic guarantee, but also assisted and sponsored various benefit plans, and help organizing the employee welfare committee for implementing and planning all kinds of matters of employee benefits. Please refer to the current measures below:

- (1) Employee bonus plan;
- (2) Three important Chinese holiday bonus, incentive bonus, employee patent application reward, employee proposal bonus;
- (3) Entitled to labor insurance, health insurance, and group insurance;
- (4) Subsidy of wedding, funeral, birth, hospitalization childcare subsidies, birthday gift money and May Day gift money;
- (5) Year-end party, subsidy of social clubs, traveling subsidy, departmental activity Fee, newspapers & magazines, various sports events and leisure activities;
- (6) New staff members' wage is higher than the minimum wage under Labor Standards Law no matter the gender.
- (7) For the employee shareholding trust, the Company makes the 100% contribution relatively, to share the performance results of the Company's operations with employees, and encourages employees to save and add value to their retirement lives, creating a win-win situation.

For the full protection of employees' health; healthy "body", satisfaction in "mind" and joyful "spirit". We've introduced three elements of healthy "body", satisfaction in "mind" and joyful "spirit" into our employee health care project. It's from healthy body and knowledge, satisfaction in "mind", and self-mind dialogue, connecting the health activities in our FAB and extending to family to create a complete, good, and healthy workplace to reach a physical, mental, social, spiritual balance. Please refer to below situations how we

take care of our staff:

- (1) Physical checkup management
- (2) Health promotion programs
- (3) Operational health risk prevention and management
- (4) Infectious disease management
- (5) Occupational injured employee healthcare
- (6) Maternal protection & healthy workplace
- (7) A great diversity of activities and soft lectures

2. Employees' continuing education and training

To achieve the Group's operational goals and continue to improve the performance of employees, the Group has established Ennostar University to develop the knowledge, skills and attitudes needed by employees to achieve their career goals. The Group has also established training programs for all employees based on the 3+1 strategy of the Group to cultivate the strategic ability of employees in new business opportunities, cover the general abilities, sustainability awareness, and knowledge in R&D/manufacturing/quality, and other professional fields required for employees, and improve the management ability of leaders. The Group has established the Ennostar University and six major academies, namely the sustainability academy, the leadership academy, the quality academy, the science academy, and the industrial academy. The sustainability academy focuses on building sustainability awareness, low-carbon transformation, and corporate social responsibility. The leadership academy aims to establish a consistent management language among supervisors and improve leadership, with the hope of guiding the team to achieve maximum performance. The general knowledge and commerce academy cultivates the common abilities of employees, nurtures corporate culture, and focuses on talent cultivation in new business fields. The quality academy focuses on the quality awareness of employees and provides relevant quality tools to assist in work applications. The industrial academy lays the roots in technology R&D and the professional manufacturing field and provides relevant knowledge and trends

The Group hopes to take advantage of the comprehensive training mechanism to help employees improve their professional skills, thereby enhancing overall competitiveness. In addition, to ensure the hard work of employees, the competitiveness of the Company, and to prevent the leakage of the Company's important information, the Company has formulated the "Regulations for Information Graded Protection" and provides the "Introduction to Intellectual Property Rights," "information security policy," "information graded and protection management," confidential information protection and information security promotion. The Company also offers additional information security education and training to help employees cultivate the habit of document protection during their daily work. This provides a basis for obtaining, handling, transmitting, and using relevant documents, and enhances employees' understanding of intellectual property rights and the prevention of confidential information leakage. At the same time, Ennostar Group values human rights and ethics, arranges the "Ennostar RBA and ethical policy promotion" course in the training of new employees, and arranges the annual re-training of in-service personnel each year.

In 2024, the Ennostar Group employees' participation in education and training (including education and training on human rights policy and ethics and morality), as shown in the following table:

Total training cost (NT\$ thousand)	Total training hours	Total number of trainees
6,466	95,343	40,818

3. Retirement Systems

To fulfill social responsibilities and stabilize the lives of employees after retirement, the Company and its domestic subsidiaries have established the “Regulations Governing Employee Retirement” pursuant to the Labor Standards Act and the Labor Pension Act, and make monthly contributions pursuant to laws and regulations. The old and new system of retirement regulations are described generally as below:

Pension system	Old system	New system
Legal source applicable	Labor Standards Act	Labor Pension Act
Contribution approach	2% of the total salary is contributed to the retirement fund every month, to be deposited in the dedicated account in “Bank of Taiwan” under the name of the “Labor Retirement Reserve Fund Supervisory Committee.”	6% of the salary is paid monthly to the employee’s personal account with the Labor Insurance Bureau as the labor pension.

The Group’s subsidiaries in the China contribute the pension insurance funds based on a certain percentage of the total salary of local employees every month pursuant to the pension insurance system stipulated by the government of People’s Republic of China. The retirement pension of each employee is managed and arranged by the government, and the Group has no further obligations other than the monthly contributions.

4. Labor-Management Agreements

Harmonious labor relations have always been the major management policy of human resources management. We have established a good communication and consultation channel so that employees can work comfortably and maintain high efficiency. Hence, we have established the Employee Relations Department to provide assistance by integrating professional staff and experts both internally and externally to help solve problems or pressures from work or daily life. We also provide confidential and professional external services and consultations with other professional resources.

Our internal communication channel includes an exclusive suggestion box that enables employees to express their opinions, all of which are kept confidential and listed into labor relations meeting for discussion and follow-ups. We also set up a being harassed while performing duties hot line (7885), mailbox and QR code available to employees, job applicants, and suppliers, which will be responded timely. Further, we communicate and coordinate with employees through formal channels, if there is major business change that may affect the employees’ rights & interests. We hope to provide the best working environment for all employees.

The Group companies hold face-to-face communication meetings with employees from time to time. Through employee communication meetings, employees are provided with the further understanding about the Company’s operating positioning, Group’s vision, mission and strategic blueprint; employees can also provide opinions or suggestions to the Company through communication meetings to enhance the chances of mutual communication.

