【Translation】

Ennostar

TWSE: 3714

Ennostar Inc.

2023 Annual Report

Printed on March 15, 2024

Website to inquire annual reports

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

1. **Spokesperson & Deputy Spokesperson**

Spokesperson	:	Po-Yi Chang, Vice President, Finance Center
Deputy Spokesperson	:	Jia-Wei Tzeng, Senior Manger, Finance Management & Investor Service Div.
Tel	:	+886 3 567-9000
Email	:	ir@Ennostar.com

2. **Headquarters, Branches, and Plant**

Ennostar Inc.

Address	:	9F. -1, No. 67, Ziyou Rd., East Dist., Hsinchu City, Taiwan (R.O.C.)
TEL	:	+886 3 567-9000

Epistar Corporation

Address	:	No. 21, Li-hsin Rd., Hsinchu Science Park
TEL	:	+886 3 567-8000

Lextar Electronics Corporation.

Address	6F. No. 21, Li-hsin Rd., Hsinchu Science Park
TEL	+886 3 565-8800

Unikorn Semiconductor Corporation

Address	1F, No. 5, Li-hsin 5th Rd., Hsinchu Science Park
TEL	+886 3 563-5666

3. **Common Share Transfer Agent and Registrar**

Name	:	Shareholders Service Department, Horizon Securities
Address	:	3F., No.236, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City
Website	:	http://srd.honsec.com.tw
TEL	:	+886 2 2326-8818

4. **Auditors**

Name of auditors	:	Tien-Yi Li , Chien-Hung Chou
Name of Accouting Firm	:	Pricewaterhouse Coopers, Taiwan
Address	:	27F., No.333, Sec. 1, Keelung Rd., SongshanDist., Taipei City
Website	:	http://www.pwc.tw/
TEL	:	+886 2 2729-6666

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 2023, ENNOSTAR's operations faced severe challenges due to a variety of factors. The global consumer market demand was affected by inflation, rising interest rates, industrial inventory adjustments, and plummeting customer demand. Additionally, war, geopolitics, and extreme climates also played a role. As a result, the Group's consolidated revenue in 2023 was about NTD 22.31 billion, a decrease of 22.8% from that in 2022; the net operating loss was NTD 4.00 billion. In addition, the Group made a provision of impairment loss for goodwill and idle assets, and recognized profit or loss on reinvestment. The net loss attributable to the parent company's owners in 2023 was NTD 6.78 billion, and the basic loss per share was NTD 9.02. Under the unsatisfactory macroeconomic environment and many challenges in overall operations, the Company actively and effectively manages cash flow and capital expenditures to maintain a healthy financial structure. At the same time, through optimization and integration of the Group organization and reorganization of various reinvestment businesses to improve operating efficiency, this will enable the Group to battle with ease and face different challenges in the future.

One Ennostar strengthens resilience and accelerates the development of high value-added markets

In the future, the Group will accelerate the pace of integration and transformation of the Group, enhance the strength of all-dimensional organizational transformation and strategic deployment, and exert the greatest synergy of the Group. In terms of organizational transformation, we have prioritized the integration of human resource units and financial units of all subsidiaries into Ennostar. The Company has also been successively promoting factory integration by reviewing the production performance of each factory. First, we will merge and optimize our three manufacturing bases in northern, central, and southern Taiwan, followed by the optimization of factories in Mainland China, and organizing various reinvestment businesses to achieve asset activation and utilization. We hope to "integrate" the "One Ennostar" spirit into the Group's culture and create new values for the Group.

In terms of strategic layout, the Group will have two parallel strategies. The first is to create added value and give full play to the group's advantages. The Group continues to develop products and technologies for automotive, advanced display, and smart sensors based on our expertise in III-V compound semiconductor, such as, gallium arsenide (GaAs), gallium nitride (GaN), indium gallium arsenide (InGaAs) and so on, for optoelectronic products and pursue long-term profits through differentiation. Secondly, in order for the Group's products and technologies to be competitive and meet the needs of different markets, the Group will actively deepen the upstream and downstream integration of the Group, expand the depth of technology, products and services, and provide customers with one-stop solutions from epitaxy, chip, packaging to modules. Effectively exploring new areas and expanding revenue and increasing profits.

1. Automotive use

   The Group has been deeply involved in the automotive field for many years, and has combined the upstream and downstream supply chains to develop automotive lighting, automotive displays, and automotive sensors to present a complete automotive modular solution. Many of its products have been successfully adopted by major international OEMs and Tier 1 automotive suppliers for automotive lighting, ambient lighting, and ADB smart headlights. In recent years, the proportion of automotive revenue has continued to increase. With the development of EV new energy vehicles, the smart cockpit has become the focus of market attention. The immersive driving experience has attracted the attention of related technologies, especially Micro LED with high penetration rate, high brightness, and flexible application in a small size space. The automotive display industry has greater potential, and the Group is actively cooperating with several customers in the introduction. In addition, vehicle safety has always been a prerequisite for the development of the Group's forward-looking automotive technologies. As the intelligentization of vehicles is increasingly day by day, the sensing applications required for vehicles are also increasing, such as: Driving Monitoring System (DMS), Advanced Driving Assistance System (ADAS), gesture recognition, ranging and lidar, among other applications, to improve the humanized riding experience and safe road environment.

2. Advanced display

   The Group continues to invest in the research and development of advanced display technologies such as Mini LED and Micro LED, and is committed to helping customers improve the visual effect of their products. Currently, we are working closely with customers on a number of advanced display-related projects. Mini LED has now become one of the mainstream high-end display technologies, and new products of various international terminal brands continue to emerge. The Group has been deploying in the development of Micro LED for many years, and has not only mastered advanced key technologies, but has also completed the construction of a trial production line. We constantly promote the development of Micro LED with strategic partners, consolidate industry advantages, and prepare for mass production in the future.

3. Smart sensing
   The Group has the full band solutions and industry-leading technical specifications that can be applied to a variety of scenarios, including biological health sensing, medical applications, 1D/3D ranging for industrial and automotive applications. It has been adopted by many international leading brands. The Group is a leading manufacturer of shortwave infrared SWIR products and technology. SWIR has higher penetration for substances than NIR and is less susceptible to the influence of external light sources. With algorithms, it can achieve more sensing possibilities, such as industrial material analysis. sorting and freshness testing of fruits and vegetables. In addition, based on market trends and needs, the Group will also strengthen the deployment of sensing optical modules, improve the technical and service capabilities of solutions, and provide customers with one-stop procurement services, giving end products diversified possibilities.

4. New areas
   In addition to the three major areas, the deployment of new areas is also an important development direction. The Group will start with its own business and combine the profound technical foundation accumulated over the years, the mastery of the optoelectronic product materials of the III-V compound semiconductor, and the advantages of the existing equipment, to actively develop high potential and high value-added fields, such as: The development of AI optical communication, solar cells for low-orbit satellites, and other new applications which are continuing to enhance the tolerance of enterprises in the face of market fluctuations, and make great strides toward high value-added applications.

ESG creates excellence and enriches the Group's sustainability formula

The world is accelerating its net zero transformation. Since the Group's establishment in 2021, it has clearly expressed its firm commitment to sustainability and excellence. The Group's ESG goals, strategies, and implementations are directly supervised by the Ennostar's Board of Directors, demonstrating the importance and determination of the Group towards ESG. In 2023, Ennostar and its subsidiaries participated in the Taiwan Corporate Sustainability Awards (TCSA). The Group has won five key awards in the three years since its inception. The award is an affirmation and a reminder that the Group's partners are still working on this arduous and long road of sustainability. It reminds everyone that the road to sustainability is endless and that we must work harder.

In response to the international trends in climate governance and the challenges posed by climate change, the Group has formulated a green power policy, aiming to achieve the goal of

RE100 in non-production areas by 2030, and RE100 by the whole group by 2050; having signed on to the commitments of the "Task Force on Climate-related Financial Disclosures" (TCFD) and the "Science Based Targets initiative" (SBTi), we are eager to adopt climate actions showing our determination to move towards net zero.

In addition, in order to become an accelerator for customers' net zero carbon emissions and drive the sustainable growth of related suppliers, the Group also exerted its industry appeal and held annual supplier sustainability meetings for its subsidiaries to guide suppliers to build greenhouse gases inventory capability with its own sustainability experience. We have announced the absolute 20% carbon reduction and sustainability goal by 2030 striving to build a low-carbon supply chain.

The synergy of the Group's cooperation to become a full-scale optoelectronic integrated solution provider

The global situation is changing rapidly. Only by properly adjusting its internal constitution can the entire organization maintain the agility to respond flexibly. Looking forward to 2024, we will accelerate the pace of group integration and transformation, continue to revitalize our assets, promote R&D technology and investment strategies with the greatest strength, accelerate the development of "three plus one" high value-added areas, and continue to expand into new areas and markets. The Group will bring its strong R&D capabilities and the synergy of its collaboration to become a provider of comprehensive optoelectronic integrated solutions. We will continue to work with all employees to create positive benefits for all stakeholders and jointly embrace the next peak growth for the Group.

Chairman Shuang-Lang Peng

2. Company Introduction

2.1 Date of Incorporation: January 6, 2021

ENNOSTAR Inc. was established in January 2021 by the two major LED groups in Taiwan, Epistar and Lextar, through a share swap. Ennostar Group develop products and technologies for automotive, advanced display, and smart sensors based on our expertise in III-V compound semiconductor, such as gallium arsenide (GaAs), gallium nitride (GaN), indium gallium arsenide (InGaAs) and so on, for optoelectronic products. The Group's products cover epitaxy, grains, packaging and modules, which may provide the customer customized services and solutions for supply chain integration.

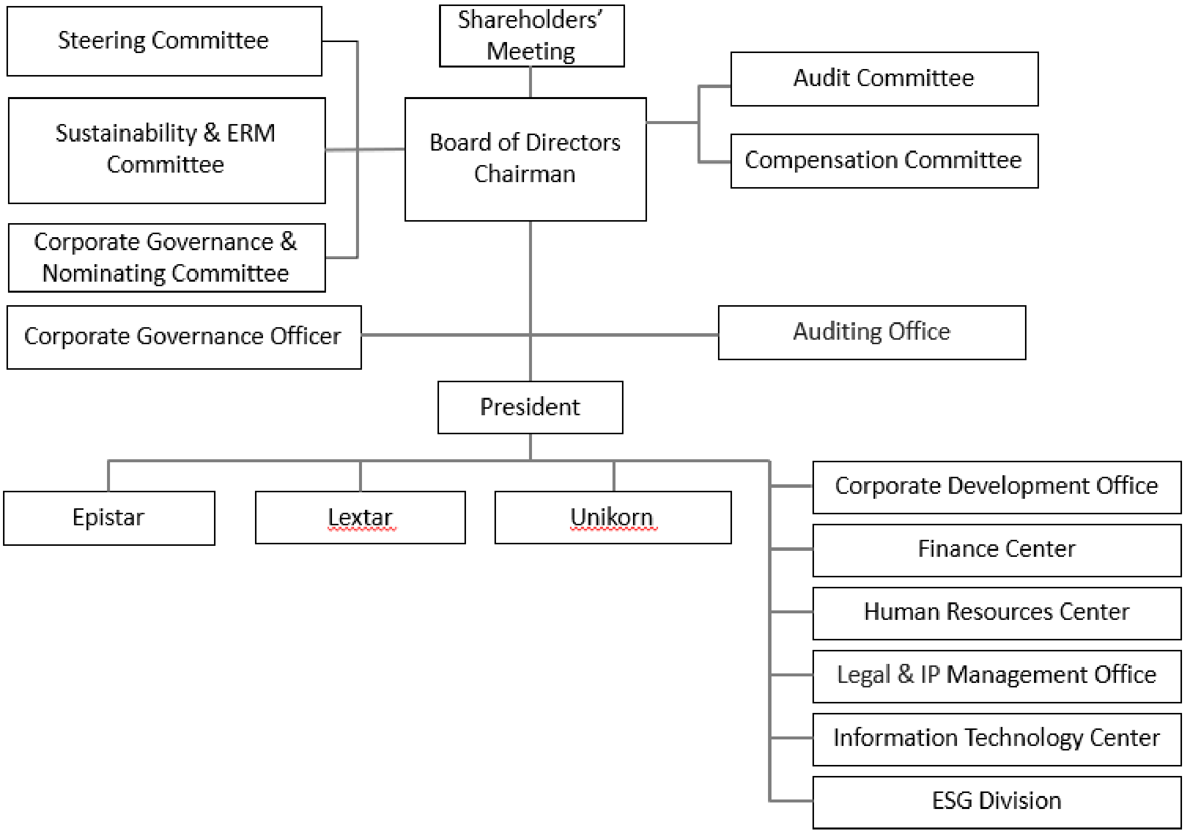
2.2 Company History

August 2020	On August 7, 2020, the special shareholders' meeting of EPISTAR Corporation and Lextar Electronics Corp resolved to jointly establish Ennostar Inc. through share conversion, and apply for stock listing and trading pursuant to the related regulations.
January 2021	Approved by the Taiwan Stock Exchange on September 8, 2020 and September 24, 2020, the shares of EPISTAR and Lextar Electronics were delisted and terminated trading on January 6, 2021. And Ennostar Inc. became public listed on the same day for trading; the listed industry category and stock code are "Optoelectronics" and "3714," respectively.
September 2022	The capital increase in cash via a private placement was completed and 70,000 thousand common shares issued; the strategic investors are AUO Corporation and Innolux Corporation.
January 2023	Ennostar passed the information security management system ISO 27001 certification.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Operation of Major Department

Name of Department	Major Function
Steering Committee	Analyze the industry evolutions and improve the Group's operations, and formulate the short, medium and long-term strategic planning and implementation; formulate inter-group strategic collaboration and resource integration plans; supervise the long-term cultivation programs for the successors of the Group management and its implementation; evaluate and propose for the Group's organizational adjustments.
Sustainability & ERM Committee	Formulate ESG missions, visions, policies, and goals Identify ESG risk and opportunities, to determine the relevant investment strategies. Oversee ESG strategic planning and implementation. Supervise ESG performance and information disclosure. Respond to stakeholders' assessment of environmental, social, and corporate governance risks and countermeasures to achieve the goal of sustainable operation.

Name of Department	Major Function
Corporate Governance & Nominating Committee	Formulate the criteria for the nomination of board members and candidates, set up and regularly review the directors' continuing education plan, conduct performance evaluations on the Board of Directors and functional committee members, and review the succession plan for senior managers, in order to strengthen corporate governance and enhance the performance of the Board of Directors.
Chairman's Office	In supervision of various business targets, development roadmap, and the relevant matters of holding directors' meetings.
President's Office	Responsible for setting up company business strategies to achieve the annual business goals expected by the Board of Directors.
Audit Office	Responsible for the inspection of and response to the deficiencies in the internal control system, and provide suggestions for corrections and produce follow-up reports on a regular basis.
Corporate Development Office	Responsible for the strategic positioning of the Group; through industry analysis, seek the development of new areas and the formulation and implementation of the overall investment layout plan, in order to help the Group continue exert its strengths to generated results in the existing fields and applications. Develop on the basis of group III and V compound semiconductor materials, proactively engage in the advancement of automotive, sensor and advanced display, and create applications and opportunities in new fields, secure the leadership in the industry, exert long-term competitive strengths, and create long-term value for the Group.
Finance Center	Responsible for coordinating and supervising the financial accounting, business management, investor relations, corporate governance, and stock services of each group company, and assisting each company in the establishment of risk management mechanisms.
Human Resources Center	Responsible for the Company's human resources, general affairs and administration related affairs, also responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.
Legal & IP Management Office	Responsible for the legal affairs and intellectual property related affairs of the Company, and responsible for the management and control, policy instruction and supervision to the implementation at the same function in each subsidiary.

Name of Department	Major Function
Information Technology Center	Responsible for formulating the information management strategy of the holding group and planning the information management system, continuously optimizing and integrating the holding information platforms, and formulating and promoting information security policies. Responsible for providing policy guidance to, and supervising the implementation of, various IT units of subordinate companies.
ESG Division	Formulate ESG directions and goals, promote ESG plans, assist in the implementation of ESG plans, track KPI performance, collect and analyze domestic and foreign trend, and regularly disclose the Group's ESG performance information.

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

3.2.1 Information about directors

Base date of shareholding February 29, 2024; 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/ 60-70	2023.05.31	3 years	2010.06.18	150,000	0.02%	250,000	0.03%	0	0.11%	0	0.00%	Chairman and CEO, AUO Corporation Director, Qisda Corporation MBA,Heriot-Watt University	Note 1	No	No	No
Vice Chairman	R.O.C.	AUO Corporation	Not applicable	2023.05.31	3 years	2005.05.18	93,568,898	12.43%	93,568,898	12.43%	0	0.00%	0	0.00%	No	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%	133,506	0.02%	31,576	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%	249,230	0.03%	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.	Hsien-He Sheng	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. 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:
  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.

Note:

1. Chairman, Shuan-Lang Peng concurrently servea as Chairman and Strategy Chief of AUO Group (TWSE: 2409); Director of Qisda Corporation (TWSE: 2352); 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; Director of AUO Digitech Pte. Ltd., and Chairman of AUO Digital Service (Suzhou) Ltd. ; Chairman of AUO Megainsight (Xiamen) Co., Ltd.;Chairman of AUO MegaInsight (Suzhou) Co., Ltd.;Chairman of Edgetech Data Technologies (Suzhou) Corp., Ltd.;Chairman of AUO Digitech Taiwan Inc. ; Chairman of Harvestar Investment Corp.; Chairman of Calystar Investment Corp.; Chairman of Precistar Investment Corp. ; Chairman of Praistar Investment Corp. and Chairman of Manastar Investment Corp.
2. Corporate director AUO Corporation concurrently servea 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. and director of AUO Power Corporation.
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 EPISTAR Corporation; Chairman of Lighting Investment Corp.; Director of Amengine Corporation ; Director of Shenzhen Epikylin Optoelectronics Co.,Ltd.; Director of TE OPTO CORPORATION; Director of FormoLight Technologies, Inc.; 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 Luxlite (HK) Corporation Limited; Director of HUGA Holding (Samoa) Limited and Director of Epistar (Hong Kong) Limited. The abovementioned companies are all direct or indirect reinvestees of Ennostar.
5. Director Hsiu-Mu Tang 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; Chairman of Vogito Innovation Co., Ltd.; Director of Wellyhertz Electronics Corp. ; Director of Lextar Electronics (Suzhou) Corp. Director of Lextar (Singapore) Pte. Ltd.; Director of Wellybond Optronics (H.K.) Corporation.; Director of Lextar Electronics (Chuzhou) Corp. and Chuzhou Director of Bwin Techology Corp. 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); Independent Director and member of the Remuneration Committee of UPI Semiconductor Corp (TWSE: 6719) and Independent Director and member of the Remuneration Committee of Elite Semiconductor Memory Technology Inc. (TWSE: 3006)
7. Independent Director, Hsien-He Sheng concurrently serves as Director of Anpec Electronics Corporation. (TPEx: 6138); Director of C Sun MFG. Ltd (TWSE: 2467); Director of Taiwan Surface Mounting Technology Corp. (TWSE: 6278), and Director of Chem Tec Corporation Co., Ltd.
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) and Director and member of the Remuneration Committee of Unicon Optical Co., Ltd. (Emerging: 4150).
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	5.08
	Quanta Computer Inc.	4.61
	Yuanta Taiwan Dividend Plus ETF	2.99
	ADR of AUO	2.44
	New Labor Pension Fund	1.97
	Nan Shan Life Insurance Company, Ltd.	1.62
	HSBC Bank in Custody for Morgan Stanley & Co. International Plc Account	1.35
	JPMorgan Chase Bank N.A.,Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93
	JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Asset Management	0.85

Note1: record on the shareholder roster at the book closure day, August 18, 2023.

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	17.04
	Acer Incorporated	4.55
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.38
	Konly Venture Corp.	2.55
	Darfon Electronics Corp.	2.03
	Citibank Taiwan Limited in custody for Norges Bank	1.23
	ESUN COMMERCIAL BANK, LTD.	1.02
	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	0.98
	New Labor Pension Fund	0.97
	Polunin Developing Countries Fund, LLC	0.97
Quanta Computer Incorporated (Note 3)	Chien Yu Investment Co., Ltd	14.82
	Barry Lam	10.76
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (Custodian: TaiShin Bank)	2.38
	C.C. Leung	2.14
	He Sa Trust	2.07
	New Labor Pension Fund	1.99
	Yuanta Taiwan Dividend Plus ETF	1.81

Name of corporate	Major shareholder of corporate	Shareholding percentage (%)
	Nan Shan Life Insurance Co., Ltd.	1.77
	Yi Chia Xin Investment Company Ltd.	1.60
	Cathay Life Insurance Co., Ltd.	1.56
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.	0.13
	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, 2023.
Note 3: information recorded in the shareholder roster at the book closure date, April 18, 2023.
Note 4: information recorded in the shareholder roster at the book closure date, March 31, 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
Director	Hsiu-Mu Tang	Male	51-60 years old		✓	✓	✓	✓	✓			0
Independent Director	Wei-Min Sheng	Male	61-70 years old	✓	✓	✓				✓		3
Independent Director	Hsien-He Sheng	Male	71 years old or more	✓	✓	✓	✓			✓		0
Independent Director	Wei-Cheng Wang	Male	61-70 years old	✓		✓				✓		3
Independent Director	En-Te Hsu	Male	61-70 years old	✓		✓			✓			2
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.

Information about diversity of the Board of Directors

The Board of Directors prudently evaluates and makes decisions on the business strategies and guidelines of the Group, enhances the Company's performance, and protects the rights and interests of shareholders. In order to implement the policy program for the promotion of gender equality, 2nd Board of Directors has introduced female members and members with expertise in laws. 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.

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	Hsien-He Sheng	✓	✓	✓	✓	✓	✓	✓	✓
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, and a director of Qisda Corporation. 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
Worked in the subsidiary, EPISTAR for more than two decades, and has experience in various functions inside EPISTAR, from AlGaINP and Nitride LED manufacturing management, Quality control management, Logistics management, to Sales & Marketing. Currently, he is the chairman and president of EPISTAR, in charge of managing EPISTAR and leading the development of LED, long wave-length laser epitaxy and crystal grain business.

(III) Director, Hsiu-Mu Tang

He is the current Chairman and President of Lextar Electronics Corp. He joined the Company at the beginning of the establishment of Lextar and was responsible for important tasks, such as the promotion of an intelligent supply chain, integration of upstream and downstream resources, development of forward-looking technologies, backlight product business, and construction of factories in China. Already accumulated rich leadership experience in the fields of process R&D, production and supply chain management, sales and operations.

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) Hsien-He Sheng 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 order to achieve the synergies of the Group's organizational integration, the succession plan at the management level is used to train the candidates for the three subsidiaries within the Group, namely Epistar, Lextar and Unikorn. This is done in order to exert the Company's most assets, the employees, and improve the leadership from junior management to senior management, and to complete a diversified and flexible talent pool.

Establish the Talent Development Committee at the end of 2023 to establish a formal communication platform to discuss organizational and talent development. The committee members discuss the organization's five-year strategic plan at quarterly talent development meetings, aligning organizational development and talent strategy with the Company's operating strategy and future needs, from inventory taking of the organizational dynamics , talents, and bench depth, to key organizational positions and sound planning of the talent development mechanism to train the management's sense of responsibility toward the future organizational and talent planning and to help develop the trust and commitment of managers and employees for organizational development, promote continuous activation of the human resources structure, and create robust organizational competition strength.

During the inventory taking, the Company focuses on establishing an elite talent pool, and then uses an evaluation tool to identify talent based on executives with organizational and personnel management responsibilities. The evaluation tool is used to arouse self-awareness in order to generate learning and an individual development plan with diversified development channels and adaptive development. Among them, the Top-talent Development program is set for backup candidates . It is expected that the coach (immediate supervisor) and the talent development committee will jointly research the direction of talent development, formulate the management and development goals for the high-level strategic talents in target positions, and determine the personalized learning and development journey.

Providing actual work or projects and arranging task rotation according to the learning goals not only enables the Company's talents to exert their personal strengths, but also makes high-potential talents seek comprehensive resources before taking over the positions and, therefore, helps address the pressure from external and organizational transformation and improve talent readiness. A highly effective internal talent cultivation and promotion policy may effectively build the cohesion of employees, help retain outstanding talents, and improve the organizational performance.

3.2.2 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 29, 2024; 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	Relation ship
President	R.O.C.	Shuang-Lang Peng	Male	2023.05.31	250,000	0.03%	0	0.00%	0	0.00%	Chairman and CEO, AUO Corporation Director, Qisda Corporation MBA,Heriot-Watt University	Note 1、4	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.	Po-Yi Chang	Male	2021.01.06	10,450	0.00%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Assistant VP, Accounting Center, AUO Corporation Master, CEIBS	No	No	No	No
Vice President	R.O.C.	Lin-Tien Yang	Male	2021.11.10	398	0.00%	127	0.00%	0	0.00%	Vice President, EPISTAR Corporation Assistant VP, SOUTH EPITAXY CORP. Master, Institute of Business and Management, NCTU	Note 1	No	No	No
Vice President	R.O.C.	Wei, Shi	Male	2021.01.06	0	0.00%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master in EE,University of South California	Note 1	No	No	No
Vice President	R.O.C.	Cun-Jhong Li	Male	2021.01.06	114,000	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
Subsidiary President	R.O.C.	Chin-Yung Fan	Male	2021.01.06	133,506	0.02%	31,576	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	249,230	0.03%	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 President	R.O.C.	Jin-Xiang Wen	Male	2022.05.05	0	0.00%	0	0.00%	0	0.00%	President ,HannsTouch Vice President, Nuvoton Technology Corporation M.A.,Engineering Management University of Technology Sydney	Note 1	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	Relation ship
Subsidiary Vice President	R.O.C.	Chen,Ou	Male	2021.01.06	1,542	0.00%	49	0.00%	0	0.00%	Vice President, EPISTAR Corporation PhD NCTU	Note 3	No	No	No
Subsidiary Vice President	R.O.C.	Ming-Da Jin	Male	2021.01.06	100,000	0.01%	0	0.00%	0	0.00%	Vice President, EPISTAR Corporation Master, Institute of Electrophysics	Note 1	No	No	No
Subsidiary Vice President	R.O.C.	Ming-Xun Hsieh	Male	2021.01.06	0	0.00%	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	0	0.00%	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	0	0.00%	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	50,000	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	15,000	0.00%	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.	Meng-Yi Lin	Male	2021.01.06	266,196	0.04%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Vice President, EPISTAR Corporation PhD. Physics, Purdue University	No	No	No	No
Subsidiary Vice President	R.O.C.	Chao-Nien Huang	Male	2021.01.06	143,001	0.02%	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.	Wan-Ji Hsu	Male	2021.01.06	323	0.00%	0	0.00%	0	0.00%	Vice President, Lextar Electronics Corp. Assistant VP, AUO Corporation M.A., Institute of Physics, National Central University	Note 1	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	Relation ship
Subsidiary Vice President	R.O.C.	Shan-Hua Wu	Male	2023.02.24	0	0.00%	0	0.00%	0	0.00%	Senior Director, Unikorn Semiconductor Corporation Factory director ,United Renewable Energy Co., Ltd. Bachelor, Department of Electrical Engineering ,National Central University	No	No	No	No
Subsidiary Vice President	R.O.C.	Chi-Chung Chao	Male	2024.01.19	0	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	0	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	2,000	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

Note 1: Please refer to the information of directors and supervisors of the affiliates under the section of Special items to be included in the annual report for the positions in the affiliates that the managerial officers concurrently serve.

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

Note 3: Play Nitride Inc. (TWSE:：6854) Director legal representative。

Note 4: 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.
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.

Note 5:Mr. Chi-Chung Chao.Mr. Hsiao-Heng Ho and Mr. Wen-Chieh Kuo are new managers starting from January 19, 2024.

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

1. Remuneration Paid to Directors

December 31, 2023 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	The Company	All consolidated entities	
Chairman	Shuan-Lang Peng (Note 3)	1,479	1,479	0	0	0	0	60	60	1,539	1,539	6,370	6,370	0	0	0	0	0	0	7,909 -0.12%	7,909 -0.12%	
Director	Chin-Yung Fan	1,000	1,000	0	0	0	0	60	60	1,060	1,060	0	11,968	0	199	0	0	0	0	1,060 -0.02%	13,227 -0.20%	
Director	Hsiu-Mu Tang (Note 3)	585	585	0	0	0	0	40	40	625	625	0	9,410	0	45	0	0	0	0	625 -0.01%	10,080 -0.15%	10
Director	AUO Corporation	1,000	1,000	0	0	0	0	0	0	1,000	1,000	0	0	0	0	0	0	0	0	1,000 -0.01%	1,000 -0.01%	
	Representative: Yu-Chieh Lin	0	0	0	0	0	0	40	40	40	40	0	0	0	0	0	0	0	0	40 0%	40 0%	
Independent Director	Wei-Min Sheng	1,216	1,216	0	0	0	0	60	60	1,276	1,276	0	0	0	0	0	0	0	0	1,276 -0.02%	1,276 -0.02%	
Independent Director	Hsien-He Sheng	1,175	1,175	0	0	0	0	60	60	1,235	1,23	0	0	0	0	0	0	0	0	1,235 -0.02%	1,235 -0.02%	
Independent Director	Wei-Cheng Wang	1,132	1,132	0	0	0	0	60	60	1,192	1,192	0	0	0	0	0	0	0	0	1,192 -0.02%	1,192 -0.02%	
Independent Director	En-Te Hsu	676	676	0	0	0	0	40	40	716	716	0	0	0	0	0	0	0	0	716 -0.01%	716 -0.01%	
Independent Director	Chun-Hsin Tsou	660	660	0	0	0	0	40	40	700	700	0	0	0	0	0	0	0	0	700 -0.01%	700 -0.01%	
Chairman	Biing-Jye Lee (Note 3、4)	1,037	1,037	0	0	0	0	20	20	1,057	1,057	8,520	9,115	3,537	3,537	0	0	0	0	13,114 -0.19%	13,709 -0.20%	194
Director	Feng Cheng Su (Note 3、4)	415	415	0	0	0	0	20	20	435	435	0	6,956	0	16,508	0	0	0	0	435 -0.01%	23,899 -0.35%	
Independent Director	Ji-Yen Liang (Note 4)	456	456	0	0	0	0	20	20	476	476	0	0	0	0	0	0	0	0	476 -0.01%	476 -0.01%	
Independent Director	Sheng-Tai Weng (Note 4)	498	498	0	0	0	0	20	20	518	518	0	0	0	0	0	0	0	0	518 -0.01%	518 -0.01%	

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: Mr. Biing-Jye Lee retired as the Company's Chairman and President on May 31, 2023, and Mr. Shuang-Lang Peng took over. Mr. Feng Cheng Su retired from Lextar Electronics Corporation, and Mr. Hsiu-Mu Tang took over as the Chairman of Lextar Electronics Corporation.

Note 4: Resigned from duties after the re-electrion held on May 31, 2023.

A: Remuneration to directors in 2023 (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 2023.

D: 2023 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 2023.

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 2023 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 after tax in 2023 parent-only financial statements, NT$6,782,678 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	Hsiu-Mu Tang, Representative of AUO Corporation: Yu-Chieh Lin, En-Te Hsu, Chun-Hsin Tsou, Feng-Cheng Su, Ji-Yen Liang, Sheng-Tai Weng	Hsiu-Mu Tang, Representative of AUO Corporation: Yu-Chieh Lin, En-Te Hsu, Chun-Hsin Tsou, Feng-Cheng Su, Ji-Yen Liang, Sheng-Tai Weng	Hsiu-Mu Tang, Representative of AUO Corporation: Yu-Chieh Lin, En-Te Hsu, Chun-Hsin Tsou, Feng-Cheng Su, Ji-Yen Liang, Sheng-Tai Weng	Representative of AUO Corporation: Yu-Chieh Lin, En-Te Hsu, Chun-Hsin Tsou, Ji-Yen Liang, Sheng-Tai Weng
NT$1,000,000 ~ NT$1,999,999	Shuan-Lang Peng, Chin-Yung Fan, AUO Corporation, Wei-Min Sheng, Hsien-He Sheng, Wei-Cheng Wang, Biing-Jye Lee	Shuan-Lang Peng, Chin-Yung Fan, AUO Corporation, Wei-Min Sheng, Hsien-He Sheng, Wei-Cheng Wang, Biing-Jye Lee	Chin-Yung Fan, AUO Corporation, Wei-Min Sheng, Hsien-He Sheng, Wei-Cheng Wang,	AUO Corporation, Wei-Min Sheng, Hsien-He Sheng, Wei-Cheng Wang,
NT$2,000,000 ~ NT$3,499,999	No	No	No	No
NT$3,500,000 ~ NT$4,999,999	No	No	No	No
NT$5,000,000 ~ NT$9,999,999	No	No	Shuan-Lang Peng	Shuan-Lang Peng, Hsiu-Mu Tang
NT$10,000,000 ~ NT$14,999,999	No	No	Biing-Jye Lee	Chin-Yung Fan, Biing-Jye Lee
NT$15,000,000 ~ NT$29,999,999	No	No	No	Feng-Cheng Su
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	14	14	14	14

2. Remuneration Paid to President and Vice President

December 31, 2023 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	Cash	Share	Cash	Share	The Company	All consolidated entities	
Executive deputy general manager	Feng Cheng Su	1,754	4,951	42	16,550	894	4,885	0	0	0	0	2,690 -0.04%	26,386 -0.39%	
President	Biing-Jye Lee	3,823	3,823	3,537	3,537	4,697	5,291	0	0	0	0	12,057 -0.18%	12,651 -0.19%	194
Subsidiary President	Chin-Yung Fan	0	6,482	0	199	0	5,486	0	0	0	0	0 0%	12,167 -0.18%	
Subsidiary President	Jin-Xiang Wen	0	5,075	0	275	0	6,224	0	0	0	0	0 0%	11,574 -0.17%	
Subsidiary President	Hsiu-Mu Tang	0	4,787	0	45	0	4,624	0	0	0	0	0 0%	9,456 -0.14%	10
President	Shuang-Lang Peng	18,523	61,192	360	2,149	12,909	45,326	0	0	0	0	Total：31,792 Rate：-0.47%	Total：108,667 Rate：-1.60%	164
Vice President	Po-Yi Chang													
Vice President	Lin-Tien Yang													
Vice President	Wei, Shi													
Vice President	Cun-Jhong Li													
Subsidiary Vice President	Chen Ou													
Subsidiary Vice President	Ming-Da Jin													
Subsidiary Vice President	Ming-Xun Hsieh													
Subsidiary Vice President	Chih-Jie Lai													
Subsidiary Vice President	Li-Cheng Hung													
Subsidiary Vice President	Chung-Ming Weng													
Subsidiary Vice President	Chia-Lin Chen													
Subsidiary Vice President	Chao-Nien Huang													
Subsidiary Vice President	Meng-Yi Lin													
Subsidiary Vice President	Wan-Ji Hsu													
Subsidiary Vice President	Shan-Hua Wu													

Note 1: Mr. Biing-Jye Lee retired on May 31, 2023 as the Company's Chairman and President. Mr. Shuang-Lang Peng succeeded to the positions.

Note 2: Mr. Feng-Cheng Su retired from Lextar on May 31, 2023. He was appointed as the new manager of the Company on September 1 of the same year.

Note 3: Mr. Shan-Hua Wu was officially included in the Company's permissible managerial officers on February 24, 2023, whose remuneration calculation period began to be calculated from the month of inclusion.

A: 2023 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 2023.
D: For the amount of 2023 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 after tax in 2023 parent-only financial statements, NT$6,782,678 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	Cun-Jhong Li, Feng-Cheng Su	No
NT$3,500,000 ~ NT$4,999,999	No	Li-Cheng Hung , Chung-Ming Weng ,Chia-Lin Chen , Shan-Hua Wu
NT$5,000,000 ~ NT$9,999,999	Shuang-Lang Peng , Po-Yi Chang , Lin-Tien Yang , Wei Shi	Shuang-Lang Peng , Po-Yi Chang , Lin-Tien Yang , Wei Shi, Cun-Jhong Li, Chen Ou , Ming-Da Jin, Ming-Xun Hsieh , Chih-Jie Lai , Hsiu-Mu Tang , Chao-Nien Huang, Meng-Yi Lin, Wan-Ji Hsu
NT$10,000,000 ~ NT$14,999,999	Biing-Jye Lee	Biing-Jye Lee, Chin-Yung Fan , Jin-Xiang Wen
NT$15,000,000 ~ NT$29,999,999	No	Feng-Cheng Su
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	21

Note 1: Mr. Biing-Jye Lee retired on May 31, 2023 as the Company's Chairman and President. Mr. Shuang-Lang Peng succeeded to the positions.
Note 2: Mr. Feng-Cheng Su retired from Lextar on May 31, 2023. He was appointed as the new manager of the Company on September 1 of the same year.
Note 3: Mr. Shan-Hua Wu was officially included in the Company's permissible managerial officers on February 24, 2023, whose remuneration calculation period began to be calculated from the month of inclusion.

3. Name of Managerial Officers Received Employee Remunerations and the Distribution

December 31, 2023 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	Chih-Jie Lai	0	0	0	0
Vice President	Po-Yi Chang	Vice President of the subsidiary	Li-Cheng Hung				
Vice President	Lin-Tien Yang	Vice President of the subsidiary	Chung-Ming Weng				
Vice President	Wei, Shi	Vice President of the subsidiary	Chia-Lin Chen				
Executive deputy general manager	Feng-Cheng Su	President of the subsidiary	Hsiu-Mu Tang				
Vice President	Cun Jhong Li	Vice President of the subsidiary	Chao-Nien Huang				
President of the subsidiary	Chin-Yung Fan	Vice President of the subsidiary	Meng-Yi Lin				
President of the subsidiary	Che, Ou	Vice President of the subsidiary	Wan-Ji Hsu				
Vice President of the subsidiary	Ming-Da Jin	President of the subsidiary	Jin-Xiang Wen				
Vice President of the subsidiary	Ming-Xun Hsieh	Vice President of the subsidiary	Shan-Hua Wu				

Note 1: For the amount of 2023 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 after tax in 2023 parent-only financial statements, NT$6,782,678 thousand.

3.2.4 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, general managers, and assistant general managers, 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:

a、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 Company prescribed the relevant measures for the performance evaluation of the board and each functional committee. Every year, the self-evaluation is conducted regularly for the board of directors, individual directors, or members of various functional committees. The results of their performance evaluation are included in the consideration of individual remuneration.

b、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.

c、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.

a、 Fixed salary

It has to maintain competitiveness with the market standards. The salary adjustment multitude is based on the consideration of personal performance, operational performance of department, business strategy capability and the Company's operating conditions, for planning budgets while complying with the Company's HR regulations. The Remuneration Committee provide advice based on the salary level among peers, for the resolution of the board.

b、 Employee remuneration

Employee remuneration is determined pursuant to the Articles of Incorporation, i.e. within 0.1% to 15% of the profit for the year, and it shall be resolved 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. Of which, the remunerations of the president and vice presidents will refer to the Company's operating performance, combining the core ability to develop ESG, and internalize ESG into the Group's DNA, while properly linking the ESG management guidelines and implementation effectiveness, as a reference for promotion goals of ESG and the Sustainability Committee.

(3) Long-term incentive plan

The Long-term Incentive Plan (LTI) is a high-level reward plan that links the Company's operations, ESG performance indicators and individual performance, while strengthening the reasonable relationship with shareholder returns. Starting from 2024, LTI will be implemented in the form of a three-year contract combined with a shareholding trust to agree on the operational performance indicators of the Company and peers of each year, as well as ESG performance indicators covering the environment, society, and corporate governance and individual performance indicators, and contribute an agreed fund to subscribe for the Company's shares and put them under trust. On the expiration date, the incentive shares will be settled based on the achievement of each indicator when the relevant conditions are fulfilled.

Title	Remuneration of Directors, Supervisors, Presidents and Vice Presidents to Net Income After Tax in Parent-Only Financial Statements (%)			
	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	31.09	31.09	-0.45	-1.12
Presidents and Vice Presidents	96.42	426.56	-0.69	-2.67

Note 1: Refers to the net income after tax in 2023 parent-only financial statements, NT$6,782,678 thousand.

Note 2: The remuneration ratio in 2023 is significantly lower than that in 2022 mainly due to the lower-than-expected profit in 2023, the overall economic impact, the decrease in revenue, the increase in idle capacity and the provision of asset impairment.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors Meeting Status

Total of five (A) meetings were held by the board of directors in 2023 (meeting dates: 2/23、5/4、5/31、8/3、11/3). 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	3	0	100.0%	Newly appointed, should attend three times.
Director	AUO Corporation Representative: Yu-Chieh Lin	3	0	100.0%	Newly appointed, should attend three times.
Director	Chin-Yung Fan	5	0	100.0%	Reelected
Director	Hsiu-Mu Tang	3	0	100.0%	Newly appointed, should attend three times.
Independent Director	Wei-Min Sheng	5	0	100.0%	Reelected
Independent Director	Hsien-He Sheng	5	0	100.0%	Reelected
Independent Director	Wei-Cheng Wang	5	0	100.0%	Reelected
Independent Director	En-Te Hsu	3	0	100.0%	Newly appointed, should attend three times.
Independent Director	Chun-Hsin Tsou	3	0	100.0%	Newly appointed, should attend three times.
Chairman	Biing-Jye Lee	2	0	100.0%	Term expired, should attend two times
Vice Chairman	AUO Corporation Representative: Shuan-Lang Peng	2	0	100.0%	Term expired, should attend two times
Director	Feng-Cheng Su	2	0	100.0%	Term expired, should attend two times
Independent Director	Sheng-Tai Weng	2	0	100.0%	Term expired, should attend two times
Independent Director	Ji-Yen Liang	2	0	100.0%	Term expired, should attend two times

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 Page34.

(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
1-20 2023.05.04	Equipment-related transactions between Epistar and Unikorn.	Chairman Bing-Jie Li and Director Chin-Yung Fan	Chairman Bing-Jie Li and Director Chin-Yung Fan, who served as the corporate director's representatives of Epistar and Unikorn, respectively, recused themselves from the discussion and voting temporarily. The motion was approved by the attending directors as it was.
	Ennostar Group intended to participate in Unikorn's cash capital increase for 2023, subject to the upper limit for NT$400 million.	Chairman Bing-Jie Li and Director Chin-Yung Fan	Chairman Bing-Jie Li and Director Chin-Yung Fan, who served as the corporate director's representatives of Epistar and Unikorn, respectively, recused themselves from the discussion and voting temporarily. The motion was approved by the attending directors as it was.
2-1 2023.05.31	Appointment of the President of the Company.	Chairman Shuang-Lang Peng	Chairman Shuang-Lang Peng recused himself from the discussion and voting for the time being. The motion was approved by the attending directors as it was.
2-2 2023.08.03	The Company intends to acquire from the related party, Yenrich Technology Corporation, the whole equity held it in Leadstar Micro-Crystal Display Corporation (Jiangsu) Ltd. in Mainland China.	Director Hsiu-Mu Tang	Director Hsiu-Mu Tang, who served as the corporate director's representatives of Lextar and Yenrich, respectively, recused himself from the discussion and voting temporarily. The motion was approved by the attending directors as it was.
	Salary proposal for the new President.	Chairman Shuang-Lang Peng	Chairman Shuang-Lang Peng recused himself from the discussion and voting for the time being. The motion was approved by the attending directors as it was.