5. Working Environment and Employee Safety Protection Measures

To secure a safe working environment for employees, please refer to the safety protection measures below:

- (1) To ensure a safe working environment for employees, the Company has set up a professional environmental and safety team to formulate “Decreasing Occupational Accidents program” and give instructions to relevant departments to practice.
- (2) We conduct safety and health training for new staff members and in-service employees.
- (3) We conduct annual environmental assessment in working area to ensure the quality

of working environment.

- (4) We conduct annual physical checkup for those who perform special operation and general physical checkup for all active employees for every two years.
- (5) We have the medical staff and medical room located on each site according to laws for preliminary care and further medical treatment at the time of emergency. We also assign occupational disease specialist/doctor in our factory to supply relevant medical care & consultation services and referral services with other medical organization outside the plant.
- (6) Explore the reasons for unusual incidents, and take the necessary actions for prevention countermeasures.
- (7) Each department will establish and implement automatic review management plan according to regulations. Each month, the management personnel will also implement monthly inspections on the onsite environment and safety.
- (8) Establish emergency response management regulations, and create onsite emergency response organization, set up emergency response equipment, and implement response drills.

In addition to above protection measures, we also provide friendly working environment as follows:

- (1) Various recreation facilities (ex: treadmill, gymnastic apparatus, table tennis, billiard, yoga room...)
- (2) Various convenient store and café;
- (3) Complete medical room equipped with breast-feeding rooms;
- (4) Spacious and joyful dining environments, diversified dining choices and meal allowances.

6. Procedures for Preventing Insider Trading

The internal material information handling and management to prevent insider trading are included in the internal control system, including systems related to the evaluation procedures for releasing material information, the retention of report and approval records, and the handling of violations. The unit handling the internal material information consists of the members from the Finance, Accounting, and Risk Management Office, Enterprise Development Office; Legal and Administration Office; and Information Management Office. The Finance, Accounting, and Risk Management Office is responsible for disclosing material information on the MOPS. The Enterprise Development Office is responsible for dealing with external news media, and notifying all employees, managerial officers and the Board from time to time to remind them to monitor if there is any material information required to be disclosed pursuant to laws, and inform them of relevant regulations, to prevent their violations or occurrence of insider trading, as the basis for evaluation. The regulations are accessible from the company website or the internal regulations for learning.

Said personnel may access the internal important information due to their identity, occupation, or relation, who shall perform their duties and fulfill their obligation as a good administrator with due diligence and also exercise their authority in a highly self-disciplined and careful manner to ensure strict compliance with the requirements for processing, disclosure and confidentiality of important information defined by the competent authority, or shall be required to sign the non-disclosure agreement case by case, if necessary.

4.5.2 Labor/employer dispute loss in 2024 and as of the publication date of the annual report :None.

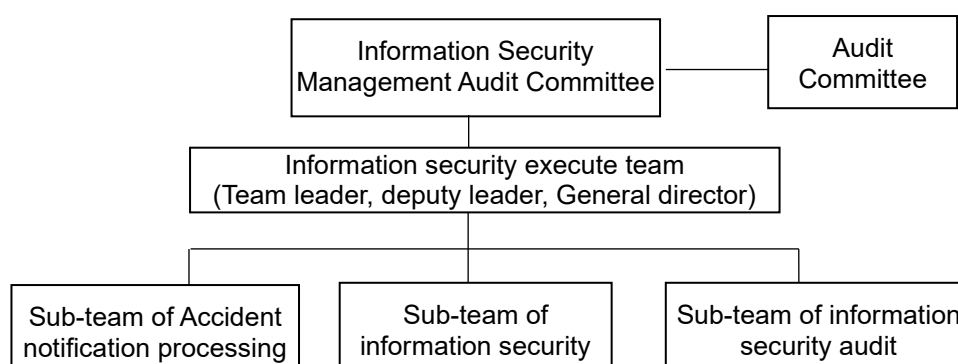
4.6 Information Security Management

4.6.1 Cyber security management structure, policy, and concrete management plans and resources invested in cyber security management.

Framework of information security management

The Company continues to refine its information security system and strengthen its safeguarding capabilities. The Chief Information Security Officer is appointed, who is the highest responsible officer for information security, and directly reports to the President. He supervises the implementation of the company-wide information security operations, and the effectiveness of the information security risk management mechanism. The cross-function Information Security Committee is established and convened by the Chief Information Security Officer, to establish consistent information security policies and hold information security meetings every week. It is mainly responsible for the planning, approval and supervision of information security policies, achievement of various indicators, and related regulations. The Company also has the information security management department in place, which is responsible for planning, implementing, coordinating and improving the information security management system, to establish relevant management procedures for compliance, while regularly conducting risk assessments, internal audits, and management reviews.

Structure



The Company (established in January 2021) has continued to successfully obtain the information security certification of “Information Security Management System (ISMS) ISO/IEC 27001:2013” in 2024, to conduct information risk management in accordance with international standards. The subsidiary, Epistar, obtained ISO 27001 information security certification in 2010. The regular review was completed in December 2024, and the certification remains valid. Lextar Electronics also completed the regular review of ISO 27001 in November 2024. For the new version of ISO 27001:2022, Ennostar completed the verification of the latest version in December 2024.

Information security policy

Ensure the normal, safe and stable operation of the Company’s core information system services and important information infrastructure, regulate the highest guidelines for the information security management system of the Company’s information center, provide safe and reliable information services, ensure the confidentiality, integrity, and availability of the information assets in the information center and compliance with the requirements of relevant laws and regulations, maintain business continuity, reduce information operation risks, and protect the rights and interests of information service users.

Specific management program

- (1) Vertical-depth defense structure is adopted
- (2) Physical security
- (3) Endpoint security
- (4) Administration of accounts with privileges
- (5) Safeguard of classified data
- (6) Management and protection of trade secrets
- (7) Improvement of information security awareness
- (8) Management of supplier
- (9) Third-party risk evaluation

- (10) Talent incubation
- (11) Report and handling of information security incidents
- (12) Resilience of information systems

Sources invested in the information security management

- (1) Establish an information security unit to perform information security audits and monitor abnormal information security activities.
- (2) The military simulation of hacking incidents is conducted every year, with the review meeting held after the drills, to continuously improve the process and enable the colleagues to be familiar with the procedures.
- (3) The employee information security awareness general education training hours and information security personnel training hours are required. 4 employee fishing drills and related information security training are conducted every year.
- (4) In 2023, the information security certification of "Information Security Management System (ISMS) ISO/IEC 27001:2013" was obtained. All important subsidiaries of the Group have obtained certifications in 2024, and completed the certification of the new version of ISO/IEC 27001:2022 in 2024.
- (5) Strengthen the early warning ability of the information security environment and deploy MDR/EDR for monitoring.
- (6) The employees may only apply for Internet access and mail services after passing the test with full marks during the implementation of the regular information security promotion activities and information security awareness training.
- (7) Organize a quiz activity with prizes during Information Security Month to encourage employees to actively participate in cyber security and enhance the organization's response notification and risk awareness.
- (8) To improve the professional functions and execution efficiency of the Company's information security manpower, the employees have obtained certifications including iPAS junior and intermediate engineer awarded by MOEA, ISO/IEC 27001:2022 Information Security Management System Lead Auditor (ISMS Lead Auditor), CISSP (Certified Information Systems Security Professional), CISM (Certified Information Security Manager), CRISC (Certified in Risk and Information Systems Control), EC-Council CEH (Certified Ethical Hacker), EC-Council ECSA (Certified Security Analyst), EC-Council CHFI (Computer Hacking Forensic Investigator), CRTP (Certified Red Team Professional) and OSCP (Offsec Certified Professional), and continue to learn technologies in the information security field.

4.6.2 In the most recent year and as of the date of annual report publication, the losses, possible impacts from and countermeasures for major cyber security incidents: None.

4.7 Material Contract

Subject	Counterparty	Counterparty	Contract term	Important restrictive clause
Technology and patent license	Research department	As stipulated in the contract	Exclusive patent license agreement	As stipulated in the contract
Technology licensing	Company G	As stipulated in the contract	III-V compound semiconductor-related technologies	As stipulated in the contract
Technology licensing	Company C	As stipulated in the contract	Technology licensing	As stipulated in the contract
Cooperative development	Company N	As stipulated in the contract	Product development	As stipulated in the contract
Syndicated loan	First Commercial Bank, Ennostar, and Epistar	Five years from the initial drawdown date	Loaning of funds	As stipulated in the contract
Technology licensing	Company C	As stipulated in the contract	Brand and patent license	As stipulated in the contract
Equity transfer	GCS Holdings, Inc.	As stipulated in the contract	Transfer of the shareholding of Unikorn to Epistar	As stipulated in the contract
Disposal of assets	GCS Holdings, Inc.	As stipulated in the contract	Disposal of assets	As stipulated in the contract

5. Review, analysis and risk issues regarding financial standing and financial performance.

5.1 Financial conditions

(entities to be merged)		Expressed in Thousand New Taiwan Dollars		
Items \ Year	December 31, 2023	December 31, 2024	Amount in discrepancy	rate of change(s) (%)
Current assets	30,676,516	29,771,488	(905,028)	(2.95)
Non-current financial assets at fair value through other comprehensive income	4,198,539	5,272,388	1,073,849	25.58
Investments accounted for using equity method	3,300,127	2,972,537	(327,590)	(9.93)
Property, plants & equipment	19,464,972	15,595,045	(3,869,927)	(19.88)
Other assets	6,462,308	5,866,337	(595,971)	(9.22)
Total assets	64,102,462	59,477,795	(4,624,667)	(7.21)
Current liabilities	10,922,533	9,681,943	(1,240,590)	(11.36)
Non-current liabilities	4,035,193	2,256,634	(1,778,559)	(44.08)
Total liabilities	14,957,726	11,938,577	(3,019,149)	(20.18)
Share capital	7,529,405	7,379,405	(150,000)	(1.99)
Capital surplus	46,447,060	38,403,057	(8,044,003)	(17.32)
Retained earnings	(6,442,832)	(1,422,637)	5,020,195	(77.92)
Other equity ,Treasury shares & Non-controlling interests	1,611,103	3,179,393	1,568,290	97.34
Total shareholders' equity	49,144,736	47,539,218	(1,605,518)	(3.27)

5.1.1 Analysis of main reasons for changes reaching 20% and the amount of change reaching NT\$100,000 thousand

1. Increase in the non-current financial assets measured at fair value through other comprehensive income
Primarily due to the valuation gain of investees recognized in 2024.
2. Decrease in property, plant and equipment
Primarily due to the provision of depreciation.
3. Decrease in current liabilities
Primarily due to the decrease in the repayment of borrowings and the short-term notes payable.
4. Decrease in non-current liabilities
Primarily due to the decrease in long-term borrowings resulting from the repayment of borrowings.

5. Decrease in the capital reserve
Primarily due to the loss compensation and the distribution of cash.
6. Increase in retained earnings
Primarily due to the decrease in the net loss of the period in 2024.
7. Increase in other equity, treasury shares, and non-controlling interests
Primarily due to the increase in the unrealized gains of financial assets at fair value through other comprehensive income and the increase in exchange differences from the translation of financial statements of foreign operations.