3、 Evaluation period of the board of director

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
internal	January 1, 2023~ December 31, 2023	Once a year	Board of Directors	Mutual Evaluation by Directors	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, 2023~ December 31, 2023	Once a year	Individual Board members	Self-evaluation by directors	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, 2023~ December 31, 2023	Once a year	Audit Committee	Self-evaluation by independent directors	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
	January 1, 2023~ December 31, 2023	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

type	evaluation periods	evaluation cycles	evaluation scope	method of evaluation	evaluation content
	January 1, 2023~ December 31, 2023	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
	August 3, 2023~ December 31, 2023	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 2023. The evaluation results were submitted to the Board for reporting on February 23, 2024, as a basis for review and improvement.

(1) The overall average score of the Board's self-performance evaluation is 4.95 points (out of 5 points), and the overall average score of the self-performance evaluation of individual directors is 4.97 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;

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, on August 11, 2021, the special shareholders' meeting completed the by-election of five independent directors, making independent directors more than half of all directors, and the Audit committee composed of all independent directors.

(2) The Remuneration Committee is appointed by the Board of Directors with three independent directors.

(3) The "Steering Committee" is established under the Board of Directors, composing two to four directors and officers as the members. Through the responsibility management of the Committee and related approval authorities, it demonstrates that the chairman concurrently serves as the president is independent.

(4) To demonstrate the Company's commitment to corporate sustainability and risk management, the Company has changed the "ESG Committee" to the "Corporate Sustainability and Risk Management Committee" and formulated the "Organization Rules of the Corporate Sustainability and Risk Management 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.

(6) On February 23, 2023, the candidates recommended for the 2nd Board included two females, one of them with legal expertise. The expected achievements for the specific management objectives of the diversity policy are as follows:

Management objectives	Candidates for the 2nd of Directors
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
The whole 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	Included into the future planning
Board member(s) with legal expertise	Achieved
Complete the continuing education courses for six hours each year (Note)	Achieved

3.3.2 Operation of the Audit Committee

Total of four (A) Audit Committee meetings were held in 2023 (meeting dates: 2/23、5/4、8/3、11/2). 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	4	0	100.0%	Convener
Independent Director	Hsien-He Sheng	4	0	100.0%	
Independent Director	Wei-Cheng Wang	4	0	100.0%	
Independent Director	En-Te Hsu	2	0	100.0%	Newly appointed, should attend two times.
Independent Director	Chun-Hsin Tsou	2	0	100.0%	Newly appointed, should attend two times.
Independent Director	Sheng-Tai Weng	2	0	100.0%	Term expired, should attend two times
Independent Director	Ji-Yen Liang	2	0	100.0%	Term expired, should attend two times

Other matters to be specified

1、 Matters deliberated by the Audit Committee and key tasks in 2023, 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 s 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
1-12 2023.02.23	2022 Evaluation on the Effectiveness of the Internal Control System, and the Statement of Internal Control System Distribution of the Company's 2022 remuneration to employees and directors The Company's 2022 financial statements and business 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.
1-13 2023.05.04	Equipment-related transactions between Epistar and Unikorn. Ennostar Group intended to participate in Unikorn's cash capital increase for 2023, subject to the upper limit for NT$400 million.	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.
2-1 2023.08.03	The Company's Q2 2023 financial report Loaning of the fund, NT$500 million, to Unikorn Semiconductor	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.
2-2 2023.11.02	The Company's 2024 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、 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 2023 are summarized as the follows:

Date	Attendees	Key point of communication	Result of communication
2023.02.23 Audit Committee	Independent Director：Wei-Min Sheng、Sheng-Tai Weng、Ji-Yen Liang、Hsien-He Sheng、Wei-Cheng Wang	1. 2022 Q4 Internal Audit Implementation Report 2. 2022 Statement of Internal Control System 3. Individual communication between the independent directors and the audit officer: (1) Amendments to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," and remarks (2) The internal audit officer answered the questions raised by the independent directors at the meeting.	No comments
2023.05.04 Audit Committee	Independent Director：Wei-Min Sheng、Sheng-Tai Weng、Ji-Yen Liang、Hsien-He Sheng、Wei-Cheng Wang	1. 2022 Internal Audit Implementation Report 2. 2022 Q1 Internal Audit Implementation Report	No comments
2023.08.03 Audit Committee	Independent Director：Wei-Min Sheng、Hsien-He Sheng、Wei-Cheng Wang、En-Te Hsu、Chun-Hsin Tsou	1. 2022 Internal Audit Implementation Report 2. 2022 Q2 Internal Audit Implementation Report 3. Motion for delegation of Internal Audit Office's administrative affairs 4. Individual communication between the independent directors and the audit officer: (1) The internal audit officer answered the questions raised by the independent directors at the	No comments Submitted to the Audit Committee and the Board of Directors for approval Director Wei-Min Sheng recommend communication on group integration matters.

Date	Attendees	Key point of communication	Result of communication
		meeting.	Processing status: The progress has been updated to the independent directors on a monthly basis as recommended.
2023.11.02 Audit Committee	Independent Director：Wei-Min Sheng、Hsien-He Sheng、Wei-Cheng Wang、En-Te Hsu、Chun-Hsin Tsou	1. 2023 Q3 Internal Audit Implementation Report 2. 2024 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 2023 are summarized as the follows:

Date	Attendees	Key point of communication	Result of communication
2023.02.23 Audit Committee	Independent Director：Wei-Min Sheng、Sheng-Tai Weng、Ji-Yen Liang、Hsien-He Sheng、Wei-Cheng Wang 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 Q4 in 2022. 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.
2023.05.04 Audit Committee	Independent Director：Wei-Min Sheng、Sheng-Tai Weng、Ji-Yen Liang、Hsien-He Sheng、Wei-Cheng Wang 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 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 of CPAs	
2023.08.03 Audit Committee	Independent Director：Wei-Min Sheng、Hsien-He Sheng、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 Q2 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 of CPAs	
2023.11.02 Audit Committee	Independent Director：Wei-Min Sheng、Hsien-He Sheng、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 Q3 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. Referred to Audit Quality Indicators (AQIs),independence and competence of the CPAs	

3.3.3 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" to regulate the aspects of protecting shareholders' interests, enhancing the functions of the board, respecting the stakeholders' interests, and improving information transparency. For the Company's Corporate Governance Best Practice Principles, please check at MOPS and the official website.	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 faith during the performance of their duties. Confidentiality agreements should be signed for major events. They must not divulge any material inside	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	
			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. The Board members have been communicated and notified by mail on January 19, April 14, July 14, and October 13, 2023, 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.	
(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 18-20 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?	✓		Based on the fact that international investors and the industry chain are paying more attention to issues related to the environment, society and governance, in order to enhance and implement the Company's strong emphasis on corporate and economically sustainable development, the ESG Corporate Sustainability Committee has been established under the Board of Directors in 2021 as a functional committee, which consists of two independent directors as members. In 2024, the Company demonstrated its decision to value the corporate sustainability and risk management, and changed the ESG Committee into the Corporate Sustainability and Risk Management Committee. In 2023, the Corporate Governance and Nomination Committee was established to continue the pursuit of better corporate governance.	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	
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?	✓		The board performance evaluation was completed before the end of December 2023, and reported to the board of directors in the first quarter of 2024. At the end of 2022, an external independent institution was engaged to conduct the external evaluation on the 1st Board of Directors. The evaluation on the 2nd Board of Directors is scheduled to be conducted in 2025. For relevant contents, please refer to the annual report – Implementation of the Evaluation on the Board of Directors.	No material variance
d. Does the Company regularly evaluate its external auditors' independence?	✓		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 2024; such were resolved by the Audit Committee on November 2, 2023 and the board of directors on November 3, 2023. The evaluation procedure for independence and eligibility is summarized as following: 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. 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.	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	
			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. Po-Yi Chang 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. To assist in reminding directors when they execute the business or approving a formal resolution during Board of Directors meeting, they should comply with the laws and regulations and related suggestions. Responsible for reviewing the important information releasing issues over vital resolutions of the board of directors meeting and ensure the lawfulness and correctness of the published contents in a timely manner after the board of directors meeting to protect investors' right on equivalence of transaction information. He is continuing education and training about corporate governance. For details, please refer to continuing education and trainings on corporate governance for managers and audit officers in the annual report.	No material variance
(5) Has the Company established a means of communicating with its Stakeholders	✓		The Company’s official website has “Stakeholder Interaction” in place to detail the communication channels and performance for the eight key stakeholders:	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	
(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?			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.	
(6) Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The professional shareholder service agent, Horizon Securities, was appointed to handle the affairs related to shareholders' meetings on behalf of the Company. Shareholder Service Agency department of Horizon Securities is also commissioned to tally and verify the proxies on behalf of the Company.	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.)?	✓		● The Company has set up the English version of its homepage. ● Contact information including the spokesman system 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 Inquiry the official website for inquiries: investor service section/ financial information/ investor conference report	No material variance
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 2023 financial report in February 2024, 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 2024. 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	✓		● Employee's interests and rights & employee care: Please see the section	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	
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)?			about management-labor relationship in the annual report. ● The Company has established the Investor Relations department, and disclose the contact information thereof on the Company's official website. The department is dedicated to processing shareholders' suggestions and answering investors' questions, while convening quarterly investor conferences to explain the disclosed financial and business information externally. ● Worked with customers to implement the evaluation of code of conducts under the Responsible Business Alliance (RBA), to ensure that the Company and the plants follow the highest social, environmental and ethical standards, and employees and suppliers' employees are treated well. ● The professional division of work among the subsidiaries is in place. For the issues of product health and safety, marketing communication, customer satisfaction, regulatory compliance and customer privacy, customers may communicate via questionnaires, customer service emails, customer satisfaction surveys and the Company's official website, among other communication channels. The personnel in the Group visit customers from time to time, or participate in related product exhibitions, to directly understand customers and market development direction. ● For information on directors' continuing education, please refer to the section about directors' continuing education in the annual report and the MOPS. ● The implementation of risk management policies and risk measurement standards for 2023 has been announced in the reports of the Corporate Sustainability and Risk Management Committee dated February 22, 2024 and the Board of Directors dated February 23, 2024. ● Please refer to Page 51 of the annual report for the Company's purchase of liability insurance for directors.	
(9) Explain the 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: The Company was ranked in the top 5% of the 9th "Corporate Governance Evaluation," which is a high recognition of the excellent corporate governance of the Company. In August 2023, 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" to continue the pursuit of better corporate governance.				

3.3.4 Composition, duties, and operation of the Remuneration Committee

1. Information of member (professional qualifications and experience)

Identity	Condition / Name	Professional knowledge and skills		Major experience		Independence	Number other public companies where a member of the Remuneration Committee served concurrently
		Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience		
Convener and Independent Director	Hsien-He Sheng	✓	✓	✓	✓	Please refer to Page 13	0
Independent Director	Wei-Chen Wang	✓		✓			3
Independent Director	En-Te Hsu	✓		✓			2

Note: The members of the Remuneration Committee are all independent directors. For their "professional qualifications and experience" and "independence," please refer to pages 13 of the annual report.

2. Duties

The members of the Remuneration Committee shall be appointed after being nominated by the chairman and by the resolution of the board of directors, and the number of members shall not be fewer than three. Please refer to the Company's website for the Remuneration Committee Charter.

In order to establish a remuneration system linked to performance, and faithfully perform the functions and powers entrusted by the board of directors, the Committee regularly proposes remuneration system programs or suggestions to the board of directors for discussion.

(1) Periodically review the Remuneration Committee and suggest amendments.
(2) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
    A. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers by the Remuneration Committee
    B. The salaries and remunerations of managerial officers other than the president shall be proposed by the president to the Remuneration Committee every year.
(3) Regularly evaluate the achievement of performance objectives by the Company's directors, supervisors and managerial officers, and recommend the content and amount of their individual remunerations. The said salaries and remuneration include cash compensations, share subscription warrants, dividends, retirement benefits or severance pay, various allowances and other measures with substantial incentives.

3. Implementation Status

(1) There are currently three members of the Remuneration Committee of the Company, all of them are independent directors.

(2) 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 2023, the Remuneration Committee held three meetings(A).(meeting dates: 2/23、8/3、11/3) The members' attendance is as following:

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Convener	Hsien-He Sheng	3	0		
Member	Wei-Chen Wang	2	0		
Member	En-Te Hsu	2	0		
Convener	Sheng-Tai Weng	1	0		Resigned on 2023/5/31
Member	Wei-Min Sheng	1	0		Resigned on 2023/5/31
Member	Ji-Yen Liang	1	0		Resigned on 2023/5/31

(3) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-12 2023.02.23	● Recommendations for 2023 budget of raise ● Suggestion for 2023 managerial officers' raise ● Recommendation regarding the number of shares for the managerial officers of the Company to obtain the employee stock warrants issued by Hexawave.	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.
2-1 2023.08.03	● Recommendations for 2022 distribution of employee remunerations to managerial officers (profit-sharing) ● Salary proposal for the new President. ● Salary proposal for the new managerial officers.		
2-2 2023.11.03	● Amendment to the Regulations Governing the Distribution of Fixed and Variable Remunerations to Directors ● Recommendations for 2024 incentive measures		

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
	● Recommendations for percentage of appropriating the 2024 employee and director remunerations ● Recommendations on long-term incentive plan (LTI) for managerial officers ● Recommendations for distributing 2023 variable year-end reward to managerial officers		

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.

3.3.5 Composition, duties, and operation of the Corporate Governance & Nominating Committee

1. Information of member (professional qualifications and experience)

Identity	Condition / Name	Professional knowledge and skills		Major experience	
		Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience
Convener and Chairman	Shuang-Lang Peng		✓	✓	✓
Member and Independent Director	Wei-Min Sheng	✓	✓	✓	
Member and Independent Director	Hsien-He Sheng	✓	✓	✓	✓
Member and Independent Director	Wei-Chen Wang	✓		✓	
Member and Independent Director	En-Te Hsu	✓		✓	
Member and Independent Director	Chun-Hsin Tsou	✓		✓	

2. Duties

The Corporate Governance and Nomination Committee shall be composed of at least three directors nominated by the Board of Directors, in which more than half of the independent directors shall participate. Please refer to the Company’s website for the Organization Rules of the Corporate Governance and Nomination Committee.

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 of Directors and various committees, conduct performance evaluations on the Board of Directors, 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 of Directors.

3. Implementation Status

(1) There are currently six members of the Corporate Governance & Nominating Committee of the Company, all of them are independent directors and Chairman.

(2) The term of the current committee members is from August 3, 2023 to May 30, 2026 (the expiry date is same as the expiry date of directors’ term of office), and in 2023, the Corporate Governance & Nominating Committee held one meeting (A).(meeting dates: 11/3) 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	1	0	100.0%	
Member and Independent Director	Wei-Min Sheng	1	0	100.0%	
Member and Independent Director	Hsien-He Sheng	1	0	100.0%	
Member and Independent Director	Wei-Chen Wang	1	0	100.0%	

Title	Name	Attendance in person (B)	Attendance by Proxy	Actual attendance rate (B/A)	Remarks
Member and Independent Director	En-Te Hsu	1	0	100.0%	
Member and Independent Director	Chun-Hsin Tsou	1	0	100.0%	
Convener and Chairman	Shuang-Lang Peng	1	0	100.0%	

(3) Important resolutions and implementation

Term/Meeting Date	Proposal	Members' opinions and Remuneration Committee resolutions	The company's handling of the Committee's opinions
1-1 2023.11.03	● Amendment to the regulations governing performance evaluation on the Board of Directors and various functional committees. ● Questionnaire design for self-evaluation on performance of the Board of Directors 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.

3.3.6 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?	✓		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. To demonstrate the Company's decision to value the corporate sustainability and risk management, the Company renamed the "ESG Committee" into the "Corporate Sustainability and Risk Management Committee" in February 2024. There are four levels to the ESG Corporate Sustainability 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 ESG 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 ESG	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	
			Committee (task force), composed of the Group's corporate development office's VP, Group finance VP, IT Officer, HR Head of major subsidiaries, and ESG vice chair and executive secretary of major subsidiaries, responsible for establishing the Group's ESG short medium and long term goals and supervising ESG KPI performance. The fourth level is internal ESG committee of major subsidiaries. In driving the Group's sustainable development, each level of the ESG corporate sustainability committee will hold a meeting once a month with the major subsidiaries and ESG Committee (task force), supervising the state of ESG plans promotion. The ESG committee will hold a meeting once every quarter to compile ESG outcomes reporting to the Board once every half a year. 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. For more details, please refer to of the ESG report.	
(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	✓		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	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 related policy or strategy?			information disclosure. These are upheld through stakeholders communications, compiling key topics of concern, establish management directions, department representatives participating in the promotion and realizing them, the three key groups reporting on the status to the ESG Committee (task force), the executive secretary to report to the ESG Corporate Sustainability Committee on a regular basis on the operation outcomes of its review. All of these would then be reported to the Board of Directors. 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. 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. Ennostar Group focuses on the technology research and development	

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 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 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. 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. For issues concerned by stakeholders in 2023, management strategies formulated by the Company, the risk management policy, objectives and implementation, please refer to the ESG Report of the Company for details.	

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	
(3) Environmental topic				
a. Has the Company set an environmental management system designed to industry characteristics?	✓		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 2023, the three major subsidiaries of Ennostar Group, Epistar, Lextar, and Unikorn, 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.	No material variance

<table>
<tr><th rowspan="2">Promoting item</th><th colspan="3">State of implementation</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The company and three major entities have obtained EHS system and quality system verification for maintaining:
<table>
<tr><th>System certification/ verification</th><th>Ennostar</th><th>EPISTAR</th><th>Lextar</th><th>Unikorn</th></tr>
<tr><td>ISO 14001 Environmental management system verification</td><td>NA</td><td>V</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><td>V</td></tr>
<tr><td>ISO 45001 Occupational Health and Safety (OH&S)</td><td>NA</td><td>V</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><td>V</td></tr>
</table></td><td></td></tr>
<tr><td>b. Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</td><td>✓</td><td></td><td>To support the net-zero emissions path planning of the government and exert corporate influence, Ennostar Group will successively purchase green power contracts or related green power certificates, formulate the Group's green power policy, and plan to achieve the RE100 objective in non-production bases by 2030, and the objective of achieving green power RE100 for the whole Group by 2050.
From 2023 to 2027, the focuses are on solar energy/onshore wind</td><td>No material variance</td></tr>
</table>

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	
			power, and from 2027 to 2050, solar energy/onshore wind power/offshore wind power or other renewable energies will be adopted. Through complete and planned green power procurement planning, Ennostar Group will be led to the goal of green power RE100. The implementation of each year is updated in the ESG report released annually to enhance information transparency.	
c. Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		To continuously implement a friendly environment, the Group continues to conduct the energy-saving and carbon-reduction-related management to lower 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; the renewable energies are planned to be built to move towards natural resource management and sustainable management. The implementation of each year is updated in the ESG report released annually to enhance information transparency. 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	No material variance

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>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:
<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 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>
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<tr><th rowspan="2">Promoting item</th><th colspan="3">State of implementation</th><th rowspan="2">Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>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?</td><td>✓</td><td></td><td>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

● GHG Emissions in Recent Two Years
Unit: Metric ton CO_2 equivalent<table><tr><th>year</th><th>2022</th><th>2023</th></tr><tr><td>GHG Emissions</td><td>349,804.65</td><td>288,009</td></tr></table>* Including Taiwan factory and mainland China factory.
* The data in the table are preliminary results calculated by Ennostar and is being verified by a third party. For the verified data , please refer to the ESG report.

● Water Usage in Recent Two Years
Unit : Million Liters<table><tr><th>Year / category</th><th>2022</th><th>2023</th></tr><tr><td>Total Water withdrawal</td><td>3,965.82</td><td>3,561.17</td></tr><tr><td>Total recovered and reused water</td><td>2,346.08</td><td>2,091.90</td></tr></table>* Including Taiwan factory and mainland China factory.</td><td>No material variance</td></tr>
</table>

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	
			● Waste Quantity in Recent Two Years Unit :Ton <table><tr><td>Year / category</td><td>2022</td><td>2023</td></tr><tr><td>Total Waste Quantity</td><td>7370.17</td><td>6,556.27</td></tr></table>＊Including Taiwan factory and mainland China factory.	
(4) Social topic				
a.Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		Respecting human rights and creating a dignified working environment are the foundations of corporate sustainable operations. The Company 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.	No material variance
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	✓		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	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	
compensation?			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. 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 November 3, 2023. The implementation of education and training in 2023 is as follows: 1. Theme of the course: Annual retraining on integrity, ethical conduct and human right protection policy management.	

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	
			2. The total number of trainees was 4,879, and the total number of training hours were 4,879 hours. 3. Upon completion of the course training, trainees shall pass the course test with the full mark, 100 scores. Those who fail the test must retake the exam. 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.	
c. Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		Occupational health anagement: There is a health service center in place in each plant of the Company, to maintain th 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. 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. Hazard identification and risk assessment The safety of employees at work is important to Ennostar. Abnormal incidents are reported immediately and an emergency response	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	
			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 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. 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. Companies of three major entities fulfills the Occupational Safety and Health Management System, OSHMS certification: 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	

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	
			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, 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. 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. No fire has occurred to the Group by the date of publication of the annual report. 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	

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	
			follow-up response actions are still needed, it will be promptly notificated 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 performe their own duties to deal with various emergency response situations.	
d. Has the Company established effective career development training plans for its employees?	✓		For new employees and employees of various categories, the Group has established professional, general education, and management ability training plans, and provided various learning resources to meet the needs of employees' career development. Meanwhile, quality and sustainability awareness courses are also made available. For other details on employee training, please refer to the section about labor–management relations in Chapter Five. Business Overview of the annual report.	No material variance
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?	✓		The products produced and 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 passed by each company), effectiveness evaluations are conducted for the laws and regulations related to hazardous substances and hazardous substances free (HSF) requirements of customers, so that the products comply with relevant laws and regulations related to the prohibited and restricted environmental hazardous substances, and customers' requirements for HSF control; third-party verification units are engaged to verify products regularly	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	
			to check the compliance of products with laws and regulations and satisfaction to customer requirements. To avoid the leakage of customer information or internal secrets, those who have business dealings with the company and involve the integrity and confidentiality of information assets, should first sign a confidentiality undertaking and non-disclosure agreement of customer data, to make them understand that the information obtained during the service in the Company is all considered as the Company's property, not allowed to be used for other unauthorized purposes in order to maintain customers' privacy.	
f. Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		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 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. 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	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	
			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. 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. 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 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. 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	

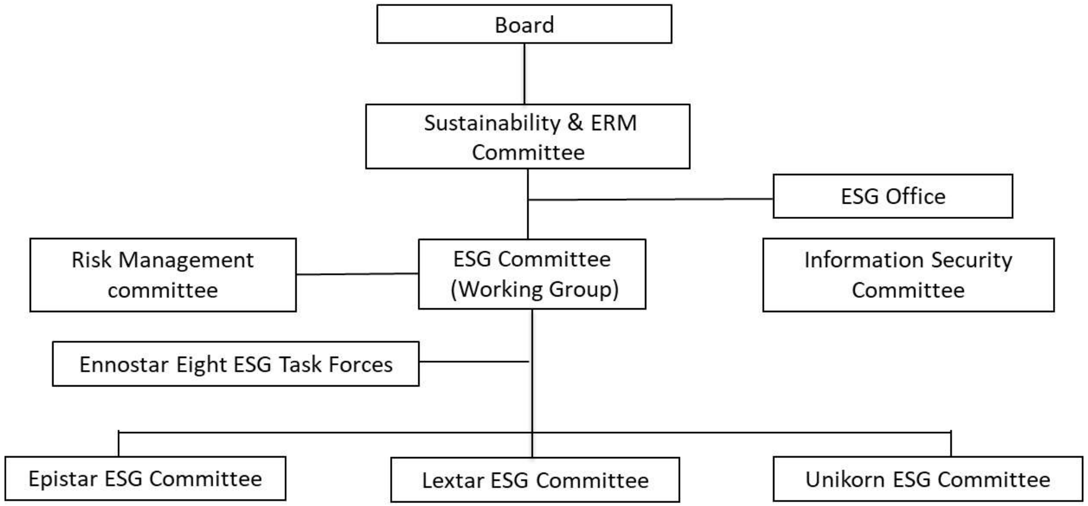
Promoting item	State of implementation			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary description	
			will be the basis of ENNOSTAR's supplier risk management. Suppliers are divided into four rating levels 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. ● EHS assessment of suppliers ● Assessment management of suppliers/contractors ● Health and safety, and construction management of contractors In 2023, a total of 208 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.	
(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 or opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?	✓		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 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 (expected for release in end of August 2024).	No material variance
(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: 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 end of August every year.				

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 2023 ESG report for details.

Sustainability & ERM Committee Organization



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	

<u>Work function</u>

Unit	Powers and responsibilities	Unit	Powers and responsibilities
Board of Directors	● Confirm the Group's ESG Mission and Vision ● Make decisions for significant proposals on ESG ● Evaluate ESG performance	ESG Corporate sustainability Committee	● 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)	● 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	● 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

3.3.7 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 Company's Corporate Sustainability and Risk Management Committee consists of the Chairman, independent directors, and senior officers of key subsidiaries (Epistar, Lextar, and Unikorn). It is a functional committee under the Board of Directors and holds regular meetings to coordinate and plan the Group's ESG policy and sustainable goal roadmap, and identify ESG-related risks and opportunities to determine relevant investment strategies, while monitoring various ESG performance settings and achievements.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, medium-, and long-term).	● Raw material prices on suppliers rise due to carbon tax ■ The strategies are: 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. ■ 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. ■ Strategies: 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	● 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
	● 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.	● 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. ● 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.
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.	The plan is: 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.	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. Action plan: 1. To reduce power consumption by more than 1% each year, plan a 5-year plan for the update and replacement of major energy-consuming equipment, and

Item	Status of implementation
	review and correct the plan each year based on equipment efficiency/service life/operation risk and operational needs. 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 2025. 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 2025. 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.

3.3.8 Operation of the Sustainability & ERM Committee

1. Information of member (professional qualifications and experience)

Identity	Condition / Name	Professional knowledge and skills		Major experience	
		Law Accounting Finance	Industry Marketing Technology	Professional Skill	Industry Experience
Convener and Chairman	Shuang-Lang Peng		✓	✓	✓
Member and Independent Director	Wei-Chen Wang	✓		✓	
Member and Independent Director	Chun-Hsin Tsou	✓		✓	

2. Duties

The Corporate Sustainability and Risk Management Committee shall be composed of at least three directors nominated by the Board of Directors, and more than half of the independent directors shall participate. Please refer to the Company's website for the Organization Rules of the Corporate Sustainability and Risk Management Committee.

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

3. Implementation Status

(1) There are currently three members of the Sustainability & ERM Committee of the Company, members are independent directors and Chairman.
(2) The term of the current committee members is from August 3, 2023 to May 30, 2026 (the expiry date is same as the expiry date of directors' term of office), and in 2023, the Sustainability & ERM Committee held four meetings (A).(meeting dates: 2/23、5/4、8/3、11/2) 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%	

4. Major resolutions and implementation thereof

Term/Session Date	Motion	Committee members' opinions and resolutions of the Corporate Sustainability and Risk Management Committee.	The Company's resolution against the committee's opinions
I-4 February 23, 2023	● Amendments to the "Sustainable Development Best-Practice Principles of ENNOSTAR Inc."	All members expressed their approval in favor, and the Corporate Sustainability and Risk Management Committee approved the motion.	Approved by the Board of Directors as it was.

Term/Session Date	Motion	Committee members’ opinions and resolutions of the Corporate Sustainability and Risk Management Committee.	The Company’s resolution against the committee’s opinions
I-5 May 4, 2023	● Amendments to certain provisions of the “Risk Management Policy and Procedures.”	All members expressed their approval in favor, and the Corporate Sustainability and Risk Management Committee approved the motion.	Approved by the Board of Directors as it was.
2-2 November 2, 2023	● Proposal for declaration of the Science Based Targets initiative (SBTi) ● Carbon Reduction Solution 1 for Process exhaust gas treatment equipment, local scrubber, construction schedule and budget proposal.	All members expressed their approval in favor, and the Corporate Sustainability and Risk Management Committee approved the motion.	Approved by the Board of Directors as it was.

3.3.9 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	✓		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	
Companies?				
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 "Employee Reward and Penalty Management Procedures" 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	✓		The Human Rights Policy and Regulations Governing Integrity and Ethical Conduct have been formulated, and on February 23, 2024, the specific practices and implementation of the ethical management policy for 2023 was reported to the Board of Directors. Major tasks in 2023: Establish the Group's human rights protection task force, develop a human rights management system and conduct human	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	
and monitor its implementation?			rights risk assessment, disclose human rights management in the ESG report, formulate the Group's "Human Rights Protection Policy," design human rights protection policy promotion teaching materials, execute the 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 the execution of employment contracts, adjust the Grievance Committee as a permanent organization to provide dedicated processing services, amend the recruitment process and personnel profile to have non-discrimination treatment in place, implement promotion and training related to labor–management meetings for new employees and all employees, ensure that everyone is aware that they may participate, formulate the Company's Regulations Governing Integrity and Ethical Conduct and list various preventive measures in detail, formulate and implement the integrity and ethical conduct management education and training. The implementation of education and training in 2023 is as follows: 1. Theme of the course: Annual retraining on the human right, integrity and ethical conduct policy management. 2. The total number of trainees was 4,880, and the total number of training hours were 4,880 hours. The training was completed 100% in Taiwan.	
c. Whether the Company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and	✓		For employees: The Company has established a policy for preventing conflicts of interest in the "Code of Ethical Conduct" and "Regulations Governing Integrity 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	
implement such policies properly?			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. 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.	

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?	✓		In November 2023, the Company adopted the internal announcement platform to conduct the online course, "Annual Retraining on Integrity, Ethical Conduct and Human Right Policy Management," for all employees. 4,879 people have been trained, and the completion rate has reached 100%.	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 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.	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	
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://w ww. 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 ● 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"				

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	

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-newsletters from time to time each year.

<table>
<tr><td rowspan="2">Assessment item</td><td colspan="3">State of operation</td><td rowspan="2">Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary description</td></tr>
<tr><td colspan="5">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.</td></tr>
</table>

3.3.10 Inquiry method on the Company governance principles and related regulations disclosure

<table>
<tr><th colspan="2">Important charters</th><th>Disclosure inquiry methods</th></tr>
<tr><td>● Company Articles of Incorporation
● Rules of Procedure for Shareholder Meetings
● Procedures for Election of Directors and Supervisors
● Rules of Procedure for Board of Directors Meeting
● Organizational Rules of Audit Committee
● Organizational Rules of Remuneration Committee
● Performance evaluation of the Board of Directors and functional committees
● Rules Governing the Scope of Powers of Independent Directors</td><td>● Corporate Governance Best Practice Principles
● Code of Ethical Conduct
● Sustainable Development Best Practice Principles
● Ethical Conduct
● Procedures for Handling Material Inside Information and Management of the Prevention of Insider Trading
● Procedure for Halt and Resumption Applications
● Reporting Channel and Protection System
● Regulations Governing the Management and Protection of Group Trade Secrets
● Risk Management Policies & Procedures</td><td>Market Observation Post System website:
http://mops.twse.com.tw
Search in Basic information section/E-book/Annual report and information about shareholders’ meeting or corporate governance section/Establishment of corporate governance best-practice principles.

Company website:
https://www.ennostar.com/
Investors/Corporate Governance/Major Internal Policies</td></tr>
</table>

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

1. Continuing Education/Training of Directors in 2023 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	2023.09.01	Taiwan Corporate Governance Association	Goodwill risk management	3.0
		2023.09.01	Taiwan Corporate Governance Association	Impacts posed by climate change risks on the Company's financial disclosures	3.0
Director	Yu-Chieh Lin	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
		2023.11.10	Taiwan Corporate Governance Association	Corporate Governance in the U.S.A.: Historical Evolution and Recent Developments	3.0
		2023.12.26	Taiwan Corporate Governance Association	Circular Economic Benefits and Sustainable Finance Opportunities	3.0
Director Appointment of the President of the Company.	Hsiu-Mu Tang	2023.07.04	Taiwan Corporate Governance Association	2023 Cathay Pacific Sustainable Banking and Climate Change Summit	6.0
		2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.09.01	Taiwan Corporate Governance Association	Goodwill risk management	3.0
Director and also the President of Subsidiary	Chin-Yung Fan	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.09.01	Taiwan Corporate Governance Association	Goodwill risk management	3.0
Independent Director	Wei-Min Shen	2023.07.27	Securities and Futures Institute	Corporate Operation and Risk Response Management	3.0
		2023.08.31	Securities and Futures Institute	Internal/short-term case analysis and business judgment rules and case analysis	3.0
		2023.09.04	Securities and Futures Institute	Mastering the global economic situation and technology pulse – a key issue for enterprises	3.0

Title	Name	Date of course	Organizer	Course name	Hours of education
Independent Director	Hsien-He Sheng	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
Independent Director	Wei-Chen Wang	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.09.20	Taiwan Investor Relations Institute	How to innovate and break through profitability in the digital economy era	3.0
		2023.10.04	Corporate Operating and Sustainable Development Association	Taiwanese business operations and M&A strategies from the perspective of global political and economic situations	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
Independent Director	En-Te Hsu	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.08.08	Taiwan Corporate Governance Association	What investors are thinking – Discuss the sustainable transformation of enterprises from the prospective of ESG investment and financing	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
Independent Director	Chun-Hsin Tsou	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0

2. 2023 Continuing education and trainings on corporate governance for managers and audit officers

Title	Name	Date of course	Organizer	Course name	Hours of education
Finance and Accounting Officer	Po-Yi Chang	2023.08.21-2023.08.22	Accounting Research and Development Foundation	Continuing Education Course for Issuers, Securities Firms, and Stock Exchanges	12.0

Title	Name	Date of course	Organizer	Course name	Hours of education
Chief Corporate Governance Officer	Po-Yi Chang	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.09.01	Taiwan Corporate Governance Association	Goodwill risk management	3.0
		2023.09.01	Taiwan Corporate Governance Association	Impacts posed by climate change risks on the Company's financial disclosures	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
Vice President	Tsun-Chung Li	2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
President of the Subsidiary	Chin-Hsiang Wen	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
Chief Internal Audit Officer	Wen-Ting Tseng	2023.08.02	Taiwan Corporate Governance Association	The governance strategy of information security of TWSE/TPEx listed companies from the perspective of ESG	3.0
		2023.10.03	The Institute of Internal Auditors	Seminar on "Information Security Protection" and "Cloud-Based Security" Audit Practices	6.0
		2023.11.02	Taiwan Corporate Governance Association	How Directors and Supervisors Supervise Risk Management and Crisis Management and Strengthen Corporate Governance	3.0
		2023.11.09	The Institute of Internal Auditors	Policy Analysis on "Self-Preparation of Financial Statements" and "Sustainability Report" and Seminar on Key Practices of Internal Audit and Control (including "Action Plan for Sustainable Development of TWSE/TPEx Listed Companies (2023)")	6.0

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 / Cathay Century Insurance Co., Ltd./ Fubon Insurance Co., Ltd.	USD 30,000,000	January 6, 2023 ~ January 6, 2024
All directors and supervisors	Insurance Company Of North America / Cathay Century Insurance Co., Ltd./ Fubon Insurance Co., Ltd.	USD 30,000,000	January 6, 2024 ~ January 6, 2025

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 23, 2024.

3.3.12 Internal Control System Execution Status

(1) Statement of internal control system: See Appendix 1 (Page 190).

(2) The Company auditing its internal control system by a CPA shall disclose the CPA audit report: None.

3.3.13 Where the Company or its internal personnel have been punished in accordance with the law or the Company has punished its internal personnel for violating the provisions of the internal control system from the most recent year up to the date of publication of the annual report, the major deficiencies and improvements: None.

3.3.14 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、 2023 Annual General Meeting

(1) Pass the re-election of nine directors of 2nd Board of Directors

Status of implementation:

Name list of the elected : Director Shuang-Lang Peng; Representatives of AUO: Yu-Chieh Lin; Director Chin-Yung Fan; Director Hsiu-Mu Tang; Independent Director Wei-Min Shen; Independent Director Hsien-Ho Shen; Independent Director Wei-Chen Wang; Independent Director En-Te Hsu; Independent Director Chun- Hsin Chou

(2) Recognition of 2022 business report and financial statements

Status of implementation:

Resolved to approve that the consolidated operating revenue for 2022 is NT$28,878,250 thousand, operating loss NT$465,598 thousand, net profit after tax NT$566,383 thousand, and earnings per share NT$0.05.

(3) Recognition of the 2022 earnings distribution proposal

Status of implementation:

Resolved to approve that the net profit for the year is NT$38,023,691. After adjustments, the Company is proposed not to distribute the profit, in consideration of the current macroeconomic uncertainties and the fund demand for major capital expenditures in the future.

(4) Approve 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, Chin-Yung Fan, Hsiu-Mu Tang, Wei-Min Shen, Hsien-Ho Shen, Wei-Chen Wang, En-Te Hsu, and Chun-Hsin Chou. For details, please refer to the minutes of the 2023 Annual General Meeting.

2、 2023 Board' Meeting

Date of resolution	Important resolutions	Executive Summary
2023.02.23	1. Recommendations for 2023 budget of salary raise 2. Suggestion for 2023 managerial officers' salary raise 3. Approval for the managerial officers of the Company to obtain the employee stock warrants issued by the subsidiary. 4. Appointment of Wei Shi as the Company's Chief Information Security Officer. 5. 2022 Evaluation on the Effectiveness of the Internal Control System, and the Statement of Internal Control System 6. Assessment on overdue accounts receivable and implementation of control measures that do not need to be classified as loans to others. 7. Distribution of the Company's 2022 remuneration to employees and directors 8. The Company's 2022 financial statements and business report 9. The Company's earning distribution proposal 10. Amendments to certain provisions of the "Corporate Governance Best-Practice Principles" and "Sustainable Development Best-Practice Principles." 11. Time, venue and cause for convening of the 2023 annual general meeting. 12. Election of directors of 2nd Board of Directors and nomination of director candidates by the Board of Directors (including lifting of the non-competition restrictions imposed on directors).	All matters are implemented in accordance with the resolutions of the meeting.
2023.05.04	1. Assessment on overdue accounts receivable and implementation of control measures that do not need to be classified as loans to others. 2. The Company's Q2 2023 financial report 3. Equipment-related transactions between Epistar and Unikorn. 4. Ennostar Group intended to participate in Unikorn's cash capital increase for 2023, subject to the upper limit for NT$400 million. 5. Amendments to certain provisions of the "Risk Management Policy and Procedures." 6. Proposal to apply with financial institutions for the renewal of financing facilities.	All matters are implemented in accordance with the resolutions of the meeting.
2023.05.31	1. Election of the 2nd Chairman 2. Appointment of the 2nd Remuneration Committee members 3. Appointment of the members of the 2nd ESG Committee 4. Appointment of the President of the Company. 5. Amendments to certain provisions of the "Rules of Procedure for Steering Committee Meetings"	All matters are implemented in accordance with the resolutions of the meeting.
2023.08.03	1. Assessment on overdue accounts receivable and implementation of control measures that do not need to be classified as loans to others. 2. The Company's Q2 2023 financial report 3. Change of the Company's address	All matters are implemented in accordance with the resolutions of the

Date of resolution	Important resolutions	Executive Summary
	4. Proposal to establish the "Corporate Governance and Nomination Committee." 5. The subsidiary with one single legal person shareholder wholly owned by the Company in Taiwan proposed not to establish the board of directors but appoint one director to exercise the board of directors' functions. 6. Delegation of Internal Audit Office's administrative affairs 7. The Company intends to acquire from the related party, Yenrich Technology Corporation, the whole equity held it in Leadstar Micro-Crystal Display Corporation (Jiangsu) Ltd. in Mainland China. 8. Additional reduction of capital expenditures. 9. Agreement to change the custodian of the seals exclusively used for endorsements/guarantees. 10. Proposal to set the capital reduction record date for the cancellation of the Company's shares held by Epistar. 11. Loaning of the fund, NT$500 million, Unikorn Semiconductor 12. Recommendations for 2022 distribution of employee remunerations to managerial officers (profit-sharing) 13. Salary proposal for the new President. 14. Appointment of and salary proposal for the new managerial officers. 15. Recommendation on the signing bonus of Unikorn's President	meeting.
2023.11.03	1. The Company's 2024 audit plan 2. The Company's Q2 2023 financial report 3. Amendments to certain provisions of the "Procedures for Transactions between Affiliated Parties and Group Enterprises" and "Regulations Governing Performance Evaluation on the Board of Directors and Functional Committees." 4. Additional capital expenditure budget for 2023 by Epistar Sub-Group. 5. Assessment on the independence and competence of external auditors 6. Proposal to apply with financial institutions for the renewal of financing facilities. 7. Amendment to Regulations Governing the Distribution of Fixed and Variable Remunerations to Directors 8. Recommendations for 2024 incentive measures 9. Recommendations for percentage of appropriating the 2024 employee and director remunerations 10. Recommendations on long-term incentive plan (LTI) for managerial officers 11. Recommendations for distributing 2023 variable year-end reward to managerial officers	All matters are implemented in accordance with the resolutions of the meeting.

3.3.15 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.

3.3.16 From the most recent year up to the date of publication of the annual report, summary of resignation and dismissal of the Company's chairperson, president, accounting officer, finance officer, internal audit officer, corporate governance managerial officers and R&D officer: None.

3.3.17 Acquisition of certificates and related documents by the Company and personnel with transparent financial information, as requested by the competent authority

License	number of people	
	Audit	Finance
Certified Internal Auditor (CIA)	1	
Certified Public Accountant (CPA)		1

3.4 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	2023.01.01~ 2023.12.31	9,700	4,729	14,679

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.

3.5 Replacement of CPAs: None.

3.6 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.