5.1.2 Impact resulting from the change: Without a significant impact on the financial conditions.

5.1.3 Future countermeasures: Not applicable.

5.2 Financial performance

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
Year Items	Fiscal year 2023	Fiscal year 2024	Amount in discrepancy	rate of change(s) (%)
Net sales	22,305,680	24,387,261	2,081,581	9.33
Operating costs	(21,137,938)	(21,069,583)	68,355	(0.32)
Unrealized loss in sales	(13)	(13)	0	0.00
Gross profit (loss)	1,167,729	3,317,665	2,149,936	184.11
Operating expenses	(5,199,313)	(5,027,674)	171,639	(3.30)
Other gains and losses	30,306	85,745	55,439	182.93
Operating Profit	(4,001,278)	(1,624,264)	2,377,014	(59.41)
Non-operating income & expenses	(3,383,721)	(63,717)	3,320,004	(98.12)
loss before tax	(7,384,999)	(1,687,981)	5,697,018	(77.14)
Income tax expenses	62,267	(79,346)	(141,613)	(227.43)
Net Profit	(7,322,732)	(1,767,327)	5,555,405	(75.87)
Other comprehensive income(loss)	(269,770)	2,016,417	2,286,187	(847.46)
comprehensive income (loss)	(7,592,502)	249,090	7,841,592	(103.28)

5.2.1 Analysis of main reasons for changes reaching 20% and the amount of change reaching NT\$100,000 thousand.

1. Increase in net gross profit
The gross profit of the period increased primarily due to the increase in operating income and the decrease in losses on idle production capacity and inventory devaluation losses under the effects of the macroeconomy in 2024.
2. Decrease in net non-operating expenses.
Mainly due to the higher provision of asset impairment in 2023.
3. Increase in income tax expenses
Mainly due to the decrease in overall losses in 2024, resulting in income tax expenses.
4. Increase in other comprehensive gains
Primarily due to the increase in the unrealized gains of financial assets at fair value through other comprehensive income and the increase in exchange differences from the translation of financial statements of foreign operations.

5.2.2 Expected sales and their basis, possible impacts on the future finance and business of the Company, and countermeasures.

The Group's products cover Epi Water, chips, packaging and modules, and are applied extensively. Therefore, it is not advised to measure based on the sales volume. For LED products, the Company has been cultivating the LED product market for many years, has strengthened its layout in the automotive, smart sensor and advanced display markets, and is committed to developing new technologies and new applications, with achievements shown one after another. In the future, the Group will continuously understand the needs of the end market and proactively develop products in collaboration with customers. Meanwhile, it will continue to integrate the Group's resources, maintain leading technology, and strive to provide the best products and services in order to demonstrate the Group's corporate value.

5.3 Cash Flow

5.3.1 analysis on changes in cash flow

(Consolidated)		Expressed in Thousand New Taiwan Dollars		
items \ year	Fiscal year 2023	Fiscal year 2024	increase (decrease) in amount	rate of change(s) (%)
Net cash flow from operating activities	2,379,555	3,221,267	841,712	35.37
Net cash flow from investing activities	(2,134,017)	433,674	2,567,691	(120.32)
Net cash flow from financing activities	(765,159)	(4,841,511)	(4,076,352)	532.75

Analysis of changes in cash flow in 2024

1. Operating activities

The Company's operating income increased, and losses decreased in 2024. The net cash inflow from operating activities increased by NT\$840 million as compared to 2023.

2. Investing activities

The Company adjusted its investment deployment and disposed of partial investments in long-term equity and equipment; the net inflow from investing activities was NT\$434 million in 2024.

3. Financing activities

In 2024, when the funds remain sufficient, the Company repaid NT\$2.5 billion of bank borrowings to reduce the interest expenditures. In addition, it distributed cash dividends and repurchased treasury shares; the new outflow from financing activities was NT\$4.84 billion.

Plan to improve cash deficit

The cash and cash equivalents of the Company in 2024 were reduced by NT\$890 million as compared to 2023; however, the net cash inflow from operating activities reached NTN\$3.22 billion, and the net cash at the end of the year was approximately NT\$12.7 billion; there is no cash deficit.

5.3.2 Cash liquidity analysis for the upcoming year

(Consolidated)

Expressed in Thousand New Taiwan Dollars

At the beginning of the term Balance in cash	Anticipated to come from in the entire year operating activities net cash flow	Anticipated figures for investment and capital-raising activities in the entire year net cash flow	Anticipated cash surplus (inadequacy) amount	Amount of cash deficit Remedial measures	
(a)	(b)	(c)	(a)+(b)+(c)	investment plans	wealth management plans
14,677,812	2,900,627	(4,035,658)	13,542,781	—	—

Analysis of changes in cash flow in 2025

- 1、The main cash inflow throughout the year is the net cash inflow from operating activities. The cash outflow is mainly due to the capital expenditure for the introduction of new procedure equipment, expansion, and the installation of high-end production capacity in response to the development of new businesses, as well as the repayment of borrowings.
- 2、With stable cash liquidity as a precondition, the Company will assess financial market conditions based on the cash balance in the account and the cash flow from operating, investing, and financing activities, and will appropriately plan for and control various cash expenditures.

5.4 The impact of significant capital expenditures on the treasury related operation in the most recent year.

5.4.1 Facts of the utilization of major capital expenditures by the Company and its subsidiaries in 2024 and the capital sources

Expressed in Thousand New Taiwan Dollars

Items of the plan	Source of capital	Total amount of working capital required
procurement of machinery & equipment	Own capital funds ,loans and private equity	1,430,061

5.4.2 Impact upon financial and business aspects

The Group invests the relevant capital expenditures in accordance with the needs of strategic deployment, in response to the market demand of customers, and optimizes the Company's product portfolio and technical specifications. The Group carefully evaluates the capital needed for the purchase plans of machinery equipment, and plans the utilization of working capital properly, without risk of insufficient funds due to capital expenditures. Therefore, there is no major adverse impact on the finance and business of the Company and its subsidiaries.

5.5 The outward investment policy, the key causes behind profit or loss in the most recent year, the plans for countermeasures and investment plans in the upcoming year.

The losses on investment recognized in the 2024 consolidated statements by using the equity method were NT\$440 million. Despite the growing momentum brought by AI, robots, and other emerging applications, the recovery of the LED remained unstable due to international inflation, geopolitics, slowdown in the economy of Mainland China, and other external factors. The industries of partial investees have sluggish development. For example, ProLight recorded losses due to the sluggish conditions in the lighting market, and Unikorn, Huanyu, and Helios, with partial investments not in their main businesses, faced pressure due to the excessive production capacity of the chemical compound and RF industries. In response to the challenges of the industry environment, Ennostar has actively adjusted its investment strategy and strengthened its core competitiveness and corporate resilience. The specific measures include:

1. Careful evaluation before the investment: In the pre-investment stage, the Company shall carefully evaluate the market prospect, technology potential of the potential target and its synergies with the Group.
2. Reinforce post-investment management and optimize resource allocation: Withdraw from investment targets with low strategic benefits and actively manage investment targets with strategic synergies. Looking to the future, Ennostar will comply with its “Dual-Strategy Approach,” lock in the emerging markets with high growing potential, actively seek appropriate potential targets, and take action at appropriate times to realize the stable growth of the investment business. With enhanced post-investment management and precise investment layout, Ennostar will continue to improve its investment benefits, build an ecological chain, and create long-term, stable, inorganic consolidation growth momentum.

5.6 Risk-related issues

5.6.1 Enterprise Risk Management (ERM)

The Board and senior management of Ennostar Group have long been committed to strengthening corporate governance and promoting risk management. In light of the increasingly complicated environment faced by corporate management, the Company established the “risk management policy and procedures” in February 2022 to move toward the targets of stable operation and sustainable corporate development. Promoted comprehensive ERM to consider various risks that could affect the achievement of corporate targets, controlling possible risks within acceptable levels (risk appetite) through effective identification, analysis, evaluation, response, supervision, and review. By including risk management in operating activities and daily management courses, it can achieve the targets of realizing the corporate targets, improving management efficiency, providing reliable information, and allocating resources effectively.

1、Risk management organizational structure

The Board approved to establish the “Risk Management Committee” under the “Corporate Sustainability and Risk Management Committee” on November 3, 2022. Members comprise the Chairman of the Company and its material subsidiaries, including Epistar and Lextar. Meetings are convened quarterly, and the operation is regularly reported to the “Corporate

Sustainability and Risk Management Committee.” For the operation of the “Risk Management Committee,” the Implementation Office, Ennostar, Epistar, and Lextar are responsible for the promotion and maintenance of the risk management system and the implementation of risk management procedures in the hope of focusing on the following aspects:

- (1) Optimize the basic risk management framework, to fully implement the risk management mechanism.
- (2) Comprehensively introduce the enterprise risk management mechanism, identify the Group’s focused risks through the top-down and bottom-up approaches, and formulate corresponding action plans, to improve the corporate resilience of the Group’s companies when facing operational risks
- (3) Elevate the risk management awareness of all employees and establish the Group’s risk management culture.



Note: In order to demonstrate its decision to value corporate sustainability and risk management, Ennostar Group renamed the “ESG Committee” into the “Corporate Sustainability and Risk Management Committee” in February 2024.

2 、 Scope of risk and risk management procedures

To establish the risk knowledge base, risks are divided into Level 1 for the category, Level 2 for the sub-category, Level 3 for the item and Level 4 for the scenario, and items, such as impact and response. Level 1 risks are divided into five major dimensions, including governance, reporting, strategic planning, compliance and operation/infrastructure. The scope of risks include, but are not limited to, operational, market, environmental, strategic, financial, governance, compliance, and reporting risks.

Risk management procedures include five major elements, namely risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanisms; the actual implementation procedures and methods of each element are specified, too. The risk management personnel conduct the overall enterprise-wide risk identification at least once per year, with respect to the short-term, mid-term and long-term goals and functions of their units, based on the Group’s strategic goals and risk management policy and procedure authorized by the Board of Directors, and also the Group’s risk knowledge base.

3 、 Status of operation

To systematically identify the challenges that may arise for Ennostar Group in the future and respond appropriately to improve corporate resilience, at the initial stage of the enterprise risk management (ERM) introduction, the five common risks to be monitored first were identified through executives, namely technological development, supply chain, talent shortage, geopolitics, and climate change (shortage of water/power). Upon the approval and confirmation of the highest risk governance unit, the Board of Directors, on November 3, 2022, the follow-up risk scenario analysis and risk assessment for implementation, response strategies and action plans were conducted. The construction of the Ennostar Risk Knowledge

Database will be completed in 2023. In 2024, we continued to promote and deepen the risk management system and implemented the annual risk identification, analysis, assessment, and response based on the comprehensive risk management structure. Apart from reinforcing the risk awareness of the Company's personnel, we also care for, prevent, and handle (respond to) possible risks in daily operations. The measurement standards and methods of risk assessment will start from the bottom, and risk management will be incorporated into the business strategies to reduce the risks of these issues to which the Group is exposed. Through the introduction of ERM, the Company's risk management policies and procedures are adjusted and optimized in a timely manner, and the annual risk management implementation results are reported to gradually form a corporate governance culture through the guidance and supervision of the Board.

5.6.2 The impact upon the Company's profit and/or loss by the changes in interest rate, exchange rate and inflation and the future countermeasures.

1. Interest rate

(1) Impact upon the Company's profit and/or loss

As owning net deposit positions, the Company and its subsidiary, on December 31, 2024, conducted sensitivity analyses on exposure to risk by the non-derivative financial instruments. Where the change of interest rates in all sorts of markets is within 0.1%, both the Company and its subsidiaries would increase or decrease consolidated profit before tax by NT\$12,723 thousand in Fiscal 2024. Accordingly, a change in the interest rate would not cause a too significant impact on the consolidated net profit of the Company and its subsidiaries. Such simulation is carried out on a quarterly basis to ensure that the potential maximum possible loss would fall within the limits fixed by the management level.

(2) Future countermeasures

- A. Sound financial structure: The Group will, in due time in the future, lower the amounts of the financing from banks as the operating status and the need for working capital may justify..
- B. Both the Company and its subsidiaries would, periodically, evaluate interest rates on loans from banks and have maintained very sound ties with banks to acquire very preferential interest rates. As the changes in interest rates may justify, adjust the utilization of working capital to minimize the potential impact resulting from changes in interest rates upon the Company's profit and/or loss.