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

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

Unit: Shares

Title	Name	2023		For the year 2024 up till 2/29	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Chairman and President	Shuang-Lang Peng	100,000	0	0	0
Director and 10% shareholding hareholder	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	0	0
Director and President of subsidiary	Hsiu-Mu Tang	0	0	0	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	25,929	0	0	0
Vice President	Po Yi Chang	0	0	0	0
Vice President	Lin-Tien Yang	0	0	0	0
Vice President	Wei-Shih	0	0	0	0
Vice President	Cun-Jhong Li	0	0	0	0
President of subsidiary	Jin-Xiang Wen	0	0	0	0
Vice President of subsidiary	Chen,Ou	0	0	0	0
Vice President of subsidiary	Ming-Da Jin	0	0	0	0
Vice President of subsidiary	Ming-Xun Hsieh	0	0	0	0
Vice President of subsidiary	Chih-Jie Lai	0	0	0	0
Vice President of subsidiary	Li-Cheng Hung	0	0	0	0
Vice President of subsidiary	Chung-Ming Weng	5,000	0	0	0

Unit: Shares

Title	Name	2023		For the year 2024 up till 2/29	
		Increase (decrease) in shareholdings	Increase (decrease) in pledged shares	Increase (decrease) in shareholdings	Increase (decrease) in pledged shares
Vice President of subsidiary	Chia-Lin Chen	0	0	0	0
Vice President of subsidiary	Meng-Yi Lin	13,000	0	0	0
Vice President of subsidiary	Chao-Nien Huang	0	0	0	0
Vice President of subsidiary	Wan-Ji Hsu	0	0	0	0
Vice President of subsidiary	Shan-Hua Wu(Note 2)	0	0	0	0
Vice President of subsidiary	Chi-Chung Chao(Note 3)	0	0	0	0
Vice President of subsidiary	Hsiao-Heng Ho(Note 3)	0	0	0	0
Vice President of subsidiary	Wen-Chieh Kuo(Note 3)	0	0	0	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 2023/09/01

Note3 : Increase (decrease) in shareholding, calculated from the taking office of new manager on 2024/01/19

3.7.2 Information of shares transferred: None.

3.7.3 Information of shares pledged: None.

3.8 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	12.40%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	150,000	0.00%	0	0.00%	0	0.00%	Note 2	None
2	Ronly Venture Corp.	20,686,050	2.74%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	150,000	0.00%	0	0.00%	0	0.00%	Note 2	None
3	Konly Venture Corp.	16,413,457	2.17%	NA	NA	NA	NA	Note 2	None
	Representative: Shuang-Lang Peng	150,000	0.00%	0	0.00%	0	0.00%	Note 2	None
4	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	9,214,740	1.22%	NA	NA	NA	NA	None	None
5	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	9,159,726	1.21%	NA	NA	NA	NA	None	None
6	Taiwan Life Insurance Co., Ltd.	7,618,000	1.01%	NA	NA	NA	NA	None	None
	Representative: Tai-Ke Cheng	0	0.00%	0	0.00%	0	0.00%	None	None
7	Tai Power Enterprise Corporation	7,038,743	0.93%	NA	NA	NA	NA	None	None
	Representative: Hung-Chi Lo		0.00%	0	0.00%	0	0.00%	None	None

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
8	Polunin Developing Countries Fund, LLC	6,702,000	0.89%	NA	NA	NA	NA		
9	Wan-Ting Tseng	5,451,000	0.72%	NA	NA	NA	NA		
10	United Microelectronics Corporation	5,357,495	0.71%	NA	NA	NA	NA	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 April 2, 2023.

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.

3.9 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, 2023

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	1,116,479,188	100	0	0.00	1,116,479,188	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.	44,000,000	100	0	0.00	44,000,000	100
Precistar Investment Corp.	48,000,000	100	0	0.00	48,000,000	100
Praistar Investment Corp.	27,000,000	100	0	0.00	27,000,000	100
Manastar Investment Corp.	100,000	100	0	0.00	100,000	100
Amengine Corporation	6,922,000	75.96	0	0.00	6,922,000	75.96
Unikorn Semiconductor Corporation	65,700,000	19.53	129,215,020	38.40	194,915,020	57.93
*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	8.11	15,513,000	13.96	24,541,000	22.07
*LEADSTAR Micro-Crystal Display Corporation（JiangSu）Ltd.	RMB 100,900,000	25.22	RMB 72,433,300	18.11	RMB 173,333,300	43.33

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

4. Capital Overview

4.1 Capital and shares

4.1.1 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

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

Unit: Shares

Types of shares	Authorized capital (Are shares of listed companies)		
	Outstanding shares (Note)	Unissued shares	Total
Common shares	752,940,460	747,059,540	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 700,000 shares on 2022/7/8.

Shelf Registration in Taiwan: Not applicable.

4.1.2 Composition of Shareholders

Amount \ Composition of shareholders	Government agencies	Financial institutions	Other juridical persons	Foreign institutions and natural persons	Domestic natural persons	Total
Number of shareholders	1	17	379	362	129,381	130,140
Shareholding	1,979,000	11,595,529	181,785,991	112,399,369	447,024,071	754,783,960
Shareholding percentage (%)	0.26	1.54	24.09	14.9	59.21	100.00

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 April 2, 2023.

4.1.3 Diversification of Shareholdings

(1) Common shares

Face value per share, NTD 10

Shareholding Range	Number of shareholders	Shareholding	Shareholding percentage (%)
1～ 999	56,844	12,170,818	1.61
1,000～ 5,000	58,524	118,001,233	15.63
5,001～ 10,000	7,664	58,989,837	7.82
10,001～ 15,000	2,358	30,216,275	4
15,001～ 20,000	1,433	26,215,700	3.47
20,001～ 30,000	1,227	31,183,055	4.13
30,001～ 40,000	545	19,370,477	2.57
40,001～ 50,000	333	15,440,951	2.05
50,001～ 100,000	666	47,797,804	6.33
100,001～ 200,000	308	42,848,508	5.68
200,001～ 400,000	119	33,877,202	4.49
400,001～ 600,000	28	13,545,712	1.79
600,001～ 800,000	22	14,747,550	1.95
800,001～ 1,000,000	13	11,978,021	1.59
Over 1,000,001	56	278,400,817	36.89
Total	130,140	754,783,960	100.00 %

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 April 2, 2023.

(2) Preferred Share: None.

4.1.4 List of major shareholders

Unit: Shares

Name of major shareholders \ Shares	Number of shares held (shares)	Shareholding percentage (%)
AUO CORPORATION.	93,568,898	12.40%
Ronly Venture Corp.	20,686,050	2.74%
Konly Venture Corp.	16,413,457	2.17%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	9,214,740	1.22%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	9,159,726	1.21%
Taiwan Life Insurance Co., Ltd.	7,618,000	1.01%
Tai Power Enterprise Corporation	7,038,743	0.93%
Polunin Developing Countries Fund, LLC	6,702,000	0.89%
Wan-Ting Tseng	5,451,000	0.72%
United Microelectronics Corporation	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 April 2, 2023.

4.1.5 Information on market price, net worth, earnings, and dividends per share for the most recent two years

Unit: NTD

Item \ Year			2023	2024 (As of 2/29)
Market price per share	Highest		57.20	52.10
	Lowest		41.20	44.50
	Average		47.85	49.49
Net worth per share	Before distribution		63.03	Note 4
	After distribution		62.12	Note 4
Earnings per share	The weighted average number of shares (shares in thousands)		751,658	Note4
	Earnings per share		(9.02)	Note4
Dividend per share	Capital surplus Cash distribution		0.90	—
	Stock grants	Stock dividends from earnings	0.00	—
		Stock dividends from capital surplus	0.00	—
	Accumulated unpaid dividends		—	—
Analysis of return on investment	Price-to-Earnings (P/E) Ratio (Note 1)		(5.30)	—
	Price to dividend ratio (Note 2)		53.17	—
	Cash dividends yield (%)(Note 3)		1.88	—

[Adopt IFRS Standards (Consolidated entities)]

Note 1: Price to Earnings ratio = average closing price per share for the year/earnings per share.

Note 2: Price to dividends ratio = average closing price per share for the year/cash dividend per share.

Note 3: Cash dividends yield = dividend per share/average closing price per share for the year.

Note 4: As of the date of the annual report publication, the 2024 Quarter 1 Financial statements have not yet been completed; Thus, not applicable temporarily.

Note 5: The company's articles of association stipulate that the surplus shall be distributed annually, and if it is done in cash, the board of directors shall be authorized to resolve. On February 23, 2024, the company passed the resolution of the board of directors that cash will be distributed through capital surplus.

4.1.6 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

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
2023	2024.02.23	0 (NTD 0 per share)	677,646,414 (NTD 0.9 per share)	0 (NTD 0 per share)

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

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

4.1.8 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 incincludes 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 (2023) 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) 2023 State of the remuneration distribution approved by the Board of Directors

Unit: NTD

Item	Account estimate		Board of Directors resolution (2023.02.23)		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) 2022 State of the actual distribution of directors' and employee's remuneration:

Item	Board of Directors resolution(2023.02.23)	difference number	Reason
Directors' compensation (cash)	0	0	None
Employees' compensation (cash)	3,952,034	0	None
Total	3,952,034	0	None

4.1.9 Status of re-purchase of the Company's shares: None.

4.2 Issuance of Corporate Bonds: None.

4.3 Preferred Shares: None.

4.4 Issuance of Overseas Depositary Shares: None.

4.5 Status of Employee Stock Option Plan: None.

4.6 Status of New Restricted Employee Shares: None.

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

4.8 Financing Plans and Implementation:

Raising new capital by issuing new common shares offered through private placement in 2022

4.8.1 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.

4.8.2 Status of execution

Unit: NTD Thousand

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	1,023,000,000
		Actual	101,665,401
	Progress (%)	Projected	88.27%
		Actual	26.36%

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 such as 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.

5. Operation Overview

5.1 Business Contents

5.1.1 Business Scope

1. Main Business Contents

The Company is an investment holding company, mainly investing in optoelectronic semiconductors and other related industries, including "epi wafers and chips" and "packaging and modules." The business scope is as follows:

(1) R&D, manufacturing and sales of epiwafers and chips

Manufacture of the epi Wafers and chips for high-luminance AlGaInP LED, Indium Gallium Nitride (InGaN) LED and infrared Aluminum Gallium Arsenide (AlGaAs), including epi wafers and chips for optical communication and sensor products.

(2) R&D, manufacturing and sales of packaging and modules

Packaging components and modules for backlight, lighting, automotive, sensing, invisible light (UV, IR), vertical cavity surface emitting laser (VCSEL), RGB display and other products.

2. Operating Proportion in 2023

Unit: NT$ thousand

Item	Sales amount	% of sales
Chip/wafer	14,556,865	65.26
Packaging and Module	6,674,594	29.92
Other	1,074,221	4.82
Total	22,305,680	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:

<table>
<tr><th colspan="2">Glow color</th><th>Material</th><th>Product type</th></tr>
<tr><td rowspan="6">High brightness</td><td>Red</td><td rowspan="4">AlGaInP</td><td rowspan="8">Epi wafers and chips</td></tr>
<tr><td>Orange</td></tr>
<tr><td>Yellow</td></tr>
<tr><td>Yellow-green</td></tr>
<tr><td>Green</td><td rowspan="3">InGaN</td></tr>
<tr><td>Blue</td></tr>
<tr><td colspan="2">UV</td></tr>
<tr><td colspan="2">Infrared</td><td>AlGaAs</td></tr>
</table>

(2) Packaging and Modules

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

A. Packaged components, modules and finished 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 and chip products:
   LED Epi Wafers & Chips applied to automotive lighting, automotive backlighting, sensors, RGB displays, and advanced display technologies.

   (2) Optoelectronic semiconductor packaged components and modules:
   LED packaged components and modules applied to automotive lighting, automotive backlighting, sensors, RGB displays, and advanced display technologies

5.1.2 Industry Overview and Development

1. Industry Overview and Development
   Taiwan’s LED industry has a relatively complete industrial chain, and its process technology is able to lead the global market. In recent years, Taiwan’s LED industry has proactively developed high value-added and high-end application market technologies (such as Mini LED, Micro LED) to create a new era and seize the opportunity to pursue profit at first.
   In the LED display application market, based on the comparison between the characteristics of Micro LED and OLED (Organic Light-Emitting Diode), Micro LED has relative advantages in brightness, energy consumption, response speed, and service life. For the time being, the bottleneck of Micro LED technology has been gradually overcome. When the technology, quality, cost and market demand all reach the sweet spot in the future, the Company may have the chance to occupy the mainstream position of the next generation advanced displays.

   The overview of development of the main application markets in the LED industry is described as following, primarily in terms of six major aspects:
   (1) Automotive application market
   Primarily consist of three aspects, namely automotive lighting, automotive display and automotive sensor.
   ■ In terms of automotive lighting, it can be divided into 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 beams can reduce the unpleasant feeling of the preceding vehicle, oncoming traffic and pedestrians.

Interior lighting: In recent years, major automakers of Europe and the USA have successively implemented the application of ambient lighting in mid-to-high-end cars. They can be adjusted according to different usage scenarios and different user status, thus enhancing the feeling of space for car owners and passengers, and meeting car owners' personal and characteristics display demand. Ambient lighting is gradually developing from single color to standard 64 colors, standard 7 colors and other multi-color direction, and with the development of driving IC and controller, it provides dynamic atmosphere display function.

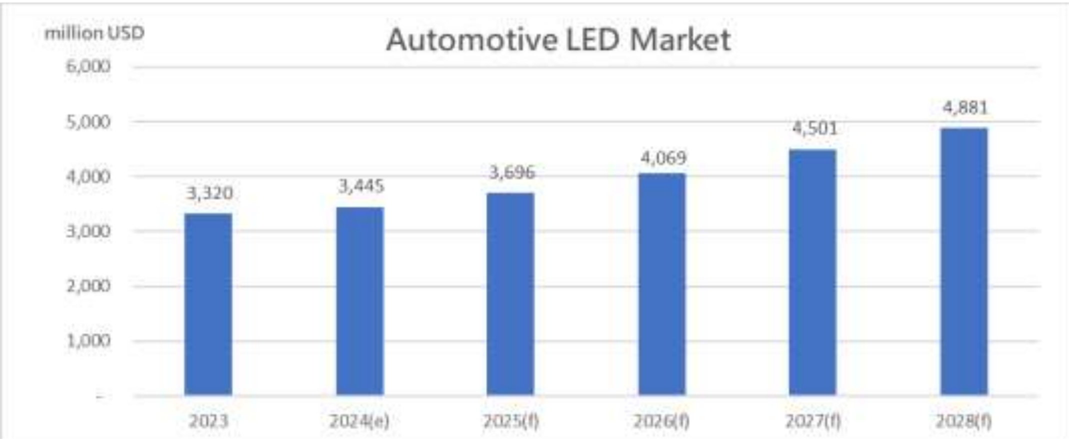
- In terms of automotive display, it will develop toward the trend of full-vehicle display, special-shaped or transparent display, and high resolution.

  Following the era of new energy vehicles, the traditional dashboard, central control screens, and in-vehicle entertainment systems have been upgraded. This includes large-screen in-vehicle display panels that combine the dashboard with central consoles, as well as emerging in-vehicle display applications such as smart cabin electronic devices, e.g., HUD, transparent A-pillars, and transparent sunroofs. The development of smart cabins and new energy vehicles will also drive the rapid growth of n-vehicle display screens. Automotive displays are also developing in line with large-scale, high-resolution, multi-display, and multi-form trends. The full-coverage LCD screen design can provide the driver with information in a more intuitive way, and may become the mainstream in the future. The European, US, and Chinese automaker have all started to implement the pass-through large-screen design for vehicles since 2022. Further, HUD products have gradually become the popular vehicle equipment as the advanced assisted driving information is becoming more and more abundant, and have been proactively implemented by major international automakers, including resin lens and glass flat projection in the past, and AR-HUD solutions, which may penetrate the market due to their coolness and safety. HUD falls within the scope of application of Micro LED. Leading manufacturers have successively launched Micro LED HUD display products with a transparency of more than 70%. With their high-resolution, flexible and special properties, they have passed the test in a high and low temperature extreme environment for automobiles and, therefore, became one of the HUD solutions step by step.

- In terms of the in-vehicle sensor, it may be divided into in-vehicle and off-vehicle sensor. For the in-vehicle sensor, EU has made it mandatory for new cars to be equipped with a Driver Monitoring

System (DMS) in July 2022. Meanwhile, it shall be equipped with Occupant Monitoring System (OMS) as of 2022. Governments of the other countries are also proactively promoting the implementation of DMS and OMS, which all drive the rapid rise of the DMS/OMS system market. As vehicles move toward a higher level of autonomous driving, it has become an irreversible trend to be equipped with advanced driver assistance systems (ADAS) that can collect relevant information about the interior and exterior of the vehicle in real time, including static and dynamic object recognition, detection and tracking. For newer LiDAR (Light Detection and Ranging) applications in ADAS, common types of laser beams include ultraviolet, visible, and infrared, and the wavelengths of 600–1,500 nm are the most common. LiDAR has been identified as a necessary sensor for autonomous driving L4-L5, which is why OEMs have begun deployment of LiDAR to accumulate databases and improve accuracy.

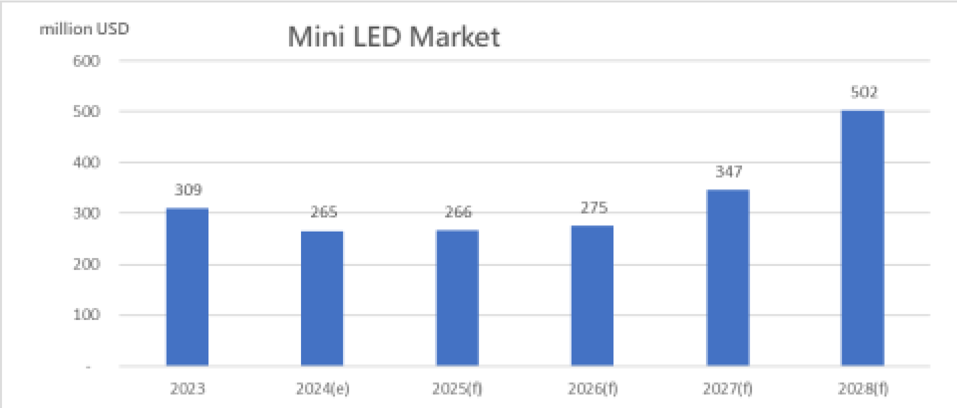
According to TrendForce's analysis, the main growth momentum of the automotive market comes from headlamps, ambient lighting, sign lamps, and automotive backlighting. TrendForce forecasts that the automotive LED market will grow from US$3.32 billion in 2023 to US$4.88 billion in 2028, with the CAGR reaching 8.0%. This will make the demand for automotive LED grow at the same time. LED products such as vehicle lights, sensor components, and display panels, covered by electric vehicles, will play the main role in driving the industry's growth.



Source: TrendForce (March 2024)

(2) Mini LED market

The Mini LED application market can be divided into two major areas: LCD backlight and direct display. Among the other things, the backlight products are mainly concentrated in the field of displays no more than 110 inches, which are applied to TVs, e-sports, high-end notebooks, and automotive LCD backlights. The Mini LED backlight solution adopts miniature (75–300 µm) LED chips as the backlight source. Compared with the edge-type backlight solution, this solution delivers the advantage residing in adjustable regional brightness, high contrast, high resolution, and HDR display effect. TrendForce forecast that the output value of the global Mini LED backlight market would increase from US$309 million in 2023 to US$502 million in 2028, with the CAGR reaching 10.2%.



Source: TrendForce (March 2024)

In the area of direct view display, the Mini LED direct view monitor is mainly applied to the display market of panel size larger than 110". Under the constraint of cost, Mini LED is mainly applied to commercial and professional display market for the time being, including traffic control centers, security control center, and indoor and outdoor commercial display. With the increase of players in market, and the declining production cost of Mini LED direct view display, the development of related applications will be accelerated. According to the forecast of TrendForce, the market value of the Mini LED display will grow from USD122 million in 2023 to USD594 million in 2028 at CAGR of 37.3%.

Source: TrendForce (March 2024)

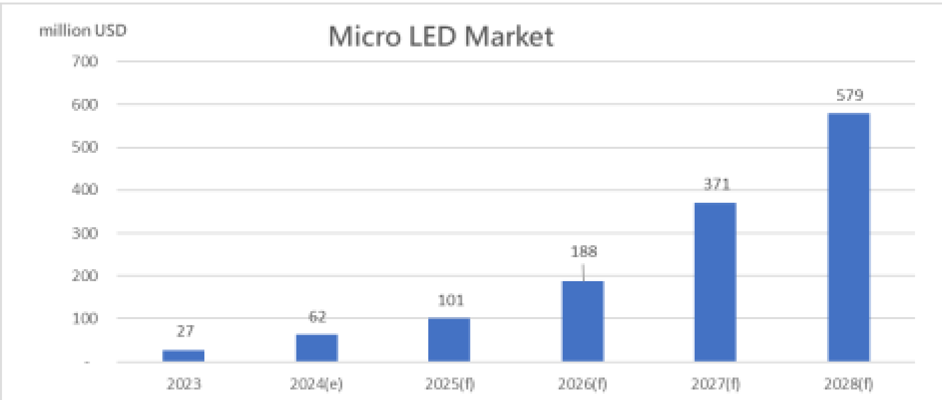
(3) Micro LED market

The technology of light source for Micro LED display is mainly consisted

of 2 technological platforms:
1. RGB Mass transfer type
2. Monolithic type

The RGB Mass transfer type is composed by the Micro LED chip of R, G, B through the massive transfer technology to form pixels. The advantage of this direct view display is high quality pixel, high contrast, and energy efficient, and is mainly applied to large video screen or TV wall. The monolithic type is based on the design of different LED epitaxial structure or transfer of substrate in the manufacturing of high-resolution micro display featuring R, G, B full color LED light source, and is mainly applied to AR (augmented reality), VR (Virtual Reality), MR (mixed reality) and related wearable display market. In the future, it could be used in automotive display, special area digital display. Yet, Micro LED is still confronted by the challenges of a few critical elements, including the cost, yield rate, wavelength uniformity of LED chips, and the driving lamination technology and the massive transfer production process.

Micro LED is applicable to different sizes of display: from the small size AR/VR, wearables, smart phone, tablet PC, Notebook PC, automotive display, to big screen display (like advertising board, and TV), and the extra small pitch LED display. This type of Micro LED display features high PPI, high gray scale, high contrast to make the screen display fine and flawless. This may replace LCD, PDP, and the DLP technologies and enjoy rapid growth in different types of application, including situation command and control centers, public monitoring and command center, radio and TV broadcast centers, and advertisement in exhibitions. The development is promising. TrendForce forecasts that the Mini LED market scale will increase from US$27 million in 2023 to US$579 million in 2028, with the CAGR reaching 84.0%.



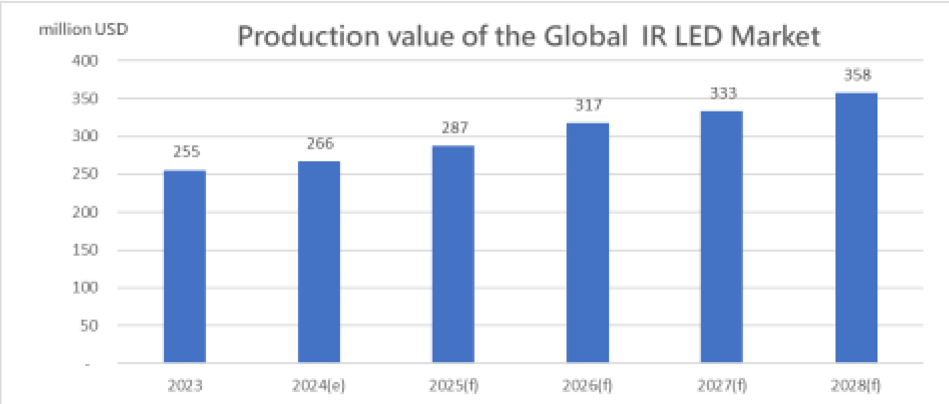
Source: TrendForce (March 2024)

(4) Invisible LED market

In the invisible LED market, it could be classified into IR and UV markets.

■ Infrared application market

IR sensor has been extensively used in the 3D sensor function of mobile phone and tablet PC, and could be extended to AR/VR, facial recognition, and the application markets of gesture control, or robotic sensor, industrial automation, and unmanned driving. In addition, the extensive infection of the COVID-19 intensified the tightening of control for the prevention of the pandemic that the demand for indoor human traffic control and remote sensor also thrived. In the wake of the increasing popularity of wearables, biological detection application extended to the development of wearables featuring heartbeat, oximetry, and blood sugar measurement. Major brands of terminal sensor products in the USA and Korea also moved from Smart Watch to TWS. TrendForce forecasts that the global Mini LED backlight market scale will increase

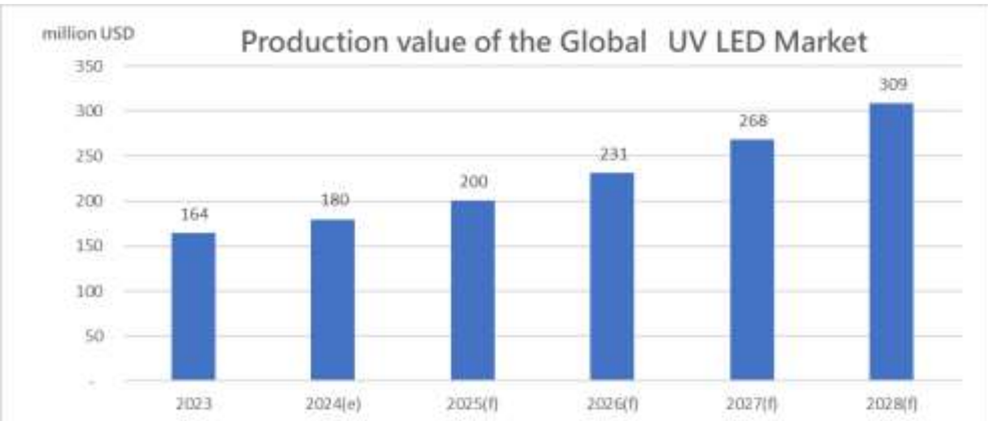


from US$255 million in 2023 to US$358 million in 2028, with the CAGR reaching 7%.

Source: TrendForce (March 2024)

■ UV application market

UV-A LEDs are primarily applied to exposure machines and LCD laminating machines in the light-curing market, 3D printing, offset printing, and printing markets, as well as the yellow light applications of fabs. TrendForce forecasts that the UV LED backlight market scale will increase from US$164 million in 2023 to US$309 million in 2028, with the CAGR reaching 13.4%.



Source: TrendForce (March 2024)

(5) 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 2023, China’s economic recovery after the lifting of the lockdown was less than what was expected. Besides this, the Russia–Ukraine War and high inflation continued and thereby the demand for TV and IT panels became weak. In 2024, driven by the organization of international events such as the Olympics and the demand for AI PCs, there is an opportunity to drive the demand to become strong in the backlight market.

(6) LED professional lighting market

LED has also been developed positively in the area of special lighting, such as: biometric lighting, plant lighting, industrial lighting, medical lighting, safety warning, smart home lighting, which are thriving. The future is promising.

Taking human-based lighting as an example, the system combination of human-based lighting and smart lighting is another niche market for LED lighting. According to research, artificial light source lighting can affect the secretion of melatonin, which in turn interferes with the operation of the human body's biological clock. Different emission spectra have different circadian action factors (CAF), which in turn affects the secretion of melatonin. Under the condition of high CAF, the light source can inhibit the secretion of melatonin, making people feel awake and invigorating, which is suitable for the working environment during daytime. Under the condition of low CAF, the light source can avoid excessive suppression of melatonin secretion, and the circadian rhythm can be adjusted by adjusting the wavelength of the light source with the same color temperature. This technology is applied to various fields in residential areas as well as learning and working environments, and can greatly improve the added value of human-induced lighting products.

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, packing and module manufacturing at mid-stream, and the application industries developed at downstream, which is shown in the diagram below.

LED industry supply chain structure

Upstream：Substrate, Epi wafer, Chip

↓

Midstream：Package, Module

↓

Downstream：Applications
(LCD BLU, Lighting, Signages, Automotive……)

Source: Compiled by Ennostar in March 2024

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 piled on the substrate for form epi wafer containing different chemical elements through chemical reaction and solidification.
Upstream (chip)	Chip	The metal electrodes at both ends of the LED are fabricated by metal evaporation on the epi wafer, and then the mask etching and heat treatment are carried out on the epi wafer. Subsequently, the substrate is ground thin and polished, and then cut and cracked into a single LED chip.
Midstream (packaging)	Packaging	The midstream is mainly the packaging business, and its manufacturing process includes crystal fixation, wire drawing, cutting or stamping, testing and packaging. According to different packaging technologies, chip packaging has the component types of lamp, digital display, dot matrix and surface mount.
Downstream (module)	Backlight module finished items of lighting Vehicle lighting RGB display Sensor module	The primary application at downstream includes backlight module, finished items of lighting, vehicle lighting, RGB display, and sensor module.

Source: Compiled by Ennostar in March 2024

3. The application and development trend of LED products:
Among the LED related products, the Company is committed to developing

the three main application markets, including “automotive application market,” “advanced display application market” and “smart sensor application market,” in addition to the “new field application market”:

(1) Automotive application market

- Automotive backlight displays

With the digitization of the car cabin, car displays including dashboard, central console display, passenger seat display, rear-seat entertainment, electronic rear-view mirror, head-up display and other applications have implemented more larger LCD displays. The specifications of automotive displays are developing in line with the trend for high resolution, high brightness, high color rendering, low energy consumption and thinness. Therefore, single-chip LCD backlights need more LEDs, especially for the implementation of direct-lit backlighting solutions and applications. The Company will continue to drive the increase in the demand for LED. In order to meet the needs for high dynamic contrast, regional dimming, wide-color gamut, and high performance, the development of direct-lit Mini LED light sources has become one of the important technologies for the next generation automotive backlight displays. Unlike consumer displays, which are facing the challenge resulting from increasing adoption of OLED displays, automotive LCDs still have obvious advantages residing in reliability and cost. The LCD group continues to develop automotive products that are ultra-thin, high dynamic contrast (HDR), and high color saturation. Meanwhile, due to the increase in consumption of automotive LED, the percentage of cost thereof increases relatively. Therefore, such products play one of the key components in this development trend.

- Automotive lighting market

In the development of automotive lighting products, high-luminance LEDs with features such as longevity, power conservation, and instant response have rapidly become popular and are now used in both the interior and exterior of cars. The use of LEDs for automotive lighting has expanded from high-end vehicles to the mid-tier mainstream market, and LEDs have become standard equipment. High-end car makers continue to work with lamp manufacturers to develop projection or fine matrix headlamps, which have both the functions of road condition illumination and communication between people and vehicles. This development is driving mid-term and long-term business opportunities for single high-power LEDs or multiple Mini LEDs. As the self-driving function gradually matures, the activities in which the driver's seat may engage will become more flexible. It is expected that the number of various curved/flat displays in the cockpit will increase accordingly. The business opportunities for Mini LED backlight, etc., are expected to expand step by step. The evolution of the multi-functional smart cockpit will also drive the business opportunities for various mood lights in the car, and the demand for high-quality lighting comparable to sunlight and RGB LED will increase.

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

A. Headlights：

Including smart headlights, low beam, high beam and fog lights, primarily functioning to provide the driver with exterior lighting. The development of smart headlights, including matrix LED headlight sets, sensor components and lighting control modules, not only provide exterior lighting, but also detect various environmental conditions outside the vehicle and actively adjust the brightness and angle of the lighting.

B. Interior lights：

Including the light sources required for various instruments and control units in the vehicle, such as indoor lighting, mood lights, dashboard lights, reading lights, door lights, and trunk lights. The smart cockpit has been evolved for multiple scenarios, including office, recreation, entertainment and other different scenarios, thereby driving the increase in the penetration rate of various mood lights in the car, and combined with the driver IC to become an Intelligent Ambient light or bring exclusive dynamic scenario effects for users.

C. Exterior indicator lights：

Exterior lighting mainly includes lighting at night or at the time of poor vision (e.g. daytime running lights and license plate lights) and signal indicators (e.g. brake light, turn signal, taillight, third brake light and reversing light), primarily functioning to provide the message of the exterior light signal to the personnel outside the vehicle.

Development status of LED components in automotive lighting applications

Source: TrendForce (2023)

■ Automotive sensor

In automotive applications, in addition to said interior and exterior lighting, automobile intelligence is all the rage. In recent years, various brand car manufacturers have also begun to integrate infrared photography/smart car lighting functions, and new modules such as radar/lidar/ultrasonic comprehensive ranging, and applied the same to the interior/exterior of the vehicle. As a result, the room for growth of optoelectronic components, such as LED/VCSEL, in the automotive application market is upgraded.

A. In-vehicle sensor:

In terms of in-vehicle sensors, in response to the requirements of automotive safety regulations by various countries' governments, some countries have successively required the installation of Driver Monitoring System (DMS) in new cars. The European Parliament and European Council require that new cars shall be equipped with DMS after July 2022. The European New Car Assessment Program (Euro NCAP) has also included DMS and Child Presence Detection (CPD) as a scoring item. Various car makers have begun to implement facial recognition, eye tracking, iris recognition and other technologies. Cameras and infrared LED/VCSELs can be used to detect eyelid closure, blinking, gaze direction, yawning and head movements to detect driver status, find any problem early, and upgrade driving safety.

B. Off-vehicle sensor:

In terms of off-vehicle sensor, with the development of ADAS technology and maturity of laws & regulations, the United Nations Economic Commission for Europe (UNECE) amended the regulations in June 2022 to increase the maximum speed of ADAS for passenger cars and light vehicles from 60 to 130 km/h and allow automatic lane changes. Various car makers have introduced long/short-range LiDAR sensors, which are integrated with millimeter wave radar/ultrasonics/camera module technologies, and also various sensor technologies to improve safety. Meanwhile, the Company continues to strengthen the image software recognition function to achieve vehicle intelligence. As the LiDAR technology matures and the price is declining, it will bring new room for growth of optoelectronic components, such as LED/VCSEL/EEL.

(2) Advanced display application market

Source: Ennostar (April 2024)

■ Medium and large-size TFT- LCD display backlight

LCD products are equipped with Mini LED of thin backlights, with thousands of direct-lit structures combined with Full Array Local Dimming (FLAD) technology. The backlight components characterize thin, high brightness, high contrast, and energy conservation. Since Monitor/TV products own COB and POB diversified solutions, their cost structure is more flexible.

Meanwhile, there are still positive demand drivers in the application market, including:

A. The average size of LCD TV has increased year by year. The average size of LCD TV has increased by about 5% year over year, e.g. 41.4 inches in 2015, 47 inches in 2019, and 50 inches in 2023. It is expected to exceed 52 inches after 2024, thus driving the demand for more LEDs.

B. For the demand for ultra-high resolution (8K and 4K UHD), upon launch of ultra-high-resolution display products, the size of LCD TVs increased continuously, and the consumption of LEDs in higher-resolution TVs also increased by 30%–50% on average compared to the same size TV.

C. Demand for Wide-Color Gamut

When the color performance increase from 70%–72% NTSC in 2009 to about 95%–99% NTSC at present, more LEDs will be required to compensate the brightness loss due to the reduction of phosphor conversion efficiency in the case of the increase in color gamut. The brightness loss will also increase the number of LEDs used in a single display.

D. High Dynamic Range functions
The implementation of Mini LED technology to LCD panels not only can achieve the HDR1000 specification, but also present higher brightness and contrast than OLED series products, allowing users to receive better picture quality experience.

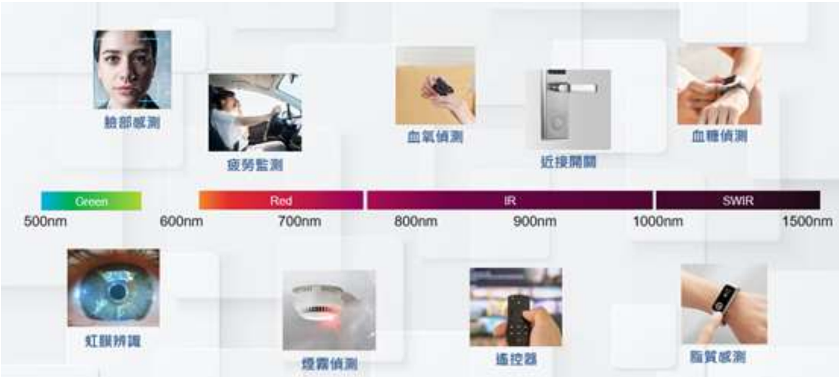
■ LED large-size display board:

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 and large-scale exhibitions, including the Olympics, World Cup and others, have extensively applied LED display boards to create various sound and light effects and attract global attention. Products with higher specifications/higher performance continue to be developed, and are provided at more accessible prices, thereby causing the color LED large-scale display board application market to grow continuously.
In terms of product specifications and technology development, the pixels of outdoor full-color displays have changed from 10 mm pixel pitch to 3–5 mm pixel pitch. The surface mount packaging technology and module protection levels are also improving at the same time. Further, the indoor LED display’s pixel pitch keeps shrinking. The mainstream pixel pitch for the general background display applications is concentrated on P2.1, such as P2.3, P2.6, and P2.8. The Virtual Production (VP), which requires more brightness and display effect, and must be used for close-up shooting, adopts P1.2-P1.6 Mini LED display. Corporation & Education, Broadcast and Retail & Exhibition have also become the potential application markets for LED large-scale display boards. High-contrast LED displays using Mini LED or Micro LED have also been introduced in top-end retail and luxury housing markets. It is expected that LED displays will enter the “ultra-fine pitch” ≤P1.0 and become the main momentum to drive the industry growth.

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

In recent years, the packaging technology of LED indicator lights has helped advance the general single-color indicator lights to high-end RGB multi-color, ultra-small, and thin ones. It is applied more extensively, such as network home appliances related products, e-sports keyboard and mouse products, the second display graphics of mobile devices, such as notebooks/mobile phones, smart speakers, and True Wireless Stereo (TWS).

As the light source for information displays, LED may be applied to diversified products, e.g. LED displays characters, dot matrix graphics, or all information displays that display numbers, images, and indicator lights at the same time. In recent years, household appliances equipped with reminder functions have been emerging, such as the temperature display on the portable mug, the image display on the coffee machine, the humidity display on the dehumidifier, the smart refrigerator panel display, the display application on the smart speaker, and the display on the vehicle. LED indicators have been extensively applied to everyone's life.



Source: TrendForce (March 2024)

(3) Smart sensor application market

There are multiple applications of LED to smart sensor. LED light sources of different wavelengths, coupled with light-receiving components, may receive and sense signals. Related application markets include "infrared sensor for wearable devices" and "infrared sensor for smart home and smart door locks." With the development of end products, in response to the trend of multi-functionality and miniaturization, the package design of sensor products has gradually developed from a single LED consisting of one transmitting IR LED with a light-sensor component to multi-transmitting and multi-receiving System in Package (SiP) packaging technology that can couple with optical sensor IC components. Generally speaking, infrared LEDs have improved the quality of human life in terms of security/recognition/biomedicine.

A. Wearable device infrared sensor

Because infrared LEDs have the characteristics of low power consumption and customized special wavelengths, they can be used to identify the user's iris, tissue and other characteristics, and exert the accurate, unique, and portable characteristics of biometrics. The applications of health care and exercise monitoring are booming. Wearable devices, including smart watches, Bluetooth earphones, AR/VR, mobile phones and other end products, have successively adopted LED sensor related technologies. In terms of smart watches, with the prevalence of digital health, LED has gradually been implemented to detect heartbeat and blood oxygen, etc. It primarily uses the optical measurement method, photoplethysmography (PPG), and takes advantage of the characteristics of tissue absorption rate differences subject to different wavebands and adopts visible light and infrared light for matching to identify the optimal signal judgment to realize the function of physiological monitoring, allowing users to obtain the physiological information they need in a timely manner. The technology and function have successively become the standard configuration for smart watches. Meanwhile, with the growing popularity of True Wireless Stereo (TWS), this biometric detection function has the opportunity to be implemented as a value-added product. SWIR (wavelength 1,000–1,700 nm) products can also be applied to biometric sensors. In addition to monitoring heart rhythm, it may also use multi-band infrared LEDs to detect important physiological indicators, such as blood oxygen and blood sugar.

B. Smart home, smart door locks, and infrared sensor for handheld devices

Sensor applications exist in many scenarios. Take smart home-related applications as an example, the user login systems, such as access control, use infrared light sources and cameras with facial feature recognition to replace tedious setup procedures, such as password login. Handheld devices, such as mobile phones and tablets, have application scenarios similar to those for smart car door locks. Infrared LEDs are used to identify the user's biometrics, such as face and iris, to unlock the device. The accuracy and exclusivity of biometrics is used to protect users' property safety and personal data security.

Further, in the field of smart home appliances, cleaning robots have changed from being high-priced and having limited functionality to sweeping and vacuuming, to having added smart functions, such as automatic home flight return, scheduled cleaning, and voice mail setting, and even expanded functions, such as carrying and receiving parcels. The market penetration of affordable robot vacuum cleaner is also increasing year over year. A large number of sensors are required by robot vacuum cleaners to perform functions, such as simultaneous positioning, SLAM, detection for avoidance of obstacles, detection for falling, and detection for edge. Among them, cliff sensors, barrier sensors, and drop sensors may apply the IR LED as the signal transmitting end to combine with the receiving end to achieve anti-collision and fall prevention functions by adjusting the light-emitting angle.

C. 3D sensor application

In the application area of 3D sensor, the vertical cavity surface emitting laser (VCSEL) is a critical component. The successful development of 3D sensor structure like the time of flight and structured light, and the rapid development of algorithm motivated many big firms to introduce 3D sensor technology to mobile devices. This provides more business opportunities for 3D sensor and related application in market. After the launch of 3D sensor in the flagship model of Apple in 2017, the shipment volume of VCSEL in consumer electronic products increased perpetually.

In the future, 3D sensor with VCSEL as a key component will extend to new application area like floor sweeping robots, AR/VR., UAV, unmanned vehicles, and biomedical sensor. In the development of the demand for multiple purposes and compact size of products, sensor product also changed from single LED including 1 transmitter of IR LED matching with 1 sensor component in packing design to multiple transmission. Given the development of the demand for multi-functionality and miniaturization, the package design of sensor products has gradually developed from a single LED consisting of one transmitting IR LED with a light-sensor component to multi-transmitting and multi-receiving System in Package (SiP) packaging technology that adopts infrared laser as the light source, adjusts and improves the algorithm can, and may be couple with optical sensor IC components, to improve the precision and scope of the senor applications.

(4) New application market

■ Optical communication application

In recent years, the rapid rise of emerging applications, such as Chat GPT and 5G IoT, has driven the rapid increase in the demand for high-speed computing in data centers. According to the forecast of Yole, the global optical transceiver market scale will grow from US$11 billion in 2022 to US$22.2 billion in 2028, with the CAGR reaching 12% from 2022 through 2028.The VSCEL multiple mode fiber optics features high performance, low cost and low power consumption, and could be extensively applied to the optical transmission module application for data centers in the distance of less than 2 km to provide optical communication transmission module of 10Gbps and 25Gbps. The technology of each channel of 25Gbps and 50Gbps is the standard foundation of 100G (4x25Gbps) and 400G (8x50Gbps or PAM4)Ethernet. Single route 25G network could be developed into 100G and 200G switch through multiple port combination. As such, 25Gbps VSCEL is a practical optoelectronic component which entails high potential for development. With the development of the demand for high-speed transmission driven by AI applications, the market penetration rate of optical communication transmission modules in the 400G/800G market will continue to increase, and drive the market to advance to the higher transmission specification of 1.6T, thus driving the growth of the demand for optical communication components, such as the new generation VCSEL.

■ Solar energy application market for low-orbit satellites

In recent years, as the emerging satellite service providers (e.g. Cosmos/Kuiper/Oneweb) have proactively deployed the satellite communication services, it is expected that more than 1,700 satellites will be launched each year between 2021 and 2030, and they will be replaced every 5 years, thus driving the solar module market to keep

growing. The solar energy market for low-orbit satellites is expected to grow from US$427 million in 2022 to US$919 million in 2032, with the CAGR reaching 7.95%.
Compared to the commonly used polycrystalline silicon or single crystal silicon solar panels, of which the photoelectric conversion efficiency is between 8–15% and 15–20%, the efficiency of solar panels composed of III-V materials can reach 25–35% and, therefore, makes them ideal for use in the satellite market which lacks energy and seldom provides maintenance services. The solar power system onboard the satellite can directly capture solar energy in space without the restrictions of weather conditions or the earth's rotation, and also provide an almost unlimited and constant source of solar energy, thereby achieving continuous power generation and reducing the need for onboard fuel or limited energy storage requirements.

- LED professional lighting market

In recent years, the global awareness toward energy conservation and carbon reduction has gradually increased. Besides this, given the increasing demand for LED lighting quality and ergonomic lighting, LED lighting products have become increasingly more professional. For example, the EU proactively promotes the ErP new energy label, which greatly improves the high color rendering index and high-performance requirements. North America mainly focuses on whether the light quality, controllability and performance comply with the new standard of DLC V5.1. China focuses on the harm of blue light caused to the retina, and particularly requires the adoption of the highest safety level for the design. The low blue light demand will also become an important development direction of the ergonomic lighting market in the future.
With the emerging LED full-spectrum adjustment technology, continuous improvement of LED conversion efficiency, improvement of the reliability of lamp design, and relevant professional certifications of LED lighting products, LEDs can meet the needs of more special application light sources. For example, for industrial lighting (such as clean room yellow light lighting) in specific fields, LED will be able to replace mercury lamps in a clean room, and industrial lighting will bring more energy-conservation benefits to factories (yellow lights in a wafer fab's clean room). In terms of medical health lighting, the spectrum of LED is adjusted to make it closer to the spectrum of sunlight (natural light), and the brightness and color temperature are adjusted automatically by combining with intelligent control to simulate the circadian rhythm of natural light, in order to avoid interference with melatonin and affect the biological clock, thereby improving sleep quality. In terms of plant lighting, it can shorten the growth cycle and increase the planting density, and can be applied to farm plant lighting for various high value-added crops.

- UVA-LED application market

UVA_LED can be extensively applied in industrial curing related markets. Its products may be applied in the 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 the 3D printing emerging in recent years. There is also a demand for modification and replacement of wafer fabs' yellow lights. Due to the breakthrough of materials and new technologies that improve the price/performance ratio of UVA-LED, the quality certification of reliability, and the improvement of power conservation and environmental protection awareness, more downstream dealers will be attracted to adopt UVA-LED related technologies and develop related new products.

4. Industry Competition

The government subsidy of the LED industry in Mainland China over the years gave rise to keen competition in production capacity and market price. In response, Taiwan firms oriented towards the niche application market of high added-value such as automotive fields, advanced display, and smart sensors.

In the area of automotive application, car makers all over the world tend to upgrade the utilization of LED and sensor products, which in turn gives rise to the high growth of demand for automotive LED. Automotive LED entails high quality and high level of technology that related application products are bound to pass the accreditation of various strict automobile regulations. In general, after the strict evaluation and selection, suppliers will not be easily replaced that suppliers can enjoy higher added-value and sustainable profit. It is expected that related firms can proactively commit their resources for a larger market share.

Invisible LED could be applied to different areas of application. Under the sustainable growth of the market of signal transmission and sensor function application, the terminal application market is developed in diversity including intelligent home application, wearable electronic devices, indoor control of visitor flow, and remote sensor. The launch of these products will drive for further stable growth of the market, and will be further pursued by firms with greater effort.

5.1.3 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 (%)
2023	2,587,406	11.60

Note: IFRS (consolidated entity) is adopted.

2. Successfully developed technologies or products in the most recent year and up to the date of publication of the annual report

The product items of the three major business entities of epi wafers and chips", "packaging/modules" are roughly classified as follows:

Epi wafers and Chips:

(1) Development of high-quality and high-efficiency LED products for automotive backlighting and ambient lighting applications
(2) Development of flip chip LED products for automotive daytime running lights and headlights.
(3) Development of flip chip LED products for high-power and high-reliability automotive headlight applications.
(4) Development of LED products for eye protection with low blue light and high-luminance LED backlighting.
(5) Development of LED products for high-end LED flash.
(6) Development of red, blue and green Mini LED products for ultra-fine pitch displays.
(7) Development of high-efficiency/high-uniformity blue and green Micro LED Epi Wafer.
(8) Development of high-efficiency blue Micro LED Epi Wafer grown on 6/8-inch silicon substrates.
(9) Development of vertical RGB Micro LEDs for micro and high-resolution display applications.
(10) Development of Micro LED CoW for application in micro and high-resolution displays.
(11) Development of high-performance SWIR LEDs and photodiodes with high signal-to-noise ratio.
(12) Development of Full-spectrum light-detecting diode components for wearable devices.
(13) Development of new types of near-infrared light products for the facial recognition function of mobile phones/laptops.
(14) Development of new automotive near-infrared products required by automotive driver monitoring systems.
(15) Development of high optical output power SWIR LEDs and sensing diodes. The combination of both can be applied to various bio-sensing applications and proximity switches of mobile devices.

Packaging 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-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 board; reduce the thickness of the backlight module and achieve a wide-color gamut

display effect.

(3) Develop a full range of PLCC 2/4/6 LEDs for exterior indicator lights and successfully implement them to Tier 1 customers worldwide.

(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 off-vehicle interactive display to meet the requirements of grille/Logo high-brightness design, rear Red/Super Red display requirements, as well as the application of off-vehicle 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 surrounding pedestrians and vehicles behind.

(6) Develop the micro LED head-up display, which is an actively driven Micro LED transmissive display that effectively improves the flickering phenomenon of passive driving. The high penetrating rate 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) Engage in mass production of low power CSP products, which can be used in keyboard backlight products, improve the uniformity of keyboard light source and reduce energy consumption, increase the standby time of end products, and achieve energy-saving effects.

(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 oxygen or skin hydration.

(11) Research and develop the self-adaptive zone monitoring module, which may be applied to the whole vehicle cabin monitoring and various monitoring applications of individual seat occupants.

(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 penetration rate reaching 60% may be applied to automotive, home appliances and shopping malls, etc.

(13) Develop industry-leading QD LED packages and light bars that can be applied to ultra-thin and wide-color high-end creative notebook products, and meet the high-end application requirements of DCI-P3 and Adobe RGB dual 100.

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

NT$2.47 billion is expected to be invested in R&D in 2024. The R&D projects, including the R&D projects of "epiwafers and chips," "packaging/modules" and "III-V compound semiconductor optoelectronic products," are described as follows:

Epiwafers and Chips:

(1) Applied to high-quality and high-efficiency horizontal chips for automotive backlighting and ambient lighting.
(2) High-luminance and high-reliability LED chips applied to automobile headlights.
(3) High-performance polycrystalline high-voltage flip chip LED die for TV backlight applications.
(4) High-luminance LED backlight applied products with the functions, such as low blue light and eye protection.
(5) Low current operation LED chips applied to display products.
(6) Micro LED Epi Wafer and chip technology applied to the development of transparent displays.
(7) Technology for the development of new high-performance Micro LED Epi Wafer and chip.
(8) Technology for the development of Micro LED COC1 technology.
(9) Development of long-wavelength photodetector Epi Water and component development.
(10) Development of visible light/NIR/SWIR LED thin products.
(11) Development of high-efficiency III-V solar cells.

Packaging and Modules:

(1) In response to the popularization of electric vehicles, develop a new generation of high-efficiency off-board indicator light sources to further improve LED efficiency and reduce thermal resistance.
(2) Develop interactive indicator lights with large/small spacing with different spacings, 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 off-vehicle high-luminance interactive displays that provide seamless splicing of multiple boards and low-glare surface technology to meet the needs for off-vehicle 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 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 multi-partition backlight module panels containing driving components for backlight applications.
(10) LED components for smart display applications and PPI 10-50 active light source modules with built-in driving components
(11) Small-pitch RGB display applications and LED packaging and module products for Mini LED display needs.
(12) Develop RDL and micro package and other miniaturization process technologies.
(13) Develop QD LED packaging and light bars with wide-color gamut technology.

5.1.4 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) RGB display applications continue to develop modules of various package sizes and pixel pitches to accelerate market layout.
(9) In terms of sensing business, continue to focus on the fields of vehicle-mounted industrial control, wearable devices, face recognition and home security.
(10) Deeply cultivate patented technologies and 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 technology, 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.

5.2 Market and Production and Sales Overview

5.2.1 Market Analysis

1. The Company's main sales areas

Unit: NT$ thousand

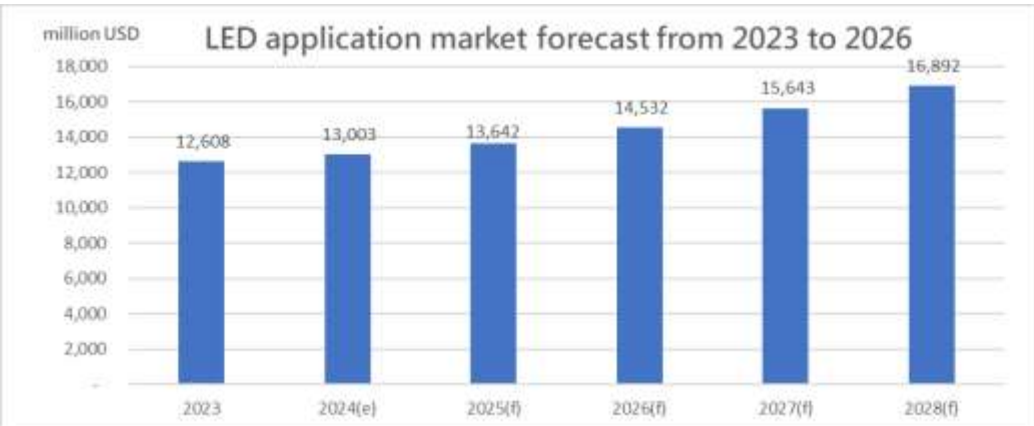
Area	2022 Sales amount	% of sales
Domestic sales	2,007,077	9.00
China	12,403,340	55.61
Hong Kong	1,188,906	5.33
South Korea	1,159,552	5.20
Malaysia	2,203,157	9.88
Japan	1,865,326	8.36
Singapore	503,012	2.26
Other	975,310	4.36
Total	22,305,680	100.00

Note: IFRS (consolidated entity) is adopted.

2. Market Share and Future Supply and Demand and Growth Potential of the Market

According to the forecast of TrendForce, the output value of the overall global LED market will increase from US$12.6 billion in 2023 to US$16.9 billion in 2028, with the CAGR reaching 6.0%. Apparently, driven by the demand in various emerging application markets, the output value of the overall LED industry will continue growing.

For the time being, due to the rise of many applications such as automotive, medical, plant lighting, security control, wearable devices, and smart life, and related companies continue to promote the next generation advanced display technology, it is expected that the output value of the overall LED market will keep growing positively. The main driving force of the market between 2023 and 2028 is expected to come from products such as invisible light LED, automotive LED, Mini LED and Micro LED.



Source: TrendForce (March 2024)

(1) Major LED firms in the international market

On January 6, 2021, Epistar and Lextar established ENNOSTAR Inc. through a share swap. Epistar's production capacity is concentrated in LED EPI and chips, while Lextar focuses on LED packaging and modules. Both parties integrate resources and strengthen the vertical integration of the one-stop service throughout the entire industry chain. Based on the existing LED technology, ENNOSTAR continues to expand the layout in various application fields, including Micro LED advanced display, 3D sensors and optical communications, in order to provide customers with more complete solutions. In the area of LED, major international manufacturers are ams OSRAM, Nichia, Samsung LED, Seoul Semiconductor, Lumileds, and San'an Optoelectronics.

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

The demand in the LED backlight market has been saturated over the years but newly emerged technologies of Mini LED and Micro LED have gained momentum, which unveiled new opportunity of application in the LED display market. Meanwhile, due to the rise of the mobile application market in the 3D sensor market, the facial recognition function has become the official configuration of international renowned brand smartphones. In addition to mobile phone applications, 3D sensors can also be applied to security systems, crowd detection, driver fatigue detection, biometrics and industrial automation, etc.

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) Provide production of LED epi wafer, chips, packing, 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 packing 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) Among the few suppliers of full spectrum epi wafer and chips

The A1GaInP products of the Company cover high brightness epi wafer and chips in green, yellow, orange, and red colors, and the InGaN products cover epi wafer and chips in violet, blue, and green colors. In the area of invisible LED, the Company provides UV and IR products from 365 nm to 1550 nm. The advantage in full spectrum and one-stop shopping can satisfy the needs of the customers in different applications.

(3) Adjust product portfolio for rapid response to market demand

The Company cared changes in market demand permanently, and has the flexibility to adjust the product portfolio and R&D capabilities, which constitute one of the Group's competitive niches. For example, in 2023, Epistar has successfully developed the InGaAs PD with the highest Sensitivity in the world. Compared to the industry's practice which blocks light sources with black plastic, the Epistar solution can improve the S/N Ratio more than 3 times and the ultra-low dark current lower than that in the industry by 50%, thereby greatly improving the Sensitivity of the device. Meanwhile, it may also provide customers with the Best Total Solutions for transmitting and receiving components in the SWIR band sensor application. In the same year, Epistar announced the latest breakthrough in sensor technology. The shortwave infrared (SWIR) product line extended the wavelength to 1650 nm (1300 nm wavelength products mainly used in consumer electronics) and also provided excellent performance far superior to the past. Coupled with the packaging, the rear lighting power reaches 30 mW, leading the mass production level of the industry by more than 15%.

In 2023, Lextar has successfully developed the world's first LED green packaging product – Bioxtar™, which uses eco-friendly packaging materials extracted from plant materials, containing the biomass reaching 75%, as the world's first LED packaging product extracted from natural plants, in order to overcome the difficulties residing in the traditional petrochemical materials, such as operability and optical transparency in the packaging process. The Company has successfully developed LED products which can be mass produced with high transparency, and completely overturned the impression that bio-based materials are not suitable for LEDs. The Company not only achieves eco-friendly practices but also complies with the LED product specifications and requirements. This is an important milestone in the development of green products of Ennostar Group, and it builds a new era of green sustainability in the industry.

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.

III-V compound semiconductor optoelectronic products

Item	Product
Micro LED	Next generation display technology
Laser sensing	Face/fingerprint recognition, body sensing, measurement, LiDAR
Optical communication	Optical fiber communication for 4G/ 5G --> high-speed, massive data exchange (cloud, engine room)

(4) Excellent technical ability and skilled management team

The R&D function of Ennostar has more than 2,500 professionals and the management team is consisted of members with many years of experience in LED and TFT LCD. The Group is fully capable of integrated manufacturing technology and well-seasoned in supply chain management. Ennostar is indulged in the R&D and manufacturing of LED to allow the products applicable to different LED application areas. As of the end of 2023, Ennostar and its subsidiaries have applied for more than 6,800 patent registration worldwide with approval of more than 6,000 patents. In 2023, Ennostar has acquired 236 patent registration all over the world. With the solid foundation of intellectual property right portfolio, the Group protects the technologies and products of the Company.

Ennostar has established a designated body charged with intellectual property right management to assist its subsidiaries such as EPISTAR and Lextar to continue the improvement of intellectual property management mechanisms. With systematic management and the corporate planning of the Company, the Group adjusted the intellectual property portfolio to maintain reasonable cost of protection and launch for the development of new technologies while giving necessary protection in responding to the risk deriving from intellectual property rights. This not only helps to safeguard the operation freedom but also bolster the competitive advantage of the Company.

4. Favorable and Unfavorable Factors and Countermeasures of the Development Prospect

(1) Favorable Factors

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

High-luminance LED Epi Wafer and Chip have a wide range of applications due to their small size, low power consumption, and long life, such as outdoor large-scale display screens, traffic information billboards, and backlights, such as driver panels used in automobiles. Exterior automotive applications, such as third brake lamp, fog lamp, tail lamp, direction lamp or warning lamp;

traffic signs, such as traffic lights and pedestrian lights; backlight sources, such as LCD and notebook computer backlight sources.

First of all, Mini LED backlights have high display effects with high brightness, high contrast, and high image quality (local dimming, HDR), so they can compete with OLED displays on the market and, with clarified market specifications, they are entering the stage of mass production. The products primarily aim at the high-end markets, such as TV and professional display products that have higher requirements on visual effects.

Secondly, LED invisible light applications include security monitoring, mobile device biometrics (face, iris and fingerprint recognition), wearable devices (heartbeat, blood oxygen and blood pressure sensing) and optical sensors. Its market is developing rapidly. Besides this, in consideration of Covid-19, biometric detection applications related to human health have also begun to be implemented into the SWIR LED products significantly.

B. Complete industrial structure of LED with barrier-free and rapid moving marketing channels.
The structure of LED industry of Taiwan is perfect with stable and well-developed technologies and high efficiency in production. The production value of the LED industry of Taiwan is second to none in the world. With the effort in developing overseas market, the Company has broad clientele base all over the world. With the large-scale downstream operation as foundation, the Company has strong competitive advantage in marketing. Strategic alliance with LED downstream firms is one of the features of the Company. Through professional division of labor and strategic alliance, the Company can quickly keep abreast of the market trend and quickly adjust the direction of product production in order to bolster the competitive power.

C. Future Application of MOVPE Core Technology
Since the MOCVD epitaxial system has better control over material purity, epitaxial layer thickness and uniformity than LPE and VPE epitaxial technologies, it is used in the production of high-brightness LED and laser diode (LD) wafers, and is also the main epitaxial technology for the manufacturing of various optical fiber components and detectors for optical fiber communications, as well as various emitting components for microwave communications. For example, long-wavelength LDs for optical fiber communications, vertical cavity surface-emitting lasers (VCSELs), solar cells and hetero-bipolar monocrystals (HBTs) for wireless communications all use the MOCVD technology to grow

epi wafers. Epistar's operation and technical team has many years of rich experience in MOCVD epitaxy growth technology development, and has exclusive experience in MOCVD system design and improvement; it will have considerable competitiveness in the production of optical fiber communication and wireless communication components in the future.

(2) Unfavorable Factors and Countermeasures

New competitors in LED lighting are actively investing, making the market competition fierce

Competitors in market tend to manufacture high brightness LED as the objective. The competitors in Mainland China can expand their production capacity very quickly with price competition as the mean to secure purchase orders. This makes competition market more acute.

Countermeasures:

The Company adopts a “dual transformation” in its business strategy. One is “Go Premium” (creating added value) to develop differentiated products with higher gross margins, and the other is “Go Vertical” (deepening verticals and exploring new areas), such as the integration of upstream and downstream dealers and software and hardware. The dual transportation plans are implemented at the same time to upgrade the operating scale and value of Ennostar.

“Go Premium”: As a well-recognized leader in the industry, the Company has implemented the Mini LED crystal grains and modules already mass produced into diversified application fields, such as automobiles and TVs, and developed two different backlight technology applications, Mini LED COB and POB. The Company also focuses on the research and development of ultra-fine-pitch flip chip Mini LED 0404 packaging and special module technology. In the future, it will lead the market by introducing ultra-small flip chip Mini LED 1111 with its own IC packaging technology. In the field of Micro LED, the Company has achieved size breakthroughs that are closer to the mass production target than the industry peers, and developed high-uniformity RGB CoW and GaN on Silicon technologies to meet different customers’ needs

“Go Vertical”: In the future, the Company will be committed to developing the three main application markets, including “automotive application market,” “advanced display application market” and “smart sensor application market,” in addition to the “new field application market.” Meanwhile, with the stable financial structure, solid R&D energy and resource utilization, the Company will integrate the upstream, midstream and downstream value chain and industrial layout, consolidate its “chain” competitive strength, and build a competitive ecosystem.

5.2.2 Important Applications and Production Processes of Main Products

1. Important Applications

The high-luminance 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: backlights of the meter panel, reading lights and indicator lights.

B. Exterior: 3rd brake lights, fog lights, taillights, direction lights, warning lights, daytime lights.

(3) Consumer Electronics

All kinds of home appliances, indicator lights and digital channel displays

(4) Communication Industry

Backlights and strobes 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) LCD TV/monitor backlight application and Projector light source, etc.

(7) Outdoor landscape and architectural lighting, street lights, indoor home lighting, and industrial and commercial lighting.

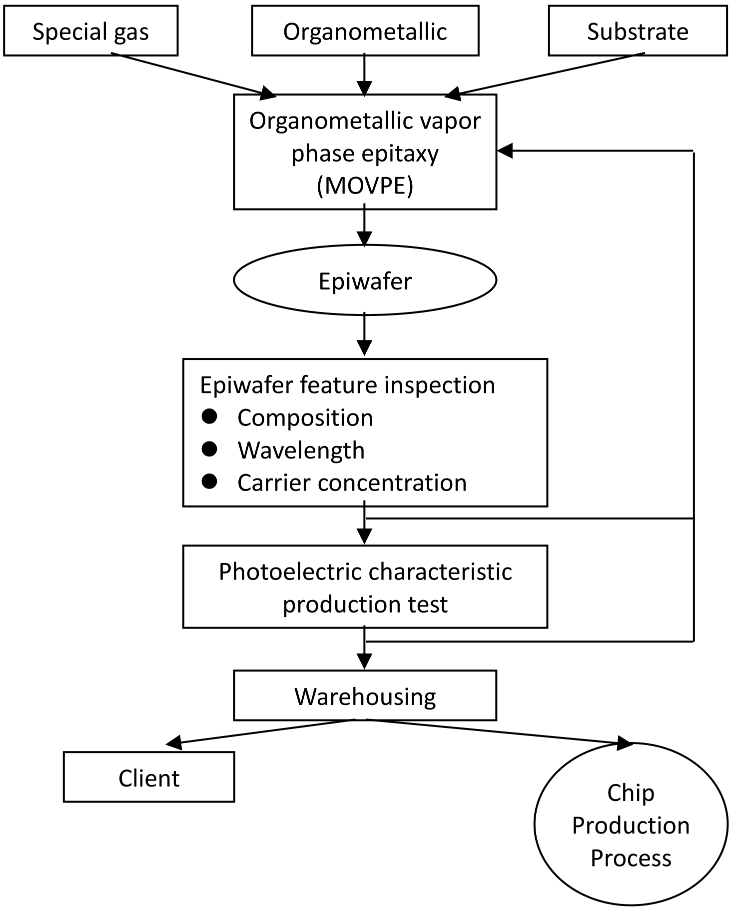
(8) Special function lighting applications for agricultural lighting, medical lighting and UV.

(9) (IR) LEDs for facial recognition and iris recognition of information products.

(10) (NIR&SWIR) LED light sources for biosensing of wearable devices.

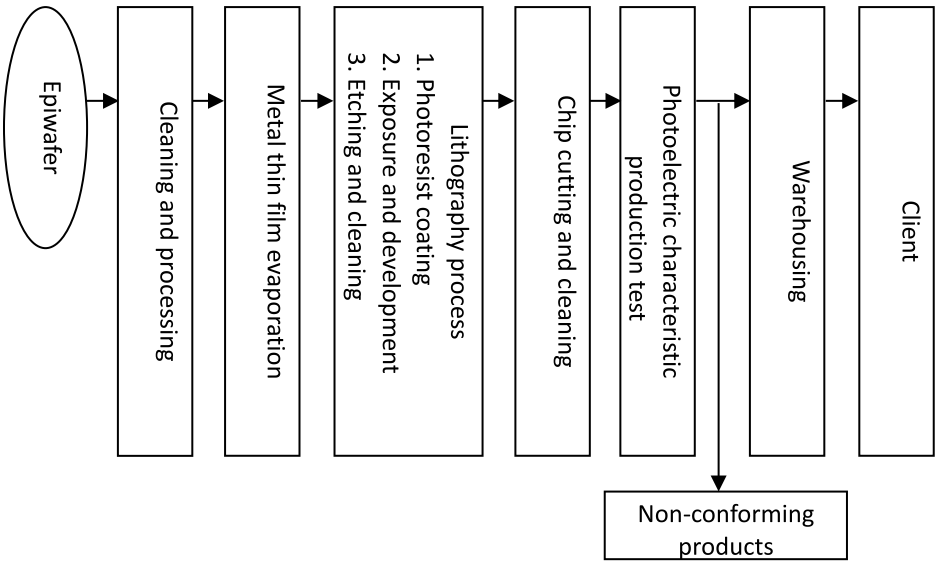
2. Production Process

(1) Epitaxy production process



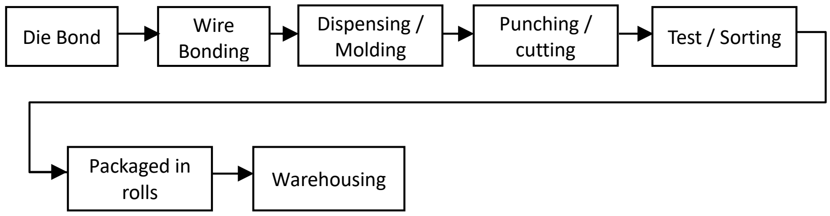
Source: Compiled by Ennostar in March 2024

(2) Chip Production Process



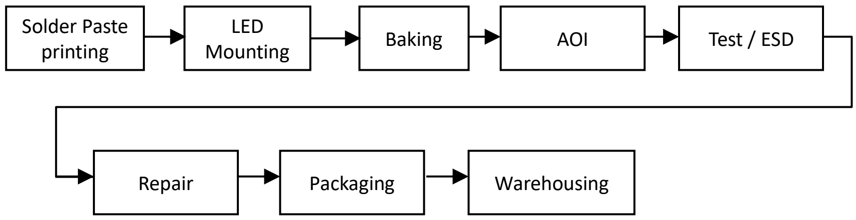
Source: Compiled by Ennostar in March 2024

(3) Packaging Process



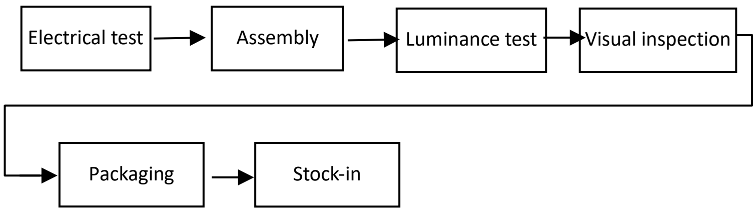
Source: Compiled by Ennostar in March 2024

(4) SMT process



Source: Compiled by Ennostar in March 2024

(5) Assembly process



Source: Compiled by Ennostar in March 2024

5.2.3 Supply Status of Main Raw Materials

The Company specializes in the production of light-emitting diodes (LEDs). Its products cover Epi Wafer, Chip, packaging, SMD and modules, etc. The main raw materials and components include sapphire substrates, GaAs substrates, special gases, metals, light-emitting diodes, brackets and packaging plastics. The Company has always maintained good cooperative relations with domestic and foreign raw material suppliers to improve the supply stability, and purchased key raw materials and components from more than two suppliers to maintain the purchasing flexibility and mitigate the risk over excessive concentration of raw materials.

5.2.4 Name list for major procurement and sales customers

1. Major sales customers

Unit:Thousands of NTD

2022				2023			
Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net sales amount (%)	Relationship with issuer
Customer C	7,001,287	24.24	None	Customer B	2,755,184	12.35	None
Customer B	2,660,661	9.21	None	Customer D	1,977,254	8.86	None
Customer D	1,786,146	6.19	None	Customer C	1,507,573	6.76	None
Others	17,430,156	60.36		Others	16,065,669	72.03	
Net sales	28,878,250	100.00		Net sales	22,305,680	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

Due to the overall economic impact, the Company’s operating revenue has decreased. Therefore, the customer portfolio will change relatively, provided that there is no risk of over concentration of sales.

2. Major procurement suppliers

Unit: Thousands of NTD

2022				2023			
Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer	Name	Amount	Percentage in annual net procurement amount (%)	Relationship with issuer
Supplier A	1,270,250	9.60	None	Supplier C	1,664,925	14.30	None
Supplier B	1,135,858	8.59	None	Supplier B	1,077,691	9.26	None
Supplier C	1,094,293	8.27	None	Supplier E	868,935	7.46	None
Supplier D	797,821	6.03	None	Supplier A	666,897	5.73	None
Supplier E	598,853	4.53		Supplier D	421,991	3.62	
Others	8,331,919	62.98		Others	6,940,703	59.63	
Net procurement amount	13,228,994	100.00		Net procurement amount	11,641,142	100.00	

Note: Consolidated entities.

Reasons for the increase/decrease:

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

5.2.5 Production capacity/output value in the Last Two Years

Unit: Dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2021			2023		
Production capacity/ output value Major products	Production capacity	Production capacity	Production value	Production capacity	Production capacity	Production value
Dies	1,594,402,839	1,280,440,521	17,394,559	1,907,840,678	1,580,467,923	14,107,050
Packages and modules	8,309,448	4,839,383	6,924,459	8,325,342	4,776,906	6,020,077
Total	—	—	24,319,018	—	—	20,127,127

Note: Consolidated entities.

5.2.6 Production capacity/output value in the Last Two Years

Unit: Dies; thousand pieces, in the case of packages and modules; NTD thousand

Year	2022				2023			
Sales capacity/ output value Major products	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Capacity	Value	Capacity	Value	Capacity	Value	Capacity	Value
Chips/dies(Note2)	7,736,565	1,524,294	1,193,483,656	19,441,693	7,561,572	1,284,137	1,460,508,752	13,272,728
Packages and modules	212,110	447,973	1,633,974	6,529,786	86,463	406,797	2,026,206	6,267,797
Others	—	286,239	—	648,265	—	316,143	—	758,078
Total	—	2,258,506	—	26,619,744	—	2,007,077	—	20,298,603

Note1: Consolidated entities.

Note2: Chips are not the main sales product, so they are only included in the sales value, and not the sales volume.

5.3 Human Resources

Year		2022	2023	February 29, 2024
Number of Employees	Management	1,733	1,422	1,410
	R&D and Technician	2,358	2,567	2,543
	Direct	4,764	4,484	4,592
	Total	8,855	8,473	8,545
Average Age		35.7	35.5	35.5
Average Years of Service		6.6	7.1	7.5
Education (%)	Ph.D.	1%	1%	1%
	Masters	16%	16%	16%
	Bachelor's Degree	48%	44%	43%
	Senior High School & Below Senior High School	35%	39%	40%

Note: Consolidated entities.

5.4 Environmental Protection Expenditure

5.4.1 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	Disposal contents	Response measures
Unikorn Semiconductor Corporation	February 20, 2023 Fu-Shou-Huan-Shui-Zi No. 1120032862	Paragraph 3, Article 24 of the Water Pollution Control Act	The personnel in charge of wastewater (sewage) appointed by the Company jointly with Epistar are also appointed as the Grade A dedicated waste disposal personnel in	Fined NT$10,000 with one-hour environmental course	The Company and Epistar have appointed dedicated personnel responsible for disposal of wastewater (sewage) and supporting personnel qualified with a certificate/license.

			Epistar Power Plant No. 8.		
Epistar Plant N5	September 6, 2023 Fu-Shou-Huan-Kong-Zi No. 1120133235	Subparagraph 1, Paragraph 2, Article 69 of Air Pollution Control Act	The designated agent filed the application after more than 15 days upon occurrence of the fact.	Fined NT$200,000 with two-hour environmental course	The relevant personnel are requested to apply for related services in the future. It is necessary to confirm whether the application date is consistent with the date of the actual requirement.

5.4.2 Countermeasures and Possible Expenditure

In accordance with the spirit of ESG, the Group is committed to mitigating the impact posed by production activities on the environment, and strives to reduce the consumption of natural resources by following the 3R model, namely Reduce, Reuse, and Recycle, at the factory construction and operation stages. Meanwhile, the Company continues to improve energy efficiency, reduce greenhouse gas emissions and fulfill corporate social responsibilities, in order to achieve the goal of sustainable development.

As a member of the global village, the Group comprehensively considers the overall environmental management performance for managing the pollution prevention and environmental protection management related expenses based on the spirit of continuous improvement of the environmental management system, in order to build a low-pollution production environment. The Company also pays close attention to the progress of amendments to new environmental laws and international conventions, and prepares appropriate countermeasures. It will prepare corresponding budgets in a timely manner.

5.5 Labor Relations

5.5.1 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

In order to achieve the Company's business objectives, the Company continues to develop employees' work performance, and develop the training roadmap to launch a series of training programs based on the training structure, including the management series, quality series, technical series, environment, safety and health series, professional series by function courses and orientation training, etc. Meanwhile, in order to assure the Company's product quality and safety, all new employees shall attend the orientation training, and specific employees shall pass specific qualification evaluation and undergo re-evaluation periodically to ensure that the employees hold the competency to satisfy the qualifications required for the specific duty.

The overall training framework is based on the concept of ability development and phased training, including the most basic training for new recruits (12.5 hours in total, including training and promotion of human rights related norms), generic skills, professional skills, management skills, and self-development capacity. The generic skills refer to the training on abilities related to corporate culture, general education courses, human rights, information security, anti-corruption, anti-trust, ethical management, etc. The main purpose is to define the key behavior index based on the corporate culture and values, in order to enable the employees to understand and act in line with the corporate culture. The professional competency courses, such as technical training courses and quality courses, are set as required and elective ones depending on the nature of work, in order to enhance professional competitiveness by rooting in the professional field. Further, the Company also provides talent training courses, such as internal trainer training and production line instructor training; and management skill training courses, including basic, medium and advanced management training, such as performance interview, recruitment interview skills, and practical management of production line leaders/supervisors, in order to establish the language consistency of the management and improve the leadership to drive the team to achieve the highest performance. The Company hopes to take advantage of the internal training mechanism to help employees improve their professional skills, thereby enhancing the Company's overall competitiveness

In addition, the Company spares no effort to implement the protection of trade secrets, intellectual property rights, and information security, among other things, to secure the fruits of the employees' hard work and the Company's competitiveness, while preventing the leakage of important company information. Therefore, the "Management Regulations of Classification and Protection of Data" are established, to cultivate the employees' habit of document protection in daily jobs, and serves as the basis for relevant regulations of document acquisition, processing, transmission and utilization; the Company has also established an "Information Security Management and Review Committee" to further improve information security goals. Every employee needs to accept information security education and training, to comply with the relevant laws, technologies, and expectations of stakeholders. It is also linked to business strategies. All employees must comply with the "Management Regulations of Classification and Protection of Data" and perform the fiduciary obligations.

To this end, the new staff shall complete the online courses about "Introduction to Intellectual Property Rights," "Information Security Policy" and online course for "Information Confidentiality Classification" to enable all of the staff to understand the Company's policy and control requirements, in hopes of achieving the educational propagation and strengthening the staff’s awareness toward intellectual property rights and prevention of confidential information disclosure.

In 2023, 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
7,894	97,702	48,086

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) and mailbox 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.

5.5.2 Labor/employer dispute loss in 2022 and as of the publication date of the annual report

Factory site	Disposal date and disposal ref. no.	Violation of provisions of laws and regulations	Violation of contents of laws and regulations	Disposal contents	Response measures
Epistar Corporation	May 1, 2023 Zhong-Huan-Zi No. 1120006400	Paragraph 2, Article 32 of the Labor Standards Act	Working hours extended beyond those required by laws	Fined NT$50,000	Establish the alert system of working hour to remind officers of the working hour management and application to prevent abnormal working hours.

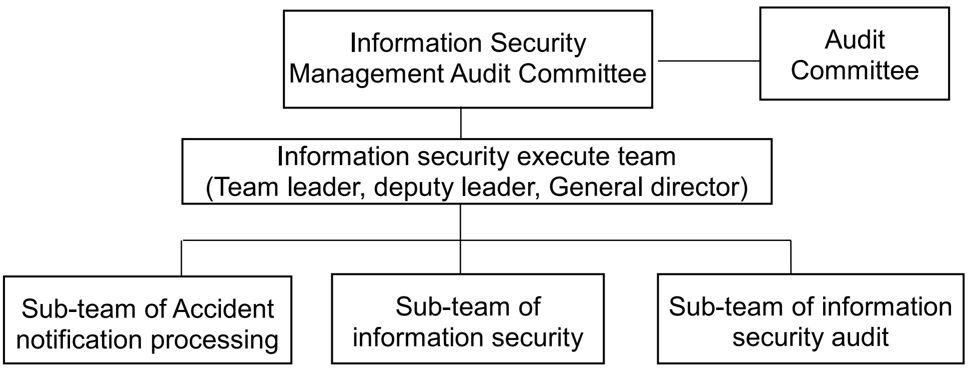
5.6 Cyber Security Management

5.6.1 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 2023, 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 November 2023, and the certification will continue to be valid. Both Unikorn and Lextar Electronics also obtained the ISO 27001 certification in 2023. For the new version of ISO 27001:2022, the Group companies also plan to complete the verification of the new version by 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 2023, 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) To improve the professional functions and execution efficiency of the Company's information security manpower, the employees have obtained certifications including iPAS junior 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.

5.6.2 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.

5.7 Material Contract

Subject	Counterparty	Counterparty	Contract term	Important restrictive clause
Patent licensing	Research unit	Based on the contract regulations	Non-exclusive patent license agreement	Based on the contract regulations
Technology and patent licensing	Research unit	Based on the contract regulations	Exclusive patent license agreement	Based on the contract regulations
Patent licensing	Company G	Based on the contract regulations	III-V compound semiconductor related technologies	Based on the contract regulations
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
joint credit	First Bank、Ennostar and Epistar	Five years after first use	Loaning of funds	Based on the contract regulations
Licensing	Company C	Based on the contract regulations	Brand and patent license	Based on the contract regulations
Licensing	Company T	Based on the contract regulations	Patent license	Based on the contract regulations

6. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed balance sheet

(Consolidated entities) Unit: NT$ thousand

Items \ Year		Years 2019	Years 2020	Years 2021	Years 2022	Years 2023
Current assets		Not applicable	17,846,131	34,603,529	32,663,028	30,676,516
Property, plants & equipment			21,085,475	24,299,352	22,037,075	19,464,972
Intangible assets			4,132,191	4,941,663	4,907,583	1,640,602
Other assets			12,465,211	13,044,638	13,435,784	12,320,372
Total assets			55,529,008	76,889,182	73,043,470	64,102,462
Current liabilities	before distribution		9,144,162	15,764,347	10,312,376	10,922,533
	after distribution		9,144,162	17,130,228	10,312,376	11,600,179
Non-current liabilities			6,673,550	6,519,792	6,070,098	4,035,193
Total liabilities	before distribution		15,817,712	22,284,139	16,382,474	14,957,726
	after distribution		15,817,712	23,650,020	16,382,474	15,635,372
Owners' equity attributable to the parent company			37,607,381	52,322,245	54,404,269	47,374,174
Share capital			10,887,014	6,852,514	7,547,840	7,529,405
Capital reserve			36,115,456	43,830,638	46,421,664	46,447,060
Retained earnings	before distribution		(7,908,188)	2,169,446	654,565	(6,442,832)
	after distribution		(7,908,188)	803,565	654,565	(6,442,832)
Other equity			(1,001,764)	(235,543)	75,010	(24,296)
Treasury shares			(485,137)	(294,810)	(294,810)	(135,163)
Non-control equity			2,103,915	2,282,798	2,256,727	1,770,562
Total shareholders' equity	before distribution		39,711,296	54,605,043	56,660,996	49,144,736
	after distribution		39,711,296	53,239,162	56,660,996	48,467,090

Note 1: On January 6, 2021, the Company acquired 100% equity of Epistar Corporation through an exchange with 0.5 common share of Ennostar Inc. for one common share of Epistar Corporation. The aforementioned conversion was in fact a sort of reorganization within organizations under the common control and was substantially a continuity of Epistar Corporation. Within the Company's consolidated financial statements, therefore, the Company recognized the relevant assets and liabilities with the consolidated financial statements of Epistar Corporation at the carrying amounts and deemed to have merged Epistar Corporation ab initio and worked out the consolidated financial statements for the comparative period.

Note 2: The aforementioned data as after distribution refers to the facts after being duly resolved by the Board of Directors.

(Individual entity) Unit: NT$ thousand

Items \ Fiscal year		Years 2019~2020	Years 2021	Years 2022	Years 2023
Current assets		Not applicable	105,825	1,106,527	936,499
Property, plants & equipment			10,157	10,978	10,717
Intangible assets			0	0	0
Other assets			52,707,812	53,516,382	46,582,734
Total assets			52,823,794	54,633,887	47,529,950
Current liabilities	before distribution		501,539	229,610	155,768
	after distribution		1,867,420	229,610	833,414
Non-current liabilities			10	8	8
Total liabilities	before distribution		501,549	229,618	155,776
	after distribution		1,867,430	229,618	833,422
Equity			52,322,245	54,404,269	47,374,174
Share capital			6,852,514	7,547,840	7,529,405
Capital reserve			43,830,638	46,421,664	46,447,060
Retained earnings	before distribution		2,169,446	654,565	(6,342,832)
	after distribution		803,565	654,565	(6,442,832)
Other equity			(235,543)	75,010	(24,296)
Treasury shares			(294,810)	(294,810)	(135,163)
Total of equity	before distribution		52,322,245	54,404,269	47,374,174
	after distribution		50,956,364	54,404,269	46,696,528

Note 1: Where the Company was not incorporated until January 6, 2021, the financial data of the preceding term was nonexistent.

Note 2: The aforementioned data as after distribution refers to the facts after being duly resolved by the Board of Directors.

6.1.2 Condensed Statement of Comprehensive Income/Statement of Income

(Consolidated entities) Unit: NT$ thousand (Except EPS: NT$)

Items \ Fiscal year	Fiscal years 2019	Fiscal years 2020	Fiscal years 2021	Fiscal years 2022	Fiscal years 2023
Net revenues	Not applicable	14,531,823	36,424,760	28,878,250	22,305,680
Gross profit		(444,985)	7,618,509	4,981,547	1,167,729
Operating profit and/or loss		(4,486,351)	2,110,130	(465,598)	(4,001,278)
Nonoperating income & expenses, net		(3,936,927)	253,178	(17,870)	(3,383,721)
Net profit (net loss) before tax		(8,423,278)	2,363,308	(483,468)	(7,384,999)
Net profit (net loss) from continuing operations		(8,499,242)	1,898,474	(566,383)	(7,322,732)
Net profit (net loss)		(8,499,242)	1,898,474	(566,383)	(7,322,732)
Other comprehensive profit and/or loss (Net amounts after tax)		520,546	(315,531)	206,055	(269,770)
Total comprehensive profit and/or loss		(7,978,696)	1,582,943	(360,328)	(7,592,502)
Net profit attributable to shareholders of the parent company		(8,109,453)	2,178,349	38,024	(6,782,678)
Net profit attributed to non-controlling interests		(389,789)	(279,875)	(604,407)	(540,054)
Comprehensive profit/loss attributed to shareholders of the parent company		(7,618,601)	1,935,456	207,398	(7,036,568)
Comprehensive profit/loss attributed to non-controlling interests		(360,095)	(352,513)	(567,726)	(555,934)
Earnings per share (EPS) (NT$)		(15.04)	3.21	0.05	(9.02)

Note: On January 6, 2021, the Company acquired 100% equity of Epistar Corporation through exchange with 0.5 common share of Ennostar Inc. for one common share of Epistar Corporation. The aforementioned conversion was in fact a sort of reorganization within organizations under the common control and was substantially a continuity of Epistar Corporation. Within the Company's consolidated financial statements, therefore, the Company recognized the relevant assets and liabilities with the consolidated financial statements of Epistar Corporation at the carrying amounts and deemed to have merged Epistar Corporation ab initio and worked out the consolidated financial statements for the comparative period

(Individual entity) Unit: NT$ thousand (Except EPS: NT$)

ear Items	Fiscal years 2019~2020	Fiscal years 2021	Fiscal years 2022	Fiscal years 2023
Net revenues	Not applicable	2,417,618	244,729	336,750
Gross profit		2,182,405	65,591	(6,773,381)
Operating profit and/or loss		2,182,405	65,591	(6,773,381)
Nonoperating income & expenses		(4,056)	8,707	11,665
Net profit (net loss) before tax		2,178,349	74,298	(6,761,716)
Net profit (net loss) from continuing operations		2,178,349	38,024	(6,782,678)
Net profit (net loss)		2,178,349	38,024	(6,782,678)
Other comprehensive profit and/or loss (Net amount after tax)		(242,893)	169,374	(253,890)
Total comprehensive profit and/or loss		1,935,456	207,398	(7,036,568)
Earnings per share (EPS) (NT$)		3.21	0.05	(9.02)

Note: Where the Company was not incorporated until January 6, 2021, the financial data of the preceding term was nonexistent.