2. exchange rate

(1) impact upon the Company's profit and/or loss

Expressed in Thousand New Taiwan Dollars; %

Items	Year
Net revenues (1)	24,387,261
Operating profit (loss) (2)	(1,624,264)
Foreign exchange gain (loss), net (3)	(23,546)
(3)/(1)	-0.10%
(3)/(2)	1.45%

(2) Future countermeasures

Where export-oriented markets account for a very significant ratio to the operating revenues of the Company and its subsidiaries, the exchange rate of U. S. Dollars would, therefore, pose an impact on the profit and/or loss of the Company and its subsidiaries. The Company stays vigilant on the fluctuation of exchange rate and, besides, continually and unceasingly carries out the following countermeasures:

- A. The Company's Department of Finance maintains very close ties with the foreign exchange departments of financial institutions concerned and collects exchange rate fluctuation-related information all the time to adequately dominate

exchange rate trends and changes as the referential grounds in forwarding foreign exchange trading and foreign exchange settlement.

- B. The Department of Finance is required to submit an internal appraisal report about the hedging position of assets (liabilities) in foreign currencies to the Company's management which would, in turn, duly carry out adjustments and countermeasures as necessary.
- C. The Business Department would conduct comprehensive consideration and evaluation of the future exchange rate trend and the factors of potential impacts before quoting to customers to resolve appropriate and rational prices to be quoted.
- D. The foreign currencies receivable for assets sold and liabilities in foreign currencies payable shall be in the same currencies. The assets in foreign currencies incurred in the prior transaction shall be taken to offset liabilities in foreign currencies to accomplish the effect of hedging. In case of the net position in foreign currencies or an event with a need for foreign currencies in the future, the Company shall buy or sell forward foreign exchange to adjust the positions of foreign currencies to accomplish the effect of the automatic hedging amidst balance between the assets in foreign currencies and liabilities in foreign currencies.

3. Inflation

The main purchases of the Company and its subsidiaries are in Taiwan and Mainland China, and the main export sales markets are Europe, the U.S., Mainland China, and other Asian regions. The annual inflation in the most recent year does not have a material impact on our profit or loss.

5.6.3 The facts in engaging high risk, high leverage investment, loan funds to others, policies in endorsement/guarantee and transaction in derivative financial instruments, major causes leading to profit or loss and future countermeasures to deal with the same.

Items of risks	Performance in implementation	Policies and future countermeasures
high risk, high leverage investment	In the most recent year and up to the publication date of the annual report, the Company and its subsidiaries have not engaged in high-risk or high-leverage investments.	Both the Company and its subsidiaries have focused on the principal business lines and have not engaged in high-risk, high-leverage investment.
Loaning of funds to others	<ol style="list-style-type: none"> 1. As of the publication date of the annual report, the Company and its subsidiaries have not engaged in the loaning of funds to any other non-consolidated entity. 2. The Company and its subsidiaries have engaged in the loaning of funds in response to the capital requirements of each subsidiary. 	The Company and its subsidiaries have lent their funds to others exactly in accordance with the "Procedures for Loaning of Funds to Other Parties" of the respective companies and have duly launched announcements and declaration to the public according to law.
Endorsement/guarantee	1. In the most recent year and up to the publication date of the annual report, the Company and its subsidiaries have not	The Company and its subsidiaries have duly carried out endorsement/guarantee exactly in accordance with their own

Items of risks	Performance in implementation	Policies and future countermeasures
	provided endorsements or guarantees to external parties. 2. The endorsements and guarantees provided by subsidiaries are mainly for the purpose of financing.	“Procedures for Endorsements and Guarantees ” and have further carried out announcements and declaration to the public according to law.
Derivative transactions	The Company and its subsidiaries engage in forward exchange transactions mainly to hedge the risk of exchange rate fluctuations on assets or liabilities denominated in foreign currencies.	Both the Company and its subsidiaries duly carry out such transactions based on their own respective “Acquisition or Disposal Procedures of Assets ” and “ Engage in Derivatives Transaction Handlers” with evaluation on a regular basis and further launch announcements and declaration to the public according to laws and ordinances concerned.

Note: For more information on funds loaned to others, please refer to the appendix of financial statements of the respective terms.

5.6.4 The future research & development plans and the research & development costs anticipated to be invested.

The main body of the Company’s R&D is situated in Taiwan, and the main R&D projects are led by the subsidiaries (Epistar and Lextar), which will continue to refine processes and R&D technologies, and integrate the Group’s resources to achieve the most efficient R&D plan. It is expected that the R&D expenditure invested in 2025 will maintain a steady growth. For details, please refer to Page 140 of the annual report.

5.6.5 The potential impact resulting from changes in major policies and laws at home and abroad upon the Company's business and financial performance and the countermeasures in response.

The Company, as always, faithfully complies with the policies, laws and ordinances concerned of the nation as well as export control, economic activities and environmental protection issues in the international community. The Company stays closely vigilant on the potential impact with firm domination of the changes in policies and laws likely to adversely affect the Company's business operation. In close coordination with the internal systems and operating activities, the Company ensures smooth and unobstructed business operation. As of the publication date of the Annual Report, changes in the relevant policies and laws have not cast any significant impact on the Company in finance and business operations.

5.6.6 The impact resulting from changes in technologies (including risks in information (cyber) security) and changes in industries upon the Company in finance and business operation and the countermeasures.

Hacking incidents have increased. In 2024, many TWSE and TPEX listed companies in Taiwan announced that they were hacked in their material information release. Information security has been listed as one of the important risk management issues by the Group. The Company and its key subsidiaries (Epistar, Lextar Electronics) have already completed the ISO 27001 information security certification. Meanwhile, in order to master the information security intelligence, the Group participates in TWCERT/CC and become a member of Taiwan Chief Information Security Officer Alliance; the subsidiaries also work with the SP-ISAC of the industries they belong to, to participate in the joint defense program, for grasping information security information, responding to risk threats early, and effectively improving the Group's information security defense capabilities. Facing the major international system vulnerabilities or information security incidents, the timely contingent fixes are conducted through weekly meetings, and the methods of intrusion cases are studied, to mend the existing deficiencies. The detection mechanism is enhanced as well to detect abnormal behavior immediately to mitigate the risk.

The Company's cybersecurity risk management framework, cybersecurity policy, specific management programs, and resources invested in cybersecurity management have been disclosed on the Company's website for reference.

5.6.7 The impact resulting from a change in corporate image upon the management over the corporate crisis and the countermeasures thereof.

The Company regards ethical management as an important core value and constructs the corporate culture and systems accordingly. The "Risk Management Policy and Procedures" are established to protect the rights and interests of stakeholders, strengthen communication channels, understand their needs and expectations for the reference of sustainable development planning, and enhance the sustainable performance in the Company's operations. Meanwhile, the Company proactively invests capital in product research and development and innovation management, including high value-added applications, such as automotive, advanced display, smart sensors, and new fields, to exert the integration synergy via the Group. The positioning and maintenance of patents are helpful in strengthening industrial competitiveness. In the future, we will continue to insist on the philosophy of sustainable management to lead the group to grow together. During the most recent year up to the date of publication of the annual report, the Company had nothing to affect the corporate image.

5.6.8 The anticipated benefits, potential risks and countermeasures toward the merger/acquisition (M&A).

1. Strategic M&A target

The Company plans to expand its business domain through strategic M&As and further strengthen its core competitiveness. The prioritized considerations for the M&A targets are compliant with the "3+1 strategic field" and the generation of synergies by assisting in the future development of the business departments of the Company so as to realize resource optimization, value creation, and ecological chain building.

2. Potential risks associated with M&As

In the course of M&As, the Company may face the following challenges

Integration risk: Include difficulties in corporate culture integration and business model integration.

Estimation risk: Investment decisions may be affected due to inaccurate judgments on the corporate value of targets.

3. Risk management and control and assessment system

To reduce risks, the Company will adopt the following measures:

A rigorous pre-investment assessment system is established, including:

- (1) Financial overview: Comprehensively review the financial health of the target companies.
- (2) Company backgrounds: Understand the business model, competitive strength, and industry status of targets.
- (3) M&A synergies: Evaluate the potential synergies after the integration to ensure compliance with the Company's strategic targets.
- (4) Expected future targets: Establish clear and stage milestones.
- (5) Indicator analysis: Include the in-depth analysis of financial indicators and strategic synergy indicators.

4. Implementation of M&As and integration plan

The Company will conduct an in-depth analysis of potential M&A targets and formulate a detailed integration plan to cover the specific steps of resource integration and achieve the short-term and long-term strategies of synergies.

5. Future outlook

The Company will maintain a prudent attitude and select the opportunities of M&As that best meet the Company's needs to balance risks and gains and promote the sustainable development of the business.

5.6.9 The benefit anticipated from the effort of plant expansion, the potential risks and the countermeasures.

Upon integration of the Group's factory premises in Taiwan, the Group wishes to replace the new plant construction planning with the existing plants, in order to activate assets and improve the efficiency of utilization of the Group's assets. As of the date of publication of the annual report, the Company and its subsidiaries have no plan to expand the plants.

5.6.10 Risks in concentrated incoming and outgoing products and the countermeasures thereof.

1、In terms of incoming products

The Group is a company specializing in the production of LED epitaxy, chip grains, package and modules. To ensure the fine and flawless quality of products, the Group upholds a strategy to procure raw materials & materials into sound and comprehensive consideration toward the quality, prices lead time periods and close coordination as well as other factors concerning the suppliers. The Group puts forth the maximum possible efforts to screen/select the right suppliers. Except for some main materials which are available exclusively from a single supplier which has been a long-term partner coordinating with the Group, for the rest of raw materials & materials, we try to develop and maintain two or more supplier sources. All the time, we maintain very friendly and cordial ties with the suppliers. With each single supplier, the Group's incoming procurement amount does not at all exceed 20% of the aggregate total. The Group is, therefore, free of any

sort of centralized procurement related risk.

2、In the aspect of sales

The Group focuses on the R&D and production of LED technology. The products of the Group cover Epi wafers, chips, packages, and modules, which can provide customers with one-stop solutions. The product applications cover three major fields, including automotive, advanced display, and smart sensors.

Apart from continuing to solidify the cooperative relationships with existing customers, the Group actively utilizes core technologies to develop the existing LED and actively explores the high-potential and high-value-added fields to move toward high-value-added fields to allow the Group to expand into different fields. It also carried out patent and technological cooperation or strategic cooperation with customers of relevant applications of the Group's products to accelerate the virtual, vertical integration of the industry and expand product marketing channels to jointly develop products and markets. The sales amount of each of the Group's customers never exceeds 20% of the total sales amount; therefore, there should be no risk over sales concentration.

5.6.11 The impact and risk to be incurred significant transfer or exchange by the directors and supervisors or key shareholders holding in excess of 10% in shareholding ratios upon the Company and the countermeasures.

In the most recent year and up to the date of publication of the annual report, except for those that have been announced and reported in accordance with the law, the Company has no knowledge of any risk of mass transfer or replacement of equity by any directors or major shareholders holding more than 10% of the shares.

5.6.12 The impact and risk upon the Company resulting from a change in the managerial officer's power and the countermeasures.

None.

5.6.13 Litigation or non-litigation issues

Ennostar Group

Subject	Fact in the subject dispute	Amount of the target	Commencement of litigation	Key issues involved in the litigation Involved party(ies)	Fact of the current processing
Civil litigation on infringement of patent	Suit filed for the infringement by Lowe's of some LED filament bulb products to the US patents of Epistar: US6,346,771, US8,492,780, US7,560,738, a total of 3	None.	2017.04.28	Lowe's	Case closed