6.1.3 Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
2019	Price Waterhouse Coopers	Cheng Ya-Hui, Hsieh Chih-Cheng	unqualified opinions
2019	Price Waterhouse Coopers	Cheng Ya-Hui, Hsieh Chih-Cheng	unqualified opinions
2020	Price Waterhouse Coopers	Dian-Yi Li, Hsieh Chih-Cheng	unqualified opinions
2021	Price Waterhouse Coopers	Dian-Yi Li, Chien-Hung Chou	unqualified opinions
2023	Price Waterhouse Coopers	Dian-Yi Li, Chien-Hung Chou	unqualified opinions

Note: The Company was newly incorporated on January 6, 2021, deemed as a reorganization of the organizations under the common control. As a matter of fact, the Company is a continuity of Epistar Corporation. （The statements for Fiscal years 2019~ 2020 were issued in the name of Epistar Corporation and the same for Fiscal year 2021~2023 were issued in the name of Ennostar Inc..）

6.2 Five-Year Financial Analysis

(Consolidated entities)

Items of analyses	Year	Years 2019	Years 2020	Years 2021	Years 2022	Years 2023
Financial Structure (%)	Debts Ratio (%)	Not applicable	28.49	28.98	22.43	23.33
	Long-term Fund to Property, Plant and Equipment (%)		219.98	251.55	284.66	273.21
Solvency (%)	Current Ratio (%)		195.16	219.50	316.74	280.86
	Quick Ratio (%)		149.55	172.81	262.36	235.77
	Times Interest Earned (Times)		(62.31)	20.51	(2.67)	(37.47)
Operating Performance	Average Collection Turnover (Times)		1.65	3.32	2.38	2.37
	Days Sales Outstanding		221.66	109.93	153.36	154.00
	Average Inventory Turnover (Times)		3.63	6.51	4.55	4.68
	Average Payment Turnover (Times)		7.02	7.37	5.24	5.54
	Average Inventory Turnover Days		100.55	56.06	80.21	77.99
	Property, Plant and Equipment Turnover (Times)		0.70	1.61	1.25	1.07
	Total Assets Turnover (Times)		0.25	0.55	0.39	0.33
Profitability	Return on Total Assets (%)		(14.69)	3.01	(0.62)	(10.45)
	Return on Equity (%)		(19.56)	4.03	(1.02)	(13.84)
	Pre-tax Income to Paid-in Capital Ratio (%)		(77.37)	34.49	(6.41)	(98.08)
	Net Margin (%)		(58.49)	5.21	(1.96)	(32.83)
	Earnings Per Share (NT$)		(15.04)	3.21	0.05	(9.02)
Cash flow	Cash Flow Ratio (%)		19.53	27.61	77.18	21.79
	Cash Flow Adequacy Ratio (%)		126.38	89.32	81.98	79.35
	Cash Flow Reinvestment Ratio (%)		2.43	4.67	6.88	2.58
Leverage	Operating Leverage		N/A	3.41	N/A	N/A
	Financial Leverage		N/A	1.06	N/A	N/A

Causes leading to changes in various financial ratios over the past two (2) years are explained as enumerated below:

1. Times interest earned
   Mainly due to the overall economic impact in 2023 causing a reduction of operating revenue, increase in idle capacity, and provision of asset impairment, thereby resulting in a decrease in the times interest earned.
2. Profitability
   Mainly due to the overall economic impact in 2023 causing a reduction of operating revenue, increase in idle capacity, and provision of asset impairment, thereby resulting in a decrease in profitability.
3. Cash flows
   Mainly due to the overall economic impact in 2023 causing a reduction of operating revenue and losses, thereby resulting in the decrease in the cash flow ratio and cash reinvestment ratio.
4. Leverage
   The leverage is not applicable as the 2023 operating income is negative.

(Individual entity)

Items of analyses	Year	Years 2019~2020	Years 2021	Years 2022	Years 2023
Financial Structure (%)	Debts Ratio (%)	Not applicable	0.95	0.42	0.33
	Long-term Fund to Property, Plant, and Equipment (%)		515,134.93	495,575.49	442,047.05
Solvency (%)	Current Ratio (%)		21.10	481.92	601.21
	Quick Ratio (%)		20.60	476.34	591.67
	Times Interest Earned (Count)		1,616.99	104.48	(42,796.67)
Operating Performance	Average Collection Turnover (Count)		N/A	N/A	N/A
	Days Sales Outstanding		N/A	N/A	N/A
	Average Inventory Turnover (Count)		N/A	N/A	N/A
	Average Payment Turnover (Count)		N/A	N/A	N/A
	Average Inventory Turnover Days		N/A	N/A	N/A
	Property, Plant and Equipment Turnover (Count)		238.02	23.16	31.04
	Total Assets Turnover (Count)		0.05	0.00	0.01
Profitability	Return on Total Assets (%)		4.13	0.07	(13.28)
	Return on Equity (%)		4.16	0.07	(13.33)
	Pre-tax Income to Paid-in Capital Ratio (%)		31.79	0.98	(89.80)
	Net Margin (%)		90.10	15.54	(2,014.16)
	Earnings Per Share (NT$)		3.21	0.05	(9.02)
Cash flow	Cash Flow Ratio (%)		451.11	559.55	539.64
	Cash Flow Adequacy Ratio (%)		95.53	54.09	60.37
	Cash Flow Reinvestment Ratio (%)		4.32	N/A	1.78
Leverage	Operating Leverage		1.00	1.01	N/A
	Financial Leverage		1.00	1.01	N/A

Causes leading to changes in various financial ratios over the past two (2) years are explained as enumerated below:

1. Financial structure
   Mainly due to the repayment of short-term borrowings in 2023, resulting in a decrease in debt-to-asset ratio.
2. Solvency
   Mainly due to the repayment of short-term borrowings in 2023, resulting in an increase in the current ratio and quick ratio.
   Mainly due to the overall economic impact causing the reduction in operating revenue and profitability, thereby resulting in a decrease in the time's interest earned.
3. Operating performance
   Mainly due to the increase in the parent company's only operating revenue in 2023, thereby increasing operational ability.
4. Profitability
   Mainly due to the overall economic impact in 2023 causing the reduction in profitability, thereby resulting in the decrease in profitability.
5. Leverage
   The leverage is not applicable as the 2023 operating income is negative.

Glossary —Taiwan-IFRSs version:

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Trade Receivables
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant, and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate))/Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Net Margin = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding

5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends)/(Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Operating income
   (2) Financial Leverage = Income from Operations /(Operating income – Interest Expenses)

6.3 Audit Committee's Review Report for the Most Recent Year:

See Appendix II (Pages 191)

6.4 Financial Statements for the Most Recent Year (including the consolidated financial statements of the parent and subsidiaries):

See Appendix IV (Pages 193~317)

6.5 The Latest Individual Auditor's Report and Financial Statements Audited and Certified by CPA:

See Appendix V (Pages 318~398)

6.6 The Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

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

7.1 Financial conditions

(entities to be merged) Expressed in Thousand New Taiwan Dollars

Items \ Year	December 31, 2022	December 31, 2023	Amount in discrepancy	rate of change(s) (%)
Current assets	32,663,028	30,676,516	(1,986,512)	(6.08)
Non-current financial assets at fair value through profit or loss	90,007	0	(90,007)	(100.00)
Non-current financial assets at fair value through other comprehensive income	8,054,316	7,498,666	(555,650)	(6.90)
Property, plants & equipment	22,037,075	19,464,972	(2,572,103)	(11.67)
Right-of-use assets	1,905,157	1,671,302	(233,855)	(12.27)
Intangible assets	4,907,583	1,640,602	(3,266,981)	(66.57)
Other assets	3,386,304	3,150,404	1,435,402	(6.97)
Total assets	73,043,470	64,102,462	(8,941,008)	(12.24)
Current liabilities	10,312,376	10,922,533	610,157	5.92
Non-current liabilities	6,070,098	4,035,193	(2,034,905)	(33.52)
Total liabilities	16,382,474	14,957,726	(1,424,748)	(8.70)
Share capital	7,547,840	7,529,405	(18,435)	(0.24)
Capital surplus	46,421,664	46,447,060	25,396	0.05
Retained earnings	654,565	(6,442,832)	(7,097,397)	(1,084.29)
Other equity	75,010	(24,296)	(99,306)	(132.39)
Treasury shares	(294,810)	(135,163)	159,647	(54.15)
Non-controlling interests	2,256,727	1,770,562	(486,165)	(21.54)
Total shareholders' equity	56,660,996	49,144,736	(7,516,260)	(13.27)

7.1.1 Analyses into the major causes behind the rate of change(s) up to over 20% with amount involved in a change up to NT$10,000,000.

1. Decrease in the current financial assets measured at fair value through profit or loss
   Mainly due to the disposal of shares in 2023.
2. Decrease in intangible assets
   Mainly due to the recognition of goodwill impairment in 2023 resulting in the decrease in intangible assets.
3. Decrease in non-current liabilities
   Mainly due to the decrease in long-term borrowings in 2023.
4. Decrease in retained earnings
   Mainly due to the overall economic impact in 2023 causing a reduction of operating revenue, increase in idle capacity, and provision of asset impairment, thereby resulting in a decrease in the loss and decrease in retained earnings.
5. Increase in other equities
   Mainly due to the increase in exchange losses from the translation of foreign financial statements in 2023.
6. Decrease in treasury shares
   Mainly due to the cancellation of treasury shares in 2023.
7. Decrease in non-controlling interests
   Mainly due to the overall economic impact in 2023 causing the decrease in the overall profit, thereby resulting in the decrease in non-controlling interests.

7.1.2 Impact resulting from the change: Without a significant impact on the financial conditions.
7.1.3 Future countermeasures: Not applicable.

7.2 Financial performance

(Consolidated) Expressed in Thousand New Taiwan Dollars

Year / Items	Fiscal year 2022	Fiscal year 2023	Amount in discrepancy	rate of change(s) (%)
Net sales	28,878,250	22,305,680	(6,572,570)	(22.76)
Operating costs	(23,896,688)	(21,137,938)	2,758,750	(11.54)
Unrealized loss in sales	(15)	(13)	2	(13.33)
Gross profit (loss)	4,981,547	1,167,729	(3,813,818)	(76.56)
Operating expenses	(5,533,845)	(5,199,313)	334,532	(6.05)
Other gains and losses	86,700	30,306	(56,394)	(65.04)
Operating Profit	(465,598)	(4,001,278)	(3,535,680)	759.38
Non-operating income & expenses	(17,870)	(3,383,721)	(3,365,851)	18,835.20
Net income before tax from continued operation	(483,468)	(7,384,999)	(6,901,531)	1,427.51
Income tax expenses	(82,915)	62,267	145,182	(175.10)
Net Profit	(566,383)	(7,322,732)	(6,756,349)	1,192.89
Other comprehensive income(loss)	206,055	(269,770)	(475,825)	(230.92)

7.2.1 Analyses into the leading causes where the rate of change(s) was up to more than 20% with the amount involved in the change up to NT$10,000,000.

1. Decrease in sales revenue
   Mainly due to the overall economic impact in 2023, resulting in a decrease in operating revenue.
2. Decrease in the net amount of gross operating profit and increase in operating losses.
   Mainly due to the overall economic impact in 2023, resulting in a decrease in operating revenue and an increase in idle capacity.
3. Decrease in other incomes and expenses
   Mainly due to the decrease in government subsidies for the industry in 2023.
4. Increase in net non-operating expenses
   Mainly due to the provision of asset impairment in 2023.
5. Increase in income tax expenses
   Mainly due to the increase in overall losses in 2023, resulting in income tax benefits.
6. Increase in other comprehensive loss
   Mainly due to the increase in exchange losses from the translation of foreign financial statements in 2023.

7.2.2 The potential impact of the anticipated sales volumes and the grounds thereof upon the

finance and business of the Company in the future and the countermeasure plans thereof.

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 market for many years and has strengthened its layout in the automotive, smart sensor, and advanced display markets. This year, the Company will also generate some results from relevant projects successively. 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 also 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.

7.3 Cash Flow

7.3.1 analysis on changes in cash flow

(Consolidated) Expressed in Thousand New Taiwan Dollars

year / items	Fiscal year 2022	Fiscal year 2023	increase (decrease) in amount	rate of change(s) (%)
Net cash flow from operating activities	7,959,042	2,379,555	(5,579,487)	(70.10)
Net cash flow from investing activities	(4,699,400)	(2,134,017)	2,565,383	(54.59)
Net cash flow from financing activities	295,875	(765,159)	(1,061,034)	(358.61)

<u>Fiscal year 2023 analysis on changes in cash flow</u>

1. Operating activities
   In 2023, due to the weak overall economy that affected the end demand resulting in a decrease in operating revenues and profitability, the net cash inflow from operating activities decreased by NT$5.58 billion from 2022.
2. Investing activities
   The Company adjusted its capital expenditure schedule flexibly based on the actual market demand. The property, plant, and equipment acquired in 2023 decreased by NT$ 2.29 billion from 2022.
3. Financing activities
   In 2023, in order to reduce interest expenses and repay bank borrowings, the net cash outflow from financing activities was NT$770 million. Despite the repayment of bank loans and distribution of cash dividends in 2022, there was still a net cash inflow from financing activities, NT$300 million, due to the cash capital increase completed in that year.

Plan to improve cash deficit

The Company's net cash inflow from operating activities in 2023 reached NT$2.38 billion, and the net cash at the end of the year was NT$11.1 billion. Therefore, there was no cash deficit.

7.3.2 Cash liquidity analysis for the upcoming year

(Consolidated)

Expressed in Thousand New Taiwan Dollars

At the beginning of the term Balance in cash (a)	Anticipated to come from in the entire year operating activities net cash flow (b)	Anticipated figures for investment and capital-raising activities in the entire year net cash flow (c)	Anticipated cash surplus (inadequacy) amount (a)+(b)+(c)	Amount of cash deficit Remedial measures	
				investment plans	wealth management plans
15,563,488	1,759,448	(2,618,176)	14,704,759	—	—

Analysis on changes in cash flow in 2024

1、In the entire year, the major cash inflow primarily came from operating activities. The cash outflow primarily resulted from introduction into new business lines, equipment for the new manufacturing process, and expansion of high-end productivity which caused capital expenditures.

2、In the very premise to secure stable cash flow, toward the cash flow amidst the cash balance on the book and in the operating activities, investing, and financing activities, the Company launches prudential planning with consideration of the update in the financial market to control all sorts of cash expenditures in a sound manner.

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

7.4.1 Facts of the utilization of major capital expenditures by the Company and its subsidiaries in 2023 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	2,033,835

7.4.2 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.

7.5 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.

In the 2023 consolidated statements, the Company recognized the loss on the investment accounted for using the equity method, NT$549 million, mainly due to the slow recovery of the LED industry in 2023, and the gradual destocking of terminal electronic products (such as mobile phones, tablets, and computers). However, the factors, such as continued pressure from international inflation and lift rate, the ongoing Russia–Ukraine War, the slowdown of China's economy, and geopolitics, still posed impacts. As a result, the sales force of electronic components products was not as good as expected, resulting in the overall loss of the investees' operations.

Ennostar's reinvestments focus on medium- and long-term strategic objectives, and the investment targets are mainly strategic investees to cultivate new competitive advantages and growth momentum. The investment pillars are automotive, advanced display, and intelligent sensors, to shift the business positioning to high-tech and high-value-added application markets. Looking to the future, Ennostar will continue to invest based on the Group's long-term development strategies, to create a leading position in the industry. Starting from the core capabilities, it will gather the resources and strength of the Group and its partners, and continuously invest in innovative research and development to exert the synergy of the Group's cooperation and become the full optoelectronic integration solution provider.

7.6 Risk-related issues

7.6.1 Policy and organizational structure of risk management

The Board and senior management of Ennostar Group have been committed to strengthening corporate governance and promoting risk management for a long time. In light of the increasingly complex business operations faced by enterprises, Ennostar Group promotes a comprehensive enterprise risk management (ERM) to steadily operate the business and move toward the corporate sustainable development goals. On November 3, 2022, the Board approved the formal establishment of the "Risk Management Committee" under the "ESG Committee" subordinate to the Board. 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, expecting to focus on the following aspects:

1、The Risk Management Committee is established to assist the risk management team in sub-committees to operate smoothly
2、Optimize the basic risk management framework, to fully implement the risk management mechanism.
3、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

4、Elevate the risk management awareness of all employees and establish the Group's risk management culture

Risk management policy

The risk management procedures, include the five major elements, namely, risk identification, risk analysis, risk assessment, risk response, and supervision & review mechanism. The procedures and methods to be executed physically for each element shall also be specified, in order to establish the risk knowledge base, 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, namely 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.

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.

Organizational structure

Operations

To identify the challenges that may arise for Ennostar Group in the future, early and systematically, 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. Meanwhile, the construction of the Ennostar Risk Knowledge Database will be completed in 2023. 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.

The Risk Management Committee is composed of the chairmen of four companies including the Company, Epistar, Lextar Electronics, and Unikorn Semiconductor. The Committee meets on a quarterly basis and reports the implementation status to the "Corporate Sustainability and Risk Management Committee" regularly. The members of the executive office and the executive secretaries of the four groups under the Committee are appointed by the Chief Financial Officer to arrange, communicate and coordinate the risk group meetings of the Group companies (the Company, Epistar, Lextar Electronics, and Unikorn Semiconductor), responsible for promoting, implementing and maintaining the risk management mechanism. Members within the risk management organization (including officers and execution staff) also need to receive relevant education and training courses. For their duties and functions, please refer to the "Risk Management Policy and Procedures" published on the official website.

7.6.2 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, 2023, 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$11,093,000 in Fiscal 2023. 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	Fiscal year 2023
Net revenues (1)	22,305,680
Operating profit (loss) (2)	(4,001,278)
Foreign exchange gain (loss), net (3)	(102,079)
(3)/(1)	-0.46%
(3)/(2)	2.55%

(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 Company and its subsidiaries primarily purchase commodities from Taiwan and Mainland China and primarily export products to European and American markets, Mainland China and other Asian regions. The inflation did not incur a significant impact upon the Company in Fiscal 2023.The Company, nevertheless, does not at all assure that inflation in the future will not incur a significant change in attribute, extent or scope to lead to an adverse impact upon the Company and its subsidiaries. The Group shall, nevertheless, stay closely vigilant on changes in the supply/demand status and prices of raw materials & materiel to adjust inventory in real-time. Through the research & development efforts toward low-cost substitute raw material sources and efforts to boost product brightness level, the Group shall put forth maximum possible efforts to lower operating costs and, in turn, minimize the impact upon the Company's profit and/or loss.

7.6.3 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	Here at the Company and its subsidiaries we did not at all engage in high-risk, high leverage investment in the most recent year and as of the publication date of the Annual Report	Both the Company and its subsidiaries have focused on the principal business lines and have not engaged in high-risk, high-leverage investment.
Capital funds loaned to others	1. Due to the business turnover needs of Unikorn Semiconductor Corporation, the company has loaned NT$200 million to the company. 2. In response to the needs of by subsidiaries in working capital, the Company loans working capital outwardly.	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. The Company has not rendered in the most recent year as of the publication date of the Annual Report. 2. The endorsements/guarantees related issues carried out among subsidiaries themselves were primarily	The Company and its subsidiaries have duly carried out endorsement/guarantee exactly in accordance with their own "Procedures for Endorsements and Guarantees " and have further carried out announcements and

Items of risks	Performance in implementation	Policies and future countermeasures
	intended to help raise working capital	declaration to the public according to law.
Transaction with derivative financial instruments	The Company and its subsidiaries engage in forwarding foreign exchange trading primarily in an attempt to evade the potential risks that are likely to rise amidst fluctuations of exchange rates for the assets and 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.

7.6.4 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 2024 will maintain a steady growth. For details, please refer to Page 121 of the annual report.

7.6.5 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.

7.6.6 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 2022, 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 and Unikorn Semiconductor) 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.

7.6.7 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 assess the operational, market, environmental, strategic, financial and governance, compliance and reporting risks regularly and set forth the response action programs with respect to the high-risk items, so as to protect the rights and interests of stakeholders, strengthen communication channels, and 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 the high value-added fields, such as Mini/Micro LED, automotive and smart sensors, to exert 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.

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

Both the Company and its subsidiaries did not launch any merger/acquisition (M&A) programs in the most recent year as of the publication date of the Annual Report

7.6.9 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.

7.6.10 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 has specialized in the production and manufacture of compound semiconductors, with products covering such epitaxy, chip grains, package to modules. We are capable of providing customers with such services including notably integration of supply chains, customized production and solutions. Our products are applied toward the scope covering displays, professional lighting, automotive sensing, 5G communications, NMOS, and the like within a very extensive range of applications.

Other than the continued efforts to maintain sound and close ties with existent customers, we proactively utilize our core technology & know-how to expand the current LED and other III-V compound semiconductors, guiding the entire Group to further extend toward varied aspects. Teaming up with the customers in the relevant application range, we launch technical coordination and strategic coordination in patents, inventions, and the like to accelerate virtual vertical integration to further expand the channels to market products to develop products and markets in concerted teamwork.

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.

7.6.11 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.

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

None.

7.6.13 Litigation or non-litigation issues

Ennostar Group

Subject	Fa t 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	An accusation against Lowe's of some LED filament bulb products in infringement of Jing Yuan Optronics Company's American Patent codes US6,346,771, US8,492,780, Three invention patents in US7,560,738 and the like	Pending for a judgment to be ruled by the court	2017..04.28	Lowe's	Currently being heard in the District Court in California, USA
Civil litigation on infringement of patent	An accusation against Lowe's of some LED filament bulb products in infringement of Jing Yuan Optronics Company's American Patent codes US9,664,340, US9,065,022, US8,240,881, US7,489,068, Five invention patents in US10,224,455 and the like	Pending for a judgment to be ruled by the court	2020.05.22	Lowe's	Currently being heard in the District Court in Texas, USA
Civil litigation on infringement of patent	An accusation against Lowe's of some LED filament bulb products in infringement of Jing Yuan Optronics Company's American Patent codes US7,560,738, One invention patents and the like	Pending for a judgment to be ruled by the court	2023.09.01	Lowe's	Currently being heard in the District Court in Texas, USA

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

(Source: AUO Corporation Company's Consolidated Financial Statements for Fiscal 2023)

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.

7.6.14 Other significant risks and countermeasures.

None.

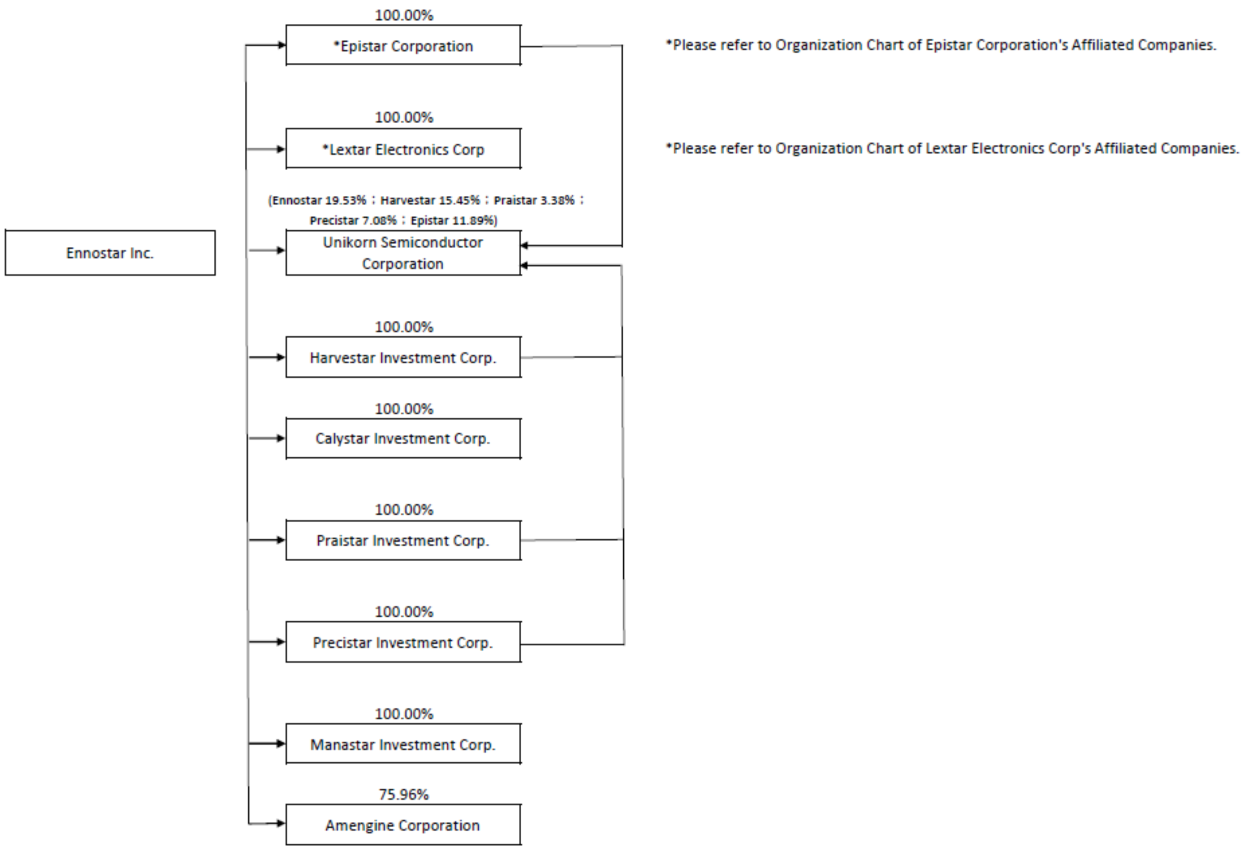
7.7 Other important notes: None

8. Special Disclosure

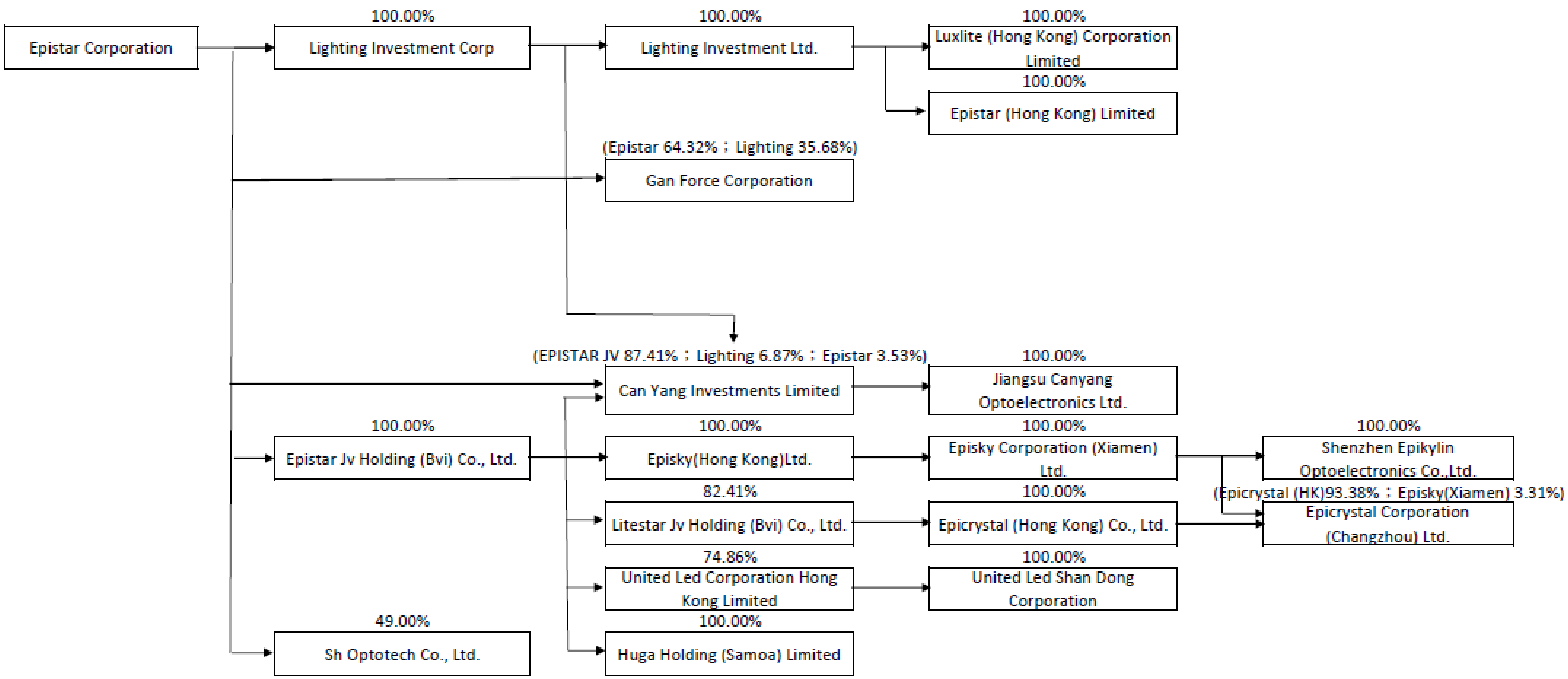
8.1 Summary of Affiliated Companies

8.1.1 Organization Chart of Ennostar Inc.'s Affiliated Companies (December 31, 2023)

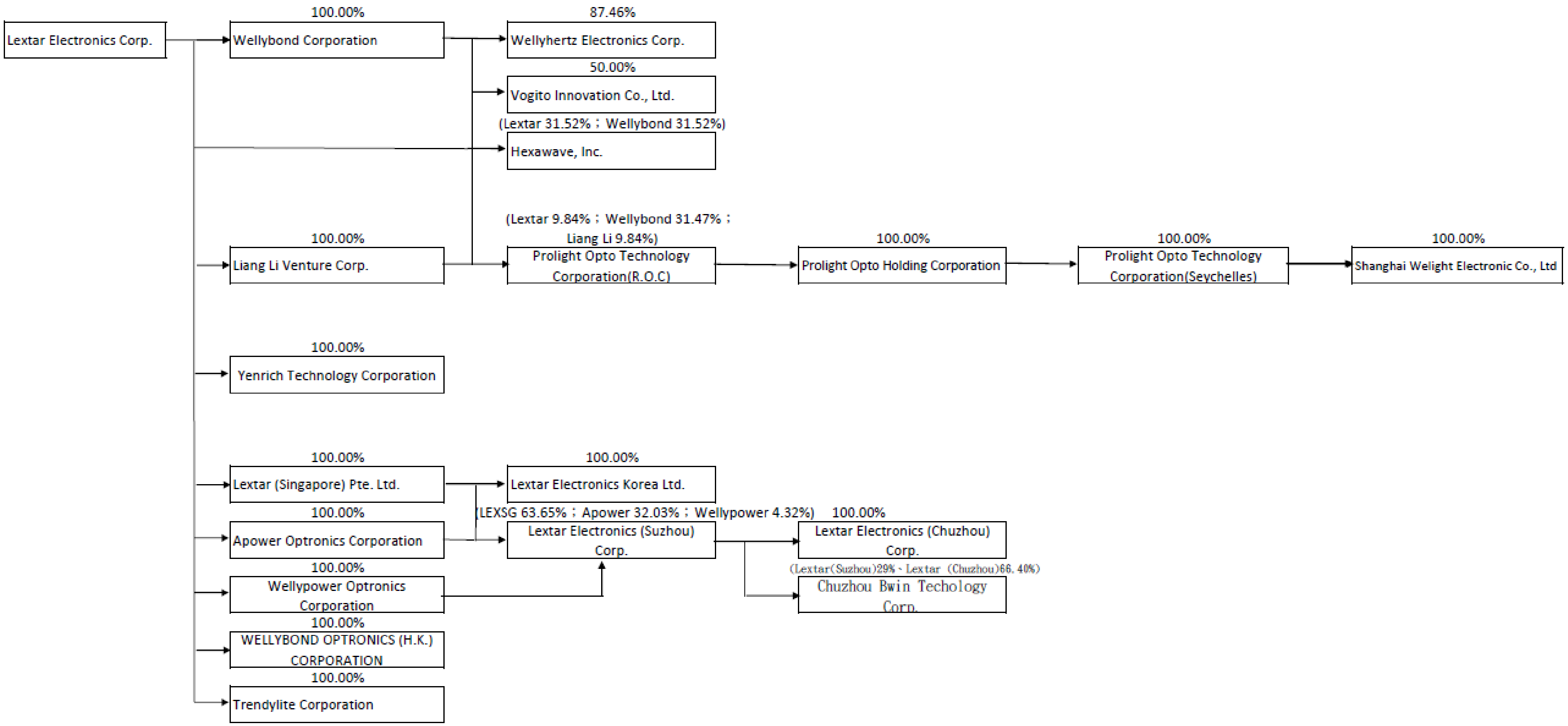
Organization Chart of Lextar Ennostar Inc.'s Affiliated Companies (2023/12/31)



Organization Chart of Epistar Corporation's Affiliated Companies (2023/12/31)



Organization Chart of Lextar Electronics Corp's Affiliated Companies (2023/12/31)



8.1.2 Basic Information of Affiliates

Name of enterprise	Date of incorporation	Address	paid-in capital		Major business lines or production items
Epistar Corporation	1996.09.19	21, Li-hsin Rd., Hsinchu Science Park Hsinchu City, Taiwan	NTD	11,164,791,880	Research & development, manufacture and sales of Light Emitting Diode upstream LED epitoxy and chip grains
Lextar Electronics Corp.	2008.05.23	6 F., No. 21, Lixing Rd.,Hsinchu Science Park, Hsinchu City, Taiwan	NTD	5,149,163,800	From photoelectricitic semiconductor packages, SMT to docule products
Lighting Investment Corp.	2007.11.08	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City, Taiwan	NTD	1,914,785,180	professional investment
Episky Corporation (Xiamen) Ltd.	2006.12.13	No. 99 Xiangxing Road, Torch Gaoxin District (Xiangan) Industrial Zone, Xiamen City	USD	68,000,000	Production and sales of Light Emitting Diode grains
Episky(Hong Kong)Ltd.	2008.05.06	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	68,000,000	professional investment
Lighting Investment Ltd.	2008.05.16	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	4,564,300	professional investment
Epistar JV Holding (BVI) Co., Ltd.	2010.01.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	482,780,000	professional investment
LiteStar JV Holding (BVI) Co., Ltd.	2010.02.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD	132,050,000	professional investment
Epicrystal (Hong Kong) Co., Ltd.	2010.03.05	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	146,600,000	professional investment
Luxlite (HK) Corporation Limited	2008.12.18	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	3,800,000	professional investment
Epicrystal Corporation (Changzhou) Ltd.	2010.04.07	No. 518 Yancheng S. Road, Wujin National Gaoxin Technology Development Zone, Changzhou City, Jiangsu Province	USD	157,000,000	Production and sales business on Light Emitting Diode epi-wager chips
Yenrich Technology Corporation	2010.12.11	2F, No. 52 Park Zone 2nd Road, Baoshan Township, Hsinchu County, Hsinchu Science Park Zone	NTD	260,000,000	Manufacture and sales of electronic parts & components

Name of enterprise	Date of incorporation	Address	paid-in capital		Major business lines or production items
United Led Corporation Hong Kong Limited	2010.10.29	Room 2702-03, C.C.Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	89,500,300	professional investment
United Led Shan Dong Corporation	2010.02.25	No. 6688 Chungwen Boulevard, Gaoxin District, Jining City, Shandong Province, China	USD	84,000,000	Production and sales business on Light Emitting Diode epi-wager chips
HUGA Holding (Samoa) Limited	2011.01.13	Vistra Corporate Services Centre, Ground Floor NPF Buildinf, Bach Road, Apia Somoa.	USD	12,551,035	professional investment
Epistar (Hong Kong) Limited	2013.04.25	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	82,850	professional investment
Can Yang Investments Limited	2009.11.24	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	76,000,000	professional investment
Jiangsu Canyang Optoelectronics Ltd.	2009.10.12	No. 9 Zhouzhuanghezhi Road, Yangzhou City Economic Development Zone, Jiangsu Province	USD	192,000,000	Production and sales business on Light Emitting Diode epi-wager chips
Unikorn Semiconductor Corporation	2018.10.11	1F, 5, Li-hsin 5th Rd., Hsinchu Science Park, Hsinchu 300, Taiwan	NTD	1,682,425,000	Professional OEM of 35 compound semiconductors
Prolight Opto Technology Corporation	2004.10.22	No. 89 Hsiyuan Road, Zhongli District, Taoyuan City	NTD	680,620,000	Package, manufacture and sales of Light-Emitting Diode (LED)
Gan Force Corporation	2019.10.07	9F~1, No. 69 Ziyu Road, Hsinchu City	NTD	2,218,000	Research & development, design and sales of electronic components
Amengine Corporation	2020.06.15	2F.-3, No. 6-1, Sec. 2, Shengyi Rd., Zhubei City, Hsinchu County , Taiwan (R.O.C.)	NTD	50,566,250	Research & development, production and sales of optical sensing modules
Shenzhen Epikylin Optoelectronics Co.,Ltd.	2020.06.09	Room 1501, 15F (Fuguang Commercial Building) Qi-Zhi-Gu Commercial Mansion, No. 1, Tangling Road, Liuxian Boulevard, Nanshan District, Shenshen City	RMB	10,000,000	Sales of Light Emitting Diode grains
Lextar Electronics (Suzhou) Corp.	2010.02.05	West Side, 1F, Building T, No.13, Chun Hui Road, Suzhou Industrial Park, China	USD	125,705,000	Manufacture and sales of light-emitting diode (LED) and the modules thereof
Liang Li Venture Corp.	2006.05.10	3F., No. 1, Keyi St., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	NTD	180,000,000	general investment
Lextar (Singapore) Pte. Ltd.	2009.11.23	16 Raffles Quay, #19- 01 Hong Leong Building, Singapore	USD	90,270,000	general investment

Name of enterprise	Date of incorporation	Address	paid-in capital		Major business lines or production items
Lextar Electronics Korea Ltd.	2010.12.10	B-No.1726 Geumgang Penterium IT Tower, 282 Hagui -ro Dongan-gu, Anyang-si, Gyeonggi-do, South Korea	USD	100,000	Rendering LED related after-sales services
Wellypower Optronics Corporation	1999..06.08	Vistra Corporate Services Centre, Wickhams Cay ii, Road Town, Tortola, Vg1110, British Virgin Islands	USD	5,153,061	Business in general investment
Apower Optronics Corporation	2003.02.11	VISTRA CORPORATE SERVICES CENTRE, WICKHAMS CAY II, ROAD TOWN, TORTOLA, VG1110, BRITISH VIRGIN ISLANNDS	USD	31,600,000	general investment
Wellybond Corporation	2008.06.10	3F., No. 1, Keyi St., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	NTD	750,000,000	general investment
Wellybond Optronics (H.K.) Corporation	2008.10.15	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	USD	500,000	general investment
Trendylite Corporation	2013.02.05	3F., No. 1, Keyi St., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	NTD	31,500,000	Illumination business、Electronic component manufacturing
Lextar Electronics (Chuzhou) Corp.	2017..05.15	No. 2168 Qingliu East Road, Suchu Modern Science Park Zone, Chuzhou City, Anhui Province	RMB	700,000,000	Manufacture and sales of light-emitting diode (LED) and the modules thereof
Vogito Innovation Co., Ltd.	2018.07.25	3F., No. 1, Keyi St., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	NTD	2,000,000	Design, research & development and sales of healthcare products
Hexawave, Inc.	1991.02.20	1F, No. 2 Zhanyeh 2nd Road, Hsinchu Science Park ,Hsinchu City,	NTD	403,438,340	Manufacture and sales of compound semiconductor materials and modules
Wellyhertz Electronics Corp.	2020.11.18	3F., No. 1, Keyi St., Zhunan Township, Miaoli County 350, Taiwan (R.O.C.)	NTD	35,100,000	Business in electronic parts & components manufacture
Sh Optotech Co., Ltd.	2010.09.25	9F~1, No. 69 Ziyu Road, Hsinchu City	NTD	64,881,110	Sales of Light-Emitting Diode (LED)
ProLight Opto Holding Corporation	2010.11.11	No.24, Lesperance Industrial Estate, MAHE Seychelles	USD	150,000	Business in general investment
ProLight Opto Technology Corporation	2010.11.15	No.24, Lesperance Industrial Estate, MAHE Seychelles	USD	150,000	Business in general investment
Shanghai Welight Electronic Co., Ltd	2011.12.02	Room 501B, No. 2911 Zhongshan N. Road, Putuo District, Shanghai City	USD	150,000	Wholesales and import business for LED-related electronic products

Name of enterprise	Date of incorporation	Address	paid-in capital		Major business lines or production items
Harvestar Investment Corp	2021.07.02	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	NTD	1,150,000,000	Business in general investment
Calystar Investment Corp.	2021.11.11	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	NTD	440,000,000	Business in general investment
Precistar Investment Corp.	2022.10.20	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	NTD	480,000,000	Business in general investment
Praistar Investment Corp.	2022.10.20	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	NTD	270,000,000	Business in general investment
Manastar Investment Corp.	2022.10.20	9F.-1, No. 67, Ziyou Rd., East Dist., Hsinchu City , Taiwan (R.O.C.)	NTD	1,000,000	Business in general investment
Chuzhou Bwin Techology Corp.	2018.12.20	No.11,Weiye Road, Suchu modern industrial park, Chuzhou, Anhui	RMB	1,000,000,000	R&D, production and sale metals and plastics technical product

8.1.3 Shareholders representing both holding companies and subordinates: None.

8.1.4 Industries Covered by all the Affiliates: Including optoelectronic industry and investment industry.

8.1.5 Name of each affiliated company’s Director, Supervisor, and President

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
Epistar Corporation	Director	Ennostar Inc. Legal representative：Chin-Yung Fan	Ennostar shareholding 1,116,479	100.00%
Lextar Electronics Corp.	Director	Ennostar Inc. Legal representative：Hsiu-Mu Tang	Ennostar shareholding 514,916 thousand shares	100.00%

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
Lighting Investment Corp.	Director	Epistar Corporation Legal representative：Chin-Yung Fan	Epistar. shareholding 191,479 thousand shares	100.00%
Episky Corporation (Xiamen) Ltd.	Director	Episky(Hong Kong)Ltd. Legal representative：Jen-Chau Wu、Chang Bao、Ming-Da Jin、Wen-Chieh Kuo	Episky(Hong Kong) invested USD 68,000 thousand	100.00%
	Supervisor	Episky(Hong Kong)Ltd. Legal representative：Yung-Sheng Yu		
Episky(Hong Kong)Ltd.	Director	Chin-Yung Fan	Epistar JV invested USD 68,000 thousand	100.00%
Lighting Investment Ltd.	Director	Chin-Yung Fan	Lighting shareholding 46 thousand shares	100.00%
Epistar JV Holding (BVI) Co., Ltd.	Director	Chin-Yung Fan	Epistar shareholding 48 thousand shares	100.00%
LiteStar JV Holding (BVI) Co., Ltd.	Director	Chin-Yung Fan、Jen-Chau Wu、Liao-Shou Yen	Epistar JV shareholding 11 thousand shares	82.41%

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
Epicrystal (Hong Kong) Co., Ltd.	Director	Chin-Yung Fan、Ming-Da Jin、Liao-Shou Yen	LiteStar JV Shareholding 146,600 thousand shares	100.00%
Luxlite (HK) Corporation Limited	Director	Chin-Yung Fan、Yung-Sheng Yu、Wei-Kuo Su、Jen-Chau Wu、Ming-Da Jin	Lighting shareholding 3,800 thousand shares	100.00%
Epicrystal Corporation (Changzhou) Ltd.	Director	Epicrystal (Hong Kong) Co., Ltd. Legal representative：Jen-Chau Wu、Chang Bao、Liao-Shou Yen Episky Corporation (Xiamen) Ltd. Legal representative：Ming-Da Jin	Epicrystal (Hong Kong) invested USD 146,600 thousand Episky (Xiamen) invested USD 5,200 thousand	96.69%
	Supervisor	Wun-Ting Wang		
Yenrich Technology Corporation	Director	Lextar Electronics Corp. Legal representative：Hsiu-Mu Tang、Cun-Jhong Li Wan-Ji Syu、 Jhao-Nian Huang	Lextar shareholding 26,000 thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative：Shao-Lan Wang		
United Led Corporation Hong Kong Limited	Director	Jen-Chau Wu、Lin-Tien Yang、Chau-Shen Yu	Epistar JV shareholding 67,000 thousand shares	74.86%
	Supervisor	Yung-Sheng Yu、Yi-Qi Liu		
United Led Shan Dong Corporation	Executive Director	United Led Corporation Hong Kong Limited Legal representative：Jen-Chau Wu	United LED(HK) invested USD 84,000 thousand	100.00%

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
	Supervisor	United Led Corporation Hong Kong Limited Legal representative：Yung-Sheng Yu		
HUGA Holding (Samoa) Limited	Director	Chin-Yung Fan	Epistar JV shareholding 12,551 thousand shares	100.00%
Epistar (Hong Kong) Limited	Director	Chin-Yung Fan	Lighting shareholding 125 thousand shares	100.00%
Can Yang Investments Limited	Director	Ming-Ta Chin、Jen-Chau Wu、Cheng-Chi Chiang	Epistar shareholding 2,679 thousand shares Epistar JV shareholding 66,439 thousand shares shareholding 5,219 thousand shares	97.81%
Jiangsu Canyang Optoelectronics Ltd.	Director	Can Yang Investments Limited Legal representative：Jen-Chau Wu、Ming-Ta Chin Cheng-Chi Chiang	Can Yang invested USD 192,000 thousand	100.00%
	Supervisor	Can Yang Investments Limited Legal representative：Hui-Nin Chen		

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative</th><th colspan="2">Number of shares held（Note 1）</th></tr>
<tr><th>Number of shares (Amount of capital)</th><th>shareholding percentage</th></tr>
<tr><td rowspan="2">Unikorn Semiconductor Corporation</td><td>Director</td><td>Ennostar Inc.
Legal representative：Wei Shih、Feng Cheng (David) Su
Jin-Xiang Wen
Bau-Hsing Ann
Ta-Lun Huang</td><td rowspan="2">Ennostar shareholding
65,700 thousand shares
Harvestar shareholding
52,000 thousand shares
Precistar shareholding
23,815 thousand shares
Praistar shareholding
13,400 thousand shares
Epistar shareholding
40,000 thousand shares</td><td rowspan="2">57.93%</td></tr>
<tr><td>Supervisor</td><td>Harvestar Investment Corp.
Legal representative：Wun-Ting Wang
GCS Holdings, Inc.
Legal representative：Shu-Wei,Lin</td></tr>
<tr><td>Prolight Opto Technology Corporation(R.O.C)</td><td>Director</td><td>Wellybond Corporation
Legal representative：Teng-Huei Huang、Cun-Zhong Li
Dinggeng Investment Corp.
Legal representative：Shou-Li Tang
Chen-Lun Hsing Chen
Huei-Shih Long(Independent Director)
Huei-Jhong Jiang (Independent Director)
Jhih-Da Yan (Independent Director)</td><td>Lextar shareholding
6,700 thousand shares
Wellybond shareholding
21,417 thousand shares
Liang Li shareholding
6,700 thousand shares</td><td>51.15%</td></tr>
<tr><td rowspan="2">Amengine Corporation</td><td>Director</td><td>Ennostar Inc.
Legal representative：Chin-Yung Fan、Cun-Jhong Li、Yung-Sheng Yu
Chia-Liang Hsu
Chang-Po Chao</td><td rowspan="2">Ennostar shareholding
6,922 thousand shares</td><td rowspan="2">75.96%</td></tr>
<tr><td>Supervisor</td><td>Wun-Ting Wang</td></tr>
</table>

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative</th><th colspan="2">Number of shares held（Note 1）</th></tr>
<tr><th>Number of shares (Amount of capital)</th><th>shareholding percentage</th></tr>
<tr><td rowspan="2">Shenzhen Epikylin Optoelectronics Co.,Ltd.</td><td>Director</td><td>Episky Corporation (Xiamen) Ltd.
Legal representative：Chin-Yung Fan 、Chang Bao、Chen-Chen Liu、Jen-Chau Wu、Wen-Chieh Kuo</td><td rowspan="2">Episky (Xiamen) invested RMB 10,000 thousand</td><td rowspan="2">100.00%</td></tr>
<tr><td>Supervisor</td><td>Episky Corporation (Xiamen) Ltd.
Legal representative：Wun-Ting Wang</td></tr>
<tr><td rowspan="2">Lextar Electronics (Suzhou) Corp.</td><td>Director</td><td>Hsiu-Mu Tang、Chi-Chung Chao、Kuei-Liang Lai</td><td rowspan="2">LEXSG invested USD 80,000 thousand
Wellypower invested USD 5,436 thousand
Apower invested USD 40,269 thousand</td><td rowspan="2">100.00%</td></tr>
<tr><td>Supervisor</td><td>Yan-Qin Wong</td></tr>
<tr><td>Liang Li Venture Corp.</td><td>Director</td><td>Lextar Electronics Corp.
Legal representative：Hsiu-Mu Tang</td><td>Lextar shareholding 18,000 thousand</td><td>100.00%</td></tr>
<tr><td>Lextar (Singapore) Pte. Ltd.</td><td>Director</td><td>Teng-Huei Huang、Hsiu-Mu Tang、Kai-Lin Hsu</td><td>Lextar invested USD 90,270 thousand</td><td>100.00%</td></tr>
<tr><td>Lextar Electronics Korea Ltd.</td><td>Director</td><td>Ming-De Wu</td><td>LEXSG shareholding 22 thousand shares</td><td>100.00%</td></tr>
<tr><td>Wellypower Optronics Corporation</td><td>Director</td><td>Lextar Electronics Corp.
Legal representative：Hsiu-Mu Tang、Teng-Huei Huang、Jhao-Nian Huang</td><td>Lextar invested USD 5,153 thousand</td><td>100.00%</td></tr>
</table>

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
Apower Optronics Corporation	Director	Lextar Electronics Corp. Legal representative：Hsiu-Mu Tang、Teng-Huei Huang、Jhao-Nian Huang	Lextar invested USD 31,600 thousand	100.00%
Wellybond Optronics Corporation	Director	Lextar Electronics Corp. Legal representative：Hsiu-Mu Tang	Lextar shareholding 75,000 thousand shares	100.00%
Wellybond Optronics (H.K) Limited	Director	Feng-Cheng Su、Teng-Huei Huang、Hsiu-Mu Tang	Lextar invested USD 500 thousand	100.00%
Trendylite Corporation	Director	Lextar Electronics Corp. Legal representative：Hsiu-Mu Tang、Teng-Huei Huang、Cun-Jhong Li	Lextar shareholding 3,150 thousand shares	100.00%
	Supervisor	Lextar Electronics Corp. Legal representative：Yan-Qin Wong		
Lextar Electronics (Chuzhou) Corp.	Director	Hsiu-Mu Tang、Chi-Chung Chao、Kuei-Liang Lai	Lextar (Suzhou) invested RMB 700,000 thousand	100.00%
	Supervisor	Yan-Qin Wong		
Vogito Innovation Co., Ltd.	Director	Wellybond Corporation Legal representative：Hsiu-Mu Tang、Jhao-Nian Huang Qi Da Investment Co., Ltd. Legal representative：Teng-Huei Huang	Wellybond shareholding 100 thousand shares	50.00%
	Supervisor	Yan-Qin Wong		

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative</th><th colspan="2">Number of shares held（Note 1）</th></tr>
<tr><th>Number of shares (Amount of capital)</th><th>shareholding percentage</th></tr>
<tr><td rowspan="2">Hexawave, Inc.</td><td>Director</td><td>Lextar Electronics Corp.
Legal representative：Feng-Cheng Su、Huang-Chung Cheng
Tung Ho Steel Enterprise Corp.
Legal representative：Che-Chung Lin</td><td rowspan="2">Lextar shareholding 12,716 thousand shares Wellybond shareholding 12,715 thousand shares</td><td rowspan="2">63.04%</td></tr>
<tr><td>Supervisor</td><td>Wellybond Corporation
Legal representative：Shao-Lan Wang</td></tr>
<tr><td rowspan="2">Wellyhertz Electronics Corp.</td><td>Director</td><td>Wellybond Corporation
Legal representative：Teng-Huei Huang、Hsiu-Mu Tang、Jin-Yu Lu</td><td rowspan="2">Wellybond shareholding 30,700 thousand shares</td><td rowspan="2">87.46%</td></tr>
<tr><td>Supervisor</td><td>Shao-Lan Wang</td></tr>
<tr><td>ProLight Opto Holding Corporation</td><td>Director</td><td>Chen-Lun Hsing Chen</td><td>ProLight(R.O.C) invested USD150 thousand</td><td>100.00%</td></tr>
<tr><td>ProLight Opto Technology Corporation</td><td>Director</td><td>Chen-Lun Hsing Chen</td><td>ProLight Opto Holding invested USD150 thousand</td><td>100.00%</td></tr>
<tr><td rowspan="2">Shanghai Welight Electronic Co., Ltd</td><td>Director</td><td>ProLight Opto Technology Corporation
Legal representative：Tong Guan</td><td rowspan="2">ProLight Opto Technology invested USD150 thousand</td><td rowspan="2">100.00%</td></tr>
<tr><td>Supervisor</td><td>ProLight Opto Technology Corporation
Legal representative：Ming-Sian Shih</td></tr>
<tr><td>Harvestar Investment Corp.</td><td>Director</td><td>Ennostar Inc.
Legal representative：Shuang-Lang Peng</td><td>Ennostar shareholding 115,000 thousand shares</td><td>100.00%</td></tr>
</table>

Company Name	Title	Name or Representative	Number of shares held（Note 1）	
			Number of shares (Amount of capital)	shareholding percentage
Calystar Investment Corp.	Director	Ennostar Inc. Legal representative：Shuang-Lang Peng	Ennostar shareholding 44,000 thousand shares	100.00%
Precistar Investment Corp.	Director	Ennostar Inc. Legal representative：Shuang-Lang Peng	Ennostar shareholding 48,000 thousand	100.00%
Praistar Investment Corp.	Director	Ennostar Inc. Legal representative：Shuang-Lang Peng	Ennostar shareholding 27,000 thousand	100.00%
Manastar Investment Corp.	Director	Ennostar Inc. Legal representative：Shuang-Lang Peng	Ennostar shareholding 100 thousand shares	100.00%
Chuzhou Bwin Techology Corp.	Director	Teng-Huei Huang、Hsiu-Mu Tang、Zhi-Sheng Hsu、Ji-Kung Wang	Lextar (Suzhou) invested RMB 29,000 Thousand Lextar (Chuzhou) invested RMB 66,400 thousand	95.40%
	Supervisor	Shao-Lan Wang		

Note 1: In this company in attribute as a limited company, the number of shares is not applicable/

Note 2: Pursuant to Company Act prevalent in Mainland China, to be jointly appointed by shareholders before being submitted to the Industry &Commercial Bureau for approval.

Note 3: Gan Force Corporation and SH Optotech Co., Ltd. are under liquidation.

8.1.6 Affiliates' Operating Results

As of December 31, 2023 Unit: NT in thousands

Name of enterprise	Amount of capital	Total assets	Total liabilities	net worth	operating revenues	Operating profit	Profit and/or loss of the present term (after tax)	earnings per share (EPS) (NT$) (after tax)
Harvestar Investment Corp.	1,150,000	706,483	0	706,483	0	(221,012)	(220,874)	(1.92)
Calystar Investment Corp.	440,000	366,250	0	366,250	0	(57,450)	(57,229)	(1.30)
Precistar Investment Corp.	480,000	49,086	0	49,086	0	(50,048)	(49,998)	(1.31)
Praistar Investment Corp.	270,000	27,542	0	27,542	0	(36,936)	(36,909)	(1.37)
Manastar Investment Corp.	1,000	974	0	974	0	(14)	(7)	(0.07)
Amengine Corporation	50,566	30,145	6,064	24,081	3,663	(15,365)	(13,671)	(1.50)
Unikorn Semiconductor Corporation	1,682,425	1,862,078	1,220,225	641,853	545,686	(886,237)	(891,055)	(2.74)
Epistar Corporation	11,164,792	42,542,923	9,568,418	32,974,505	11,207,231	(2,376,701)	(6,060,593)	(5.53)
GaNrich Semiconductor Corporation	0	0	0	0	2,191	(21,189)	(21,358)	Note 2
Lighting Investment Corp.	1,914,785	1,583,430	190	1,583,240	193,124	9,069	8,947	0.05
Lighting Investment Ltd.	152,701	726,534	16	726,518	0	(3,766)	(9,031)	Note 1
Epistar (Hong Kong) Limited	2,556	16	0	16	0	0	262	0.00
Epistar JV Holding (BVI) Co., Ltd.	14,960,129	9,167,137	282,277	8,884,860	0	(568)	(486,603)	Note 1
Lite Star JV Holding (BVI) Co., Ltd.	4,169,444	4,007,183	34	4,007,149	0	(176)	(238,730)	Note 1
Episky Corporation (Xiamen) Ltd.	2,124,096	5,540,772	3,585,886	1,954,886	4,777,888	(268,784)	(288,026)	Note 1
Episky(Hong Kong)Ltd.	2,124,096	1,954,893	0	1,954,893	0	0	(288,026)	Note 1
United LED Corporation Hong Kong Limited	2,689,036	373,338	252	373,086	0	(283)	(6,635)	Note 1
United LED Shan Dong Corporation	2,404,500	399,069	36,729	362,340	5,993	(18,508)	(6,803)	Note 1
Epicrystal Corporation (ChangZhou) Ltd.	4,494,125	5,749,142	1,458,612	4,290,530	2,167,070	(111,971)	(255,482)	Note 1
Epicrystal (Hong Kong) Co., Ltd.	4,403,034	4,006,499	0	4,006,499	0	0	(238,569)	Note 1
Full Star Enterprises Limited	0	0	0	0	0	0	0	Note 3
Jiangsu Canyang Optoelectronics Ltd.	5,902,624	3,015,258	1,279,559	1,735,699	1,696,150	(53,113)	67,667	Note 1
Can Yang Investments Limited	2,324,763	1,668,983	61,095	1,607,888	0	(179)	(6,414)	Note 1
SH Optotech Co., Ltd.	64,881	4,822	0	4,822	0	(28)	(76)	0.00
HUGA Holding (SAMOA) Limited	334,967	3,318	0	3,318	0	(47)	82	Note 1
Yen-Rich Opto (Hong Kong) Limited	0	0	0	0	0	0	0	Note 4
Luxlite (Shenzhen) Corporation Limited	0	0	0	0	0	0	0	Note 5

As of December 31, 2023 Unit: NT in thousands

Name of enterprise	Amount of capital	Total assets	Total liabilities	net worth	operating revenues	Operating profit	Profit and/or loss of the present term (after tax)	earnings per share (EPS) (NT$) (after tax)
Luxlite (HK) Corporation Limited	133,979	293,370	33	293,337	0	(66)	13,448	Note 1
Gan Force Corporation	2,218	1,714	340	1,374	0	(403)	697	0.40
Shenzhen Epikylin Optoelectronics Co.,Ltd.	43,770	953,917	734,043	219,874	1,861,436	38,004	30,429	Note 1
Lextar Electronics Corp.	5,149,164	11,490,055	1,785,381	9,704,674	4,557,309	(147,254)	(527)	0.00
Liang Li Venture Corp.	180,000	114,547	0	114,547	0	(74)	(11,701)	(0.65)
Wellybond Corporation	750,000	467,381	153	467,228	0	(5,212)	(96,024)	(1.28)
Trendylite Corporation	31,500	52,876	8,417	44,459	66,902	5,893	4,802	1.52
Vogito Innovation Co., Ltd.	2,000	6,949	642	6,307	12,723	1,776	1,433	7.17
Lextar (Singapore) Pte. Ltd.	2,709,310	2,613,816	0	2,613,816	0	(363)	155,548	Note 1
Apower Optronics Corporation	381,638	1,240,082	0	1,240,082	0	(101)	74,869	Note 1
Wellypower Optronics Corporation	44,898	172,521	0	172,521	0	(101)	10,235	Note 1
Wellybond Optronics HK Limited	17,888	11,864	0	11,864	0	0	18	Note 1
Lextar Electronics Korea Ltd.	3,025	5,759	808	4,951	8,936	515	447	Note 1
Lextar Electronics (Suzhou) Corp.	3,722,205	8,054,650	4,239,735	3,814,915	402,416	(99,428)	231,556	Note 1
Lextar Electronics (Chuzhou) Corp.	3,094,825	8,980,200	5,289,198	3,691,002	4,735,581	294,197	272,807	Note 1
Lextar Electronics (Xiaman) Co., Ltd	0	0	0	0	0	(6)	155	Note 6
Chuzhou Bwin Techology Corp.	445,735	479,432	260,385	219,047	434,903	(106,904)	(104,578)	Note 1
Hexawave, Inc.	403,438	180,256	36,546	143,710	52,065	(80,042)	(99,587)	(2.48)
Wellyhertz Electronics Corp.	35,100	31,767	5,598	26,169	4,964	(15,407)	(15,283)	(4.35)
ProLight Opto Technology Corporation	680,620	1,009,475	463,132	546,343	495,949	(121,373)	(125,783)	(1.85)
ProLight Opto Holding Corporation	4,402	(2,237)	59	(2,296)	0	0	(2,617)	Note 1
ProLight Opto Technology Corporation	4,403	(2,266)	30	(2,296)	0	0	(2,617)	Note 1
Shanghai Welight Electronic CO., LTD	4,695	67,229	69,471	(2,242)	129,719	7,059	(2,617)	Note 1
Yenrich Technology Corporation	260,000	227,792	77,407	150,385	246,472	(143,143)	(189,264)	(3.38)

Note 1: Not applicable because the Company is attributed as an offshore firm

Note 2: Due to the group's disposal of equity interests, GaNrich Semiconductor Corporation has been excluded from the consolidated entity since December 2023.

Note 3: Full Star Enterprises Limited. already completed the liquidation process in May 2023.

Note 4: Yen-Rich Opto (Hong Kong) Limited. already completed the liquidation process in July 2023.

Note 5: Luxlite (Shenzhen) Corporation Limited already completed the liquidation process in December 2023.
Note 6: Lextar Electronics (Xiaman) Co., Ltd already completed the liquidation process in January 2023.

8.1.7 Affiliates Consolidated Financial Statements

See Appendix III (P. 192)

8.1.8 Relationship Report

The Company is not an auxiliary company of another company as set forth under the special chapter for affiliated enterprises under the Company Act and is, as a result, exempted from working out reports on relationship a,pmg companies under control.

8.2 Private Placement Securities in the Most Recent Years and up to the date of publication of the annual report:

Item	2022 First private placement of common stock The issue date was August 31, 2022 (delivery date).
Types of Securities privately placed	Common shares
Approval date and number of shares	Approval date: May 31, 2022 Number of shares： Within the limit of 70,000 thousand shares
The Pricing Basis and Reasonableness	1. The price for issuing ordinary shares in the Proposed Private Placement was set to be the price determined by the following calculation, whichever is higher. The reference price was NTD 57.57. (1) The simple arithmetical average closing price of the ordinary shares of the Company on any of the first, third or fifth trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of the shares canceled in connection with capital reduction. These prices were NTD 49.45, NTD 50.38, and NTD 50.51. The average closing price, NTD 50.51, of the fifth trading day prior to the pricing date was considered the basis price. (2) The simple arithmetical average closing price, NTD 57.57, of the ordinary shares of the Company for thirty trading days prior to the pricing date, after deducting the value of bonus shares issued as stock dividends and cash dividends, and adding back the value of shares canceled in connection with capital reduction was considered as the basis price.

<table>
<tr><td></td><td colspan="5">2. The price for issuing ordinary shares in the Proposed Private Placement shall not be lower than 80% of the reference price. The actual private placement price, NTD 51.82, was 90% of the reference price abiding by the resolution of the shareholder's meeting.
3. The subscription price of this private placement should be reasonable based on the company's future prospects, the fact that the timing, counterparties, and quantity of private placement securities are strictly limited, no retrospective public offering within three years, poor liquidity, and other factors. It would have no significant influence on the rights and benefits of shareholders.</td></tr>
<tr><td>The Method for Selecting Investors</td><td colspan="5">The selection method is to have a good understanding of the Company's operation, and industrial development and directly or indirectly to contribute benefit to the future operation of the Company.</td></tr>
<tr><td>Necessity of Private Placement</td><td colspan="5">If the strategic partners purchase the Company’s shares from the market, this action could not ease the Group’s capital needs produced by the CAPEX for factory construction and production equipment. If the Company adopts public placement, the Company should observe shares for employees and public subscription in accordance with Article 267 of the Company Act and Article 28-1 of the Securities and Exchange Act. In addition, if the shares of subscription reach 10% of total issued shares, the Company should lift the amount of cash capital increase to overly exaggerate capital and ask existing shareholders to waive the subscription rights to allow the specific counterparties to subscribe. The uncertainty goes higher. In contrast to public placement, the fact that private placement of common stock has the advantage of quick and easy fundraising and the restriction of non-transferability within three years will further ensure the long-term collaboration between the Company and the counterparties, as well as the confidentiality of technology patents. Therefore, financing through this private placement could increase the flexibility of funding sources.</td></tr>
<tr><td>The date of receiving the fund</td><td colspan="5">The total raised fund was NTD 3,627,400 thousand on July 8th, 2022.</td></tr>
<tr><td rowspan="3">Specific subscribers</td><td>Subscriber</td><td>Qualification</td><td>Subscription amount</td><td>Relation</td><td>Participation in the Company’s operation</td></tr>
<tr><td>AUO Corporation</td><td>In accordance with the article 43-6, Paragraph 1, subparagraph 3.</td><td>67,250 thousand shares</td><td>Director of the Company</td><td>To integrate the industry chain and to assure long-term cooperation and confidentiality of technology.</td></tr>
<tr><td>INNOLUX Corporation</td><td>In accordance with the article 43-6, Paragraph 1, subparagraph 3.</td><td>2,750 thousand shares</td><td>None</td><td>None</td></tr>
</table>

Actual private placement price	NTD 51.82
The difference between the actual private placement price and the reference price	The actual price was NTD 51.82 equivalent to 90% of the reference price of NTD 57.57 in accordance with the resolution of the shareholders' meeting.
Impact on the rights and interests of the Company's shareholders	The issuance number of private equity ordinary shares was 70,000 thousand ordinary shares, approximately 9.27% of the equity after the capital increase.
The plan and execution of private placement application	Our company will use all of its privately raised funds to fund the capital increase of EPISTAR Corporation, its 100%-owned subsidiary (henceforth referred to as EPISTAR). The capital increase funds raised will be used by EPISTAR solely for the Micro LED. 6-inch wafer fabrication facility, the purchase of crystallite and epitaxy process equipment, and other project expenditures. Our company had raised NT$1 billion in capital of Epitaxy as of December 31, 2023, with EPISTAR spending NT$956,126 thousand on the abovementioned funds.
Benefits after private placement	War, inflation, rising interest rates, adjustments to industrial inventories, and drastic drops in customer demand have all had an impact on the global consumer market demand. Our company has had to make a minor adjustment to the rate of production capacity construction due to a slight delay in the development of Micro LED technology and the market demand schedule. The ultimate objective of completing micro LED mass production will remain unaltered.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and up to the date of publication of the annual report

Unit: NT$; Shares; %

Name of subsidiary	paid-in capital	Source of capital	The Company shareholding percentage	Date of acquisition or disposal	number of shares acquired and the amount	number of shares disposed of and the amount	investment Profit and/or loss	Number and amount of shares held as of the publication date of the Annual Report	Facts of pledge established	The amount of the Company to render endorsement/ guarantee for subsidiaries	Amount lent by the Company to subsidiaries
Lighting Investment Corp. (Note 1)	NT$2,514,785 thousand	NA	100.00%	2012.12.28 (acquired)	1,282,377 shares NT$135,163 thousand	0 share NT$0 thousand	—	1,282,377 shares NT$57,386 Thousand	None	0	0
Epistar Corporation (Note 2)	NT$10,887,014 thousand	NA	100.00%	2021.01.06 (acquired)	1,843,500 shares NT$159,647 thousand	0 share NT$0 thousand	—	3,125,877 Shares NT$129,833 Thousand	None	0	0
Epistar Corporation (Note 3)	NT$10,887,014 thousand	NA	100.00%	2023.10.29 (withdrawal)	0 shares 0 thousand	1,843,500 shares NT$18,435 thousand	NA	1,282,377 shares NT$57,386 Thousand	None	0	0
Fiscal year 2021 as of the publication date of the Annual Report					3,125,877 shares 294,810 thousand	0 share 0 thousand	—	1,282,377 shares NT$57,386 thousand	None	0	0

Note 1: Bright Point Company used to hold shares of Guang Jia Photoelectricity Co., Ltd. The shares so held were subsequently transferred in accordance with Articles 29, 13 and 19 of the Business Mergers And Acquisitions Act and pursuant to the provision of a simplified merger, Bright Point Company held share certificates of Ennostar, According to law, it is free of the restriction of the duration of the transfer.

Note 2: Jing Yuan Optronics Company and Long Da Electronic Company, as resolved in the special shareholders meeting convened on 2020/8/7, by means of joint share transfer, acquired on 2021/1/6 up to 100% equity of Jing Yuan Optronics Company and Long Da Electronic Company. Where the shareholders of Jing Yuan Optronics Company exercised the right of objection in accordance with Article 187 of the Company Act and Article 12 of the Business Mergers And Acquisitions Act, Jing Yuan Optronics Company should get the Ennostar share certificates sold out not later than 2023/10/29 at the market price. If such share certificates were not sold out by the deadline, such shares shall be deemed as shares unissued by Ennostar Inc. and should receive registration for alteration.

Note 3: It had received registration for alteration in October 2023.

8.4 Other supplementary notes: None

8.5 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

Appendix 1

Ennostar Inc.
Declaration on Internal Control System

Date: February 23, 2024

The Company carried out a self-evaluation of its internal control system for Fiscal 2023. 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 ambiance, 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, 2023, 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 23, 2024, 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

Appendix 2

Audit Report issued by the Audit Committee

Please find herewith the Business Report, Financial Statements, and Distribution of Earnings for Fiscal 2023. Among them, the Financial Statements had been duly audited and verified by Certified Public Accountant Dian-Yi Li and Certified Public Accountant and Chien-Hung Chou Price Waterhouse Coopers who, in turn, duly issued the Audit Report. The aforementioned Business Report, Financial Statements, and Distribution of Earnings had been duly audited by the Audit Committee and proved free of a flaw. This Report is hereby officially issued in accordance with Article 14~4 of the Securities and Exchange Act and Article 219 of the Company Act for your verification.

Attn.:

The regular meeting of shareholders of Ennostar Inc.2024

Convener of Audit Committee

Wei-Min Shen

February 22, 2024

Appendix 3

Ennostar Inc.

Declaration on the Consolidated Financial Statements of Affiliated Enterprises

Here in the Company for Fiscal 2023 (Starting from January 1, 2023, until December 31, 2023), as required under "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises", the companies covered within the Consolidated Financial Statements of Affiliated Enterprises are exactly same as the companies required to work out Consolidated Financial Statements of the Both the Parent Company and the Subsidiary(ies) as required under the International Accounting Standards #10. Besides, the required exposures of the Consolidated Financial Statements of Affiliated Enterprises have been duly disclosed in the aforementioned Consolidated Financial Statements of Both the Parent Company and the Subsidiary(ies). Accordingly, no more Consolidated Financial Statements of Affiliated Enterprises are required to be additionally worked out.

The Declaration is herewith solemnly presented.

Company name: Ennostar Inc.

Representative: Shuang-Lang Peng

February 23, 2024

Appendix 4

INDEPENDENT AUDITORS' REPORT

PWCR23000379

To the Board of Directors and Shareholders of ENNOSTAR Inc.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Evaluation of Inventories

Description

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

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

How our audit addressed the matter

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

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

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

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

Impairment assessment of property, plant and equipment and goodwill

Description

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

How our audit addressed the matter

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

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

Other matter – Audit by Other Independent Auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the consolidated subsidiaries disclosed in Note 13 was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT$258,619 thousand and NT$268,634 thousand, constituting 0.40% and 0.37% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues were both NT$0 thousand for the years then ended, constituting 0% of the consolidated total operating revenues as at December 31, 2023 and 2022, respectively. Furthermore, we did not audit the 2023 and 2022 financial statements of certain equity investments accounted for using equity method. Those financial statements were audited by other independent auditors whose reports thereon were furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and certain information disclosed in Note 13 relative to these investments, is based solely on the reports of the other independent auditors. These equity investments amounted to NT $2,372,148 thousand and NT$1,781,200 thousand, representing 3.70% and 2.44% of the consolidated total assets as of December 31, 2023 and 2022, respectively, and their comprehensive loss (including share of loss of associates and joint ventures accounted for using equity method and share of other comprehensive (loss)/income of associates and joint ventures accounted for using equity method) amounted to NT$280,066 thousand and NT$144,437 thousand, representing 3.69% and 40.08% of the consolidated comprehensive income (loss) for the years then ended.

Other matter – Parent company only financial reports

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Li, Tien-Yi	Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2024

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

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

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

(Continued)

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

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

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

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

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

(Continued)

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

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans		$ 8,810	-	$ 19,277	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	18,530	-	(244,257)	(1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(7)	6,998	-	(6,876)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(7)(33)	(42,586)	-	(39,989)	-
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(8,248)	-	(271,845)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		(324,342)	(1)	175,385	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(7)	56,558	-	302,943	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(7)(33)	6,262	-	(428)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(261,522)	(1)	477,900	2
8300	**Other comprehensive (loss) income**		($ 269,770)	(1)	$ 206,055	1
8500	**Total comprehensive loss**		($ 7,592,502)	(34)	($ 360,328)	(1)
	Profit (loss) attributable to:					
8610	Equity holders of the parent company		($ 6,782,678)	(31)	$ 38,024	-
8620	Non-controlling interest		($ 540,054)	(2)	($ 604,407)	(2)
	Comprehensive income (loss) attributable to:					
8710	Equity holders of the parent company		($ 7,036,568)	(32)	$ 207,398	1
8720	Non-controlling interest		($ 555,934)	(2)	($ 567,726)	(2)
	(Loss) earnings per share (NT$)					
9750	Total basic (loss) earnings per share	6(34)	($ 9.02)		$ 0.05	
9850	Total diluted (loss) earnings per share	6(34)	($ 9.02)		$ 0.05	

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

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

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

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

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

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

(Continued)

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

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

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

ENNOSTAR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of A1GaInP, AlGaAs and InGaN and light-emitting diode packages and modules.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date Announced by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

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

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

(3) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 9: Due to the disposal of GaNrich Semiconductor Corporation's shares, it has been excluded from the consolidated entity since December, 2023.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rate of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, the derivative financial assets are recognised and derecognised using trade date accounting, the beneficiary certificates are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets.

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(13) Leasing arrangements (lessor)－operating leases

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

(14) Inventories

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

(15) Non-current assets held for sale

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

(16) Investments accounted for using equity method - associates

A. Associates are all entities over which the Group has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for using equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(17) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

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

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate; and

(c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

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

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

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

(19) Investment property

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

(20) Intangible assets

A. Patents

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

B. Technology know-how

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

C. Computer software

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

D. Goodwill

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

E. Other intangible assets

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

(21) Impairment of non-financial assets

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

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

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

(22) Borrowings

A. Borrowings comprise of long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(25) Derecognition of financial liabilities

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(27) <u>Employee share-based payment</u>

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

B. Treasury shares transferred to employees:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(b) For treasury shares where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must compensate the Group for the difference between the fair value of the equity instruments and their payments on the stocks.

C. Restricted stocks:

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(28) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(29) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(30) Dividends

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

(31) Revenue recognition

A. Sales of goods:

(a) The Group is engaged in the research, development and sale of EPI wafers and chips of AlGaInP, AlGaAs and InGaN and light-emitting diode packages and modules. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognised on the net amount of contract price after deduction of sales discounts and allowances. The sales discounts and allowances were offered to customers based on aggregate sales over a 12-month period. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term less than 1 year, which is consistent with market practice.

(c) The Group's obligation to provide a repair refund for faulty products under the standard warranty terms is recognised as a provision.

(d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from licencing intellectual property

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

(b) Some contracts require a sales-based royalty in exchange for a licence of intellectual property. The Group recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(32) Government grants

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

(33) Business combinations

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

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

1. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

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

2. Evaluation of impairment loss of goodwill

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

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

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

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

B. The net income (loss) recognized by the Group amounted to $16,196 and ($285,929) for the years ended December 31, 2023 and 2022, respectively.

C. Information on credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	$ 760,319	$ 1,170,038
Unlisted stocks	3,525,330	3,564,502
	4,285,649	4,734,540
Valuation adjustment	(87,110)	(289,223)
	$ 4,198,539	$ 4,445,317

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $4,198,539 and $4,445,317 as at December 31, 2023 and 2022, respectively.

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

Equity instruments at fair value through other comprehensive income	Year ended December 31, 2023	Year ended December 31, 2022
Fair value change recognized in other comprehensive income (loss)	$ 18,530	($ 244,257)
Dividend income recognized in profit or loss held at end of period	$ 38,497	$ 44,296

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $4,198,539 and $4,445,317, respectively.

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

(4) Financial assets at amortised cost

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

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

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

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $1,156,399 and $827,545, respectively.

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

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

(5) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

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

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

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

E. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes receivable held by the Group was $758,666 and $1,872,810, respectively; the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Group was $7,672,028 and $7,544,597, respectively.

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

(6) Inventories

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

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

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

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

(7) Investments accounted for using equity method

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

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

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

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

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

	December 31, 2023	December 31, 2022
GCS Holdings, Inc.	$ 785,312	$ 957,879
Tyntek Corporation	838,525	653,891
	$ 1,623,837	$ 1,611,770

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

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

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

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Leasehold improvements	Others	Construction in progress and equipment to be inspected	Total
At January 1, 2023								
Cost	$ 1,558,195	$ 18,091,812	$ 45,433,185	$ 542,033	$ 346,373	$ 1,734,085	$ 1,383,127	$ 69,088,810
Accumulated depreciation and impairment	-	(9,539,687)	(35,440,955)	(450,609)	(258,630)	(1,361,854)	-	(47,051,735)
	$ 1,558,195	$ 8,552,125	$ 9,992,230	$ 91,424	$ 87,743	$ 372,231	$ 1,383,127	$ 22,037,075
2023								
Opening net book amount at January 1	$ 1,558,195	$ 8,552,125	$ 9,992,230	$ 91,424	$ 87,743	$ 372,231	$ 1,383,127	$ 22,037,075
Additions	-	8,446	60,242	3,740	1,833	47,130	2,071,849	2,193,240
Transfer	-	240,648	1,235,647	22,020	6,418	67,463	(1,572,196)	-
Acquired from business combinations	-	63,797	83,012	-	-	18,124	3,717	168,650
Disposals	-	(8,902)	(120,534)	(592)	-	(3,763)	-	(133,791)
Reclassified to non-current assets held for sale	-	(62,539)	-	-	-	-	-	(62,539)
Reclassifications	-	20,106	78,583	(2,081)	-	1,824	57,774	156,206
Reclassified to investment property	-	10,513	-	-	-	-	-	10,513
Depreciation charge	-	(899,986)	(3,353,717)	(34,458)	(22,658)	(145,249)	-	(4,456,068)
Impairment loss	-	(193,665)	(135,231)	(709)	(3,080)	(689)	-	(333,374)
Disposals of subsidiary	-	-	-	(108)	-	-	-	(108)
Net exchange differences	-	(49,451)	(38,381)	(168)	(199)	(6,608)	(20,025)	(114,832)
Closing net book amount at December 31	$ 1,558,195	$ 7,681,092	$ 7,801,851	$ 79,068	$ 70,057	$ 350,463	$ 1,924,246	$ 19,464,972
At December 31, 2023								
Cost	$ 1,558,195	$ 17,837,732	$ 44,842,113	$ 400,288	$ 346,879	$ 1,885,365	$ 1,924,246	$ 68,794,818
Accumulated depreciation and impairment	-	(10,156,640)	(37,040,262)	(321,220)	(276,822)	(1,534,902)	-	(49,329,846)
	$ 1,558,195	$ 7,681,092	$ 7,801,851	$ 79,068	$ 70,057	$ 350,463	$ 1,924,246	$ 19,464,972

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

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

(9) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, machinery, transportation equipment and office equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise of buildings, transportation equipment and office equipment. Low-value assets comprise of office equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

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

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

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

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

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

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

(10) Intangible assets

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

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

Details of amortisation on intangible assets are as follows:

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

(11) Impairment of non-financial assets

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

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

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

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

(1) Revenue growth rate:Estimated with reference to relevant market information and planned operating sales plan.

(2) Gross margin:Estimated based on historical values and taking into account planned operating sales plan.

(3) Discount rate:It is a pre-tax ratio and reflects the specific risks of the relevant operating departments. It was 8.97% and 10.64% in 2023 and 2022, respectively.

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 94,800	$ -

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

(13) Short-term borrowings

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

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

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

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

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

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

(15) Short-term notes and bills payable

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

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

(16) Other payables

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

(17) Long-term borrowings

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

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

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

(18) Pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $10,193.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Group's mainland China subsidiaries have funded defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage stipulated by the government. Other than the monthly contributions, the Group does not have further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $408,173 and $367,051, respectively.

(19) Share-based payment

A. Restricted stocks to employees.

(a) For the year ended December 31, 2023, the Group's restricted stocks to employees arrangement was as follows:

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

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

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

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

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

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

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

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

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

B. Employee stock options:

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

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

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

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

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

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

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

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

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

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

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	$ 3,003	($ 24,091)

(20) Long-term deferred revenue (shown under "Other non-current liabilities")

	December 31, 2023	December 31, 2022
Deferred government grants revenue	$ 162,246	$ 167,229
Deferred technical services revenue	6,576	7,926
	$ 168,822	$ 175,155

The Company and subsidiaries obtained government grants for acquisitions of equipment, technology investments and research projects and recognized such grants as revenue over the economic lives of those assets. Government grants revenue recognized for the years ended December 31, 2023 and 2022 were $90,690 and $151,147 (shown under "Other income and expenses-net" and "Other revenue"), respectively.

(21) Share capital

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

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

	2023	2022
At January 1	751,658	682,125
Issuance of ordinary shares - private placement	-	70,000
Expiration of restricted employee stock	-	(467)
At December 31	751,658	751,658

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

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

	2022				
Reason for reacquisition	At January 1	Increase	Decrease	At December 31	Book value
Held by subsidiaries	1,282	-	-	1,282	$ 135,163
Redemption of shares held by objecting shareholders	1,844	-	-	1,844	159,647

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

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

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

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

(22) Capital surplus

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

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

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

(23) Retained earnings

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

B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.

E. The appropriations of 2023 loss and dividends had been proposed by the Board of Directors on February 23, 2024.It was decided to offset the loss with capital surplus and distribute cash dividends of 677,646 (0.9 dollar per share).

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

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

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

The abovemetioned distribution of earnings for the year of 2021 was in agreement with those amounts proposed by the Board of Directions on Febraury 24,2022.

(24) Other equity items

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

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

(25) Operating revenue

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

Disaggregation of revenue from contracts with customers

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

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

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

(26) Other income and expenses– net

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

(27) Interest income

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

(28) Other income

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

(29) Other gains and losses

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

(30) Finance costs

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

(31) Expenses by nature

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

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

(32) Employee benefit expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 6,464,440	$ 6,540,144
Labor and health insurance expenses	489,357	489,163
Pension costs	407,979	376,519
Other personnel expenses	403,199	402,542
	$ 7,764,975	$ 7,808,368

A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 0.1%~15% and no higher than 2% of the distributable profit of the current year, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the year ended December 31, 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period. For the year ended December 31, 2022, the employees' compensation was accrued at $3,952 and the directors' remuneration was accrued at $790, respectively.