Subject	Fact in the subject dispute	Amount of the target	Commencement of litigation	Key issues involved in the litigation Involved party(ies)	Fact of the current processing
	invention patents				
Civil litigation on infringement of patent	Suit filed for the infringement by Lowe's of some LED filament bulb products to the US patents of Epistar: US9,664,340, US9,065,022, US8,240,881, US7,489,068, US10,224,455, a total of 5 invention patents	None.	2020.05.22	Lowe's	Case closed
Civil litigation on infringement of patent	Suit filed for the infringement by Lowe's of some LED filament bulb products to the US patents of Epistar: US7,560,738, one invention patent	None.	2023.09.01	Lowe's	Case closed
Civil actions against patent infringement	Suit filed for the infringement by Amazon Fire TV products to the US patents of Epistar: US7,705,344, US9,530,934, US10,199,542, US10,505,076, US9,257,604, US10,181,549, US10,522,715, US9,293,656, US9,893,257, US10,038,129, US8,963,123, US9,425,362, and US7,821,026, a total of 13 invention patents	None.	2022.05.24	Amazon	Case closed

The Company's Director AUO Corporation Co., Ltd. (hereinafter referred to as AUO Corporation Company):

(Source: AUO Corporation Company's Consolidated Financial Statements for Fiscal 2024)

In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates (the plaintiff) filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharging and claiming damages. The trial court in Korea ruled in November 2023 that AUO shall pay the plaintiff KRW 29.099 billion plus interest. The case is a derivative civil lawsuit from the concluded LCD antitrust case in 2006. The plaintiff has filed the lawsuit since 2014 and the case was pending for many years. AUO filed an appeal in December 2023, and deposited said KRW 29.099 billion plus interest with the court in January 2024. For the time being, the final outcome of the case remains uncertain. AUO is still evaluating the merits of this lawsuit.

In October 2023, Phenix Longhorn LLC (Phenix) filed a lawsuit against two companies, including

AUO, with the United States District Court for the East District of Texas, alleging infringement upon certain U.S. patents held by Phenix in connection with the manufacture of LCD panels. Meanwhile, it claimed unspecified monetary damages and a preliminary injunction against future infringement in its letter of complaint. AUO intends to defend this lawsuit proactively, but the final outcome of the case remains uncertain. AUO is still evaluating the merits of the lawsuit. Since 2010, there have been several environmental-related administrative legal proceedings in relation to the development plan of AUO's 8.5-generation plant located in the Central Taiwan Science Park in Houli District, Taichung City. On November 6, 2018, the Ministry of Environment announced that the same had passed the review on environmental impact assessment. On October 24, 2019, the Appeal Review Board of Executive Yuan rejected the administrative appeal filed by the five local residents to revoke the announcement of the EIA approval. However, on December 24, 2019, the five local residents filed an administrative appeal with the Taipei High Administrative Court. The Taipei High Administrative Court ruled in favor of the residents on July 21, 2022, and revoked the EIA approved by the EPA. EPA has filed an appeal with the Supreme Administrative Court on August 17, 2022. For the time being, the final outcome of the case remains uncertain. AUO is still evaluating the merits of this lawsuit.

5.6.14 Other significant risks and countermeasures.

None.

5.7 Other important notes: None

6. Special Disclosure

6.1 Information on affiliates

The Company has reported the information to the MOPS (<https://mopsov.twse.com.tw/mops/web/index>); please refer to the information under MOPS > Basic information > E-books > the “Section of Statements of Affiliates.”

6.2 Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report: **The Company has reported the information to the MOPS (<https://mopsov.twse.com.tw/mops/web/index>); please refer to the information under MOPS > Investment Section > the “Private Placement Section.”**

6.3 Other supplementary notes: None

6.4 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

Ennostar Inc.
Declaration on Internal Control System

Date: February 21, 2025

The Company carried out a self-evaluation of its internal control system for Fiscal 2024. Based on the result of the self-evaluation, it is hereby declared as enumerated below:

- I. The Company confirms full awareness that the efforts to set up and enforce the internal control system is the holy responsibility of the Company's Board of Directors and the Company has duly set up such a system: The very purpose is to provide a rational assurance that the report of the Company regarding the validity and efficiency of business operation (including profitability, performance and safeguarding the safety & security of assets) is reliable timely, transparent satisfactory to the requirements in compliance to, in turn, offer a rational guarantee.
- II. The internal control system is subject to the inherent limitation. Notwithstanding how well the design has been, a valid internal control system could only provide a rational assurance toward the accomplishment of the three aforementioned targets. Besides, amidst the changes in environment and ambience, the validity of an internal control system is likely to change. Inside our Company, nevertheless, our internal control system is backed up with a sound self-monitoring mechanism. Once a flaw is identified, the Company shall take countermeasures forthwith.
- III. The Company fixes the right items to judge and verify the validity of the internal control system exactly in accordance with "Regulations Governing Handling of Internal Control System by Public Companies" (hereinafter referred to as the Regulations) to check and verify whether the implementation of the internal control system is valid in terms of design and enforcement. The items for judgment adopted based on the "Regulations" represent the process of management and control. The Company classifies the internal control system into five composing elements: 1. The environment of control, 2. Risk evaluation, 3. Control operation, 4. Information and communications and 5 Monitoring operations. Each and every composting element includes a certain item. For the aforementioned items, please refer to the "Regulations" for more details.
- IV. The Company has duly adopted the aforementioned internal control system regarding the items for judgment to check and make sure that the Company's internal control system is valid in terms of design and implementation.
- V. On the grounds of the results of the evaluation conducted in accordance with the preceding Paragraph, the Company hereby confirms the internal control system of the Company, (including supervision and management over subsidiaries) as of December 31, 2024, including our awareness of the effect of business operation, the extent of the validity and efficiency in accomplishment, the reliability, timeliness, transparency and consistency, compliance with laws and ordinances concerned. Overall, our internal control system proves well valid in terms of design and implementation well capable of accomplishing the aforementioned targets.
- VI. The present Declaration forms a key element of the Company's Annual Report and Prospectus and is hereby disclosed to the public. In case of anything misrepresented, concealed, or illegal found amidst the aforementioned contents disclosed to the public, the Company gets involved in and shall assume the legal responsibilities in accordance with Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. The present Declaration was officially resolved by the Board of Directors on February 21, 2025, where, none among the nine present directors objected. All present directors confirmed consent to the contents of this Declaration as solemnly declared herewith.

Ennostar Inc.

Chairman: Shuang-Lang Peng

General Manager: Shuang-Lang Peng