C. The company had been approved by the Board of Directors on February 23, 2023, not to distribute directors' remuneration for 2022. The difference of $790 between the director's remuneration account and the proposed distribution amount has been listed as profit and loss for 2023.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(33) Income tax

A. Income tax expense

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

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

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

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

Unutilized investment tax credit from the Subsidiary is as follows:

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

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

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

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

Unutilized tax loss from the Subsidiary is as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Assessed	$ 8,487	$ 8,487	2023
2014	Assessed	1,878,146	1,878,146	2024
2015	Assessed	1,059,174	1,059,174	2025
2016	Assessed	3,560,309	3,560,309	2026
2017	Assessed	565,995	565,995	2027
2018	Assessed	558,245	558,245	2028
2019	Amount filed	406,796	406,796	2024
2019	Assessed	4,081,456	2,734,356	2029
2020	Amount filed	386,965	223,129	2025
2020	Assessed	4,986,666	1,877,602	2030
2021	Amount filed	53,146	53,146	2026
2022	Amount filed	1,227,120	1,227,120	2032
2021	Assessed	1,082,905	1,082,905	2031
2023	Amount filed	2,342,765	-	2033
2022	Assessed	42	42	2032
2022	Amount filed	101,579	101,579	2027
2023	Amount filed	866,954	866,954	2033

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	$ 79,718	$ 79,718	2022
2013	Assessed	8,487	8,487	2023
2014	Assessed	2,035,867	2,035,867	2024
2015	Assessed	1,059,174	1,059,174	2025
2016	Assessed	3,560,309	3,560,309	2026
2017	Assessed	670,675	670,675	2027
2018	Assessed	558,507	347,618	2028
2019	Amount filed	699,349	531,925	2024
2019	Assessed	4,103,745	600,859	2029
2020	Amount filed	389,475	389,475	2025
2020	Amount filed	5,010	5,010	2030
2020	Assessed	4,986,357	1,877,293	2030
2021	Amount filed	74,491	74,491	2026
2021	Amount filed	1,117,083	1,117,083	2031

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

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

(34) (Loss) earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
Basic loss and diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 6,782,678)	751,658	($ 9.02)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 38,024	715,603	$ 0.05
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 38,024	715,603	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	496	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 38,024	716,099	$ 0.05

(35) Supplemental cash flow information

A. Investing activities with partial cash payments

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

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of intangible assets	$ 133,270	$ 217,720
Add: Opening balance of payables (including non-current portion)	92,418	4,898
Less: Ending balance of payables (including non-current portion)	(51,527)	(92,418)
Cash paid during the year	$ 174,161	$ 130,200

B. Investing activities with partial cash received

	Year ended December 31, 2023	Year ended December 31, 2022
Sale of property, plant and equipment	$ 182,759	$ 387,627
Add: Opening balance of receivables	48	2,013
Less: Ending balance of receivables	(32)	(48)
Cash collected during the year	$ 182,775	$ 389,592

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

	Year ended December 31, 2023	Year ended December 31, 2022
Disposal proceeds	$ 955	$ 177,532
Add: Opening balance of receivables	89,432	-
Less: Ending balance of receivables	-	(89,432)
Net cash provided by disposal of subsidiaries and associates	$ 90,387	$ 88,100

(36) Changes in liabilities from financing activities

	Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2023	$ 1,203,495	$ 775,294	$ 4,118,016	$ 1,585,187	$ 51,217	$ 7,733,209
Changes in cash flow from financing activities	(527,091)	296,208	(394,406)	(117,879)	(24,676)	(767,844)
Effect of interest	-	-	-	21,156	-	21,156
Changes in other non-cash items	84,227	240,400	-	17,008	-	341,635
Impact of changes in foreign exchange rate	(13,495)	(16,762)	-	(2,188)	(138)	(32,583)
At December 31, 2023	$ 747,136	$ 1,295,140	$ 3,723,610	$ 1,503,284	$ 26,403	$ 7,295,573

	Short-term borrowing	Short-term notes and bills payable	Long-term borrowing	Lease liabilities	Guarantee deposits received	Liabilities from financing activities gross
At January 1, 2022	$ 3,479,177	$ 877,011	$ 4,139,165	$ 1,557,129	$ 157,282	$ 10,209,764
Changes in cash flow from financing activities	(2,295,709)	(112,938)	(21,149)	(127,584)	(108,264)	(2,665,644)
Effect of interest	-	-	-	21,409	-	21,409
Changes in other non-cash items	-	-	-	136,645	-	136,645
Impact of changes in foreign exchange rate	20,027	11,221	-	(2,412)	2,199	31,035
At December 31, 2022	$ 1,203,495	$ 775,294	$ 4,118,016	$ 1,585,187	$ 51,217	$ 7,733,209

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
LEDAZ Co., Ltd.	Associates
LEADSTAR Micro-Crystal Display Corporation (Jiangsu) Ltd.	Associates
WellyWave Semiconductors Inc.	Associates
Changzhou Chemsemi Co., Ltd.	Associates
Joint Power Exponent, Ltd.	Associates
iReach Corporation	Associates
Chuzhou Bwin Technology Corp.	Associates (Note 1)
Tyntek Corporation	Associates
D-Tech Optoelectronics, Inc.	Other related parties
Global Communication Semiconductors, LLC	Other related parties
Seoul Semiconductor Co., Ltd.	Other related parties
AUO (Kunshan) Co., Ltd.	Other related parties
AUO Corporation	Other related parties
AUO (Xiamen) Co., Ltd.	Other related parties
AUO (Suzhou) Co., Ltd.	Other related parties
AUO Digitech Taiwan Inc.	Other related parties
Anhui Intematix Lighting Co., Ltd.	Other related parties
Intermate Co., Ltd. (Suzhou)	Other related parties
PlayNitride Inc.	Other related parties
D-Tech Optoelectronics (Taiwan) Corp.	Other related parties
Bridgelux Optoelectronics (Xiamen) Co., Ltd.	Other related parties (Note 2)
FormoLight Technologies, Inc.	Other related parties
Darwin Precisions Corporation	Other related parties
Darwin Precision (Xiamen) Corporation	Other related parties
AUO Display Plus Corporation	Other related parties
Fortech Electronics (Suzhou) Co., Ltd.	Other related parties
PlayNitride Display Co., Ltd.	Other related parties

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

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

(2) Significant related party transactions and balances

A. Operating revenue:

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

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

B. Purchases:

	Year ended December 31, 2023	Year ended December 31, 2022
Other related parties	$ 3,739	$ 5,277
Associates	193,949	324,710
Total	$ 197,688	$ 329,987

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

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

	December 31, 2023	December 31, 2022
Other related parties	$ 273,003	$ 199,761
Associates	195,604	236,493
Total	$ 468,607	$ 436,254

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

D. Other receivables from related parties:

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

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

E. Payables from related parties:

	December 31, 2023	December 31, 2022
Other related parties	$ 579	$ 1,242
Associates	162,330	265,236
Total	$ 162,909	$ 266,478

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

F. Property transactions:

(a) Acquisition of property, plant and equipment:

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

(b) Disposal of property, plant and equipment:

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

(3) Key management compensation

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

8. PLEDGED ASSETS

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 539,403	$ 1,305,258

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 202,446	$ 254,073
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	4,198,539	4,445,317
Financial assets at amortised cost		
Cash and cash equivalents	15,563,488	16,127,132
Financial assets at amortised cost	1,156,399	827,545
Notes receivable	758,666	1,872,810
Notes receivable - due from related parties	-	10,285
Accounts receivable	7,672,028	7,544,597
Accounts receivable - due from related parties	468,607	425,969
Other receivables	145,536	127,695
Other receivables - due from related parties	26,399	135,418
Guarantee deposits paid	53,731	79,650
	$ 30,245,839	$ 31,850,491

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

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The purpose of risk management is to minimise potential adverse effects arising from uncertainty on the Group's financial performance. The Group hedges foreign exchange rate by undertaking forward exchange contracts and exchange rate options; it also undertakes interest rate exchange contracts to convert future variable cash flows into fixed ones. The derivatives undertaken by the Group are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by treasury and finance departments of the Group under policies approved by the Board of Directors. Treasury and finance departments of the Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and JPY. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group's businesses involve some non-functional currency operations (the functional currency of the Company and certain subsidiaries is NTD while that of other subsidiaries are USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

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

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 226,968	30.7100	$ 6,970,187
RMB:NTD	380,410	4.4080	1,676,847
Non-monetary items			
USD:NTD	105,940	30.7100	3,253,417
Financial liabilities			
Monetary items			
USD:NTD	97,279	30.7100	2,987,438
RMB:NTD	184,438	4.4080	813,003

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

	Year ended December 31, 2023		
	Unrealized exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	30.7050	($ 142,730)
RMB:NTD	-	4.3270	(11,969)
Financial liabilities			
Monetary items			
USD:NTD	-	30.7050	40,245
RMB:NTD	-	4.3270	9,647

	Year ended December 31, 2022		
	Unrealized exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	30.7100	($ 56,987)
RMB:NTD	-	4.4080	(646)
Financial liabilities			
Monetary items			
USD:NTD	-	30.7100	(18,557)
RMB:NTD	-	4.4080	(904)
JPY:NTD	-	0.2324	3,074

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

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 68,418	$ -
RMB:NTD	1%	11,460	-
Non-monetary items			
USD:NTD	1%	-	43,291
Financial liabilities			
Monetary items			
USD:NTD	1%	(20,170)	-
RMB:NTD	1%	(6,334)	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 69,702	$ -
RMB:NTD	1%	16,768	-
Non-monetary items			
USD:NTD	1%	-	32,534
Financial liabilities			
Monetary items			
USD:NTD	1%	(29,874)	-
RMB:NTD	1%	(8,130)	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $20,016 and

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

Cash flow and interest rate risk

i. The Group's interest rate risk arises from bank deposits and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings at variable rate were denominated in the USD, RMB and NTD.

ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of $11,093 and $10,806 for the years ended December 31, 2023 and 2022, respectively. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Credit risk

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

ii. The Group adopts the assumptions that the default occurs when the contract payments are overdue for 90 days.

iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

v. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures all amounted to $949,859 and $18,623, respectively.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. As of December 31, 2023 and 2022, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2023						
Expected loss rate	0~5%	0~5%	0~56%	0~100%	0~100%	
Total book value	$ 8,676,416	$ 350,446	$ 28,390	$ 13,568	$ 89,653	$ 9,158,473
Loss allowance	$ 55	$ 189	$ 830	$ 2,338	$ 83,825	$ 87,237

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days past due	Total
December 31, 2022						
Expected loss rate	0%~5%	0%~6%	0%~60%	0%~100%	0%~100%	
Total book value	$ 9,653,353	$ 281,782	$ 71,497	$ 36,458	$ 1,120,368	$ 11,163,458
Loss allowance	$ 280	$ 254	$ 2,909	$ 6,131	$ 1,037,110	$ 1,046,684

	Individual provision	Group provision	Total
December 31, 2023			
Expected loss rate	100%	0%~100%	
Total book value	$ 68,089	$ 9,090,384	$ 9,158,473
Loss allowance	$ 67,978	$ 19,259	$ 87,237
December 31, 2022			
Expected loss rate	100%	0%~100%	
Total book value	$ 991,358	$ 10,172,100	$ 11,163,458
Loss allowance	$ 991,294	$ 55,390	$ 1,046,684

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

	2023	
	Accounts receivable (including notes receivable)	Other receivables
At January 1	$ 936,561	$ 110,123
Acquired from business combination	12	-
(Reversal of) provision for impairment	(25,099)	6,308
Write-offs	(899,067)	(41,349)
Effect of exchange rate changes	(252)	-
At December 31	$ 12,155	$ 75,082

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

(c) Liquidity risk

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

ii Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2023 and 2022, the Group held money market position of $15,765,934 and $16,291,198, respectively, and those are expected to readily generate cash inflows for managing liquidity risk.

iii.The Group has the following undrawn borrowing facilities:

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

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

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

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

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

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

	December 31, 2023			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	$ 3,723,610	$ -	$ 3,736,188	$ -

	December 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Long-term borrowings				
(including current portion)	$ 4,118,016	$ -	$ 4,117,506	$ -

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

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

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

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

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

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

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

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

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

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

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)5.

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

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

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

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

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

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

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted stocks	$ 3,053,691	Market comparable companies	Price to book ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	20% ~30%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted stocks	213,364	Market comparable companies	Enterprise value to EBITDA ratio multiple	NA	The higher the multiple, the higher the fair value.
			Discount for lack of marketability	25.08%	The higher the discount for lack of marketability, the lower the fair value.
Unlisted stocks	36,480	Market comparable companies	Equity value multiple (P/B ratio) on December 31, 2022	1.29	The higher the equity value multiple, the higher the fair value.
			Liquidity discount ratio on December 31, 2022	30.00%	The higher the liquidity discount ratio, the lower the fair value.
Unlisted stocks	45,071	Net asset value	N/A	-	N/A

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT $300 million or 20% paid-in capital or more: Please refer to table 4.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

14. SEGMENT INFORMATION

(1) General information:

The Group is engaged in the research and development, design, manufacturing and sales of EPI wafers and chips of A1GaInP, AlGaAs and InGaN and LED packages and modules. The Chief Operating Decision-Maker assesses performance by each operating result of each sub-group within the consolidated report.

(2) Segment information

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

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

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

Year ended December 31, 2023	Epistar Group	Lextar Group	Others	Consolidated
Revenues from external customers	$ 14,044,396	$ 7,713,164	$ 548,120	$ 22,305,680
Segment income	(6,114,857)	(107,120)	(1,100,755)	(7,322,732)
Segment income (loss) including :				
Interest income	154,671	82,254	2,654	239,579
Interest expense	178,539	9,155	4,250	191,944
Depreciation and amortisation	3,927,779	534,013	378,642	4,840,434
Investment loss under equity method	357,775	85,460	104,679	547,914
Income tax expense (benefit)	(52,061)	(10,647)	441	(62,267)
December 31, 2023				
Segment assets	45,419,831	13,273,380	5,409,251	64,102,462

Year ended December 31, 2022	Epistar Group	Lextar Group	Others	Consolidated
Revenues from external customers	$ 20,656,462	$ 7,917,729	$ 304,059	$ 28,878,250
Segment income	757,527	(338,290)	(985,620)	(566,383)
Segment income (loss) including :				
Interest income	60,771	38,350	5,479	104,600
Interest expense	120,871	8,672	2,059	131,602
Depreciation and amortisation	4,449,790	590,105	170,370	5,210,265
Investment loss under equity method	268,941	400,822	43,822	713,585
Income tax expense (benefit)	108,217	(33,039)	7,737	82,915
December 31, 2022				
Segment assets	53,849,830	13,136,814	6,056,826	73,043,470

(4) Information on products and services

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

(5) Geographical information

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

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

(6) Major customer information

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

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

ENNOSTAR INC. AND SUBSIDIARIES
Loans to others
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-23	Balance at 31-Dec-23	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	$ 500,000	$ 500,000	$ 200,000	2.15%	Short-term financing	$ -	Working capital	$ -	Promissory Note	$ 500,000	$ 4,737,417	$ 14,212,252	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	355,600	346,160	346,160	3.45%~3.55%	Short-term financing	-	Working capital	-	Promissory Note	346,160	1,716,213	1,716,213	Note 2
1	Epicrystal (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	442,200	432,700	86,540	3.45%	Short-term financing	-	Working capital	-	Promissory Note	432,700	1,716,213	1,716,213	Note 2
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	69,342	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	4,737,417	8,884,860	Note 3
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	551,225	521,985	521,985	5.95%	Short-term financing	-	Working capital	-	Promissory Note	521,985	3,553,944	8,884,860	Note 4
3	Lighting Investment Ltd.	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	199,875	184,230	184,230	5.95%	Short-term financing		Working capital	-	Promissory Note	184,230	726,518	726,518	Note 3
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	145,913	138,173	89,045	5.95%	Short-term financing		Working capital	-	Promissory Note	138,173	293,325	293,325	Note 3
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	133,350	129,810	129,810	3.65%	Short-term financing	-	Working capital	-	Promissory Note	129,810	144,935	144,935	Note 5

Table 1-1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-23	Balance at 31-Dec-23	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
6	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	$ 250,000	$ 250,000	$ -	Markup on short-term cost of capital	Short-term financing	$ -	Working capital	$ -	None	-	$ 970,467	$ 2,911,402	Note 6
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	500,000	2.17%	Short-term financing	-	Working capital	-	Promissory Note	500,000	970,467	2,911,402	Note 6
6	Lextar Electronics Corporation	Trendylite Corporation	Other receivables-related parties	Y	25,000	25,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	970,467	2,911,402	Note 6
7	Lextar Electronics (Suzhou) Corp	Chuzhou Bwin Technology Corp.	Other receivables-related parties	Y	44,220	43,270	-	3.55%	Short-term financing	-	Working capital	-	None	-	1,525,967	3,814,917	Note 7
8	Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	865,400	865,400	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	3,691,000	3,691,000	Note 3

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

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

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

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

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

Note 6:In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net asset, and the ceiling on total loans granted is 30% of its net asset.

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

Table 1-2

ENNOSTAR INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	$ 3,297,450	$ 300,000	$ -	$ -	$ -	-	$ 6,594,901	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3	3,297,450	3,250,000	3,250,000	-	-	9.86	6,594,901	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

Table 2-1

ENNOSTAR INC. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	$ 2,500	-	$ 2,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	-	7.39	-	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	169,946	13.68	169,946	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	35,000,000	784,786	10.00	784,786	
Epistar Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	$ 631,938	8.53	$ 631,938	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	0.04	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	214,373	19.90	214,373	
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.49	-	
Epistar Corporation	Nanocrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar JV Holding (BVI) Co.,Ltd.	Bridgelux Optoelectronics (Xiamen) Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	56,316,532	1,691,177	18.77	1,691,177	
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	-	15.00	-	
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	44,736	0.94	44,736	

Table 3-2

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Episky Corporation(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	$ -	4.08	$ -	
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO SYSTEMS, INC (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	10,607	10.00	10,607	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	71,319	5.74	71,319	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	274,694	7.84	274,694	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,769	2.17	9,769	

Table 3-3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	$ 7,933	16.92	$ 7,933	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for using equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	-	1,891	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	150,144	4.28	150,143	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	59,374	0.17	59,374	Note1
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	190,680	2.57	190,680	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	25,380	2.04	25,380	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	-	8.97	-	

Table 3-4

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

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

Table 3-5

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Table 4-1

					Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Epistar Corporation	CTBC Hwa-win Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	$ -	43,650,269	$ 490,000	43,650,269	$ 490,530	$ 490,000	$ 530	-	$ -
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Investments accounted for using equity method	ENNOSTAR Inc.	Parent company	cash RMB100,900	451,407	-	-	cash RMB100,900	306,962	344,407	7,230	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.
Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using equity method; otherwise leave the columns blank.
Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Table 4-2

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

Table 5-1

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

Table 6-1

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Table 7-1

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

Table 7-2

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

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

Table 7-3

ENNOSTAR INC. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Table 8-1

			Balance as at December 31, 2023				Overdue receivables			
Creditor	Counterparty	Relationship with the counterparty	Accounts receivable	Other receivable	Total	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	$ 774,205	$ 2,178	$ 776,383	5.05	-	-	$ 224,610	$ -

Note 1: The amount recovered by Epistar Corporatio from Episky Corporation (Xiamen) Ltd. was $1,633 for overdue amounts.
The amount recovered by Jiangsu Canyang Optoelectronics Ltd. from Episky Corporation (Xiamen) Ltd. was $173,312 for overdue amounts. All the unoverdue amounts are being actively collected.

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

Table 8-2

ENNOSTAR INC.AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

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

Table 9-3

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

Table 9-4

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
11	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	3	Sales	$ 115,820	Conducted in the ordinary course of business with terms similar to those with third parties	0.52

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

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

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

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

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

Table 9-5

ENNOSTAR INC. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	$ 38,607,380	$ 38,607,380	1,116,479,188	100.00	$ 32,871,412	($ 6,060,593)	($ 6,106,299)	
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	11,724,646	514,916,380	100.00	11,015,335	(527)	(53,255)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	1,150,000	115,000,000	100.00	706,482	(220,874)	(220,874)	
ENNOSTAR Inc.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	584,583	584,583	23,799,000	7.92	622,100	(131,953)	(10,458)	Note1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	40,212	6,922,000	75.96	14,494	(13,671)	(10,385)	
ENNOSTAR Inc.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.11	309,374	(792,236)	(75,156)	Note1

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	$ 440,000	$ 440,000	44,000,000	100.00	$ 366,250	($ 57,229)	($ 57,229)	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	783,132	593,132	65,700,000	19.53	107,389	(891,055)	(164,192)	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	480,000	270,000	48,000,000	100.00	49,086	(49,998)	(49,998)	
ENNOSTAR Inc.	Praistar Investment Corp	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	27,542	(36,909)	(36,909)	
ENNOSTAR Inc.	Manastar Investment Corp	Taiwan	Professional investment	1,000	1,000	100,000	100.00	974	(7)	(7)	
Harvestar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.10	357,463	(792,236)	(75,027)	Note1
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	263,864	209,551	13,089,000	4.35	257,152	(131,953)	(5,443)	Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	15.45	79,037	(891,055)	(140,510)	
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	476,300	268,000	23,815,020	7.08	45,443	(891,055)	(49,958)	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC	$ 265,135	$ 265,135	6,500,000	5.84	$ 196,468	($ 792,236)	($ 54,125)	Note1
Calystar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	151,238	97,787	8,094,000	2.69	143,778	(131,953)	(3,294)	Note1
Praistar Investment Corp	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	3.98	25,546	(891,055)	(36,923)	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	975	(792,236)	(4)	Note1
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	34.30	53,262	(22,013)	(8,330)	
Epistar Corporation	Epistar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	8,848,099	(486,603)	(518,609)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	-	166,785	-	0.00	-	-	-	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	1,561,814	191,478,518	100.00	1,570,771	8,947	10,251	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	826,083	826,083	40,000,000	11.89	75,597	(891,055)	(108,571)	

Table 10-3

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	$ 31,792	$ 31,792	3,179,176	49.00	$ 2,363	($ 76)	($ 37)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	43,980	3,619	1,448	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	77,700	77,700	1,118,600	64.32	678	697	448	
Epistar Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,243	1,243	50,000	0.02	1,175	(131,953)	(27)	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	56,679	(6,414)	(226)	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	Samoa	Professional investment	334,967	334,967	12,551,035	100.00	3,318	82	82	
Epistar JV Holding (BVI) Co.,Ltd.	LiteStar JV Holding (BVI) CO., Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,302,292	(238,730)	(196,737)	
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	258,619	(6,635)	(4,967)	
Epistar JV Holding (BVI) Co.,Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash USD68,000,000	100.00	1,954,893	(288,026)	(288,026)	
Epistar JV Holding (BVI) Co.,Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,385,900	4,370,156	66,438,929	87.41	1,405,455	(6,414)	(5,382)	
Lighting Investment Ltd.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	49,914	(24,455)	

Table 10-4

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	$ 12,806	$ 12,806	429,000	30.00	$ 7,475	($ 11,724)	($ 3,517)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	16	262	262	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,979	3,800,000	100.00	293,337	13,448	13,448	
LiteStar JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,006,499	(238,569)	(238,569)	
Lighting Investment Corporation	LEDAZ CO., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	49,914	(16,376)	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,643	100	726,518	(9,031)	(9,031)	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	-	133,403	-	-	-	-	-	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	110,462	(6,414)	(441)	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	-	67,101	-	-	-	(21,358)	(19,001)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,933	(1,164)	(698)	
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	11,599	1,757,000	11.26	2,805	(23,969)	(2,783)	Note1

Table 10-5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Lighting Investment Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	$ 1,276	$ 1,276	50,000	0.02	$ 767	($ 131,953)	($ 27)	Note1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	952	697	249	
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	311	(64)	(32)	
Episky Corporation (Xiamen) Ltd	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD5,200,000	3.31	145,486	(255,482)	(8,456)	
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB110,000,000	10.44	583,853	(1,762,498)	(188,915)	
Episky Corporation (Xiamen) Ltd	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	164,862	122,036	cash RMB38,800,000	9.70	133,547	(56,109)	(5,492)	
Episky Corporation (Xiamen) Ltd	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	219,874	30,429	30,429	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	2,709,310	2,709,310	90,270,000	100.00	2,613,816	155,548	155,548	
Lextar Electronics Corporation	Wellybond Optronics (H.K) Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,864	18	18	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	$ 44,898	$ 44,898	5,153,061	100.00	$ 172,521	$ 10,235	$ 10,235	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,240,082	74,869	74,869	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	114,547	(11,701)	(11,701)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	467,228	(96,024)	(96,024)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	20,874	18,100	3,150,000	100.00	44,459	4,802	4,473	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.52	46,034	(99,587)	(33,052)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	580,487	980,487	26,000,000	100.00	177,373	(162,276)	(162,276)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	99,081	97,031	6,700,000	9.84	76,486	(125,783)	(12,129)	
Lextar Electronics Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,304	1,304	50,000	0.02	989	(131,953)	(139)	Note1

Table 10-7

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	$ 3,025	$ 3,025	22,000	100.00	$ 4,951	$ 447	$ 447	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	23,848	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	3,153	1,433	717	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.52	46,030	(99,587)	(33,050)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply	51,400	30,000	30,700,000	87.46	22,889	(15,283)	(12,910)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	68,250	4,550,000	29.17	33,736	(23,969)	(14,772)	Note1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	313,670	303,264	21,417,000	31.47	244,491	(125,783)	(38,283)	
Wellybond Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,288	1,288	50,000	0.02	976	(131,953)	(141)	Note1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	96,604	91,763	6,700,000	9.84	76,486	(125,783)	(11,787)	

Table 10-8

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Liang Li Venture Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	$ 1,293	$ 1,293	50,000	0.02	$ 982	($ 131,953)	($ 137)	註1
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	4,363,065	29.27	41,771	(52,839)	(23,621)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	27,366	-	0.00	-	(125,783)	(2,027)	
Yenrich Technology Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	1,324	-	0.00	-	(131,953)	(96)	Note1
ProLight Opto Technology Corporation	Prolight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	(2,296)	(2,617)	(2,617)	

Table 10-9

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Prolight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	$ 4,403	$ 4,403	150,000	100.00	($ 2,296)	($ 2,617)	($ 2,617)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED wafers, chips, packages, lights, and modules	3,094,825	3,094,825	cash RMB700,000,000	100.00	3,691,002	272,807	272,807	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	cash RMB29,000,000	29.00	63,524	(104,578)	(49,694)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	244,748	-	cash RMB66,400,000	66.40	194,200	(104,578)	(43,285)	

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

Table 10-10

ENNOSTAR INC. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2023

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Table 11-1

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	$ 1,854,198	3	$ 296,108	$ -	$ -	$ 296,108	$ -	11.69	$ -	$ -	$ -	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	-	-	-	2(3)
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	75,048	2	7,818	-	-	7,818	-	-	-	-	-	2(3)
Huarui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	479,839	2	215,687	-	-	215,687	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	-	56,843	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,576,953	15,744	-	2,592,697	67,667	97.81	66,185	1,697,687	-	2(3)

Table 11-2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	$ 3,722,205	2	$ 3,585,860	$ -	$ -	$ 3,585,860	$ 231,556	100.00	$ 231,556	$ 3,827,342	$ -	2(2)
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	32,759	2	32,759	-	32,759	-	155	-	155	-	-	2(3)、6
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	(2,617)	51.15	(2,617)	(2,242)	-	2(2)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ENNOSTAR Inc.	$ 436,383	$ 306,962	$ 47,374,174
Epistar Corporation	$ 12,694,097	$ 13,827,776	$ 17,462,412
Lextar Electronics Corporation	$ 3,737,600	$ 4,198,743	$ 9,704,674

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

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

Note 2: Investment income or loss in this period:

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

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

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

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

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

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

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

Table 11-4

ENNOSTAR INC. AND SUBSIDIARIES

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

Year ended December 31, 2023

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

Table12-1

ENNOSTAR INC. AND SUBSIDIARIES

Major Shareholders Information

December 31, 2023

Table 13

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

Table13-1

Appendix 5

INDEPENDENT AUDITORS' REPORT

PWCR23000391

To the Board of Directors and Shareholders of ENNOSTAR Inc.

Opinion

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

In our opinion, based on our audits and the reports of other independent auditors, as described in the other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

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

Investments accounted for using equity method-evaluation of inventories

Description

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

How our audit addressed the matter

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

1. Obtained an understanding of the Company and subsidiaries's operations and the nature of its industry and interviewed with management to understand the probability of future sales for those out-of-date inventories and to evaluate the reasonableness of allowance for valuation loss.

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

Investments accounted for using equity method-impairment assessment of property, plant and equipment and goodwill

Description

The subsidiary of the Company, Epistar Corporation, and its subsidiaries measure the recoverable amounts of idle property, plant, and equipment at fair value less disposal costs; while operating property, plant, and equipment, as well as goodwill, are assessed at their in-use values. Epistar Corporation and its subsidiaries evaluate impairment of property, plant, and equipment, as well as goodwill, based on the aforementioned recoverable amounts. The assessment of the in-use value of property, plant, and equipment, as well as goodwill, involves estimating future cash flows and determining discount rates. The assumptions used in forecasting future cash flows and their estimated results have a significant impact on the assessment of the in-use value of property, plant, and equipment, as well as goodwill. Therefore, we consider this a key audit matter.

How our audit addressed the matter

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

1. Discussing with management to understand the subsidiary, Epistar Corporation, and its subsidiaries' process for estimating future cash flows, and comparing future cash flows with the operational plan approved by the board of directors for consistency.
2. Discussing the operational plan with management to understand its product strategy

and execution status.

3. Assessing the reasonableness of the assumptions used by management to estimate future cash flows, including expected growth rates and gross profit margins. Also, evaluating the reasonableness of discount rate parameters, including the risk-free rate of return used in calculating the cost of equity capital, industry risk coefficients, and long-term market returns.

Other matter – Audit by Other Independent Auditors

We did not audit the 2023 and 2022 financial statements of certain equity investments accounted for under the equity method. Those financial statements were audited by other independent auditors, whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and certain information disclosed in Note 13 relative to these investments, was based solely on the reports of the other independent auditors. These equity investments amounted to NT$2,630,767 thousand and NT$2,049,834 thousand, constituting 5.53% and 3.75% of the parent company only total assets as of December 31, 2023 and 2022, and their comprehensive loss (including share of loss of associates and joint ventures accounted for under equity method and share of other comprehensive income/(loss) of associates and joint ventures accounted for under equity method) amounted to NT$270,050 thousand and NT$139,085 thousand, constituting 3.84% and 67.06% of the parent company only comprehensive gain for the years then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Li, Tien-Yi	Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan
February 23, 2024

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ENNOSTAR INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 602,547	1	$ 690,933	1
1200	Other receivables		196	-	59	-
1210	Other receivables - related parties	7	318,880	1	402,738	1
1410	Prepayments		14,873	-	12,793	-
1470	Other current assets		3	-	4	-
11XX	**Current Assets**		936,499	2	1,106,527	2
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(2) and 8	120,000	-	-	-
1550	Investments accounted for using equity method	6(3)	46,437,729	98	53,490,974	98
1600	Property, plant and equipment	6(4)	10,717	-	10,978	-
1900	Other non-current assets		25,005	-	25,408	-
15XX	**Non-current assets**		46,593,451	98	53,527,360	98
1XXX	**Total assets**		$ 47,529,950	100	$ 54,633,887	100
	Liabilities and Equity					
	Current liabilities					
2100	Short-term borrowings	6(5)	$ -	-	$ 100,000	-
2200	Other payables		130,036	-	97,222	-
2220	Other payables-related parties	7	4,093	-	3,270	-
2230	Current tax liabilities		18,930	-	27,952	-
2300	Other current liabilities		2,709	-	1,166	-
21XX	**Current Liabilities**		155,768	-	229,610	-
	Non-current liabilities					
2600	Other non-current liabilities		8	-	8	-
2XXX	**Total Liabilities**		155,776	-	229,618	-
	Equity					
	Share capital	6(7)				
3110	Share capital - common stock		7,529,405	16	7,547,840	14
	Capital surplus	6(8)				
3200	Capital surplus		46,447,060	98	46,421,664	85
	Retained earnings	6(9)				
3310	Legal reserve		216,945	-	216,945	1
3320	Special reserve		154,927	-	290,598	1
3350	Unappropriated retained earnings(Accumulated deficit)		(6,814,704)	(14)	147,022	-
	Other equity interest	6(10)				
3400	Other equity interest		(24,296)	-	75,010	-
3500	Treasury shares	6(7)	(135,163)	-	(294,810)	(1)
3XXX	**Total equity**		47,374,174	100	54,404,269	100
3X2X	**Total liabilities and equity**		$ 47,529,950	100	$ 54,633,887	100

The accompanying notes are an integral part of these parent company only financial statements.

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

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Sales revenue	6(3)(11) and 7	$ 336,750	100	$ 244,729	100
5000	Operating costs		(7,110,131)	(2111)	(179,138)	(73)
5900	Operating margin		(6,773,381)	(2011)	65,591	27
5950	Net operating margin		(6,773,381)	(2011)	65,591	27
6900	Operating (loss) profit		(6,773,381)	(2011)	65,591	27
	Non-operating income and expenses					
7100	Interest income		11,094	3	7,261	3
7010	Other income		673	-	1,969	1
7020	Other gains and losses		56	-	195	-
7050	Finance costs		(158)	-	(718)	-
7000	Total non-operating income and expenses		11,665	3	8,707	4
7900	**(Loss) profit before income tax**		(6,761,716)	(2008)	74,298	31
7950	Income tax expense	6(14)	(20,962)	(6)	(36,274)	(15)
8200	**(Loss) profit for the year**		($ 6,782,678)	(2014)	$ 38,024	16
	Other comprehensive (loss) income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		$ 33,525	10	($ 233,252)	(95)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(14)	(42,586)	(13)	(39,989)	(17)
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		(9,061)	(3)	(273,241)	(112)
	Components of other comprehensive income that will be reclassified to profit or loss					
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(251,091)	(75)	443,043	181
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(14)	6,262	2	(428)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(244,829)	(73)	442,615	181
8300	**Other comprehensive (loss) income**		($ 253,890)	(76)	$ 169,374	69
8500	**Total comprehensive (loss) income**		($ 7,036,568)	(2090)	$ 207,398	85
	(Loss) earnings per share (NT$)	6(15)				
9750	Total basic (loss) earnings per share		($ 9.02)		$ 0.05	
9850	Total diluted (loss) earnings per share		($ 9.02)		$ 0.05	

The accompanying notes are an integral part of these parent company only financial statements.

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

				Retained earnings			Other equity interest			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Cumulative translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
2022										
Balance at January 1,2022		$ 6,852,514	$ 43,830,638	$ -	$ -	$ 2,169,446	($ 406,535)	$ 170,992	($ 294,810)	$ 52,322,245
Profit for the year		-	-	-	-	38,024	-	-	-	38,024
Other comprehensive income(loss) for the year		-	-	-	-	19,477	442,615	(292,718)	-	169,374
Total comprehensive income(loss)		-	-	-	-	57,501	442,615	(292,718)	-	207,398
Appropriation of 2021 earnings	6(9)									
Legal reserve		-	-	216,945	-	(216,945)	-	-	-	-
Special reserve		-	-	-	290,598	(290,598)	-	-	-	-
Cash dividends		-	-	-	-	(1,365,881)	-	-	-	(1,365,881)
Proceeds from issuance of share capital	6(7)	700,000	2,927,400	-	-	-	-	-	-	3,627,400
Expiration of restricted employee stock	6(8)	(4,674)	4,674	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries accounted for using equity method	6(8)	-	(257,645)	-	-	-	-	-	-	(257,645)
Net change in equity of associates and joint ventures	6(8)	-	104,634	-	-	-	-	-	-	104,634
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(8)	-	(188,037)	-	-	(45,848)	3	-	-	(233,882)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(9)(10)	-	-	-	-	(160,653)	-	160,653	-	-
Balance at December 31,2022		$ 7,547,840	$ 46,421,664	$ 216,945	$ 290,598	$ 147,022	$ 36,083	$ 38,927	($ 294,810)	$ 54,404,269
2023										
Balance at January 1,2023		$ 7,547,840	$ 46,421,664	$ 216,945	$ 290,598	$ 147,022	$ 36,083	$ 38,927	($ 294,810)	$ 54,404,269
Loss for the year		-	-	-	-	(6,782,678)	-	-	-	(6,782,678)
Other comprehensive income (loss) for the year		-	-	-	-	6,604	(244,829)	(15,665)	-	(253,890)
Total comprehensive loss		-	-	-	-	(6,776,074)	(244,829)	(15,665)	-	(7,036,568)
Appropriation of 2022 earnings										
Reversal of special reserve		-	-	-	(135,671)	135,671	-	-	-	-
Decrease in treasury shares	6(7)	(18,435)	(141,212)	-	-	-	-	-	159,647	-
Changes in ownership interests in subsidiaries accounted for using equity method	6(8)	-	87,548	-	-	(160,135)	-	-	-	(72,587)
Net change in equity of associates and joint ventures	6(8)	-	59,445	-	-	-	-	-	-	59,445
Difference between consideration and carrying amount of subsidiaries acquired and disposed	6(8)	-	19,564	-	-	-	-	-	-	19,564
Empolyee stock ownership trust cancellation return	6(8)	-	51	-	-	-	-	-	-	51
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(9)(10)	-	-	-	-	(161,188)	-	161,188	-	-
Balance at December 31,2023		$ 7,529,405	$ 46,447,060	$ 216,945	$ 154,927	($ 6,814,704)	($ 208,746)	$ 184,450	($ 135,163)	$ 47,374,174

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 6,761,716)	$ 74,298
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(12)	1,395	895
Interest expense		158	718
Interest income		(11,094)	(7,261)
Share of loss (profit) of associates and joint ventures accounted for using equity method	6(3)	6,781,735	(67,110)
Compensation distributed to subsidiaries' employees		-	(1,494)
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables-related parties		83,858	(343,174)
Prepayments		(2,080)	(10,294)
Other current assets		1	(4)
Changes in operating liabilities			
Other payables		34,137	(198,537)
Other payables-related parties		823	(43,455)
Other current liabilities		1,543	378
Cash inflow (outflow) generated from operations		128,760	(595,040)
Dividend received		731,003	1,881,651
Interest received		10,957	7,202
Interest paid		(158)	(718)
Income tax paid		(29,983)	(8,312)
Net cash flows from operating activities		840,579	1,284,783
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at amortised cost		(120,000)	-
Acquisition of investments accounted for using equity method		(706,962)	(2,814,135)
Acquisition of property, plant and equipment	6(16)	(2,457)	(9,984)
Decrease (increase) in refundable deposits		403	(25,000)
Net cash flows used in investing activities		(829,016)	(2,849,119)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(17)	(100,000)	(50,000)
Decrease in guarantee deposits received	6(17)	-	(2)
Proceeds from issuance of share capital		-	3,627,400
Cash dividends paid		-	(1,365,881)
Employee stock ownship trust cancellation return		51	-
Net cash flows (used in) from financing activities		(99,949)	2,211,517
Net (decrease) increase in cash and cash equivalents		(88,386)	647,181
Cash and cash equivalents at beginning of year		690,933	43,752
Cash and cash equivalents at end of year		$ 602,547	$ 690,933

The accompanying notes are an integral part of these parent company only financial statements.

ENNOSTAR INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

The Company was mainly engaged in the management of investee business.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date Announced by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

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

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

Foreign currency transactions and balances

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

(6) Financial asset at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial assets have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial assets.

C. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(8) Investments accounted for using equity method/ subsidiaries and assoaciates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

F. Associates are all entities over which the Company has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognized at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes does not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

L. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

N. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(9) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

Office equipment	2 ~ 20 years
Leasehold improvements	3 ~ 15 years

(10) Impairment of non-financial assets

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

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

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

(11) Borrowings

A. Borrowings comprise of long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(12) Derecognition of financial liabilities

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

(13) Employee benefits

A. Short-term employee benefits

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

B. Pensions

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

C. Employees' compensation and directors' remuneration

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

(14) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year when the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(15) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(16) Dividends

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

(1)Investments accounted for using equity method-evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the subsidiaries of the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the subsidiaries of the Company evaluates the amounts of obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

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

(2)Investments accounted for using equity method-evaluation of impairment loss of goodwill

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Demand deposits	$ 299,476	$ 150,933
Time deposits	303,071	500,000
Bonds sold under repurchase agreement	-	40,000
	$ 602,547	$ 690,933

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

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items:		
Time despoits	$ 120,000	$ -

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

	Year end December 31, 2023	Year end December 31, 2022
Interest income	$ 489	$ –

B. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was $120,000 and $0, respectively.

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

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

(3) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
Epistar Corporation	$ 32,871,412	$ 39,769,781
Lextar Electronics Corporation	11,015,335	11,152,889
Amengine Corporation	14,494	25,747
Harvestar Investment Corp.	706,482	849,744
Calystar Investment Corp.	366,250	409,063
Precistar Investment Corp.	49,086	49,004
Praistar Investment Corp.	27,542	49,004
Manastar Investment Corp.	974	981
Unikorn Semiconductor Corporation	107,389	179,217
	45,158,964	52,485,430
Associates:		
Tyntek Corporation	$ 622,100	$ 594,097
GCS Holdings, Inc.	309,374	411,447
LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	347,291	-
	1,278,765	1,005,544
	$ 46,437,729	$ 53,490,974

A. Subsidiaries

Information on subsidiaries is provided in Note 4(3) of the 2023 consolidated financial statements.

B. Associates

The carrying amount of the Company's interests in all individually immaterial associates and the

Company's share of the operating results are summarized below:
As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $1,278,765 and $1,005,544, respectively.

Atrribute to the Company:	Year ended December 31, 2023	Year ended December 31, 2022
Loss for the period from continuing operations	($ 82,588)	($ 81,684)
Other comprehensive income	7,252	16,565
Total comprehensive loss	($ 75,336)	($ 65,119)

C. The investment (loss) gain from equity method investees for the years ended December 31, 2023 and 2022 amounted to ($6,781,735) and $67,110, respectively.
D. The other comprehensive gain(loss) from equity method investees for the years ended December 31, 2023 and 2022 amounted to ($253,890) and $169,374, respectively.
E. The fair value of the Company's material associates with quoted market prices is as follows:

	December 31, 2023	December 31, 2022
Tyntek Corporation	$ 442,661	$ 395,063
GCS Holdings, Inc.	288,896	352,092
	$ 731,557	$ 747,155

(4) Property, plant and equipment

	Office equipment	Leasehold improvements	Total
At January 1, 2023			
Cost	$ 882	$ 11,062	$ 11,944
Accumulated depreciation and impairment	(123)	(843)	(966)
	$ 759	$ 10,219	$ 10,978
2023			
Opening net book amount at January 1	$ 759	$ 10,219	$ 10,978
Additions	497	637	1,134
Depreciation charge	(217)	(1,178)	(1,395)
Closing net book amount at December 31	$ 1,039	$ 9,678	$ 10,717
At December 31, 2023			
Cost	$ 1,379	$ 11,699	$ 13,078
Accumulated depreciation and impairment	(340)	(2,021)	(2,361)
	$ 1,039	$ 9,678	$ 10,717

	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
At January 1, 2022				
Cost	$ 414	$ 4,678	$ 5,136	$ 10,228
Accumulated depreciation and impairment	(32)	(39)	-	(71)
	$ 382	$ 4,639	$ 5,136	$ 10,157
2022				
Opening net book amount at January 1	$ 382	$ 4,639	$ 5,136	$ 10,157
Additions	468	-	1,248	1,716
Transfer	-	6,384	(6,384)	-
Depreciation charge	(91)	(804)	-	(895)
Closing net book amount at December 31	$ 759	$ 10,219	$ -	$ 10,978
At December 31, 2022				
Cost	$ 882	$ 11,062	$ -	$ 11,944
Accumulated depreciation and impairment	(123)	(843)	-	(966)
	$ 759	$ 10,219	$ -	$ 10,978

(5) Short-term borrowings

December 31, 2023: None.

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 100,000	1.86%	None

(6) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $12,066 and $4,001, respectively.

(7) Share capital

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

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

	2023	2022
At January 1	751,658	682,125
Issuance of ordinary shares - private placement	-	70,000
Expiration of restricted employee stock	-	(467)
At December 31	751,658	751,658

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

C. Treasury shares

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

(Unit: share in thousands/ dollars in thousands)

	Year ended December 31, 2023				
Reason for reacquisition	At January 1 Issuance of ordinary shares under business combination	Increase	Decrease	At December 31	Book value
Held by subsidiaries	1,282	-	-	1,282	$ 135,163
Redemption shares held by objecting shareholders	1,844	-	(1,844)	-	-

	Year ended December 31, 2022				
Reason for reacquisition	At January 1 Issuance of ordinary shares under business combination	Increase	Decrease	At December 31	Book value
Held by subsidiaries	1,282	-	-	1,282	$ 135,163
Redemption shares held by objecting shareholders	1,844	-	-	1,844	159,647

Note：Effect of conversion under joint share conversion agreement.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

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

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

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

(8) Capital surplus

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

	2023			
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries accounted for using equity method	Change in net equity of associates and joint ventures accounted for using equity method
At January 1	$ 45,877,291	$ 114,876	$ 275,200	$ 154,297
Decrease in treasury shares	(112,052)	(29,160)	-	-
Change in net equity of associates and joint ventures accounted for using equity method	-	-	-	59,445
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	19,564	-
Changes in ownership interests in subsidiaries accounted for using equity method	-	1,037	86,511	-
Employee stock ownership trust cancellation return	51	-	-	-
At December 31	$ 45,765,290	$ 86,753	$ 381,275	$ 213,742

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

(9) Retained earnings

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

B. The Company appropriates earnings based on the factors such as current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with the consideration of shareholders' interest and capital adequacy. The appropriation of cash dividends shall not be lower than 10% of the total dividend appropriated to shareholders.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the special reserve is reversed accordingly and could be included in the distributable earnings.

E. The appropriations of 2023 loss and dividends had been approved in the Board of Directors on February 23, 2024. It was decided to offset the loss with capital surplus and distribute cash dividends of $677,646 (0.9 dollar per share).

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

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

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

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

(10) Other equity items

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

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

(11) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Share of gain of associates and joint ventures accounted for using equity method	$ -	$ 67,110
Other operating revenue	336,750	177,619
	$ 336,750	$ 244,729

(12) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expenses	$ 276,800	$ 147,653
Depreciation charges on property, plant and equipment	$ 1,395	$ 895

(13) Employee benefit expenses

	Year ended December 31, 2023	Year ended December 31, 2022
Wages and salaries	$ 240,020	$ 131,605
Labor and health insurance expenses	15,566	8,323
Pension costs	12,066	4,001
Other personnel expenses	9,148	3,724
	$ 276,800	$ 147,653

A. According to the Articles of Incorporation of the Company, the Company shall distribute employees' compensation and directors' remuneration based on 0.1%~15% and no higher than 2% of the distributable profit of the current period, respectively. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. For the year ended December 31, 2023, the employees' compensation and directors' remuneration was not estimated, because the Company incurred a loss during this period. For the year ended December 31, 2022, the employees' compensation was accrued at $3,952 and the directors' remuneration was accrued at $790, respectively.

C. The Company's Board of Directors, on February 23, 2023, resolved not to distribute directors' remuneration for 2022. The difference of $790 between the director's remuneration account and the proposed distribution amount has been listed as profit and loss for 2023.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(14) Income tax

A. Income tax expense

(a) Components of income tax expense :

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax on profits for the period	$ 25,849	$ 16,394
Prior year income tax (overestimation) underestimation	(6,513)	5,079
Tax on undistributed surplus earnings	1,626	14,801
Income tax expense	$ 20,962	$ 36,274

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

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

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ -	$ 14,860
Expenses disallowed & tax exempt income by tax regulation	21,859	14,958
Temporary differences not recognised as deferred tax assets	3,990	(13,424)
Prior year income tax (overestimation) underestimation	(6,513)	5,079
Tax on undistributed surplus earnings	1,626	14,801
Income tax expense	$ 20,962	$ 36,274

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows：None.

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 19,963	$ 67,116

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(15) Earnings (loss) per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss for the period	($ 6,782,678)	751,658	($ 9.02)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of outstanding ordinary shares (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the period	$ 38,024	715,603	$ 0.05
Diluted earnings per share			
Profit for the period	$ 38,024	715,603	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	496	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 38,024	716,099	$ 0.05

(16) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 1,134	$ 1,716
Add: Opening balance of payable on equipment	1,733	10,001
Less: Ending balance of payable on equipment	(410)	(1,733)
Cash paid during the period	$ 2,457	$ 9,984

(17) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 100,000	$ 8	$ 100,008
Changes in cash flow from financing activities	(100,000)	-	(100,000)
At December 31	$ -	$ 8	$ 8

	2022		
	Short-term borrowings	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 150,000	$ 10	$ 150,010
Changes in cash flow from financing activities	(50,000)	(2)	(50,002)
At December 31	$ 100,000	$ 8	$ 100,008

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Epistar Corporation	Subsidiary of the Company
Lextar Electronics Corporation	Subsidiary of the Company
Amengine Corporation	Subsidiary of the Company
Unikorn Semiconductor Corporation	Subsidiary of the Company
Yenrich Technology Corporation	Subsidiary of the Company

(2) Significant related party transactions and balances

A. Operating revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Epistar Corporation	$ 218,261	$ 128,117
Lextar Electronics Corporation	107,139	47,515
Other subsidiaries	11,350	1,987
Total	$ 336,750	$ 177,619

Service agreements are all signed with related parties, so there is no comparable object.

B. Receivables from related parties:

	December 31, 2023	December 31, 2022
Other receivables:		
Epistar Corporation	$ 79,153	$ 37,474
Lextar Electronics Corporation	36,185	13,254
Unikorn Semiconductor Corporation	3,504	1,856
Other subsidiaries	38	154
	$ 118,880	$ 52,738

The other receivables from related parties mainly from service. Receivables are not pledged to others and without interest and allowance for uncollectible accounts receivable.

C. Payables from related parties:

	December 31, 2023	December 31, 2022
Other payables:		
Epistar Corporation	$ 4,035	$ 3,252
Lextar Electronics Corporation	58	18
	$ 4,093	$ 3,270

D. Prepaid expense

	December 31, 2023	December 31, 2022
Epistar Corporation	$ 1,408	$ 1,495

E. Loans to /from related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	December 31, 2023	December 31, 2022
Unikorn Semiconductor Corporation	$ 200,000	$ 350,000

(ii) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Unikorn Semiconductor Corporation	$ 5,945	$ 1,705

The loans to associates are repayable monthly carry interest at 1.7%~2.15% per annum for the years ended December 31, 2023 and 2022.

(b) Loans from related parties:

Interest expense

	Year ended December 31, 2023	Year ended December 31, 2022
Lextar Electronics Corporation	$ -	$ 124

There were no outstanding balance of loans from related parties as of December 31, 2023 and 2022, respectively . The loans from associates are repayable monthly carry interest at 1.7% per annum for the years ended December 2022.

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries and other short-term employee benefits	$ 53,168	$ 83,390
Termination benefits	3,896	324
Total	$ 57,064	$ 83,714

8. PLEDGED ASSETS

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Time deposits (Shown in "Non-current financial assets at amortised cost")	$ 120,000	$ -	Long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Financial instruments by category

		December 31, 2023		December 31, 2022
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents	$	602,547	$	690,933
Financial assets at amortised cost		120,000		-
Other receivables (including related parties)		319,076		402,797
Guarantee deposits paid		25,005		25,408
	$	1,066,628	$	1,119,138
Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	-	$	100,000
Other payables (including related parties)		134,129		100,492
Guarantee deposits received		8		8
	$	134,137	$	200,500

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The company are required to hedge their entire foreign exchange risk exposure with the Company treasury.

iii. The Company's businesses involve some non-functional currency operations (the functional currency of the Company is NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023				
	Foreign currency amount (in thousands)		Exchange rate	Book value (in thousands of NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	161	30.7050	$	4,959
RMB:NTD		19	4.3270		80
Financial liabilities					
Non-monetary items					
USD:NTD	$	11	30.7050	$	335

	December 31, 2022				
	Foreign currency amount (in thousands)		Exchange rate	Book value (in thousands of NTD)	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	38	30.7100	$	1,181
RMB:NTD		19	4.4080		82
Financial liabilities					
Non-monetary items					
USD:NTD	$	15	30.7100	$	471

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

	Year ended December 31, 2023		
	Unrealized exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	30.7050	$ 107
RMB:NTD	-	4.3270	(4)
Financial liabilities			
Monetary items			
USD:NTD	$ -	30.7050	$ 8

	Year ended December 31, 2022		
	Unrealized exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
RMB:NTD	$ -	4.4080	($ 2)
Financial liabilities			
Monetary items			
USD:NTD	$ -	30.7100	($ 4)

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

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 50	$ -
RMB:NTD	1%	1	-
Financial liabilities			
Non-monetary items			
USD:NTD	1%	($ 3)	$ -

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 12	$ -
RMB:NTD	1%	1	-
Financial liabilities			
Non-monetary items			
USD:NTD	1%	($ 5)	$ -

Cash flow and interest rate risk

i. The Company's interest rate risk arises from bank deposits and borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

ii. Based on the simulations performed on sensitivity analysis for interest rate risk, the maximum impact on post-tax profit of a 0.1% shift would be increased/decreased of $ 432and $846 for the years ended December 31, 2023 and 2022. The simulation is done on a quarterly basis to ensure that the potential maximum loss is within the limit set by the management.

(b) Liquidity risk

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

ii. Surplus cash are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, with appropriate maturities or sufficient liquidity to provide sufficient headroom and meet the above-mentioned forecasts. As of December 31, 2023 and 2022, the Company held money market position of $ 602,547and $690,933 and those are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 2,450,000	$ 2,500,000
Expiring beyond one year	3,350,000	4,140,000
	$ 5,800,000	$ 6,640,000

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

Non-derivative financial liabilities:				
December 31, 2023	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Other payable (including related parties)	$ 134,129	$ -	$ -	$ -

Non-derivative financial liabilities:				
December 31, 2022	Less than 1 year	Between 1 and 5 years	Between 5 and 7 years	Over 7 years
Short-term borrowings	$ 100,000	$ -	$ -	$ -
Other payable (including related parties)	100,492	-	-	-
Guarantee deposits received	8	-	-	-

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

(3) Fair value information

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

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

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.
B. Provision of endorsements and guarantees to others: Please refer to table 2.
C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
D. Acquisition or sale of the same security with the accumulated cost exceeding NT $300 million or 20% paid-in capital or more: Please refer to table 4.
E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 5.
F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to table 6.
G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 7.
H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 8.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 13.

14. SEGMENT INFORMATION

None.

ENNOSTAR INC.
Loans to others
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-23	Balance at 31-Dec-23	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	$ 500,000	$ 500,000	$ 200,000	2.15%	Short-term financing	$ -	Working capital	$ -	Promissory Note	$ 500,000	$ 4,737,417	$ 14,212,252	Note 1
1	Epicrystal (Changzhou) Ltd.	Jiangsu Canyang Optoelectronics Ltd.	Other receivables-related parties	Y	355,600	346,160	346,160	3.45%~3.55%	Short-term financing	-	Working capital	-	Promissory Note	346,160	1,716,213	1,716,213	Note 2
1	Epicrystal (Changzhou) Ltd.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	442,200	432,700	86,540	3.45%	Short-term financing	-	Working capital	-	Promissory Note	432,700	1,716,213	1,716,213	Note 2
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Episky Corporation (Xiamen) Ltd	Other receivables-related parties	Y	69,342	-	-	0.00%	Short-term financing	-	Working capital	-	None	-	4,737,417	8,884,860	Note 3
2	EPISTAR JV HOLDING (BVI) CO., LTD.	Epistar Corporation	Other receivables-related parties	Y	551,225	521,985	521,985	5.95%	Short-term financing	-	Working capital	-	Promissory Note	521,985	3,553,944	8,884,860	Note 4
3	Lighting Investment Ltd.	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	199,875	184,230	184,230	5.95%	Short-term financing		Working capital	-	Promissory Note	184,230	726,518	726,518	Note 3
4	Luxlite (HK) Corporation Limited	EPISTAR JV HOLDING(BVI) CO., LTD.	Other receivables-related parties	Y	145,913	138,173	89,045	5.95%	Short-term financing		Working capital	-	Promissory Note	138,173	293,325	293,325	Note 3
5	United LED Shan Dong Corporation	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	133,350	129,810	129,810	3.65%	Short-term financing	-	Working capital	-	Promissory Note	129,810	144,935	144,935	Note 5

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended 31-Dec-23	Balance at 31-Dec-23	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
6	Lextar Electronics Corporation	Yenrich Technology Corporation	Other receivables-related parties	Y	$ 250,000	$ 250,000	$ -	Markup on short-term cost of capital	Short-term financing	$ -	Working capital	$ -	None	-	$ 970,467	$ 2,911,402	Note 6
6	Lextar Electronics Corporation	Unikorn Semiconductor Corporation	Other receivables-related parties	Y	500,000	500,000	500,000	2.17%	Short-term financing	-	Working capital	-	Promissory Note	500,000	970,467	2,911,402	Note 6
6	Lextar Electronics Corporation	Trendylite Corporation	Other receivables-related parties	Y	25,000	25,000	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	970,467	2,911,402	Note 6
7	Lextar Electronics (Suzhou) Corp	Chuzhou Bwin Technology Corp.	Other receivables-related parties	Y	44,220	43,270	-	3.55%	Short-term financing	-	Working capital	-	None	-	1,525,967	3,814,917	Note 7
8	Lextar Electronics (Chuzhou) Corp.	Episky Corporation (Xiamen) Ltd.	Other receivables-related parties	Y	865,400	865,400	-	Markup on short-term cost of capital	Short-term financing	-	Working capital	-	None	-	3,691,000	3,691,000	Note 3

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

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

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

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

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

Note 6: In accordance with Lextar Electronics Corporation Procedures for Provision of Loans: the limit on loans granted to a single party is 10% of its net asset, and the ceiling on total loans granted is 30% of its net asset.

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

Table 1-2

ENNOSTAR INC.
Provision of endorsements and guarantees to others
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	Epistar Corporation	Unikorn Semiconductor Corporation	2	$ 3,297,450	$ 300,000	$ -	$ -	$ -	-	$ 6,594,901	N	N	N	
1	Epistar Corporation	ENNOSTAR Inc.	3	3,297,450	3,250,000	3,250,000	-	-	9.86	6,594,901	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
Note3: In accordance with the Epistar’s Procedures for Provision of endorsements and guarantees to others: the ceiling on total endorsements/guarantees is 20% of the Company’s net asset, and the limit on endorsements/guarantees to a single party is 10% of its net asset.

Table 2-1

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

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Harvestar Investment Corp.	Amengine Corporation (Preferred stock)	Controlled by the same entity	Non-current investments in equity instruments at fair value through other comprehensive income	500,000	$ 2,500	-	$ 2,500	
Epistar Corporation	E&E Japan Co.Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	140	2,143	17.07	2,143	
Epistar Corporation	NATEC CORPORATION (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	120,000	1,748	7.50	1,748	
Epistar Corporation	Esleds Co.,Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,000	148	10.00	148	
Epistar Corporation	Lynk Labs,Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	92,523	-	7.39	-	
Epistar Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,339,235	169,946	13.68	169,946	
Epistar Corporation	Dominant Opto Technologies Sdn. Bhd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	35,000,000	784,786	10.00	784,786	
Epistar Corporation	XENIO CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	7,878	-	0.06	-	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Epistar Corporation	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,137,338	$ 631,938	8.53	$ 631,938	
Epistar Corporation	OSTENDO TECHNOLOGIES,INC. (Stock)	None	Non-current financial assets at fair value through profit or loss	67,500	-	0.04	-	
Epistar Corporation	Nan Ya Photonics Incorporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	9,173,000	214,373	19.90	214,373	
Epistar Corporation	PHECDA TECHNOLOGY CO., LTD	None	Non-current investments in equity instruments at fair value through other comprehensive income	600,000	-	2.11	-	
Epistar Corporation	ELIT FINE CERAMICS CO., LTD.	None	Non-current financial assets at fair value through profit or loss	2,200,000	-	4.49	-	
Epistar Corporation	Nanocrystal Technology Inc.	None	Non-current financial assets at fair value through profit or loss	6,000,000	-	11.11	-	
Epistar JV Holding (BVI) Co.,Ltd.	Bridgelux Optoelectronics (Xiamen) Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	56,316,532	1,691,177	18.77	1,691,177	
Episky Corporation(Xiamen) Ltd.	China Firstar Optoelectronic Materials Co., Ltd. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	cash RMB7,500,000	-	15.00	-	
Episky Corporation(Xiamen) Ltd.	APT Electronics Co., Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	4,678,240	44,736	0.94	44,736	

				As of December 31, 2023				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Episky Corporation(Xiamen) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	8,064,516	$ -	4.08	$ -	
Lighting Investment Corporation	Oree Advanced Illumination Solutions, Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	79,407	-	5.00	-	
Lighting Investment Corporation	Lustrous Technology Ltd. (Stock)	None	Non-current financial assets at fair value through profit or loss	266,892	-	8.99	-	
Lighting Investment Corporation	TERA XTAL TECHNOLOGY CORPORATION (Stock)	None	Non-current financial assets at fair value through profit or loss	795,000	-	0.42	-	
Lighting Investment Corporation	XENIO SYSTEMS, INC (Stock)	None	Non-current financial assets at fair value through profit or loss	16,462	-	0.13	-	
Lighting Investment Corporation	FormoLight Technologies, Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,038,230	10,607	10.00	10,607	
Lighting Investment Corporation	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	562,018	71,319	5.74	71,319	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	11,257,964	274,694	7.84	274,694	
Lighting Investment Corporation	Rigidtech Microelectronics Cops. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,550,253	9,769	2.17	9,769	

Table 3-3

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Lighting Investment Corporation	Ledimond Opto Corporation (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	1,100,000	$ 7,933	16.92	$ 7,933	
Lighting Investment Corporation	iReach Corporation (Stock)	Investments accounted for using equity method of Epistar Corporation	Non-current investments in equity instruments at fair value through other comprehensive income	370,000	1,891	-	1,891	
Lighting Investment Corporation	Edison Opto Corp. (Stock)	None	Current financial assets at fair value through profit or loss	6,153,424	150,144	4.28	150,143	
Lighting Investment Corporation	ENNOSTAR Inc. (Stock)	Parent company	Current financial assets at fair value through profit or loss	1,282,377	59,374	0.17	59,374	Note1
Lighting Investment Ltd.	Verticle Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	582,983	-	3.00	-	
Lighting Investment Ltd.	Achrolux Inc. (Stock)	None	Non-current financial assets at fair value through profit or loss	987,500	-	6.91	-	
Lighting Investment Ltd.	PlayNitride Inc. (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	2,757,082	190,680	2.57	190,680	
Lighting Investment Ltd.	Advanced Photoelectronic Technology Limited (Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	200,000	25,380	2.04	25,380	
HUGA Holding (SAMOA) Ltd.	China Crystal Technologies Co.,Ltd.(Stock)	None	Non-current investments in equity instruments at fair value through other comprehensive income	17,741,935	-	8.97	-	

Table 3-4

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

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

Table 3-5

ENNOSTAR INC.

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

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Table 4-1

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Epistar Corporation	CTBC Hwa-win Money Market Fund (Beneficiary certificates)	Current financial assets at fair value through profit or loss	-	-	-	$ -	43,650,269	$ 490,000	43,650,269	$ 490,530	$ 490,000	$ 530	-	$ -
Yenrich Technology Corporation	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	Investments accounted for using equity method	ENNOSTAR Inc.	Parent company	cash RMB100,900	451,407	-	-	cash RMB100,900	306,962	344,407	7,230	-	-

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

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

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

Table 4-2

ENNOSTAR INC.

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

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

Table 5-1

ENNOSTAR INC.

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

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

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

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

Table 6-1

ENNOSTAR INC.

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

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 7-2

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

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

Table 7-3

ENNOSTAR INC.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023: Accounts receivable	Balance as at December 31, 2023: Other receivable	Total	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful debts
Lextar Electronics (Chuzhou) Corp.	Lextar Electronics Corporation	Note 2	$ 774,205	$ 2,178	$ 776,383	5.05	-	-	$ 224,610	$ -

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

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

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

Table 8-2

ENNOSTAR INC.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

Table 9-2

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

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

Table 9-4

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
11	ProLight Opto Technology Corporation	Shanghai Welight Electronic Co., LTD.	3	Sales	$ 115,820	Conducted in the ordinary course of business with terms similar to those with third parties	0.52

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

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

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

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

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

Table 9-5

ENNOSTAR INC.

Information on investees

Year ended December 31, 2023

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
ENNOSTAR Inc.	Epistar Corporation	Taiwan	Manufacturing and sales of LED wafers and chips	$ 38,607,380	$ 38,607,380	1,116,479,188	100.00	$ 32,871,412	($ 6,060,593)	($ 6,106,299)	
ENNOSTAR Inc.	Lextar Electronics Corporation	Taiwan	Manufacturing and sales of LED wafers, chips, packages and modules	11,724,646	11,724,646	514,916,380	100.00	11,015,335	(527)	(53,255)	
ENNOSTAR Inc.	Harvestar Investment Corp.	Taiwan	Professional investment	1,150,000	1,150,000	115,000,000	100.00	706,482	(220,874)	(220,874)	
ENNOSTAR Inc.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	584,583	584,583	23,799,000	7.92	622,100	(131,953)	(10,458)	Note1
ENNOSTAR Inc.	Amengine Corporation	Taiwan	Developing and sales of medical optical sensor modules	40,212	40,212	6,922,000	75.96	14,494	(13,671)	(10,385)	
ENNOSTAR Inc.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	431,990	431,990	9,028,000	8.11	309,374	(792,236)	(75,156)	Note1

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
ENNOSTAR Inc.	Calystar Investment Corp.	Taiwan	Professional investment	$ 440,000	$ 440,000	44,000,000	100.00	$ 366,250	($ 57,229)	($ 57,229)	
ENNOSTAR Inc.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	783,132	593,132	65,700,000	19.53	107,389	(891,055)	(164,192)	
ENNOSTAR Inc.	Precistar Investment Corp.	Taiwan	Professional investment	480,000	270,000	48,000,000	100.00	49,086	(49,998)	(49,998)	
ENNOSTAR Inc.	Praistar Investment Corp	Taiwan	Professional investment	270,000	270,000	27,000,000	100.00	27,542	(36,909)	(36,909)	
ENNOSTAR Inc.	Manastar Investment Corp	Taiwan	Professional investment	1,000	1,000	100,000	100.00	974	(7)	(7)	
Harvestar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	433,099	433,099	9,013,000	8.10	357,463	(792,236)	(75,027)	Note1
Harvestar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	263,864	209,551	13,089,000	4.35	257,152	(131,953)	(5,443)	Note1
Harvestar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	444,785	444,785	52,000,000	15.45	79,037	(891,055)	(140,510)	
Precistar Investment Corp.	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	476,300	268,000	23,815,020	7.08	45,443	(891,055)	(49,958)	

Table 10-2

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Calystar Investment Corp.	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC	$ 265,135	$ 265,135	6,500,000	5.84	$ 196,468	($ 792,236)	($ 54,125)	Note1
Calystar Investment Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	151,238	97,787	8,094,000	2.69	143,778	(131,953)	(3,294)	Note1
Praistar Investment Corp	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	268,000	268,000	13,400,000	3.98	25,546	(891,055)	(36,923)	
Unikorn Semiconductor Corporation	GCS Holding Inc.	Cayman Islands	OEM manufacturing of GaAs / InP / GaN / SiC wafers for RF and optoelectronics	1,051	1,051	20,000	0.02	975	(792,236)	(4)	Note1
Epistar Corporation	iReach Corporation	Taiwan	Manufacturing, sales, packaging and module design of semiconductor light emitting devices	70,000	70,000	7,000,000	34.30	53,262	(22,013)	(8,330)	
Epistar Corporation	Epistar JV Holding (BVI) Co.,Ltd.	British Virgin Islands	Professional investment	14,960,129	14,960,129	48,278	100.00	8,848,099	(486,603)	(518,609)	
Epistar Corporation	Full Star Enterprises Limited	Hong Kong	Professional investment	-	166,785	-	0.00	-	-	-	
Epistar Corporation	Lighting Investment Corporation	Taiwan	Professional investment	1,561,814	1,561,814	191,478,518	100.00	1,570,771	8,947	10,251	
Epistar Corporation	Unikorn Semiconductor Corporation	Taiwan	Original equipment manufacturer of III-V semiconductor	826,083	826,083	40,000,000	11.89	75,597	(891,055)	(108,571)	

Table 10-3

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Epistar Corporation	SH Co., Ltd.	Taiwan	Sales of LED chips	$ 31,792	$ 31,792	3,179,176	49.00	$ 2,363	($ 76)	($ 37)	
Epistar Corporation	TE Opto Corporation	Taiwan	Sales of LED chips	9,200	9,200	920,000	40.00	43,980	3,619	1,448	
Epistar Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	77,700	77,700	1,118,600	64.32	678	697	448	
Epistar Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,243	1,243	50,000	0.02	1,175	(131,953)	(27)	Note1
Epistar Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	66,745	66,745	2,679,063	3.53	56,679	(6,414)	(226)	
Epistar JV Holding (BVI) Co.,Ltd.	HUGA Holding (SAMOA) Limited	Samoa	Professional investment	334,967	334,967	12,551,035	100.00	3,318	82	82	
Epistar JV Holding (BVI) Co.,Ltd.	LiteStar JV Holding (BVI) CO., Ltd.	British Virgin Islands	Professional investment	3,408,835	3,408,835	10,882	82.41	3,302,292	(238,730)	(196,737)	
Epistar JV Holding (BVI) Co.,Ltd.	United LED Corporation (Hong Kong) Limited	Hong Kong	Professional investment	2,029,760	2,029,760	67,000,165	74.86	258,619	(6,635)	(4,967)	
Epistar JV Holding (BVI) Co.,Ltd.	Episky (Hong Kong) Limited	Hong Kong	Professional investment	2,124,096	2,124,096	cash USD68,000,000	100.00	1,954,893	(288,026)	(288,026)	
Epistar JV Holding (BVI) Co.,Ltd.	Can Yang Investments Limited	Hong Kong	Professional investment	4,385,900	4,370,156	66,438,929	87.41	1,405,455	(6,414)	(5,382)	
Lighting Investment Ltd.	LEDAZ CO., Ltd.	Korea	Engineering service of LED	48,166	48,166	88,460	28.13	-	49,914	(24,455)	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lighting Investment Ltd.	Interlight Optotech (HK) Co.,Limited	Hong Kong	Sales of LED packages	$ 12,806	$ 12,806	429,000	30.00	$ 7,475	($ 11,724)	($ 3,517)	
Lighting Investment Ltd.	Epistar (Hong Kong) Limited	Hong Kong	Professional investment	2,556	2,556	82,850	100.00	16	262	262	
Lighting Investment Ltd.	Luxlite (HK) Corporation Limited	Hong Kong	Professional investment	133,979	133,979	3,800,000	100.00	293,337	13,448	13,448	
LiteStar JV Holding (BVI) Co.,Ltd.	Epicrystal (Hong Kong) Co. Ltd.	Hong Kong	Professional investment	4,403,034	4,403,034	146,600,000	100.00	4,006,499	(238,569)	(238,569)	
Lighting Investment Corporation	LEDAZ CO., Ltd.	Korea	Engineering service of LED	23,993	23,993	44,065	14.01	-	49,914	(16,376)	
Lighting Investment Corporation	Lighting Investment Ltd.	British Virgin Islands	Professional investment	152,701	152,701	45,643	100	726,518	(9,031)	(9,031)	
Lighting Investment Corporation	Yenrich Opto (Hong Kong) Limited	Hong Kong	Sales of LED lighting products	-	133,403	-	-	-	-	-	
Lighting Investment Corporation	Can Yang Investments Limited	Hong Kong	Professional investment	72,436	72,436	5,218,605	6.87	110,462	(6,414)	(441)	
Lighting Investment Corporation	GaNrich Semiconductor Corporation	Taiwan	Design and technology service of LED lighting product	-	67,101	-	-	-	(21,358)	(19,001)	
Lighting Investment Corporation	LEDOLUX Sp.Zo.O.	Poland	Assembling and sales of LED bulbs	133,455	133,455	156,994	60.00	11,933	(1,164)	(698)	
Lighting Investment Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	11,599	11,599	1,757,000	11.26	2,805	(23,969)	(2,783)	Note1

Table 10-5

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lighting Investment Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	$ 1,276	$ 1,276	50,000	0.02	$ 767	($ 131,953)	($ 27)	Note1
Lighting Investment Corporation	GaN Force Corporation	Taiwan	Design, manufacturing and sales of semiconductor materoals and modules	641	641	620,400	35.68	952	697	249	
Lighting Investment Corporation	Domi-Star Optoelectronics Corporation	Taiwan	Design and sales of LED lighting product	490	490	49,000	49.00	311	(64)	(32)	
Episky Corporation (Xiamen) Ltd	Epicrystal (Changzhou) Co., Ltd.	China	Manufacturing and sales of LED wafers and chips	147,472	147,472	cash USD5,200,000	3.31	145,486	(255,482)	(8,456)	
Epicrystal (Changzhou) Co., Ltd.	Changzhou Chemsemi Co., Ltd.	China	OEM manufacturing of compound semiconductor RFID wafers and optoelectronic wafers	469,590	469,590	cash RMB110,000,000	10.44	583,853	(1,762,498)	(188,915)	
Episky Corporation (Xiamen) Ltd	LEADSTAR Micro-Crystal Display Corporation (JiangSu) Ltd.	China	Developing, manufacturing and sales of LED packages, modules and related applications	164,862	122,036	cash RMB38,800,000	9.70	133,547	(56,109)	(5,492)	
Episky Corporation (Xiamen) Ltd	Shenzhen Epikylin Optoelectronics Co.,Ltd	China	Sales of LED chips	43,770	43,770	cash RMB10,000,000	100.00	219,874	30,429	30,429	
Lextar Electronics Corporation	Lextar (Singapore) Pte. Ltd.	Sinapore	Professional investment	2,709,310	2,709,310	90,270,000	100.00	2,613,816	155,548	155,548	
Lextar Electronics Corporation	Wellybond Optronics (H.K) Limited	Hong Kong	Professional investment	17,888	17,888	63,000,000	100.00	11,864	18	18	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lextar Electronics Corporation	Wellypower Optronics Corporation	British Virgin Islands	Professional investment	$ 44,898	$ 44,898	5,153,061	100.00	$ 172,521	$ 10,235	$ 10,235	
Lextar Electronics Corporation	Apower Optronics Corporation	British Virgin Islands	Professional investment	381,638	381,638	31,600,000	100.00	1,240,082	74,869	74,869	
Lextar Electronics Corporation	Liang Li Venture Corp.	Taiwan	Professional investment	175,374	175,374	18,000,000	100.00	114,547	(11,701)	(11,701)	
Lextar Electronics Corporation	Wellybond Corporation	Taiwan	Professional investment	746,484	746,484	75,000,000	100.00	467,228	(96,024)	(96,024)	
Lextar Electronics Corporation	Trendylite Corporation	Taiwan	Sales of products	20,874	18,100	3,150,000	100.00	44,459	4,802	4,473	
Lextar Electronics Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,506	147,506	12,716,000	31.52	46,034	(99,587)	(33,052)	
Lextar Electronics Corporation	Yenrich Technology Corporation	Taiwan	Manufacturing and sales of LED packages	580,487	980,487	26,000,000	100.00	177,373	(162,276)	(162,276)	
Lextar Electronics Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	99,081	97,031	6,700,000	9.84	76,486	(125,783)	(12,129)	
Lextar Electronics Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,304	1,304	50,000	0.02	989	(131,953)	(139)	Note1

Table 10-7

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Lextar (Singapore) Pte. Ltd.	Lextar Electronics Korea Ltd.	Korea	Sale of LED and aftersales service	$ 3,025	$ 3,025	22,000	100.00	$ 4,951	$ 447	$ 447	
Lextar (Singapore) Pte. Ltd.	Aurora International Lighting Corporation Limited	Hong Kong	Sales of lighting	204,136	204,136	2,000,000	20.00	-	23,848	-	
Wellybond Corporation	VOGITO INNOVATION CO., LTD.	Taiwan	Design of lighting	1,000	1,000	100,000	50.00	3,153	1,433	717	
Wellybond Corporation	Hexawave, Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	147,494	147,494	12,715,000	31.52	46,030	(99,587)	(33,050)	
Wellybond Corporation	WellyHertz Electronics Corp.	Taiwan	Manufacturing and sales of switching power supply	51,400	30,000	30,700,000	87.46	22,889	(15,283)	(12,910)	
Wellybond Corporation	Joint Power Exponent, Ltd.	Taiwan	Power IC design and module sales	68,250	68,250	4,550,000	29.17	33,736	(23,969)	(14,772)	Note1
Wellybond Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	313,670	303,264	21,417,000	31.47	244,491	(125,783)	(38,283)	
Wellybond Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	1,288	1,288	50,000	0.02	976	(131,953)	(141)	Note1
Liang Li Venture Corp.	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	96,604	91,763	6,700,000	9.84	76,486	(125,783)	(11,787)	

Table 10-8

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Liang Li Venture Corp.	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	$ 1,293	$ 1,293	50,000	0.02	$ 982	($ 131,953)	($ 137)	註1
Hexawave, Inc.	WellyWave Semiconductors Inc.	Taiwan	Manufacturing and sales of compound semiconductor materials and modules	49,000	49,000	4,363,065	29.27	41,771	(52,839)	(23,621)	
Yenrich Technology Corporation	ProLight Opto Technology Corporation	Taiwan	Manufacturing and sales of LED packages	-	27,366	-	0.00	-	(125,783)	(2,027)	
Yenrich Technology Corporation	Tyntek Corporation	Taiwan	Research and development, manufacture, sales of gallium arsenide, infrared, light-emitting diode, laser diode, phototransistor,photodiode, single crystal, epitaxy and chip, and concurrent research and development, manufacture and sales of electro-optical system of export-import trade	-	1,324	-	0.00	-	(131,953)	(96)	Note1
ProLight Opto Technology Corporation	Prolight Opto Holding Corporation	Seychelles	Professional investment	4,402	4,402	150,000	100.00	(2,296)	(2,617)	(2,617)	

Table 10-9

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investeefor the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
Prolight Opto Holding Corporation	ProLight Opto Technology Corporation	Seychelles	Professional investment	$ 4,403	$ 4,403	150,000	100.00	($ 2,296)	($ 2,617)	($ 2,617)	
Lextar Electronics (Suzhou) Corp.	Lextar Electronics (Chuzhou) Corp.	China	Manufacturing and sales of LED wafers, chips, packages, lights, and modules	3,094,825	3,094,825	cash RMB700,000,000	100.00	3,691,002	272,807	272,807	
Lextar Electronics (Suzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	130,726	130,726	cash RMB29,000,000	29.00	63,524	(104,578)	(49,694)	
Lextar Electronics (Chuzhou) Corp.	Chuzhou Bwin Technology Corp.	China	Developing, manufacturing, sales of metal and plastic technical products.	244,748	-	cash RMB66,400,000	66.40	194,200	(104,578)	(43,285)	

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

Table 10-10

ENNOSTAR INC.

Information on investments in Mainland China

Year ended December 31, 2023

Table 11

Expressed in thousands of NTD

(Except as otherwise indicated)

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

Table 11-1

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the three months ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
APT Electronics Co., Ltd.	Developing, manufacturing and sale of LED extension and chip, module and light instrument	$ 1,854,198	3	$ 296,108	$ -	$ -	$ 296,108	$ -	11.69	$ -	$ -	$ -	2(3)
China Crystal Technologies Co.,Ltd.	Developing, manufacturing and sale of gallium arsenide unit crystal and chips	891,131	2	96,084	-	-	96,084	-	8.97	-	-	-	2(3)
Ufeco Technology Inc.	Developing, manufacturing and sale of LED application products	75,048	2	7,818	-	-	7,818	-	-	-	-	-	2(3)
Huarui (Huizhou) Co., Ltd.	Research and development, manufacturing and sale of LED packaging; research and development, manufacturing and sale of backlight module, lighting modules and accessories	479,839	2	215,687	-	-	215,687	-	-	-	-	-	2(3)
Ningbo Formosa Epitaxy Incorporation	Sales of LED chips	6,754	2	56,843	-	-	56,843	-	-	-	-	-	2(3)
Jiangsu Canyang Optoelectronics Ltd.	Manufacturing and sales of LED wafers and chips	5,902,624	2	2,576,953	15,744	-	2,592,697	67,667	97.81	66,185	1,697,687	-	2(3)

Table 11-2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the three months ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Lextar Electronics (Suzhou) Corp.	Manufacturing and sales of LED wafers, chips, packages and modules	$ 3,722,205	2	$ 3,585,860	$ -	$ -	$ 3,585,860	$ 231,556	100.00	$ 231,556	$ 3,827,342	$ -	2(2)
Lextar Electronics (Xiamen) Co.,Ltd.	Manufacturing and sales of LED packages and modules	32,759	2	32,759	-	32,759	-	155	-	155	-	-	2(3)、6
Shanghai Welight Electronic Co., LTD.	Wholesale and export and import of LED and related electronic products	4,695	2	4,695	-	-	4,695	(2,617)	51.15	(2,617)	(2,242)	-	2(2)

Table 11-3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ENNOSTAR Inc.	$ 436,383	$ 306,962	$ 47,374,174
Epistar Corporation	$ 12,694,097	$ 13,827,776	$ 17,462,412
Lextar Electronics Corporation	$ 3,737,600	$ 4,198,743	$ 9,704,674

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

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

Note 2: Investment income or loss in this period:

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

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

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

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

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

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

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

Table 11-4

ENNOSTAR INC.

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

Year ended December 31, 2023

Table 12

Expressed in thousands of NTD

(Except as otherwise indicated)

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

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

Table12-1

ENNOSTAR INC.

Major Shareholders Information

December 31, 2023

Table 13

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

Table13-1

ENNOSTAR INC.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement1

Item	Description	Amount
Cash		
Bank deposits		
Demand deposits － NTD		$ 297,508
－ USD	USD 61 thousand at exchange rate of 30.7050	1,888
－ CNY	CNY 19 thousand at exchange rate of 4.3270	80
Time deposits － NTD		300,000
－ USD	USD 100 thousand at exchange rate of 30.7050	3,071
		$ 602,547

ENNOSTAR INC.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement2

	Beginning Balance		Additions (Reduction)			Ending Balance			Market Value or Net Assets Value		
Name	Shares	Amount	Shares	Amount (Note1)	Gain (loss) on investments	Shares	Percentage of Ownership	Amount	Unit Price (in NTD)	Total Amount	Collateral
Epistar Corporation	1,116,479,188	$ 39,769,781	-	($ 792,070)	($ 6,106,299)	1,116,479,188	100%	$ 32,871,412	$ 29.53	$ 32,974,505	None
Lextar Electronics Corporation	514,916,380	11,152,889	-	(84,299)	(53,255)	514,916,380	100%	11,015,335	18.85	9,704,674	None
Amengine Corporation	6,922,000	25,747	-	(868)	(10,385)	6,922,000	75.96%	14,494	2.38	18,292	None
Harvestar Investment Corp.	115,000,000	849,744	-	77,612	(220,874)	115,000,000	100%	706,482	6.14	706,482	None
Calystar Investment Corp.	44,000,000	409,063	-	14,416	(57,229)	44,000,000	100%	366,250	8.32	366,250	None
Precistar Investment Corp.	27,000,000	49,004	21,000,000	50,080	(49,998)	48,000,000	100%	49,086	1.02	49,086	None
Praistar Investment Corp.	27,000,000	49,004	-	15,447	(36,909)	27,000,000	100%	27,542	1.02	27,542	None
Manastar Investment Corp.	100,000	981	-	-	(7)	100,000	100%	974	9.74	974	None
Unikorn Semiconductor Corpora	56,200,000	179,217	9,500,000	92,364	(164,192)	65,700,000	19.53%	107,389	1.91	125,354	None
Tyntek Corporation	23,799,000	594,097	-	38,461	(10,458)	23,799,000	7.92%	622,100	18.60	442,661	None
GCS Holdings, Inc.	9,028,000	411,447	-	(26,917)	(75,156)	9,028,000	8.11%	309,374	32.00	288,896	None
Crystal Display Corporation (JiangSu) Ltd.	-	-	-	344,264	3,027	-	25.23%	347,291	3.44	347,417	None
		$ 53,490,974		($ 271,510)	($ 6,781,735)			$ 46,437,729			

Note1: Including investments of additions, Cumulative translation differences of foreign operations, Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income, cash dividend paid and except Subsidiary holds shares of parent company.

Statement2,Page1

ENNOSTAR INC.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement3

Item	Beginning Balance	Addition	Decrease	Transfer	Ending Balance
Office equipment	$ 882	$ 497	$ -	$ -	$ 1,379
Leasehold improvements	11,062	637	-	-	11,699
	$ 11,944	$ 1,134	$ -	$ -	$ 13,078

ENNOSTAR INC.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement4

Item	Beginning Balance	Addition	Decrease	Ending Balance
Accumulated depreciation:				
Office equipment	$ 123	$ 217	$ -	$ 340
Leasehold improvements	843	1,178	-	2,021
	$ 966	$ 1,395	$ -	$ 2,361

ENNOSTAR INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement6

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	228,942	-	228,942	118,995	-	118,995
Labour and health insurance fees	15,566	-	15,566	8,323	-	8,323
Pension costs	12,066	-	12,066	4,001	-	4,001
Directors' remuneration	11,078	-	11,078	12,610	-	12,610
Other personnel expenses	9,148	-	9,148	3,724	-	3,724
Depreciation Expense	1,395	-	1,395	895	-	895
Depletion Expense	-	-	-	-	-	-
Amortisation Expense	-	-	-	-	-	-

Note:

1. As at December 31, 2023 and 2022, the Company had 240 and 80 employees, including 6 and 6 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year $1,136. ((Total employee benefit expense of current year-Total directors' compensation of current year) / (Number of employees of current year-Number of non-employee directors of current year))

Average employee benefit expense in previous year $1,825. ((Total employee benefit expense of previous year-Total directors' compensation of previous year) / (Number of employees of previous year-Number of non-employee directors of previous year))

(2) Average employees salaries in current year $978. (Total wages and salaries of current year/ (Number of employees of current year-Number employee of non- directors of current year))

Average employees salaries in previous year $1,608. (Total wages and salaries of previous year/ (Number of employees of previous year-Number employee of non- directors of previous year))

ENNOSTAR INC.

SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Statement6

(3) Adjustments of average employees salaries -39%. ((Average wages and salaries of current year-Average wages and salaries of prior year)/Average wages and salaries of prior year)

(4) The supervisors' remuneration for the years ended December 31, 2023 and 2022 were $0 and $0.

Description:

1. The number of employees described in Note to this form should be calculated by using average number of employees and the basis of calculation was the same as the employee benefits expenses and employees' salaries.
2. According to IAS19, employees may provide services in a full-time, part-time, permanent, irregular or temporary manner, including directors and other management personnel. Therefore, "employees" in this form include directors, managers, general employees and contract hires, etc., but not including supervisors, dispatched manpower, labor contracting or business outsourcing personnel.
3. "Directors' remuneration" refers to the remuneration received by all directors, retirement pension, director's remuneration and business execution expenses, etc., but does not include employee directors' salary, labor and health insurance.
4. "Supervisors' remuneration" refers to the remuneration received by all supervisors, supervisors' remuneration and business execution expenses, etc.